

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

中國中車股份有限公司
CRRC CORPORATION LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1766)

ANNOUNCEMENT ON CONNECTED TRANSACTIONS
PURCHASE OF CUSTOM PROPERTY,
PURCHASE OF COMMERCIAL PROPERTIES AND
ACQUISITION OF RIGHT TO USE PARKING SPACES

CRRC Sifang (a non-wholly-owned subsidiary of the Company) and CRRC Sifang Institute (a wholly-owned subsidiary of the Company) intend to implement the research and development center project and the integrated innovation research and development center project of CRRC Sifang Smart Port, in order to assist the Company in the construction of sources of original technologies. In order to implement such projects and to satisfy the need for offices for research and development of CRRC Sifang and CRRC Sifang Institute, CRRC Sifang and CRRC Sifang Institute intended to purchase or acquire the Custom Property, the Commercial Properties and the Parking Spaces from CRRC Qingdao Technology Park.

ENTERING INTO OF THE CUSTOM PROPERTY PURCHASE AGREEMENT

The Board announces that, on 6 December 2024, CRRC Sifang Institute and CRRC Qingdao Technology Park entered into the Custom Property Purchase Agreement, pursuant to which CRRC Qingdao Technology Park agreed to sell and CRRC Sifang Institute agreed to purchase the Custom Property at the consideration of RMB711,970,015, which will be fully paid with CRRC Sifang Institute's self-owned funds.

ENTERING INTO OF THE COMMERCIAL PROPERTY S&P CONTRACTS

The Board announces that, on 6 December 2024, CRRC Sifang and CRRC Qingdao Technology Park entered into the Commercial Property S&P Contracts, pursuant to which CRRC Qingdao Technology Park agreed to sell and CRRC Sifang agreed to purchase the Commercial Properties at the consideration of RMB147,803,455, which will be fully paid with CRRC Sifang's self-owned funds.

ENTERING INTO OF THE CONTRACT FOR TRANSFER OF RIGHT TO USE PARKING SPACES

The Board announces that, on 6 December 2024, CRRC Sifang and CRRC Qingdao Technology Park entered into the Contract for Transfer of Right to Use Parking Spaces, pursuant to which CRRC Qingdao Technology Park agreed to transfer and CRRC Sifang agreed to acquire the right to use the Parking Spaces at the consideration of RMB8,500,000, which will be fully paid with CRRC Sifang's self-owned funds.

IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, CRRC Qingdao Technology Park is a wholly-owned subsidiary of CRRC GROUP. CRRC GROUP is the controlling Shareholder of the Company holding 51.45% of its shares, and CRRC Qingdao Technology Park is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the entering into of the Custom Property Purchase Agreement, the entering into of the Commercial Property S&P Contracts and the entering into of the Contract for Transfer of Right to Use Parking Spaces constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the transactions contemplated under the Custom Property Purchase Agreement, the Commercial Property S&P Contracts and the Contract for Transfer of Right to Use Parking Spaces constitute a series of transactions conducted within 12 months, the transactions shall be aggregated in accordance with Rule 14A.81 of the Hong Kong Listing Rules. As highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) in respect of the transactions contemplated under the Custom Property Purchase Agreement, the Commercial Property S&P Contracts and the Contract for Transfer of Right to Use Parking Spaces (after aggregation) exceeds 0.1% but is less than 5%, the transactions are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

1. INTRODUCTION

CRRC Sifang (a non-wholly-owned subsidiary of the Company) and CRRC Sifang Institute (a wholly-owned subsidiary of the Company) intend to implement the research and development center project and the integrated innovation research and development center project of CRRC Sifang Smart Port, in order to assist the Company in the construction of sources of original technologies. In order to implement such projects and to satisfy the need for offices for research and development of CRRC Sifang and CRRC Sifang Institute, CRRC Sifang and CRRC Sifang Institute intended to purchase or acquire the Custom Property, the Commercial Properties and the Parking Spaces from CRRC Qingdao Technology Park.

The Board announces that, on 6 December 2024, (1) CRRC Sifang Institute and CRRC Qingdao Technology Park entered into the Custom Property Purchase Agreement, pursuant to which CRRC Qingdao Technology Park agreed to sell and CRRC Sifang Institute agreed to purchase the Custom Property at the consideration of RMB711,970,015, which will be fully paid with CRRC Sifang Institute's self-owned funds; (2) CRRC Sifang and CRRC Qingdao Technology Park entered into the Commercial Property S&P Contracts, pursuant to which CRRC Qingdao Technology Park agreed to sell and CRRC Sifang agreed to purchase the Commercial Properties at the consideration of RMB147,803,455, which will be fully paid with CRRC Sifang's self-owned funds; and (3) CRRC Sifang and CRRC Qingdao Technology Park entered into the Contract for Transfer of Right to Use Parking Spaces, pursuant to which CRRC Qingdao Technology Park agreed to transfer and CRRC Sifang agreed to acquire the right to use the Parking Spaces at the consideration of RMB8,500,000, which will be fully paid with CRRC Sifang's self-owned funds.

2. CUSTOM PROPERTY PURCHASE AGREEMENT

2.1 Date

6 December 2024

2.2 Parties

- (1) CRRC Qingdao Technology Park, as the seller; and
- (2) CRRC Sifang Institute, as the purchaser.

