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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: 03969)

**ADOPTION OF THE CHINA ACCOUNTING STANDARDS FOR BUSINESS
ENTERPRISES TO PREPARE THE FINANCIAL STATEMENTS ONLY
PLAN FOR APPOINTMENT OF EXTERNAL AUDITORS FOR 2019
AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The board of directors (the “**Board**”) of China Railway Signal & Communication Corporation Limited* (中國鐵路通信信號股份有限公司) (the “**Company**”) hereby announces that the Board meeting held on 24 May 2019 considered and passed the resolution in relation to the adoption of the China Accounting Standards for Business Enterprises (“**CASBE**”) to prepare the financial statements only, the resolution in relation to the plan for appointment of external auditors for 2019 and the resolution in relation to the amendments to the Articles of Association of China Railway Signal & Communication Corporation Limited* (the “**Articles of Association**”).

1. Adoption of CASBE to Prepare the Financial Statements Only

According to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in December 2010, since 15 December 2010, Mainland incorporated issuers listed on the Stock Exchange are allowed to prepare their financial statements using the Mainland accounting standards. In addition, according to the provisions of Experimental Working Scheme for Accounting Firms Involved in Auditing Services to H Share Companies (《會計師事務所從事H股企業審計業務試點工作方案》) issued by the Ministry of Finance of the People's Republic of China (the “**MOF of the PRC**”) and the China Securities Regulatory Commission (the “**CSRC**”), Mainland accounting firms endorsed by the

MOF of the PRC and the CSRC are permitted to adopt CASBE and provide relevant audit services for companies listed on the Stock Exchange. Based on the above policies and in conjunction with the needs of the Company to be listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange, and taking into account the fact that the differences between the implementation of CASBE and the international accounting standards are relatively small, the Company intends to prepare its financial statements only in accordance with CASBE.

Subject to the approval of the shareholders of the Company (the “**Shareholders**”) of the amendments to the Articles of Association, it is expected that the interim results of the Company for the six months ending 30 June 2019 will be prepared in accordance with CASBE. The Company is of the view that the adoption of CASBE to prepare the financial statements only will not have any material adverse impact on the publication of the interim results of the Company for the six months ending 30 June 2019.

This resolution is subject to Shareholders’ consideration and approval on the amendments to the Articles of Association at the 2018 annual general meeting (the “**AGM**”).

2. Plan for Appointment of External Auditors for 2019

As the Company intends to adopt CASBE to prepare the financial statements only, the Board proposes not to re-appoint Ernst & Young as the overseas auditor of the Company for 2019.

Ernst & Young has confirmed that there are no other matters in relation to the proposed non-re-appointment of the overseas auditor that should be brought to the attention of the Shareholders or the Stock Exchange. The Board and the Audit and Risk Management Committee of the Board of the Company have also confirmed that there is no disagreement between the Company and Ernst & Young in relation to the proposed non-re-appointment of the overseas auditor.

Subject to the approval of the Shareholders of the amendments to the Articles of Association, it is expected that the interim results of the Company for the six months ending 30 June 2019 will be prepared in accordance with CASBE. The Company is of the view that non-re-appointment of the overseas auditor will not have any material adverse impact on the publication of the Company’s interim results for the six months ending 30 June 2019.

According to the needs of the Company for domestic and overseas supervision and information disclosure and aiming at the continuity and integrity of the Company’s financial audit services, and taking into account the fact that Ernst & Young Hua

Ming LLP is a firm of practicing accountants which has been approved by the MOF of the PRC and the CSRC and eligible to provide auditing services by using the Auditing Standards for Certified Public Accountant of China to the Mainland incorporated issuers listed in Hong Kong, the Company proposes to re-appoint Ernst & Young Hua Ming LLP as the external auditor of the Company for 2019, with its term of office expiring at the end of the 2019 annual general meeting. The above auditor shall audit the financial statements prepared by the Company in accordance with CASBE, and shall undertake the duties of the overseas auditor in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board will also propose at the AGM to authorize the Board and its authorized persons to determine the remuneration for appointment of the above auditor.

This resolution is subject to Shareholders' consideration and approval on such resolution and the resolution on the amendments to the Articles of Association at the AGM.

3. Amendments to the Articles of Association

Given that the Company intends to adopt CASBE to prepare its financial statements only, and no longer uses international accounting standards or that of the overseas place where the shares of the Company are listed, the Company proposes to amend certain articles in the Articles of Association.

Details of the amendments are as follows:

Original Content	Amended Content
<p>Article 212 The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the shares of the Company are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the notes to financial statements. When the Company is to distribute its profit after taxation, the lower of the profit after taxation as shown in the two financial statements shall be adopted.</p>	<p>Article 212 The financial statements of the Company shall<u>may</u>, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the shares of the Company are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the notes to financial statements. When the Company is to distribute its profit after taxation, the lower of the profit after taxation as shown in the two financial statements shall be adopted.</p>
<p>Article 213 Any interim results or financial information published or disclosed by the Company must be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas place where the shares of the Company are listed.</p>	<p>Article 213 Any interim results or financial information published or disclosed by the Company must be prepared and presented in accordance with PRC accounting standards and regulations, and also <u>may</u> be prepared and presented in accordance with either international accounting standards or that of the overseas place where the shares of the Company are listed.</p>

The proposed amendments to the Articles of Association include two articles, and no article is added or deleted. The number of the articles of the amended Articles of Association remains the same.

This resolution is subject to Shareholders' consideration and approval at the AGM. The amended Articles of Association shall become effective on the date of passing the relevant resolution at the AGM. Prior to the passing of the relevant resolution at the AGM, the prevailing Articles of Association of the Company shall remain valid.

Reference is made to the announcement dated 15 April 2019 in relation to, among other things, the poll results of the Company's 2019 first extraordinary general meeting, 2019 first domestic Shareholders class meeting, and 2019 first H Shareholders class meeting and the amendments to the Articles of Association. The Company's 2019 first extraordinary general meeting, 2019 first domestic Shareholders class meeting, and 2019 first H Shareholders class meeting considered and approved the resolution in relation to the plan of the initial public offering and listing of A shares by the Company (the "A Share Offering and Listing") and its relevant matters, including the resolution on the amendments to the Articles of Association. After the resolution on the amendments to the Articles of Association is passed at the AGM, the relevant provisions of the Articles of Association, which will be applicable and effective after the A Share Offering and Listing, will also be amended accordingly, and will come into effect from the date of completion of the A Share Offering and Listing.

Shareholders' Approval and General Information

The Company will propose the resolution in relation to the plan for appointment of external auditors for 2019 and the resolution on the amendments to the Articles of Association at the AGM for Shareholders' consideration and approval. A supplementary circular containing, among other things, the details of the above resolutions and the revised notice of the AGM will be dispatched to the Shareholders in due course.

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

Beijing, the People's Republic of China

24 May 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.*