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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)

**STRATEGIC ALLOTMENT TO CONNECTED PERSONS UNDER THE A
SHARE OFFERING**

STRATEGIC ALLOTMENT TO CONNECTED PERSONS

References are made to the announcements of the Company dated 28 February 2019 and 25 March 2019 in relation to the proposed initial public offering of A Shares and listing and related matters (the “**Proposed A Share Offering Announcements**”), the circular dated 26 March 2019 in relation to the 2019 first extraordinary general meeting and the 2019 first H Shareholders class meeting of the Company (the “**Such Circular**”), the announcement dated 15 April 2019 in relation to, among other things, the poll results of the 2019 first extraordinary general meeting, the 2019 first Domestic Shareholders class meeting and the 2019 first H Shareholders class meeting of the Company, the announcement dated 16 April 2019 in relation to the acceptance by the SSE of the application for A Share Offering, and the overseas regulatory announcements dated 16 April 2019, 8 May 2019 and 24 May 2019 in relation to the Prospectus (Application Proof) for the Initial Public Offering of Shares and Listing on the SSE STAR Market and responses to vetting inquiries from the SSE, the announcement dated 21 June 2019 in relation to the approval of A Share Offering by the Listing Committee for the SSE STAR Market and the announcement dated 27 June 2019 in relation to the completion of registration with the CSRC. The approval of registration of the A Share Offering has been granted by the CSRC.

References are made to the Proposed A Share Offering Announcements and Such Circular. The special authorization for the A Share Offering was considered and approved by the 2019 first extraordinary general meeting, the 2019 first Domestic Shareholders class meeting and the 2019 first H Shareholders class meeting of the Company on 15 April 2019. As the Proposed A Share Offering Announcements and

Such Circular were prepared in February 2019 or March 2019, by which time the Company had no specific plans to issue A Shares to connected persons. The Company proposed to issue A Shares which will be listed on the SSE STAR Market, which is a newly-established Listing Board, and the relevant rules and guidelines are in the process of continuous roll-out. On 1 March 2019, the SSE published the Notice on Issuing the Implementation Rules for the Offering and Underwriting of Stocks on the STAR Market of the Shanghai Stock Exchange (《關於發佈〈上海證券交易所科創板股票發行與承銷實施辦法〉的通知》), which has clarified that the senior executives and core employees from the enterprise applicants of the SSE STAR Market can participate in the strategic allotment of the public offering and listing on the SSE STAR Market; and on 16 April 2019, the SSE published the Notice on Issuing the Guidelines for the Offering and Underwriting of Stocks on the STAR Market of Shanghai Stock Exchange (《關於發佈〈上海證券交易所科創板股票發行與承銷業務指引〉的通知》), which has further clarified the relevant rules and business guidelines.

In accordance with the Company Law, the Implementation Rules for the Offering and Underwriting of Stocks on the STAR Market of the Shanghai Stock Exchange (《上海證券交易所科創板股票發行與承銷實施辦法》, the “**Implementation Rules**”), the Guidelines for the Offering and Underwriting of Stocks on the STAR Market of Shanghai Stock Exchange (《上海證券交易所科創板股票發行與承銷業務指引》, the “**Guidelines**”) and the provisions of other relevant laws, regulations and regulatory documents and the Articles of Association, as considered and approved at the Board meeting, as part of the A Share Offering, certain senior executives and core employees of the Company have established broker collective assets management plans and participated in the Strategic Allotment of the A Share Offering in order to subscribe for no more than 10% of the A Shares proposed to be issued under the A Share Offering. There are a total of 572 Allotment Participants who meet the conditions of Allotment Participants and would like to participate in the Strategic Allotment, accounting for approximately 2.98% of the current employees of the Company as at the end of 2018, of which 101 Connected Allotment Participants have established separate broker collective assets management plans to participate in the Strategic Allotment. Accordingly, on 28 June 2019 (after the trading hours), the Company entered into the Connected Persons Strategic Allotment Agreement with Connected Assets Management Plans and entered into the non-connected persons strategic allotment agreement with non-connected assets management plans, respectively. The Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of such connected transaction.