2.3 Subject matter

CRRC Sifang Institute and CRRC Qingdao Technology Park entered into the Custom Property Purchase Agreement, pursuant to which CRRC Qingdao Technology Park agreed to sell and CRRC Sifang Institute agreed to purchase the Custom Property. For details of the Custom Property, please refer to the section headed “6. GENERAL INFORMATION ON THE CUSTOM PROPERTY, THE COMMERCIAL PROPERTIES AND THE PARKING SPACES” below.

2.4 Consideration and payment

- (1) The total fixed consideration of the Custom Property is RMB711,970,015, and the unit price of the Custom Property is RMB6,169.74 per square meter based on the estimated total gross floor area of 115,397.17 square meters. The aforesaid consideration was determined after arm’s length negotiations between both parties with reference to the appraised value of the Custom Property as at the valuation benchmark date (i.e. 30 June 2024) as set out in the valuation report, taking into account the effect of the value-added tax (at the tax rate of 9%). For details of the valuation, please refer to the section headed “4. BASIS FOR DETERMINATION OF CONSIDERATION OF THE CUSTOM PROPERTY PURCHASE AGREEMENT AND THE COMMERCIAL PROPERTY S&P CONTRACTS” below.
- (2) An initial payment of RMB640,773,013.50 shall be made to the bank account designated by CRRC Qingdao Technology Park by 31 December 2024. The remaining amount of RMB71,197,001.50 shall be paid to the bank account designated by CRRC Qingdao Technology Park within 90 days after the delivery of the purchased Custom Property to CRRC Sifang Institute by CRRC Qingdao Technology Park and the signing of the delivery slip in respect of the delivery of the Custom Property by both parties. Meanwhile, CRRC Qingdao Technology Park shall, within ten working days after the receipt of the total consideration, issue to CRRC Sifang Institute a full value-added tax invoice and issue a project quality assurance equivalent to 3% of the total consideration of the Custom Property (i.e. RMB21,359,100.45) as quality assurance of the Custom Property, with a two-year validity period of the quality assurance.

2.5 Delivery conditions of the Custom Property

The following conditions shall be met upon the delivery of the Custom Property:

- (1) The construction of the Custom Property has been completed, and CRRC Qingdao Technology Park has passed the inspection for acceptance in accordance with the requirements of the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》) and obtained the filing certificate for acceptance upon completion of quality structural project and construction project in Shandong Province in relation to the Custom Property;
- (2) The survey report and the equipment and facility commissioning or testing report for the Custom Property have been obtained; and
- (3) CRRC Sifang Institute has made the initial payment and performed other obligations as agreed without any breach of the Custom Property Purchase Agreement (which shall not be deemed to be a breach if it is rectified within a reasonable period as requested in writing by CRRC Qingdao Technology Park).

2.6 Delivery time and procedures for the Custom Property

CRRC Qingdao Technology Park shall deliver the Custom Property to CRRC Sifang Institute by 31 May 2026. Within 180 days after CRRC Sifang Institute settles the payment of the total consideration under the Custom Property Purchase Agreement, CRRC Qingdao Technology Park shall assist CRRC Sifang Institute in completing the formalities for the registration of the transfer of real estate ownership, including but not limited to all information required for the registration of ownership (original certificate of real estate ownership, identity documents, land transfer contract, invoice for purchase of property, report on survey and mapping of the housing, etc.) which shall be provided to CRRC Sifang Institute, and shall ensure that the information provided is true, lawful and valid.

In the event that the formalities for registration of the ownership cannot be completed by the aforesaid agreed date due to reasons attributable to CRRC Qingdao Technology Park, CRRC Qingdao Technology Park shall bear the corresponding legal liabilities and indemnify CRRC Sifang Institute for any resulting losses suffered by CRRC Sifang Institute.

If there are any quality issues with the Custom Property inspected by CRRC Sifang Institute, CRRC Qingdao Technology Park shall be responsible for repair in accordance with the relevant project and product quality specifications and standards, bear the repair costs, and then deliver after repair. After inspection and acceptance of the Custom Property, both parties shall sign the delivery slip of the Custom Property.

2.7 Effectiveness of the Custom Property Purchase Agreement

The Custom Property Purchase Agreement shall be effective from the date of signing (or stamping) and affixing of the official seals by the authorized representatives of both parties.

3. COMMERCIAL PROPERTY S&P CONTRACTS

CRRC Sifang entered into 32 Commercial Property S&P Contracts for the sale and purchase of the Commercial Properties with CRRC Qingdao Technology Park. The principal terms of each of the Commercial Property S&P Contracts are set out below. Save for the gross floor area and consideration of each Commercial Property, the relevant terms of each of the Commercial Property S&P Contracts are substantially the same.

3.1 Date

6 December 2024

3.2 Parties

(1) CRRC Qingdao Technology Park, as the seller; and

(2) CRRC Sifang, as the purchaser.

3.3 Subject matter

CRRC Sifang and CRRC Qingdao Technology Park entered into 32 Commercial Property S&P Contracts, pursuant to which CRRC Qingdao Technology Park agreed to sell and CRRC Sifang agreed to purchase 32 Commercial Properties. For details of the Commercial Properties, please refer to the section headed “6. GENERAL INFORMATION ON THE CUSTOM PROPERTY, THE COMMERCIAL PROPERTIES AND THE PARKING SPACES” below.

