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China Railway Signal & Communication Corporation Limited*

中國鐵路通信信號股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 3969)

PROPOSED A SHARE OFFERING

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The Board of the Company is pleased to announce that, the resolutions of the Board meeting of the Company dated 28 February 2019 have approved the proposed plan for A Share Offering and related matters. Such resolutions are conditional upon and are subject to the market conditions, approval by Shareholders through special resolutions at the EGM and Class Meetings as well as obtaining the necessary approval or decision from the relevant regulatory authorities.

SHAREHOLDERS' APPROVAL AND GENERAL INFORMATION

The Company will convene the EGM and the Class Meetings to propose the consideration and approval of, among other things, the aforesaid resolutions regarding the proposed plan for A Share Offering and other related matters, by the Shareholders. A circular of the general meetings containing, among other things, details on the aforesaid resolutions, together with the notice of EGM and the notice of Class Meetings will be despatched to the Shareholders as soon as practical in accordance with the requirements under the Listing Rules. Please note that in addition to the approval by the Shareholders, the A Share Offering is also subject to the approval or decision of the relevant regulatory authorities.

As the A Share Offering is subject to approval or decision at the EGM and the Class Meetings of the Company and by the relevant regulatory authorities and may or may not proceed, Shareholders and investors should exercise caution when dealing in the H Shares of the Company. Further announcement(s) will be made to disclose any major updates and developments in respect of the A Share Offering in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate. This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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PROPOSED A SHARE OFFERING

Proposed Plan for the A Share Offering

Due to the needs of the A Share Offering and Listing, according to the relevant laws and regulations including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and relevant regulatory documents, as well as considering the actual conditions of the Company, the proposed plan for the A Share Offering and Listing is detailed as follows:

- (1) Type of Shares to be issued and par value : Renminbi ordinary shares (A Share), with a par value of RMB1.00 each
- (2) Number of A Shares to be issued : It is proposed that the size of the proposed A Share to be issued shall not exceed 2,197,454,750 Shares, representing no more than 20% of the total share capital of the Company upon the completion of the issuance. In the event of any exit right issues of the Company, including share dividend and share capital increase from capital reserves, before the A Share Offering, the number of A Shares under the A Share Offering will be adjusted accordingly. The ultimate number of the issuance will be negotiated by the Board as authorized by the general meeting with the sponsor institution(s) (lead underwriter(s)) in accordance with the actual conditions, and will be subject to the approval/decision on approval of registration by the CSRC and other regulatory authorities

(3) Target subscribers : Inquiry targets who meet the relevant qualification requirements of the CSRC and other regulatory authorities, as well as natural persons, legal persons and other institutional investors who maintain A share account with the SSE (except persons prohibited by the PRC laws and regulations, rules and regulatory documents);

If any of the aforesaid target subscribers of A Share Offering are connected persons of the Company (only refers to connected persons under the A Share Listing Rules), the Company will take every reasonable measure to ensure that the A Share subscribers meet the relevant requirements of the CSRC and other regulatory authorities

(4) Method of issuance : The Company will adopt a combination of off-line placement and offering by way of on-line subscription, or such other methods of issuance as approved by the CSRC and the SSE

(5) Method of pricing : By making preliminary inquiries to inquiry targets, the Company and the sponsor institution(s) of the Company/the lead underwriter(s) will determine the final issuing price through mutual negotiation based on the results of the preliminary inquiries, or by other methods as may be approved by the CSRC and the SSE when the time comes

According to the requirements on state-owned assets supervision and administration, in principle, the issue price of A Share shall not be lower than the net asset per Share recently available to the Company on the date when determining the issue price. In addition, the issue price of A Share is subject to the relevant requirements of the A Share Listing Rules

(6) Place of listing of Shares : SSE

- (7) Underwriting fees : The Company and the Shareholders of the public offer Shares (if any) shall bear the fees respectively, in particular, the underwriting fees for the new Shares shall be borne by the Company; the underwriting fees for public offer Shares of the Shareholders (if any) shall be borne by the Shareholders participating in the public offering in proportion to the number of their respective public offer Shares; the sponsor fees, audit fees, attorney fees, information disclosure fees, issuance handling charges and other fees shall be borne by the Company
- (8) Valid period of the resolutions : The relevant resolutions of the A Share Offering and Listing shall be valid for 12 months from the date of consideration and approval by the general meeting of the Company