IMPLICATIONS UNDER THE LISTING RULES

As the participants of the Connected Assets Management Plans are the directors, supervisors and chief executives of the Company's subsidiaries, the participants of the Connected Assets Management Plans are connected persons of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, the Strategic Allotment to Connected Persons by the participants of the Connected Assets Management Plans according to the Connected Persons Strategic Allotment Agreement constitutes a connected transaction of the Company and is subject to the requirements of reporting, announcement and the Independent Shareholders' approval under the Listing Rules.

On the basis that: (i) to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, if the Company convened a general meeting for the Strategic Allotment to Connected Persons, none of the Shareholders would be required to abstain from voting at the general meeting; and (ii) CRSC Corporation Group, the Controlling Shareholder holding 6,604,426,424 Shares (representing approximately 75.14% of the issued share capital of the Company as at the date of this announcement) of the Company as at the date of this announcement, has given its written approval for the Strategic Allotment to Connected Persons. The Company has applied to the Stock Exchange for a waiver from compliance with the requirements for the Company to convene a general meeting to approve the Strategic Allotment to Connected Persons in accordance with Rule 14A.37 of the Listing Rules.

On 6 May 2019, the Stock Exchange has granted a waiver (the "**Waiver**") to the Company. Accordingly, the Company will not hold a general meeting to approve the Strategic Allotment to Connected Persons. However, the Stock Exchange may withdraw or change the Waiver if the Company's situation changes.

The Directors, including the independent non-executive Directors, consider that the terms of the Connected Persons Strategic Allotment Agreement are entered into on normal commercial terms, and are fair and reasonable, and the Strategic Allotment to Connected Persons is in the interests of the Company and the Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to the nature of such transaction.

I. STRATEGIC ALLOTMENT TO CONNECTED PERSONS

1. Background

References are made to the announcements of the Company dated 28 February 2019 and 25 March 2019 in relation to the proposed initial public offering of A Shares and listing and related matters, the circular dated 26 March 2019 in relation to the 2019 first extraordinary general meeting and the 2019 first H Shareholders class meeting of the Company, the announcement dated 15 April 2019 in relation to, among other things, the poll results of the 2019 first extraordinary general meeting, the 2019 first Domestic Shareholders class meeting and the 2019 first H Shareholders class meeting of the Company, the announcement dated 16 April 2019 in relation to the acceptance by the SSE of the application for A Share Offering, and the overseas regulatory announcements dated 16 April 2019, 8 May 2019 and 24 May 2019 in relation to the Prospectus (Application Proof) for the Initial Public Offering of Shares and Listing on the SSE STAR Market and responses to vetting inquiries from the SSE, the announcement dated 21 June 2019 in relation to the approval of A Share Offering by the Listing Committee for the SSE STAR Market and the announcement dated 27 June 2019 in relation to the completion of registration with the CSRC. The approval of registration of the A Share Offering has been granted by the CSRC.

References are made to the Proposed A Share Offering Announcements and Such Circular. The special authorization for the A Share Offering was considered and approved by the 2019 first extraordinary general meeting, the 2019 first Domestic Shareholders class meeting and the 2019 first H Shareholders class meeting of the Company on 15 April 2019. As the Proposed A Share Offering Announcements and Such Circular were prepared in February 2019 or March 2019, by which time the Company had no specific plans to issue A Shares to connected persons. The Company proposed to issue A Shares which will be listed on the SSE STAR Market, which is a newly-established Listing Board, and the relevant rules and guidelines are in the process of continuous roll-out. On 1 March 2019, the SSE published the Notice on Issuing the Implementation Rules for the Offering and Underwriting of Stocks on the STAR Market of the Shanghai Stock Exchange (《關於發佈〈上海證券交易所科創板股票發行與承銷實施辦法〉的通知》), which has clarified that the senior executives and core employees from the enterprise applicants of the SSE STAR Market can participate in the strategic allotment of the public offering and listing on the SSE STAR Market; and on 16 April 2019, the SSE published the Notice on Issuing the Guidelines for the Offering and Underwriting of Stocks on the STAR Market of Shanghai Stock Exchange (《關於發佈〈上海證券交易所科創板股票發行與承銷業務指引〉的通知》), which has further clarified the relevant rules and business guidelines.

