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**中國中車股份有限公司**  
**CRRCL CORPORATION LIMITED**

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

**OVERSEAS REGULATORY ANNOUNCEMENT**

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Set out below is the “Announcement in Relation to the External Guarantee of the Company and its Subsidiaries” published by CRRC Corporation Limited (the “**Company**”) on the Shanghai Stock Exchange.

By order of the Board  
**CRRC Corporation Limited**  
**Liu Hualong**  
*Chairman*

Beijing, the PRC  
27 April 2017

*As at the date of this announcement, the executive directors of the Company are Mr. Liu Hualong and Mr. Xi Guohua; the non-executive director is Mr. Liu Zhiyong; and the independent non-executive directors are Mr. Li Guo'an, Mr. Zhang Zhong, Mr. Wu Zhuo, Mr. Sun Patrick and Mr. Chan Ka Keung, Peter.*

Stock Code: 601766 (A Share)  
Stock Code: 1766 (H Share)

Stock Name: CRRC (A Share)  
Stock Name: CRRC (H Share)

No: Lin 2017- 022

**CRRC CORPORATION LIMITED**  
**ANNOUNCEMENT IN RELATION TO THE EXTERNAL GUARANTEE**  
**OF THE COMPANY AND ITS SUBSIDIARIES**

The Board of directors and all directors of the Company warrant that there are no false statements, misleading statement or material omissions in this announcement, and assume several and joint liabilities for the truthfulness, accuracy and completeness of the contents contained herein.

**Important Notice:**

- This guarantee is the guarantee provided by the Company and its wholly-owned and non-wholly-owned subsidiaries for the project company in which they have investment.
- According to the Company's calculation, the Company and its wholly-owned and non-wholly-owned subsidiaries are expected to assume joint liability of not more than RMB7.441 billion in Wuhu Project.
- Up to now, the Company and its wholly-owned and non-wholly-owned subsidiaries do not have any overdue external guarantees.

**I. Summary of the guarantee**

CRRC Corporation Limited (hereinafter referred to as the "Company") and its wholly-owned subsidiary, China-Singapore Suzhou Industrial Park Public Utilities Project Construction Co., Ltd.\* (中新蘇州工業園區市政公用工程建設有限公司), and its non-wholly-owned subsidiary, CRRC China Merchants (Tianjin) Equity Investment Fund Management Co., Ltd.\* (中車招銀(天津)股權投資基金管理有限公司) (collectively the "CRRC Enterprises") joined hands with China Railway Group Limited (中國中鐵股份有限公司) and its four subsidiaries (collectively, the "Other Consortium Members") to form a consortium with a total of eight entities for bidding the tender of Phase 1 PPP Project of Rail Transit Routes 1 and 2 in Wuhu (hereinafter referred to as the "Wuhu Project"), and won the bid on 22 December 2016. The Phase 1 PPP Project of Rail Transit Routes 1 and 2 in Wuhu has a cooperation period of 30 years, including a project construction period of 3 years and a project operation period of 27 years, with total investment for the project being approximately RMB13.3 billion. The project capital accounts for 30% of the total investment amount. The project company shall be held as to 70% and 30% by the consortium and Wuhu Rail Transit Co., Ltd (蕪湖市軌道交通有限公司), a

contribution representative of the government. Among the 70% equity interest held by the consortium, 37.5% shall be held by CRRC Enterprises and 32.5% shall be held by Other Consortium Members. The project company shall be responsible for completing the investment, financing, construction, operation, maintenance and transfer for the project.

The CRRC Enterprises and Other Consortium Members are jointly responsible for the performance, financing and profit or loss of the project company. According to calculation, the Company and its wholly-owned and non-wholly-owned subsidiaries are expected to assume joint liability of not more than RMB7.441 billion in Wuhu Project. This matter constitutes an external guarantee of the Company and has been considered and passed at the 22nd meeting of the first session of the Board of Directors of the Company, and is subject to be consideration and approval at the general meeting of the Company.

## **II. Basic information on the guaranteed party**

This guarantee is the guarantee provided by the Company and its wholly-owned and non-wholly-owned subsidiaries for the performance, financing and profit or loss of the project company in which they have investment.