Proposal at the EGM and the Class Meetings to Authorize the Board to Exercise Full Powers to Deal with Matters Relating to the A Share Offering and Listing

Due to the working needs of A Share Offering, according to the relevant laws and regulations including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and relevant regulatory documents, as well as considering the actual conditions of the Company, it is proposed at the EGM and the Class Meetings to authorize the Board to exercise full powers to deal with all matters relating to the A Share Offering and Listing, the scope of authorizations include but not limited to:

- (1) draft, sign, execute, modify, supplement, complete and submit any agreements, contracts or necessary documents related to the A Share Offering and Listing, including but not limited to, application reports, letter of intent in relation to the A Share Offering, prospectus, sponsorship agreements, underwriting agreements, various announcements and shareholder notices;
- (2) engage sponsors, underwriters, law firms, accounting firms and other intermediary organizations related to the offering and listing, execute the employment or appointment agreements, determine and pay the fees related to the offering and listing;

- (3) determine or make corresponding adjustments on the specific plan for the A Share Offering based on the plan for the A Share Offering considered and approved by the EGM and the Class Meetings and pursuant to the PRC laws, administrative regulations, departmental rules, regulatory documents and relevant requirements of securities regulatory authorities as well as actual situations, and take full responsibility for the implementation of the plan, including but not limited to, the specific board of listing, the time of issuance, number of shares to be issued, method of pricing, issue price, target subscribers, placement allocation and other matters related to the A Share Offering and Listing. Make corresponding adjustments (including the suspension and termination of the implementation of the offering plan) to matters in relation to the specific plan for the offering and listing as a result of changes in laws, regulations or regulatory documents with respect to the A Share Offering, or changes in policies of regulatory authorities in connection with the A Share Offering, or changes in market conditions, save for those matters required to be voted again at a general meeting and the class meetings under the requirements of the relevant laws, regulations, regulatory documents, relevant requirements of securities regulatory authorities and the Articles of Association;
- (4) within the framework relating to the plan for A Share Offering determined by the resolutions of the EGM and the Class Meetings, according to the national regulations and requirements of the regulatory authorities (including the feedback on the review of the application for the A Share Offering and Listing) and market condition, and the actual progress and priority sequence of the investment projects of the proceeds, adjust the projects of proceeds, decide the specific plan of use plan of proceeds and make corresponding adjustments;
- (5) handle the declaration of the A Share listing according to the plan for the offering and listing, including but not limited to handling processes of approval, registration, filing, verification or consent in relation to the offering and listing with relevant governmental departments, domestic and overseas regulatory authorities, the SSE and the Shanghai branch of China Securities Depository and Clearing Co., Limited; determine the special account of the proceeds, if required, prior to the offering and listing; make any representations and warranties, and take any necessary, expedient or appropriate actions, in respect of the offering and listing;

- (6) make any adjustments and amendments to the Articles of Association and other corporate governance documents which have been considered and approved by the EGM, Class Meetings and the Board, and as drafted or amended by the Company pursuant to laws, administrative regulations, departmental rules, regulatory documents and relevant requirements of securities regulatory authorities due to the needs of the A Share Offering as a result of any changes in laws, administrative regulations, departmental rules, regulatory documents and relevant requirements of securities regulatory authorities and based on the requirements and suggestions of the relevant government agencies and regulatory authorities in, or out of, the PRC, and the actual situation of the A Share Offering; make corresponding amendments to the Articles of Association with respect to the registered capital and shareholding structure of the Company and handle the modification, filing and registration procedures with company registration authorities and other relevant government departments upon completion of the A Share Offering, and handle the matters related to application for the listing of A Shares on the SSE;
- (7) obtain approvals, submit filings and change registrations from and with competent State Administration for Industry and Commerce and other regulatory authorities for the change of registered capital of the Company, where appropriate for the issuance;
- (8) to the extent permitted by laws and regulations, regulatory documents and the Articles of Association, handle other matters related to A Share Offering and Listing;

The authorization shall be valid for 12 months from the date of consideration and approval by the EGM and the Class Meetings.