In accordance with the Company Law, the Implementation Rules, the Guidelines and the provisions of other relevant laws, regulations and regulatory documents and the Articles of Association, as considered and approved at the Board meeting, as part of the A Share Offering, certain senior executives and core employees of the Company have established broker collective assets management plans and participated in the Strategic Allotment of the A Share Offering in order to subscribe for no more than 10% of the A Shares proposed to be issued under the A Share Offering. There are a total of 572 Allotment Participants who meet the conditions of Allotment Participants and would like to participate in the Strategic Allotment, accounting for approximately 2.98% of the current employees of the Company as at the end of 2018, of which 101 Connected Allotment Participants have established separate broker collective assets management plans to participate in the Strategic Allotment. Accordingly, on 28 June 2019 (after the trading hours), the Company entered into the Connected Persons Strategic Allotment Agreement with Connected Assets Management Plans and entered into the non-connected persons strategic allotment agreement with non-connected assets management plans, respectively. The Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of such connected transaction.

2. The Connected Persons Strategic Allotment Agreement

On 28 June 2019 (after the trading hours), the Company entered into the Connected Persons Strategic Allotment Agreement with Connected Assets Management Plans and entered into the non-connected persons strategic allotment agreement with non-connected assets management plans, respectively. Among these, the main contents of the Connected Persons Strategic Allotment Agreement and Strategic Allotment to Connected Persons are as follows:

1. Participants

The Company has established the following criteria for the Connected Allotment Participants of the Strategic Allotment to Connected Persons:

- (1) having served for a term of office at least three years in the Group, or serving as the chairman of board of directors of a tier-2 enterprise of the Group;
- (2) serving as the core management, technical and business backbone of the Group; and

(3) meeting the criteria for qualified investors (the “**Qualified Investors**”) as stipulated in the Guiding Opinions on Regulating Asset Management Business of Financial Institutions (Yin Fa [2018] No. 106) (《關於規範金融機構資產管理業務的指導意見》(銀發[2018]106號)), the Administrative Measures for Private Asset Management Business of Securities and Futures Operator (Order No. 151 of CSRC) (《證券期貨經營機構私募資產管理業務管理辦法》(中國證監會令[2018]第151號)) and Administrative Provisions on the Operation of Private Asset Management Plans of Securities and Futures Operator (Announcement No. 31 [2018] of CSRC) (《證券期貨經營機構私募資產管理計劃運作管理規定》(中國證監會公告[2018]31號)) to participate in the Connected Assets Management Plans.

Connected Allotment Participants only comprise the directors, supervisors and chief executives of the Company’s subsidiaries. According to the supervision and administration requirements of state-owned enterprises, none of the Directors, Supervisors, chief executives and their respective associates of the Company will participate in the Strategic Allotment to Connected Persons.

2. Source of Funding

The Connected Allotment Participants shall undertake that they will participate in the Connected Assets Management Plans and the monies payable by them through the Connected Assets Management Plans for the subscription of A Shares to be issued under the Strategic Allotment to Connected Persons shall be sourced from their self-owned funds.

3. Source of Shares

Shares under the Strategic Allotment to Connected Persons shall be the A Shares to be issued by the Company pursuant to the A Share Offering, with nominal value of RMB1.00 each. Such A Shares shall be listed on the Science and Technology Innovation Board of the SSE.

4. Number of Shares

According to the actual amount of contributions to the Connected Assets Management Plans by the Connected Allotment Participants within the prescribed period (i.e. from 16 May 2019 to 17 May 2019), the size of proceeds to be raised and the maximum number of A Shares proposed to be issued under the A Share Offering, the total number of Shares to be subscribed for by the Connected Allotment Participants shall not exceed 1.89% of the proposed issue

number under the A Share Offering, or exceed 0.38% of the total number of the Company's Shares in issue immediately after the completion of the A Share Offering. The subscription amount of any single Connected Allotment Participant in the Strategic Allotment to Connected Persons shall not exceed RMB3 million. The Board was authorized by the Company's 2019 first extraordinary general meeting, the 2019 first Domestic Shareholders class meeting and the 2019 first H Shareholders class meeting to deal with the specific implementation of all matters relating to the A Share Offering and Listing at its sole discretion. The final number of A Shares to be issued shall be determined by the Board in consultation with the sponsor institution(s)(lead underwriter(s)) according to the actual situation.