3.4 Consideration and payment

(1) The total consideration of the 32 Commercial Properties is RMB147,803,455. The aforesaid consideration was determined after arm’s length negotiations between both parties with reference to the appraised value of the Commercial Properties as at the valuation benchmark date (i.e. 30 June 2024) as set out in the valuation report, taking into account the effect of the value-added tax (at the tax rate of 9%). For details of the valuation, please refer to the section headed “4. BASIS FOR DETERMINATION OF CONSIDERATION OF THE CUSTOM PROPERTY PURCHASE AGREEMENT AND THE COMMERCIAL PROPERTY S&P CONTRACTS” below.

- (2) CRRC Sifang shall pay the total consideration of the Commercial Properties by instalment by 31 December 2026. The first instalment of RMB133,023,124 shall be paid by 31 December 2024. The second instalment of RMB14,780,331 shall be paid by 31 December 2026.

The total consideration shall be deposited into the pre-sale fund supervision account supervised by Qingdao Municipal Bureau of Housing and Urban-Rural Development for the construction of this project.

3.5 Delivery conditions of the Commercial Properties

The following conditions shall be met upon the delivery of the Commercial Properties:

- (1) The real state development project has been completed and has passed the inspection for acceptance in accordance with the requirements of the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》), and obtained the filing certificate for acceptance upon completion of construction projects in relation to the Commercial Properties; firefighting inspection or filing has been completed; and the completion, acceptance and filing for civil air defense projects have been done;
- (2) The construction unit and the selected property service enterprise have completed the inspection of the common area and the common facilities and equipment of the property;
- (3) CRRC Sifang has paid the housing maintenance funds as required, and the construction unit for the unsold housing has paid the first phase of maintenance funds;
- (4) The first registration of the real estate has been completed as required and the conditions for applying for real estate ownership certificate shall be met upon delivery;
- (5) The survey report has been obtained for the Commercial Properties;
- (6) The acceptance of the survey, design, construction and project supervision organized by CRRC Qingdao Technology Park as mentioned in (1) to the single building has been completed and the certificate of acceptance has been signed;

- (7) CRRC Sifang has made the full payment (including the payment for differences in floor area) and performed other obligations as agreed.

3.6 Delivery time and procedures for the Commercial Properties

- (1) CRRC Qingdao Technology Park shall deliver the Commercial Properties to CRRC Sifang by 31 December 2026.
- (2) After the Commercial Properties meet the delivery conditions, CRRC Qingdao Technology Park shall send a written notice setting out the time for inspection, the time and place for handling the delivery procedures and the documents to be brought as proof to CRRC Sifang within 10 days (not less than 10 days) before the expiration of the delivery date. If CRRC Sifang does not receive the delivery notice, the date of expiration of the delivery date agreed in the Commercial Property S&P Contracts shall be the time for handling the delivery procedures, and the place where the Commercial Properties are located shall be the place for handling the delivery procedures.

When delivering the Commercial Properties, CRRC Qingdao Technology Park shall present the certification documents which indicated that the delivery conditions have been met. If CRRC Qingdao Technology Park does not produce the supporting documents or the supporting documents presented are incomplete, which fail to meet the delivery conditions, CRRC Sifang shall have the right to refuse receipt, and the liability of late delivery arising therefrom shall be borne by CRRC Qingdao Technology Park.

- (3) Prior to the delivery procedures, CRRC Sifang have the right to inspect the Commercial Properties. CRRC Qingdao Technology Park shall not request payment of relevant taxes or signing of property management documents as prerequisites for the inspection and delivery procedures by CRRC Sifang.

3.7 Filing for registration in respect of the Commercial Property S&P Contracts and housing registration

- (1) CRRC Qingdao Technology Park shall handle the procedures of filing for registration for the Commercial Property S&P Contracts within 30 days (not exceeding 30 days) from the date of execution of the Commercial Property S&P Contracts, and notify CRRC Sifang of the status of the filing for registration in respect of the Commercial Property S&P Contracts.
- (2) Both parties agreed to jointly apply to the relevant housing registration authority for registration of transfer of the real estate ownership of the Commercial Properties.

3.8 Effectiveness of the Commercial Property S&P Contracts

The Commercial Property S&P Contracts shall be effective from the date of signing and seal by both parties.

4. BASIS FOR DETERMINATION OF CONSIDERATION OF THE CUSTOM PROPERTY PURCHASE AGREEMENT AND THE COMMERCIAL PROPERTY S&P CONTRACTS

The total fixed consideration of the Custom Property and the Commercial Properties was determined after arm's length negotiations between both parties based on the separate valuations of buildings and land in the valuation reports issued by the Valuer (i.e. using the replacement cost approach for housing and buildings, and using the benchmark land price coefficient adjustment approach for land use rights), taking into account the effect of the value-added tax (at the tax rate of 9%). The benchmark date of the valuation reports is 30 June 2024. In terms of the Custom Property, the appraised value of the housing and buildings using the replacement cost approach is RMB631,208,800.00, and the appraised value of the land use right using the benchmark land price coefficient adjustment approach is RMB21,974,700.00. Therefore, the appraised value of the Custom Property is RMB653,183,500.00. In terms of the Commercial Properties, the appraised value of the housing and buildings using the replacement cost approach is RMB70,240,200.00, and the appraised value of the land use right using the benchmark land price coefficient adjustment approach is RMB46,254,200.00. Therefore, the appraised value (taking into account the appraised values of the housing and buildings and land use right as well as the floor adjustment coefficient of 1.164) of the Commercial Properties is RMB135,599,500.00.