According to the Contract of Phase 1 PPP Project of Rail Transit Routes 1 and 2 in Wuhu (蕪湖市軌道交通1號線、2號線一期PPP項目合同), its appendices and supplemental agreements entered into by and among CRRC Enterprises, Other Consortium Members, Wuhu Rail Transit Co., Ltd and the government's authorized agency, Wuhu Rail Transit Construction and Management Office (蕪湖市軌道交通建設管理辦公室), after its winning of the bid of Wuhu Project, the consortium shall establish the project company by way of capital contribution to Wuhu Yunda Rail Transit Construction and Operation Co., Ltd.\* (蕪湖市運達軌道交通建設運營有限公司). Upon completion of its establishment, the project company shall be held as to 70% (37.5% shall be held by CRRC Enterprises and 32.5% shall be held by Other Consortium Members) and 30% by the consortium and Wuhu Rail Transit Co., Ltd, a contribution representative of the government, respectively. So far, Wuhu Rail Transit Co., Ltd, a contribution representative of the government, and the consortium have not contributed to the capital of Wuhu Yunda Rail Transit Construction and Operation Co., Ltd. or conducted capital contribution alteration registration with local administration for industry and commerce.

The current status of Wuhu Yunda Rail Transit Construction and Operation Co., Ltd.\* is as follows: it was incorporated on 16 June 2016, with a current registered capital of RMB300 million; it is wholly-owned by Wuhu Rail Transit Co., Ltd.; its address is No.5 Qijing First Road, Wuhu Economic and Technology Development Zone; its legal representative is Xing Hui (邢輝); its scope of business includes “engineering and construction of urban rail transit projects, project operation and management; property management; leasing and sales of rail transit system and equipment; development, construction and operational management of ancillary resources including advertising, carpark and operating premises along the rail transit routes and in the surrounding areas; rail transit technical services and technical consultancy. (Projects that require necessary approvals may only commence operating activities after having obtained approvals from the relevant authorities)”.

As of 31 March 2017, Wuhu Yunda Rail Transit Construction and Operation Co., Ltd. had unaudited total assets of RMB162,931,424.08 and total liabilities of RMB162,932,860.21, of which bank loans were nil, total current liabilities were RMB162,932,860.21, net assets were RMB-1,436.13, operating income was nil and net profits were RMB-32.13. There were no material contingent matters that may affect the solvency of the guaranteed party.

### **III. Principal Terms of the Guarantee Agreement**

As at the date hereof, the CRRC Enterprises, Other Consortium Members and Wuhu Rail Transit Co., Ltd., a contribution representative of the government, have signed the Contract of Phase 1 PPP project of Rail Transit Routes 1 and 2 in Wuhu and its supplemental agreements to stipulate the investment, financing, construction, operation, maintenance and transfer of Wuhu Project, the principal terms of which are related to the following guarantee that shall take effect upon the approval by the guarantor after carrying out the relevant internal decision procedure:

1) Performance: The CRRC Enterprises and Other Consortium Members shall assume joint-liabilities for all the liabilities for the breaches incurred by the project company during the investment and financing, construction, operation, maintenance and transfer of Wuhu Project. After calculation, the estimated assumed joint-liabilities under this category shall not exceed RMB943 million.

2) Financing: In the event that the members of the consortium are unable to make the equity contribution to the project company, the leading party of the consortium shall assume the joint-liabilities and is responsible to cover the capital injection obligation of the consortium member which is unable to make the capital injection on time. In the event that the debt financing of the project company is not available as per the progress of construction, the CRRC Enterprises and Other Consortium Members shall coordinate to delay the payment of the construction fee to the general contractor/contractor of the project construction; in the event that the financing of the project company is not in place over three months, the CRRC Enterprises and Other Consortium Members shall provide the working capital through interest-free shareholders' loans to the project company. Initial liquidity is accounted as initial total investment, and if there is a gap in the liquidity, the excess shall be solved by the CRRC Enterprises and Other Consortium Members through capital increase. The capital increase amount will be accounted as the capital reserve, after which the structure of the equity interest shall not be adjusted and it shall not be incorporated into the calculation base of income subsidies. After calculation, the estimated assumed joint-liabilities under this category shall not exceed RMB6.498 billion.

3) Profit or loss: In the event that the working capital of the project company is still insufficient after the government pays the operating subsidies to the project company according to the agreements, the CRRC Enterprises and Other Consortium Members shall cover the gap of working capital of the project company through capital increase to ensure the sustainable operation of the project company. In the event that the capital increase is caused by the government or the risk borne by the government, it can be incorporated into the calculation base of income subsidies; in the event that the capital increase is caused by the project company and/or the CRRC Enterprises or Other Consortium Members, it shall not be incorporated into the calculation base of income subsidies. After calculation, the estimated assumed joint-liabilities under this category shall be nil.