5. Issue Price, Pricing Principles and Payment Methods

The subscription price of the A Shares to be issued under the Strategic Allotment shall be the same as the issue price of the A Share Offering and shall be paid by the Allotment Participants with their self-owned funds.

The issue price of the A Share Offering will be determined through preliminary inquiries made with the inquiry targets, and the Company and the sponsor institution(s)/the lead underwriter(s) will determine the final issue price through mutual negotiation based on the results of the preliminary inquiries, or by other methods as recognized by the CSRC and the SSE at that time. According to the requirements of state-owned assets supervision and administration, in principle, the issue price of A Shares shall not be lower than the net asset per Share latest available to the Company on the date when determining the issue price of A Shares. In addition, the issue price of A Shares is subject to the relevant requirements of the Listing Rules.

After obtaining the approval of registration of the A Share Offering by the CSRC, the Connected Assets Management Plans shall, at the request of the lead underwriter(s), transfer the subscription funds to the account designated by the lead underwriter(s) in one go, which will in turn be transferred to the special proceeds account of the Company together with funds raised from the A Share Offering after deduction of sponsor and underwriting fees and other expenses.

6. Lock-up Period

The A Shares subscribed by Connected Allotment Participants through Connected Assets Management Plans shall not be transferred within 12 months from the date of completion of the A Share Offering and Listing. Where the laws, regulations and relevant requirements of the securities regulatory authorities in the places where the Shares of the Company are listed have any other provisions in respect of stock lock-up period, such provisions shall prevail. Connected Allotment Participants shall not transfer the Shares held in the Connected Assets Management Plans during the lock-up period mentioned above in any form.

7. Duration Period

The duration period (management period) of the Connected Assets Management Plans shall be ten years from the date of establishment of the Connected Assets Management Plans.

8. Connected Assets Management Plans

To implement the Strategic Allotment to Connected Persons, the manager, China International Capital Corporation Limited, has established two broker collective assets management plans for the Strategic Allotment to Connected Persons, which, with the Connected Assets Management Plans as the platform, shall hold the A Shares to be issued under the Strategic Allotment to Connected Persons on behalf of the Connected Allotment Participants after the completion of the A Share Offering. The rights and interests of the A Shares issued under the Strategic Allotment to Connected Persons shall be vested in the Connected Assets Management Plans held by the Connected Allotment Participants upon completion of the A Share Offering. According to the management agreements of the Connected Assets Management Plans, the manager will exercise the voting rights of the Company's Shares held by the Connected Assets Management Plans in accordance with the provisions of laws on behalf of the Connected Assets Management Plans. All holders of the Share portions participating in the Connected Assets Management Plans have confirmed that the manager shall not attend or vote at the general meeting of the Company unless required by laws and regulations to attend the general meeting of the Company. If the manager is required to attend the general meeting of the Company in accordance with laws and regulations, it will abstain from voting when exercising the voting rights.

9. Implementation Conditions

The eighth review meeting of the Listing Committee for the SSE STAR Market was held on 21 June 2019. In accordance with the review results of the meeting, the A Share Offering and Listing on the SSE STAR Market of the Company has been approved. As part of the A Share Offering, the implementation of the Strategic Allotment to Connected Persons is subject to, among other things, no objection to the specific plan for the A Share Offering from the regulatory authorities and relevant details of the Strategic Allotment to Connected Persons being disclosed in the prospectus of the A Share Offering. If no Shares are allotted to the Connected Assets Management Plans or the Company fails to complete the A Share Offering within one year from the date of the approval of registration of the A Share Offering by the CSRC at last, the Connected Assets Management Plans shall be terminated and liquidated according to law. On 6 May 2019, the Stock Exchange has granted the Waiver to the Company, pursuant to which, the Company will not hold a general meeting regarding the subscription of A Shares through broker collective assets management plans by the Connected Allotment Participants. However, the Stock Exchange may withdraw or change the Waiver if the Company's situation changes.