4.1 Reasons for choosing the replacement cost approach and the benchmark land price coefficient adjustment approach

(1) Reasons for choosing the replacement cost approach

The replacement cost approach is an approach to obtain the replacement price or reconstruction price of the valuation target at the valuation point, determine the newness ratio according to the service life of buildings and on-site inspection of buildings, and then estimate the reasonable price or value of the appraised building.

The Valuer adopted the replacement cost approach mainly in view of the fact that the cost accounting data of the appraised buildings are available, so that the replacement price can be reasonably ascertained and that the land value is also available, therefore, the replacement cost approach is adopted for valuation.

(2) Reasons for choosing the benchmark land price coefficient adjustment approach

The benchmark land price coefficient adjustment approach is mainly used for land valuation of areas where the benchmark land price valuation has been carried out, the valuation results have been announced and implemented by the government, and the adjustment system is complete and time-effective. The appraised site is located in the Shibe District of Qingdao, which is covered by the benchmark land price system, and the adjustment system of which is relatively sound, therefore, the benchmark land price coefficient adjustment approach is selected for valuation.

4.2 Valuation assumptions adopted by the replacement cost approach and the benchmark land price coefficient adjustment approach

(1) General assumptions

- (a) Transaction assumption: It is assumed that all assets to be appraised are being disposed of in the process of transaction, and the Valuer conducts the valuation based on the simulated market with the transaction conditions of the assets to be appraised.

- (b) Open market assumption: Open market assumption concerns the conditions of the market where the assets are proposed to enter and what the assets are subject to under such market conditions. The open market refers to a market with fully developed and sound market conditions, which refers to a competitive market with willing buyers and sellers. In this market, buyers and sellers have equal status and have the opportunity and time to obtain sufficient market information, and the transactions between buyers and sellers are conducted under willing, rational, non-compulsory or unrestricted conditions.
- (c) Assumption of continuous use of assets: The continuous use assumption is an assumption of the conditions of the market where the assets are proposed to enter and the status of the assets under such market conditions. Firstly, the appraised assets are in use, and secondly, it is assumed that the assets in use will continue to be used. Under the continuous use assumption, without considering the change of use of assets or the best use conditions, the scope of use of the valuation results is limited.

(2) Special assumptions

- (a) All assets in the valuation are based on the actual stock on the valuation benchmark date, and the current market price of the relevant assets is based on the domestic effective price on the valuation benchmark date.
- (b) It is assumed that the appraised assets are in a completed status.
- (c) It is assumed the underlying information and financial information provided by the title holder is true, accurate and complete.

4.3 The specific process of appraising housing and buildings using the replacement cost approach

The full replacement price is composed of construction and installation project costs, project preparation fee, preliminary and other expenses, capital cost, investment profit and deductible value-added tax.

The full replacement price = construction and installation project costs + project preparation fee + preliminary and other expenses + capital costs – deductible value-added tax + investment profit

(1) Determination of construction and installation project costs

The construction and installation project costs include the total price of the construction project, the decoration project and the installation project. Based on the project budget data, the construction and installation project costs of the project is estimated by applying the Consumption Quota for Construction Projects of Shandong Province (《山東省建築工程消耗量定額》(2016)), Consumption Quota for Installation Projects of Shandong Province (《山東省安裝工程消耗量定額》(2016)), Consumption Quota for Municipal Projects of Shandong Province (《山東省市政工程消耗量定額》(2016)), Consumption Quota for Landscaping Projects of Shandong Province (《山東省園林綠化工程消耗量定額》(2016)), Notice on the Release of Compilation of Dynamic Adjustments to Pricing Basis of Construction Projects of Shandong Province (《關於發佈山東省建設工程計價依據動態調整彙編的通知》), the Price List of Consumption Quota for Construction Projects of Shandong Province (《山東省建築工程消耗量定額價目表》(2020)), the Price List of Consumption Quota for Installation Projects of Shandong Province (《山東省安裝工程消耗量定額價目表》(2020)), the Price List of Consumption Quota for Municipal Projects of Shandong Province (《山東省市政工程消耗量定額價目表》(2020)), the Price List of Consumption Quota for Landscaping Projects of Shandong Province (《山東省園林綠化工程消耗量定額價目表》(2020)), Composition of Fees and Calculation Rules for Construction Projects of Shandong Province (《山東省建設工程費用項目組成及計算規則》) and Qingdao Material Price (2024, 5th edition) (《<青島材價>2024年第5期》).

In terms of the Custom Property, the construction and installation project costs, including construction project cost, decoration project cost, installation project cost, municipal project cost and landscaping project cost, amounted to RMB517,951,935.04.

In terms of the Commercial Properties, the construction and installation project costs, including construction project cost, decoration project cost, installation project cost, municipal project cost and landscaping cost, amounted to RMB56,655,152.40.