#### **IV. Opinions of the Board**

The 22nd meeting of the first session of the Company's Board has considered and approved the guarantee and is of the view that the implementation of Wuhu Project is of great importance to the Company, which can strategically expand the capability of the Company to provide rail transit system solution, consolidate the competitive advantage of our straddle-type single track products from the aspect of business, achieve the transformation to "Manufacturing + Service" in the view of the commercial model, leveraging on the long tail effect of project subsequent operation as the source of reserve and revenue in the future, and realizing revenue and profit from relevant products and services financially. Wuhu Project is the third batch demonstration project with cooperation between governments and social capitals of the Ministry of Finance. In consideration of the economy of Wuhu, the debt financing risk of Wuhu Project is relatively low, and the feasibility gap subsidies from the government has been approved by a resolution of Wuhu People's Congress and listed in the financial budget for the year and mid-long term financial planning of Wuhu, thus there are stable operating subsidies and ticket revenue during the operating period, and the project company has healthy cash flow and solvency; the possibility of actual trigger of the guarantee liabilities is relatively low as Wuhu Project will be organized and commenced in accordance with the provisions of the contract. The guarantee has been agreed and relevant matters regarding the guarantee will be proposed to the Company's general meeting for consideration.

The independent directors of the Company are of the opinion that, the provision of guarantee by the Company and its wholly-owned and non-wholly-owned subsidiaries to their invested project company in respect of the performance of the contract, financing, profit or loss will facilitate to meet the financing needs for the development of such project company and will also enable the Company to realize revenue and profit from relevant products and services financially. The Wuhu Project run by the guaranteed party (i.e. project company) is the third batch demonstration project with cooperation between governments and social capitals of the Ministry of Finance. The debt financing risk of the project is relatively low while there are stable operating subsidies and ticket revenue during the operating period, and the project company has healthy cash flow and solvency. In addition, the Company has adopted necessary measures to reduce the possibility of the occurrence of risks. We agree that the guarantee is to be provided and such matters will be proposed to the Company's general meeting for consideration.

In respect of the provisions of guarantee of Wuhu Project by relevant parties in accordance with Wuhu Project PPP Contract, the Contract Entering Supplement Agreement and the Consortium Agreement between social investors, CRRC Enterprises and Other Consortium Members assume joint-liabilities for all liabilities of the breaches of the project company incurred during the investment and financing, construction, operation, maintenance and transfer due to other reasons than the non-performance of contractual obligations by the project company due to the reasons of government. Given that (1) the guarantee entities are independent third parties, there was no guarantee provided to/for related party and the guarantee risk is low; (2) the scope of guarantee excludes the liabilities to be assumed by the project company for non-performance of contractual obligation due to the reasons of government, which narrows down the scope of guarantee responsibilities; (3) in respect of the governance structure of the project company, the social investors consortium jointly held 70% of equity interests. According to the provisions of the Consortium Agreement, the consortium members are persons acting in concert, and the social investors consortium has the right of control over the project company, which can prudently control the possibility of risk of the project company due to third parties; (4) according to the Consortium Agreement between social investors, CRRC Enterprises and Other Consortium Members assume the responsibilities of the respective scope of implementation, including but not limited to safety, quality, environmental protection, term, cost and advance. Where the scope of implementation cannot be specified, CRRC Enterprises and Other Consortium Members assume the corresponding responsibilities in accordance with the percentage of capital injection which further decomposes the guarantee responsibility.

Through the provisions of Wuhu Project PPP Contract, the Contract Entering Supplement Agreement and the Consortium Agreement between social investors, the risk caused by the government during the implementation of this project will be decomposed and assumed by the government, which effectively decomposed certain uncontrollable risks during the implementation of project (such as land resumption and demolition). Other risks during the implementation will be further decomposed according to the scope of implementation under the provisions of the Consortium Agreement. The uncontrollable risks of CRRC Enterprises during the implementation will be released through the decomposition of risks level by level for reducing the implementation risk of the project and ultimately ensuring the successful implementation of the project. Even though in view of the overall structure, the guarantee provided by the consortium to the special purpose project company exceeds the proportion of equity, it is beneficial to the Company in the view of business as a whole.

## **V. Accumulation of amounts of external guarantees and expected guarantees**

As of the date of publication of this announcement, the total guarantee provided by the Company and its subsidiaries amounted to RMB48.886 billion, representing 46.62% of audited net assets as at the end of the year 2016, of which, the total guarantee provided by the Company to their subsidiaries amounted to RMB38.910 billion, representing 37.11% of audited net assets as at the end of the year 2016. There was no overdue external guarantee of the Company and its subsidiaries.

## **VI. Documents available for inspection**

1. Resolutions proposed on the 22nd meeting of the First Session of the Board of Directors of CRRC Corporation Limited.
2. Independent Directors' Opinion.

The announcement is hereby given.

**The Board of Directors of CRRC Corporation Limited**

27 April 2017