10. Details of the Number of Shares to be Allotted and/or Portion of Connected Allotment Participants

Type of Connected Allotment Participants	Maximum number of Shares to be allotted (A Shares'0000)	Approximate percentage of the number of A Shares proposed to be issued under the Strategic Allotment to Connected Persons (no more than 41,475.4 thousand Shares)	Approximate percentage of the number of A Shares proposed to be issued under the A Share Offering (no more than 2,197,454.8 thousand Shares)
Directors of the Company's subsidiaries	2,925.17	70.53%	1.33%
Supervisors of the Company's subsidiaries	534.79	12.89%	0.24%
General managers of the Company's subsidiaries	687.59	16.58%	0.31%
Total	4,147.54	100.00%	1.89%

Notes:

- (1) If the same connected person concurrently serves as a director, supervisor or general manager of subsidiaries of the Company, he/she should be counted as a director of the Company's subsidiaries; and if the same connected person concurrently serves as a supervisor or general manager of subsidiaries of the Company, he/she should be counted as a supervisor of the Company's subsidiaries;
- (2) If the total counts presented in the above statement are slightly inconsistent with the results calculated from the presented relevant individual data, they are all due to the rounding up.

According to the actual amount of contributions to the Connected Assets Management Plans by the Connected Allotment Participants within the prescribed period, the size of proceeds to be raised and the maximum number of A Shares proposed to be issued under the A Share Offering, the maximum number of A Shares to be subscribed for by the Connected Allotment Participants shall be 41,475,436 A Shares, accounting for 1.89% of the A Shares proposed to be issued under the A Share Offering, representing 0.48% of the total number of Shares of the Company in issue as at the date of this announcement and 0.38% of the total number of Shares of the Company in issue immediately after the completion of the A Share Offering. The subscription amount of any single Connected Allotment Participant in the Strategic Allotment to Connected Persons shall not exceed RMB3 million. The respective number of Shares to be allotted to each Connected Allotment Participant was calculated based on (i) maximum number of A Shares to be issued under the A Share Offering (i.e. 2,197,454,750 A Shares); (ii) maximum number of A Shares to be issued under the Strategic Allotment (i.e. 219,745,475 A Shares, being 10% of the maximum number of A Shares to be issued under the A Share Offering according to requirements of the Implementation Rules); (iii) maximum number of A Shares to be issued under the Strategic Allotment to Connected Persons (calculated by (a) proportion of the maximum amount of subscription shares paid by all Connected Allotment Participants to the total maximum amount of subscription shares paid by all allotment Participants; and (b) maximum number of A Shares to be issued under the Strategic Allotment); and (iv) proportion of the maximum amount of subscription shares paid by each of the Connected Allotment Participants to the total maximum amount of subscription shares paid by all Connected Allotment Participants.

The investment scope of the two types of Connected Assets Management Plans is equity products⁽¹⁾ and hybrid products⁽¹⁾, respectively. For calculation purposes only, the maximum amount of subscription shares for equity products shall be 100% of the actual amount of contributions and the maximum amount of subscription shares for hybrid products shall be 80% of the actual amount of contributions. A circular containing the details of the Connected Allotment Participants and their respective number and proportion of Shares to be allotted will be dispatched to the Shareholders in due course.

Note:

- (1) According to the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions Business (《關於規範金融機構資產管理業務的指導意見》), asset management products, subject to their investment nature, are classified into fixed-income products, equity products, commodity and financial derivatives products, and hybrid products. Among them, (i) for a fixed-income product, the proportion of investment in deposit, securities, and other debt assets shall not be less than 80%; (ii) for an equity product, the proportion of investment in stock, the shares in unlisted enterprises, and other equities shall not be less than 80%; (iii) for a commodity and financial derivative product, the proportion of investment in commodity and financial derivatives shall not be less than 80%; and (iv) for a hybrid product, the investment is made in debt assets, equities, and commodity and financial derivatives, and the proportion of investment in any of the three types of assets does not reach the standards for the aforesaid three types of products.