(2) Determination of the project preparation fee

The project preparation fee is calculated on the basis of the project costs multiplied by the basic preparation rate.

In terms of the Custom Property, the project preparation fee can generally be determined according to 5%-10% of the project costs. For this valuation, 5% was taken as the basis and the project preparation fee (i.e. the construction and installation project costs $\times$ 5%) of the Custom Property amounted to RMB25,897,596.75.

In terms of the Commercial Properties, the project preparation fee can generally be determined according to 2-3% of the project costs. For this valuation, 3% was taken as the basis and the project preparation fee (i.e. the construction and installation project costs $\times$ 3%) of the Commercial Properties amounted to RMB1,699,654.57.

(3) Determination of the preliminary and other expenses

The preliminary and other expenses for construction projects include: expenses other than construction costs incurred by the construction unit for the construction project, including the management fee of the construction unit, surveying and design fee, project construction supervision fee, bidding agent service fee, consulting fee for the preliminary work of the construction project and consulting fee for environmental impact. With reference to the relevant documents of the relevant government departments and relevant professional associations, the preliminary and other expenses paid by the construction unit shall be calculated respectively.

In terms of the Custom Property, the preliminary and other expenses amounted to RMB34,637,747.80.

In terms of the Commercial Properties, the preliminary and other expenses amounted to RMB4,884,474.91.

(4) Determination of capital costs

The capital costs refer to the interest or opportunity cost of the capital consumed in the process of housing construction, where the LPR of the corresponding term of the recent month before the valuation benchmark date is taken as the lending interest rate. The capital costs are generally calculated taking into account that the funds are evenly invested during the construction period. Capital costs = (construction and installation project costs + project preparation fee + preliminary and other expenses) $\times$ reasonable construction period $\div 2 \times$ interest rate.

In terms of the Custom Property, assuming that the funds are evenly invested during the construction period, the reasonable construction period of the appraised buildings is 4.5 years, and the interest rate is the one promulgated by the National Interbank Offered Rate Centre authorized by the People's Bank of China, the capital costs amounted to RMB50,632,099.15.

In terms of the Commercial Properties, assuming that the funds are evenly invested during the construction period, the reasonable construction period of the appraised buildings is 5.2 years, and the interest rate is the one promulgated by the National Interbank Offered Rate Centre authorized by the People's Bank of China, the capital costs amounted to RMB6,544,000.89.

(5) Determination of the deductible value-added tax

The deductible value-added tax = (construction and installation project costs + project preparation fee)/1.09 $\times$ 9% + (construction and installation project costs + project preparation fee) $\times$ (preliminary and other expenses rate – rate of management fee for construction unit)/1.06 $\times$ 6%.

In terms of the Custom Property, the deductible value-added tax amounted to RMB46,339,538.62.

In terms of the Commercial Properties, the deductible value-added tax amounted to RMB4,932,243.84.

(6) Determination of investment profit

The investment profit of this valuation was calculated with reference to the return on investment rate for the real estate industry of 8.31%.

Investment profit = (construction and installation project costs + project preparation fee + preliminary and other expenses + capital costs – deductible value-added tax) × investment profit rate.

In terms of the Custom Property, the investment profit amounted to RMB48,429,004.71.

In terms of the Commercial Properties, the investment profit amounted to RMB5,389,121.34.

(7) Determination of the full replacement price

In terms of the Custom Property, the full replacement price amounted to RMB631,208,800.00 (rounded to the nearest hundred).

In terms of the Commercial Properties, the full replacement price amounted to RMB70,240,200.00 (rounded to the nearest hundred).

4.4 The specific process of appraising the land use rights by using the benchmark land price coefficient adjustment approach

(1) Benchmark land price coefficient adjustment approach

According to the Updated Results of Demarcated Land Prices in Shinan District, Shibei District and Licang District of Qingdao (《青島市市南區、市北區、李滄區標定地價更新成果》) released by Qingdao Natural Resources and Planning Bureau in January 2023, in terms of the Custom Property, the appraised site is industrial land, the average development degree of which is dubbed as “seven accesses and one leveling” (i.e. access to road, access to water supply, access to drainage, access to electricity supply, access to communications, access to gas supply and access to heat supply outside of the red line of the site, as well as land levelling within the red line of the site). The land use term is 50 years, with the benchmark land price of RMB1,205/square meter and the benchmark date of 1 January 2022. In terms of the Commercial Properties, the appraised site is commercial and financial land, the average development degree of which is dubbed as “seven accesses and one leveling” (i.e. access to road, access

to water supply, access to drainage, access to electricity supply, access to communications, access to gas supply and access to heat supply outside of the red line of the site, as well as land levelling within the red line of the site). The land use term is 40 years, with the benchmark land price of RMB5,509/square meter and the benchmark date of 1 January 2022.

