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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)

PRELIMINARY PRICE CONSULTATION PERIOD FOR THE A SHARE OFFERING AND SUMMARY OF PRINCIPAL PROVISIONS OF THE A SHARE PROSPECTUS

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

References are made to the announcements of China Railway Signal & Communication Corporation Limited* (the “**Company**”) dated 28 February 2019, 25 March 2019, 16 April 2019, 12 June 2019, 21 June 2019, 27 June 2019 and 28 June 2019, respectively, in relation to the initial public offering and listing of the A Shares of the Company and the related matters, the circular of the Company’s 2019 first extraordinary general meeting and 2019 first H shareholders class meeting dated 26 March 2019 (the “**Circular**”), and the announcement of the Company dated 15 April 2019 in relation to, among others, 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. Unless the context requires otherwise, terms and expressions used in this announcement shall have the same meanings as those defined in the aforementioned Circular.

I. PRELIMINARY PRICE CONSULTATION PERIOD FOR THE A SHARE OFFERING

As disclosed in the announcement of the Company dated 27 June 2019, the CSRC has approved the registration of the A Share Offering of the Company on 27 June 2019. As required by the applicable PRC laws and regulations, the Company and the joint lead underwriters will conduct preliminary price consultations among inquiry targets who meet the requirements of the PRC laws and regulations on the preliminary price consultation day, being 5 July 2019 (from 9:30 to 15:00), in the PRC to determine the issue price. The Company will make further announcement(s) once the final offering size and issue price of the A Share Offering are determined.

II. PRINCIPAL PROVISIONS OF THE A SHARE PROSPECTUS

The full text of the prospectus in relation to the A Share Offering (the “**A Share Prospectus**”) and the relevant appendices were published by the Company in Chinese only on the website of the SSE (www.sse.com.cn), the HKEXnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.crsc.com.cn) on 2 July 2019.

A summary of the principal provisions of the A Share Prospectus is as follows:

1. Summary of the A Share Offering

- | | | |
|--------|---------------------------------------|--|
| (i) | Type of Shares: | Renminbi ordinary shares (A Shares) |
| (ii) | Par value per Share: | RMB1.00 |
| (iii) | Number of Shares to be issued: | No more than 1,800,000,000 A Shares, i.e. no more than 17% of the total share capital of the Company after the issue |
| (iv) | Issue price per Share: | RMB[•••] |
| (v) | Price earnings ratio of the issue: | [•••] times (earnings per Share is calculated by dividing the audited net profit attributable to the shareholders of the parent company in 2018 (before or after the deduction of the non-recurring profit or loss, whichever is lower) by the total share capital after the A Share Offering) |
| (vi) | Net asset per Share before the issue: | RMB3.29 per Share (calculated by dividing the net asset attributable to the shareholders of the parent company as at 31 December 2018 by the total share capital before the A Share Offering) |
| (vii) | Net asset per Share after the issue: | RMB[•••] per Share (calculated by dividing the sum of the net asset attributable to the parent company as at 31 December 2018 and the net proceeds from the issue by the total share capital after the A Share Offering) |
| (viii) | Price-to-book ratio: | [•••] times (calculated by dividing the issue price per Share by the net asset per Share after the issue) |

- (ix) Method of issuance: Shares will be issued in a combination of placement to strategic investors, offline placement through price consultations to qualified investors and online issuance at fixed price to public investors who hold the market value of non-restricted A shares and non-restricted depositary receipts circulated in the Shanghai market
- (x) Target subscribers: Qualified strategic investors, offline investors and natural person and legal person investors (other than those prohibited by the PRC laws, regulations, rules and regulatory documents) within the territory of the PRC who maintain accounts with the SSE or other persons as prescribed by the CSRC
- (xi) Underwriting method: Standby underwriting by the sponsor (the lead underwriter)
- (xii) Total and net proceeds raised: RMB[•••] and RMB[•••]
- (xiii) Estimated issue expenses: Total cost of the issue amounts to RMB[•••], which consists of: 1. underwriting and sponsor fees accounting for 1.5% of gross proceeds (including value-added tax); 2. auditing and capital verification fees of RMB10,377.4 thousand; 3. legal expenses of RMB6,603.8 thousand; 4. information disclosure fees relating to the issue of no more than RMB5,226.4 thousand; and 5. other costs such as handling fees for the issue and listing of no more than RMB2,200.0 thousand
- Note: other than the underwriting and sponsor fees, the amounts of issue expenses do not include value-added tax. The various fees are subject to adjustments in accordance with the issue results*
- (xiv) The stock exchange for application for listing: The SSE

2. Use of proceeds

Upon the approval at the EGM and the H Shareholders Class Meeting held on Monday, 15 April 2019, after deducting the issue expenses, all the proceeds from the A Share Offering will be used to investing in advanced and intelligent technology research and development projects, advanced and intelligent manufacturing base projects, information construction projects and to replenishing working capital.

3. Share capital before and after the A Share Offering

The total share capital of the Company before the A Share Offering is 8,789,819,000 Shares. After the A Share Offering, the total share capital of the Company will be no more than 10,589,819,000 Shares, of which no more than 8,621,018,000 Shares will be A Shares. Below is the shareholding structure of the Shareholders of Company before and after the A Share Offering (assuming the issue of 1,800,000,000 A Shares with no trading of Domestic Shares in issue):

Name of Shareholder	Before the A Share Offering		After the A Share Offering	
	Number of Shares (in 10,000 Shares)	Proportion of Shareholding	Number of Shares (in 10,000 Shares)	Proportion of Shareholding
CRSC Corporation Group (SS)	660,442.64	75.14%	660,442.64	62.37%
Chengtong Group (SS)	6,350.72	0.72%	6,350.72	0.60%
CRHC (SS)	6,350.72	0.72%	6,350.72	0.60%
SINOMACH (SS)	6,350.72	0.72%	6,350.72	0.60%
CICC Jiacheng	2,607.00	0.30%	2,607.00	0.25%
Shareholders under the A Share Offering	–	–	180,000.00	17.00%
Other Shareholders of H Shares	196,880.10	22.40%	196,880.10	18.59%
Total	878,981.90	100.00%	1,058,981.90	100.00%

Note: The meaning of SS (being the abbreviation of state-owned Shareholder) after the names of the Shareholders denote state-owned Shareholder.

The above English version of the summary of the principal provisions of the A Share Prospectus is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

This announcement is for information purposes only and does not constitute any invitation or offer to acquire, purchase or subscribe for the securities of the Company. The Company will make further announcement(s) for any material update and development in relation to the A Share Offering in accordance with the Listing Rules and other applicable laws and regulations.

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

Beijing, the PRC
2 July 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.