II. OTHER INFORMATION RELATING TO THE STRATEGIC ALLOTMENT TO CONNECTED PERSONS

1. Impact of the A Share Offering and Strategic Allotment to Connected Persons on the shareholding structure of the Company

The Company's 6,821,018,000 Domestic Shares currently in issue 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 of the 2,197,454,750 A Shares under the A Share Offering are approved to be issued, among which no more than 41,475,436 A Shares are issued to connected persons of the Company, and no less than 2,155,979,314 A Shares are issued to non-connected persons of the Company, and the share capital of the Company remains unchanged before 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 as follows:

	As at the Date of this Announcement		Immediately after the completion of the A Share Offering	
	Number of Shares	Approximate percentage of issued share capital of the Company	Number of Shares	Approximate percentage of issued share capital of the Company
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%

	As at the Date of this Announcement		Immediately after the completion of the A Share Offering	
	Number of Shares	Approximate percentage of issued share capital of the Company	Number of Shares	Approximate percentage of issued share capital of the Company
- A Shares held by core connected persons ⁽¹⁾	—	—	6,604,426,424	60.11%
- A Shares held by the public	—	—	216,591,576	1.97%
A Shares to be newly issued under the A Share Offering ⁽²⁾	—	—	2,197,454,750	20.00%
- A Shares held by connected persons (at maximum)	—	—	41,475,436	0.38%
- A Shares held by the public (at minimum)	—	—	2,155,979,314	19.62%
H Shares⁽³⁾	<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>

Notes:

- (1) As at the date of this announcement, according to the information publicly available to the Company, and to the knowledge of the Directors, CRSC Corporation Group, the Controlling Shareholder of the Company, held 6,604,426,424 Domestic Shares of the Company, representing approximately 75.14% of the issued share capital of the Company. All of such Domestic Shares will be converted into A Shares upon completion of the A Share Offering;
- (2) As at the date of this announcement, according to the information publicly available to the Company, and to the knowledge of the Directors, no more than 41,475,436 newly issued A Shares under the A Share Offering will be held by connected persons of the Company, and no less than 2,155,979,314 A Shares will be held by the public;
- (3) As at the date of this announcement, according to the information publicly available to the Company, and to the knowledge of the Directors, all of the H Shares are held by the public.

The Directors, including the independent non-executive Directors, consider that the terms of the Connected Persons Strategic Allotment Agreement are entered into on normal commercial terms, and are fair and reasonable, and the Strategic Allotment to Connected Persons is in the interests of the Company and the Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to the nature of such transaction.

As at the date of this announcement, according to the information publicly available to the Company, and to the knowledge of the Directors, 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 initial

public offering of H Shares and listing. Assuming that all of the 2,197,454,750 A Shares under the A Share Offering are approved to be issued, among which no more than 41,475,436 A Shares will be issued to connected persons of the Company, and no less than 2,155,979,314 A Shares will be issued to non-connected persons of the Company, it is expected that the percentage of minimum number of newly issued A Shares under the A Share Offering held by the public in the total number of Shares after the A Share Offering will be 19.62%, the percentage of number of H Shares to be held by the public in the total number of Shares after the A Share Offering will be 17.92%, and the percentage of minimum number of Shares held by the public (both A Shares and H Shares in aggregate) will be 39.51% of the total number of the Shares after the A Share Offering.

2. Reasons for Strategic Allotment to Connected Persons and Use of Proceeds

(1) Responding to the requirements of policies and conforming to the macro-environment of state-owned enterprises reform

The Strategic Allotment to certain senior executives and core employees of the Group under the A Share Offering and Listing, including Connected Allotment Participants, is a significant initiative to further deepen the reform of mixed ownership in the context of state-owned enterprises reform, and enhance the vitality of the Company, thus realizing the long-term strategic development of the Company.