With reference to the Regulation on the Valuation of Urban Land (《城镇土地估价规程》), the calculation formula for appraising the land price of the appraised site by using benchmark land price coefficient adjustment approach is as follows:

Land price under the development degree set for the benchmark land price
= benchmark land price $\times$ K1 $\times$ K2 $\times$ K3 $\times$ (1+ Σ K)

where: K1 is the adjustment coefficient for the period date

K2 is the adjustment coefficient for the land use term

K3 is the adjustment coefficient for the plot ratio

Σ K is sum of the adjustment coefficients of regional factors and individual factors which affect the land price

(2) Determination of the land value

According to the land grade range and the benchmark land price set by Qingdao Natural Resources and Planning Bureau, the land grade and the benchmark land price of the appraised land was determined, the above adjustment coefficients were determined, and the valuation target was appraised by applying the benchmark land price coefficient adjustment approach.

In terms of the Custom Property, the unit price of the appraised site to be appraised amounted to RMB1,371.37/square meter by using the benchmark land price coefficient adjustment approach. The land value amounted to RMB20,288,700.00 (rounded to the nearest hundred).

In terms of the Commercial Properties, the floor unit price of the appraised site to be appraised is RMB4,820.19/square meter by using the benchmark land price coefficient adjustment approach. The land value amounted to RMB42,705,400.00 (rounded to the nearest hundred).

(3) Determination of investment profit

The investment profit of this valuation was calculated with reference to the return on investment rate of the real estate industry of the 8.31%.

In terms of the Custom Property, the investment profit amounted to RMB1,685,990.97.

In terms of the Commercial Properties, the investment profit amounted to RMB3,548,818.74.

(4) Determination of the appraised land value

Appraised land value = land value + investment profit

In terms of the Custom Property, the appraised land value amounted to RMB21,974,700.00 (rounded to the nearest hundred).

In terms of the Commercial Properties, the appraised land value amounted to RMB46,254,200.00 (rounded to the nearest hundred).

4.5 Appraised values of the Custom Property and the Commercial Properties

Based on the above, the appraised value of the Custom Property = the appraised value of housing and buildings of RMB631,208,800.00 + the appraised value of land use right of RMB21,974,700.00 = RMB653,183,500.00.

In terms of the Commercial Properties, considering that the appraised property will be used for commercial purposes or offices, and the floors included in the appraisal scope are located at the optimal area, in order to reflect the value of assets, floor adjustment was conducted on the Commercial Properties included in the appraisal scope. According to the investigation and understanding of the Valuer, the floor adjustment coefficient of the highest area of office buildings of the same usage in Qingdao is 1.164. Therefore, the appraised value of the Commercial Properties (taking into account the appraised value of the housing and buildings and the land use right and the aforementioned adjustment coefficient) amounted to RMB135,599,500.00.

4.6 Opinion of the Board

The Board has reviewed the valuation results. Having taken into full account the valuation approaches and valuation assumptions adopted by the Valuer, the Board is of the view that the true value of the Custom Property and the Commercial Properties can be reflected by using the separate valuations of buildings and land, which is fair and reasonable.

5. CONTRACT FOR TRANSFER OF RIGHT TO USE PARKING SPACES

5.1 Date

6 December 2024

5.2 Parties

- (1) CRRC Qingdao Technology Park, as the transferor; and
- (2) CRRC Sifang, as the transferee.

5.3 Subject matter

CRRC Sifang and CRRC Qingdao Technology Park entered into the Contract for Transfer of Right to Use Parking Spaces, pursuant to which CRRC Qingdao Technology Park agreed to transfer and CRRC Sifang agreed to acquire the right to use the Parking Spaces. For details of the Parking Spaces, please refer to the section headed “6. GENERAL INFORMATION ON THE CUSTOM PROPERTY, THE COMMERCIAL PROPERTIES AND THE PARKING SPACES” below.

5.4 Consideration and payment

- (1) The unit price of the right to use the Parking Spaces is RMB170,000 per Parking Space, which was determined after arm’s length negotiations between both parties with reference to the prevailing market prices of similar properties located in the same area, taking into account the effect of the value-added tax (at the tax rate of 9%). The total consideration of the right to use the 50 Parking Spaces is RMB8,500,000.

- (2) The first instalment of RMB7,650,000 shall be paid to the bank account designated by CRRC Qingdao Technology Park by 31 December 2024. The second instalment of RMB850,000 shall be paid to the bank account designated by CRRC Qingdao Technology Park by 31 December 2026.

5.5 Term of transfer of the right to use the Parking Spaces

The term of the aforementioned right to use the Parking Spaces transferred by CRRC Qingdao Technology Park to CRRC Sifang is as follows: The first term of use shall be 20 years from the day following the date of handover of the Parking Spaces (including the date on which the handover is deemed to have taken place). Upon expiry of the first term of use, CRRC Sifang shall have the right to continue to use the Parking Spaces, with the next term of use being 20 years from the day following the date of the expiry of the first term of use. Any subsequent term of use shall be determined in the above manner until the expiry of the term of transfer of state-owned land use rights in respect of the Parking Spaces (i.e. 5 December 2060), or the date on which the Parking Spaces are required to be requisitioned at the request of the government due to war or other reasons. During any term, CRRC Sifang is required to pay the parking space management fee in accordance with the payment standard set by the property management company on time.