The Board also proposed at the EGM and the Class Meetings that, subject to the Board being granted all authorizations contained in this resolution and except as otherwise provided in the relevant laws and regulations, regulatory documents and the Articles of Association, to authorize the Board to delegate the power to exercise all authorizations contained in this resolution to Mr. ZHOU Zhiliang, being the chairman and executive Director of the Company.

OTHER INFORMATION RELATED TO THE A SHARE OFFERING

Impact of the A Share Offering on the Shareholding Structure of the Company

The 6,821,018,000 existing Domestic Shares in issue of the Company will be converted into A Shares on the date of completion of the A Share Offering. For reference and illustration purposes only, assuming that all the 2,197,454,750 A Shares under the A Share Offering are approved and issued, and all are issued to non-connected persons of the Company and there are no changes in the share capital of the Company prior to the completion of the A Share Offering, the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the A Share Offering is set out as follows:

	As at the date of this announcement		Immediately after the completion of the A Share Offering	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's issued share capital
Domestic Shares	6,821,018,000	77.60 %	—	—
A Shares (at maximum)	—	—	9,018,472,750	82.08 %
-A Shares to be converted from Domestic Shares in issue	—	—	6,821,018,000	62.08%
-A Shares to be newly issued under the proposed A Share Offering	—	—	2,197,454,750	20.00%
H Shares	<u>1,968,801,000</u>	<u>22.40 %</u>	<u>1,968,801,000</u>	<u>17.92 %</u>
Total	<u>8,789,819,000</u>	<u>100.00 %</u>	<u>10,987,273,750</u>	<u>100.00 %</u>

As at the date of this announcement, according to the information publicly available to the Company, and to the knowledge of the Directors of the Company, the public held no less than 22.40% of Shares issued by the Company, which is in compliance with the waiver regarding public float obtained by the Company at the time of its initial public offering and listing of H Shares.

As at the date of this announcement, the Company had not entered or proposed to enter into any agreement in relation to subscription of A Shares with any connected persons of the Company.

Fund Raising Activities in the Past 12 Months

The Company has not conducted any fund raising activities in connection with the issue of share capital within the 12 months immediately prior to the date of this announcement.

Reasons for the A Share Offering

The Board considers that the A Share Offering will further enrich the Company's capital base, further optimize its corporate governance structure and develop its domestic and international financing platforms, improve the capital strength and market competitiveness, and constantly enhance the ability of technological innovation and the brand image of the Company. The Board considers that the A Share Offering is in line with the interests of the Company and the Shareholders as a whole, and is beneficial to strengthen the sustainable development of the Company.

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DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement have the following meanings:

“A Shares”	the ordinary shares to be subscribed for in RMB which are proposed to be issued by the Company in accordance with the A Share Offering, which will be listed on the SSE and traded in RMB
“A Share Offering” or “A Share Offering and Listing”	the Company’s proposed initial public offering of no more than 2,197,454,750 A Shares, which will be listed on the SSE
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors of the Company
“Class Meeting(s)”	the 2019 first Domestic Shareholders Class Meeting of the Company and the 2019 first H Shareholders Class Meeting of the Company, collectively
“Company”	China Railway Signal & Communication Corporation Limited* (中國鐵路通信信號股份有限公司), a joint stock limited liability company established in the PRC on 29 December 2010
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary shares of RMB1.00 each issued by the Company under PRC laws, which are subscribed for or credited as fully paid up in RMB
“EGM”	the 2019 first extraordinary general meeting of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“H Share(s)”	ordinary shares of the Company, being overseas listed foreign shares with nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“PRC”	the People’s Republic of China, for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China, and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the share capital of the Company with nominal value of RMB1.00 each, including H Shares and Domestic Shares
“Shareholder(s)”	holders of the Shares of the Company
“SSE”	the Shanghai Stock Exchange
“%”	per cent

By order of the Board
**China Railway Signal & Communication
Corporation Limited***
ZHOU Zhiliang
Chairman

Beijing, the People’s Republic of China
28 February 2019

As of the date of this announcement, the executive directors of the Company are Mr. ZHOU Zhiliang, Mr. YIN Gang and Mr. YANG Yongsheng, and the independent non-executive directors of the Company are Mr. WANG Jiajie, Mr. CHEN Jin’en, Mr. CHAN Ka Keung Peter and Mr. YAO Guiqing.

** For identification purpose only*