(2) Motivating the enthusiasm of core personnel and enhancing technical advantages

The Strategic Allotment not only helps the Company to achieve the integrity of long-term development of the enterprise and the personal interests of core personnel, but also is beneficial for the Company to maintain and expand the technical advantages in the field of rail transit control technology, and in this way, the brand image of scientific and technological innovation of central enterprises can be further established, and the influence of central enterprises on the economic and social development, scientific and technological progress and the improvement of international market competitiveness can be enhanced.

(3) Continuously optimizing shareholding structure and improving governance

Certain senior executives and core employees of the Group, including Connected Allotment Participants, will become Shareholders of the Company in the form of broker collective assets management plans, which will facilitate the diversification of the Company's shareholding structure and improvement of the corporate governance.

The Directors, including the independent non-executive Directors, consider that, given that (1) other than meeting the requirements of the laws and regulations for Qualified Investors, the criteria set by the Company for the Connected Allotment Participants also fully took into account the suitability of the relevant employees and their important roles in operation and management, technology research and development or business development of the Group; (2) the portion of the allotment for the Connected Allotment Participants, calculated according to the actual amount of contributions to the Connected Assets Management Plans by the Connected Allotment Participants within the prescribed period, the size of proceeds to be raised and the maximum number of A Shares proposed to be issued under the A Share Offering, is in compliance with the relevant requirements of laws, regulations and regulatory authorities, and has been approved by the employees' internal decisions of the Company with open and transparent procedures; and (3) with the Strategic Allotment to Connected Persons forming part of the A Share Offering, the number of Shares to be subscribed for by the connected persons under the Strategic Allotment to Connected Persons will take up a relatively small proportion of the number of the A Shares proposed to be issued under the A Share Offering and the enlarged total share capital of the Company, which is not expected to have a material impact on the A Share Offering, and the allotment basis and the criteria for the Connected Allotment Participants of the Strategic Allotment to Connected Persons are fair and reasonable. The terms of the Connected Persons Strategic Allotment Agreement are entered into on normal commercial terms, and are fair and reasonable, and the Strategic Allotment to Connected Persons is in the interests of the Company and the Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to the nature of such transaction.

The proceeds obtained by the Company at the issue price shall be put in the use of proceeds from the A Share Offering, that is, investment in advanced and intelligent technology research and development projects, advanced and intelligent manufacturing base projects, information construction projects, and replenishment of working capital.

3. Fund Raising Activities in the Past Twelve Months

The Company has not conducted any fund raising activities involving the issuance of share capital within 12 months immediately preceding the date of this announcement.

4. Implications of the Listing Rules

As the participants of the Connected Assets Management Plans are the directors, supervisors and chief executives of the Company's subsidiaries, the participants of the Connected Assets Management Plans are connected persons of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, the Strategic Allotment to Connected Persons by the participants of the Connected Assets Management Plans according to the Connected Persons Strategic Allotment Agreement constitutes a connected transaction of the Company and is subject to the requirements of reporting, announcement and the Independent Shareholders' approval under the Listing Rules.

5. Independent Board Committee and Independent Financial Adviser

The Independent Board Committee (consisting of all independent non-executive Directors, Mr. WANG Jiajie, Mr. CHEN Jin'en, Mr. CHAN Ka Keung Peter and Mr. YAO Guiqing) has been established to advise the Independent Shareholders on the Strategic Allotment to Connected Persons. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Strategic Allotment to Connected Persons.

6. Opinions of the Board

None of any Directors has material interests in the Strategic Allotment to Connected Persons. Therefore, none of any Directors need to abstain from voting on such Board resolution.

The Directors, including the independent non-executive Directors, consider that the terms of the Connected Persons Strategic Allotment Agreement are entered into on normal commercial terms, and are fair and reasonable, and the Strategic Allotment to Connected Persons is in the interests of the Company and the Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to the nature of such transaction.