5.6 Delivery of the right to use the Parking Spaces

The time of delivery of the right to use the Parking Spaces shall be 31 December 2026. If the right to use the Parking Spaces is ready for delivery by such date, CRRC Qingdao Technology Park shall send a written notice of delivery to CRRC Sifang. If CRRC Qingdao Technology Park does not notify CRRC Sifang in writing in advance of the delivery, CRRC Sifang shall handle the delivery procedures of the purchased Parking Spaces on its own at the location designated by CRRC Qingdao Technology Park within seven days from the aforementioned delivery time (i.e. 31 December 2026).

5.7 Effectiveness of the Contract for Transfer of Right to Use Parking Spaces

The Contract for Transfer of Right to Use Parking Spaces shall be effective from the date of signing and seal by both parties.

6. GENERAL INFORMATION ON THE CUSTOM PROPERTY, THE COMMERCIAL PROPERTIES AND THE PARKING SPACES

The Custom Property

- (1) The Custom Property is planned to be used as factory, production workshop, research and development and testing area, warehouse, office, public supporting facilities, construction supporting function room, conference room, multi-purpose hall, canteen, exhibition hall and parking space, etc.
- (2) The main structure of the Custom Property is reinforced concrete, with an estimated total gross floor area of 115,397.17 square meters, comprising an above-ground gross floor area of 77,719.76 square meters and a basement gross floor area of 37,677.41 square meters (subject to the mapped actual area).
- (3) The Custom Property is Building No. 1, No. 1 Lin'an Road, Shibei District, Qingdao, Shandong Province (subject to the approval of the governmental authorities).

As the Custom Property is works under construction of CRRC Qingdao Technology Park, no revenue was generated therefrom in the past. The Custom Property was not acquired by transfer or inheritance so there was no original acquisition cost. The original acquisition cost of the land use right of the plot on which the Custom Property is located was RMB19,306,823.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Custom Property has clear ownership without any mortgage, pledge or any other restrictions on its transfer. There is no litigation, arbitration or judicial measures such as seizure and freezing and there are no circumstances that impede the transfer of title.

Commercial Properties and Parking Spaces

- (1) The Commercial Properties are planned to be used as offices.
- (2) The main structure of the building in which the Commercial Properties are located is reinforced concrete. The total number of storeys of the building is 34, of which 31 are above ground and 3 are underground.

- (3) The Commercial Properties are 32 commercial properties located at 28th, 29th, 30th and 31st floors of Building No. 1, No. 9 Tongxiang Road, Shibei District, Qingdao, Shandong Province. The specific location of the Commercial Properties will not be affected in the event of a change in the room number after the completion of the construction. The Parking Spaces are the 50 parking spaces located on the Basement Level 1, Building No. 1, No. 9 Tongxiang Road, Shibei District, Qingdao, Shandong Province.
- (4) The Commercial Properties have an estimated gross floor area of 8,867 square meters, of which 5,498.8 square meters are attributable to the gross floor area of individual units and 3,368.2 square meters are attributable to the gross floor area of common areas.

The Commercial Properties have been approved for pre-sale by Qingdao Municipal Bureau of Administrative Services and have obtained the corresponding pre-sale permit.

As the Commercial Properties and the Parking Spaces are works under construction of CRRC Qingdao Technology Park, no revenue was generated therefrom in the past. The Commercial Properties and the Parking Spaces were not acquired by transfer or inheritance, so there was no original acquisition cost. The original acquisition cost of the land use right of the plot on which the Commercial Properties and the Parking Spaces are located was RMB468,468,000.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Commercial Properties and the Parking Spaces have clear ownership without any mortgage, pledge or any other restrictions on their transfer, and there is no litigation, arbitration or judicial measures such as seizure and freezing and there are no other circumstances that impede the transfer of title.

7. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The entering into of the Custom Property Purchase Agreement, the entering into of the Commercial Property S&P Contracts and the entering into of the Contract for Transfer of Right to Use Parking Spaces are intended to implement the research and development center project and the integrated innovation research and development center project of CRRC Sifang Smart Port, in order to assist the Company in the construction of sources of original technologies and to satisfy the need for offices for research and development of CRRC Sifang Institute and CRRC Sifang (both of which are subsidiaries of the Company), which are in line with the development strategies of the Company and will have a positive impact on the development of the Company. The entering into of the Custom Property Purchase Agreement, the entering into of the Commercial Property S&P Contracts and the entering into of the Contract for Transfer of Right to Use Parking Spaces will not have any material impact on the normal operations and financial position of the Company, and will not be detrimental to the interests of the Company and the Shareholders.

8. GENERAL INFORMATION ON THE COMPANY, CRRC GROUP AND THE PARTIES

The Company

The Company is a joint stock company incorporated in the PRC with limited liability. The Group is a world-leading and diverse rolling stock supplier with advanced technologies. The main scope of business includes: research and development, design, manufacturing, refurbishment, sales, leasing and technical services of railway locomotives, MUs, urban rail transit vehicles, engineering machinery, various electromechanical equipment, electronic equipment and components, as well as electric devices and environmental protection equipment; information consultation; industry investment and management; asset management; import and export businesses.

CRRC GROUP

CRRC GROUP is a large-scale wholly state-owned enterprise established with the approval of the State Council of the PRC, and is the controlling Shareholder of the Company. The principal businesses of CRRC GROUP (through the Company) include: research and development, manufacturing, sales, refurbishment and leasing of rolling stock and key components, and the extended business relying on proprietary technologies of rolling stock.