7. Written Approval from Shareholder for the Strategic Allotment to Connected Persons

On the basis that: (i) to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, if the Company convened a general meeting for the Strategic Allotment to Connected Persons, none of the Shareholders would be required to abstain from voting at the general meeting; and (ii) CRSC Corporation Group, the Controlling

Shareholder holding 6,604,426,424 Shares (representing approximately 75.14% of the issued share capital of the Company as at the date of this announcement) of the Company as at the date of this announcement, has given its written approval for the Strategic Allotment to Connected Persons. The Company has applied to the Stock Exchange for a waiver from compliance with the requirements for the Company to convene a general meeting to approve the Strategic Allotment to Connected Persons in accordance with Rule 14A.37 of the Listing Rules.

On 6 May 2019, the Stock Exchange has granted the Waiver to the Company. Accordingly, the Company will not hold a general meeting to approve the Strategic Allotment to Connected Persons. However, the Stock Exchange may withdraw or change the Waiver if the Company's situation changes.

8. General Information

The Company is a joint stock limited company incorporated in China on 29 December 2010. The main business of the Company includes design and integration, equipment manufacturing and system delivery business for rail transit control system, engineering general contracting business and other businesses.

Established in May 2019, the Connected Assets Management Plans were formulated as broker collective assets management plans for the implementation of Strategic Allotment to Connected Persons with China International Capital Corporation Limited as the manager and China Guangfa Bank Co., Ltd. as the custodian, in accordance with the Company Law, the Implementation Rules, the Guidelines and the provisions of other relevant laws, regulations and regulatory documents.

III. DEFINITION

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“A Share(s)”	the ordinary share(s) 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 Science and Technology Innovation Board of the SSE and traded in RMB
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“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 Science and Technology Innovation Board of the SSE
“Allotment Participant(s)”	the participant(s) of the Strategic Allotment, including the Connected Allotment Participants and non-connected allotment participants
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“Company”	China Railway Signal & Communication Corporation Limited*, a joint stock limited liability company established in the PRC on 29 December 2010
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》) (as amended from time to time)
“Connected Allotment Participant(s)”	the participant(s) of the Strategic Allotment to Connected Persons
“Connected Assets Management Plans”	the broker collective assets management plans formulated for the purpose of the Strategic Allotment to Connected Persons
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Persons Strategic Allotment Agreement”	the connected persons strategic allotment agreement entered into between the Company and the Connected Assets Management Plans in relation to the Strategic Allotment to Connected Persons on 28 June 2019 (after trading hours)
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules, and as of the date of this announcement, refers to the controlling Shareholder of the Company, being CRSC Corporation Group

“CRSC Corporation Group”	China Railway Signal and Communication (group) Corporation Limited (中國鐵路通信信號集團有限公司) (formerly known as China Railway Signal & Communication Corporation (中國鐵路通信信號集團公司)), a wholly state-owned enterprise approved to be established by the former Ministry of Railway of the PRC on 8 May 1981 and registered in the PRC on 7 January 1984, the sole Controlling Shareholder and one of the promoters of the Company
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the Company’s share capital with a nominal value of RMB1.00 each, which are subscribed for or paid up in RMB
“Group”	the Company and/or its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and listed on the Stock Exchange
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors who are independent from related matters to advise Independent Shareholders in respect of the Strategic Allotment to Connected Persons
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Strategic Allotment to Connected Persons

“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolution in relation to the Strategic Allotment to Connected Persons to be considered and approved
“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, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares of the Company
“SSE”	the Shanghai Stock Exchange
“SSE STAR Market”	the Sci-tech Innovation Board of the SSE
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Allotment”	the allotment of no more than 10% of A Shares proposed to be issued under the A Share Offering to the Allotment Participants by the Company in accordance with the Strategic Allotment Agreements
“Strategic Allotment Agreements”	collectively, the strategic allotment agreements entered into by the Company with Connected Assets Management Plans and non-connected assets management plans, respectively, in relation to the Strategic Allotment on 28 June 2019 (after trading hours)

“Strategic Allotment to Connected Persons”	the allotment of no more than 1.89% of A Shares proposed to be issued under the A Share Offering as well as no more than 0.38% A Shares of the total number of Shares of the Company immediately after the completion of the A Share Offering to the Connected Allotment Participants by the Company in accordance with the Connected Persons Strategic Allotment Agreement
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“%”	per cent

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

Beijing, the PRC
28 June 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.*