CRRC Sifang Institute

As at the date of this announcement, CRRC Sifang Institute is a wholly-owned subsidiary of the Company. It is principally engaged in manufacturing of railway transportation infrastructure; implementation of construction works; journal publishing; sales of special equipment, key systems and components of rail transit, photovoltaic equipment and components, and wind turbines and parts and components; development and sales of software; information system integration services; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion, etc.

CRRC Sifang

As at the date of this announcement, CRRC Sifang is a non-wholly-owned subsidiary held as to 97.8102% by CRRC Sifang Co., Ltd. (a wholly-owned subsidiary of the Company), which is principally engaged in research, development and manufacturing of railway MUs, passenger carriages and urban rail transit vehicles, and refurbishment services for railway MUs and high-end passenger carriages.

CRRC Qingdao Technology Park

As at the date of this announcement, CRRC Qingdao Technology Park is a wholly-owned subsidiary of CRRC GROUP. It is principally engaged in industrial park operation and management, real estate development, land consolidation, etc.

9. IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, CRRC Qingdao Technology Park is a wholly-owned subsidiary of CRRC GROUP. CRRC GROUP is the controlling Shareholder of the Company holding 51.45% of its shares, and CRRC Qingdao Technology Park is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the entering into of the Custom Property Purchase Agreement, the entering into of the Commercial Property S&P Contracts and the entering into of the Contract for Transfer of Right to Use Parking Spaces constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the transactions contemplated under the Custom Property Purchase Agreement, the Commercial Property S&P Contracts and the Contract for Transfer of Right to Use Parking Spaces constitute a series of transactions conducted within 12 months, the transactions shall be aggregated in accordance with Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) in respect of the transactions contemplated under the Custom Property Purchase Agreement, the Commercial Property S&P Contracts and the Contract for Transfer of Right to Use Parking Spaces (after aggregation) exceeds 0.1% but is less than 5%, the transactions are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Three Directors, namely Sun Yongcai, Ma Yunshuang and Wang An, hold positions in CRRC GROUP and have abstained from voting on the Board resolution approving the Custom Property Purchase Agreement, the Commercial Property S&P Contracts and the Contract for Transfer of Right to Use Parking Spaces and the transactions contemplated thereunder. Save as stated above, none of the Directors have any material interest in the Custom Property Purchase Agreement, the Commercial Property S&P Contracts and the Contract for Transfer of Right to Use Parking Spaces and the transactions contemplated thereunder, and hence no other Director has abstained from voting on the relevant Board resolution.

All Directors (including all independent non-executive Directors) are of the view that the Custom Property Purchase Agreement, the Commercial Property S&P Contracts and the Contract for Transfer of Right to Use Parking Spaces were entered into after negotiations on arm's length basis, in the usual course of business of the Company and on normal commercial terms or better terms, and the relevant terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

10. DEFINITIONS

In this announcement, unless the context otherwise requires, the terms used herein shall have the following meanings:

“Board”	the board of directors of the Company
“Commercial Property(ies)”	the 32 commercial properties located on the 28th, 29th, 30th and 31st floors of Building No. 1, No. 9 Tongxiang Road, Shibei District, Qingdao, Shandong Province (the specific location of the Commercial Properties will not be affected in the event of a change in the room number after completion of the construction), which are planned to be used as offices
“Commercial Property S&P Contract(s)”	each of the Commercial Property Sale and Purchase Contract (Pre-sale) entered into between CRRC Sifang and CRRC Qingdao Technology Park on 6 December 2024
“Company”	CRRC Corporation Limited (中國中車股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Contract for Transfer of Right to Use Parking Spaces”	the Contract for Transfer of the Right to Use Basement Parking Spaces at CRRC Sifang Smart Port Phase I Project – Industrial Demonstration Area (Plot 106b) entered into between CRRC Sifang and CRRC Qingdao Technology Park on 6 December 2024
“CRRC GROUP”	CRRC GROUP Co., Ltd. (中國中車集團有限公司), a large-scale wholly state-owned enterprise and the controlling Shareholder of the Company

“CRRC Qingdao Technology Park”	CRRC Qingdao Technology Park Co., Ltd. (中車科技園(青島)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CRRC GROUP as at the date of this announcement
“CRRC Sifang”	CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司), a joint stock company incorporated in the PRC with limited liability and a non-wholly-owned subsidiary of the Company as at the date of this announcement
“CRRC Sifang Institute”	CRRC Sifang Institute Co., Ltd. (中車青島四方車輛研究所有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Custom Property”	Building No. 1, No. 1 Lin’an Road, Shibei District, Qingdao, Shandong Province (subject to the approval of the government authorities), which is planned to be used as factory, production workshop, research and development and testing area, warehouse, office, public supporting facilities, construction supporting function room, conference room, multi-purpose hall, canteen, exhibition hall and parking space, etc.
“Custom Property Purchase Agreement”	the Purchase Agreement in relation to CRRC Sifang Smart Port Phase I Project – Industrial Demonstration Area (Plot 106a) entered into between CRRC Sifang Institute and CRRC Qingdao Technology Park on 6 December 2024
“Director(s)”	the director(s) of the Company (including independent non-executive directors)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hong Kong Listing Rules” the Rules Governing the Listing of Securities on the