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**中国通号**

中國鐵路通信信號股份有限公司

**China Railway Signal & Communication Corporation Limited\***

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

**(Stock Code: 3969)**

## **PROPOSED A SHARE OFFERING AND RELATED MATTERS**

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The Board is pleased to announce that, on 25 March 2019, the Board and the Board of Supervisors resolved to approve the resolutions in relation to the proposed further plan for A Share Offering and related matters. The resolutions are conditional upon and are subject to the market conditions and approvals from the Shareholders at the EGM and/or the Class Meetings by way of special resolutions or ordinary resolutions and necessary approvals or decisions from relevant regulatory authorities.

### **SHAREHOLDERS' APPROVAL AND GENERAL INFORMATION**

In accordance with the requirements of the Company Law of the People's Republic of China and the Articles of Association, Shareholders independently or collectively holding more than 3% of the Company's shares may submit provisional proposals and submit them to the General Meeting convener in writing before 10 days prior to the meeting. Pursuant to this, China Railway Signal and Communication (Group) Corporation Limited, a controlling Shareholder of the Company holding approximately 75.14% of the total issued shares of the Company, submitted to the Board the resolutions in relation to the aforementioned proposed further plan for A Share Offering and related matters on 25 March 2019 for consideration at the EGM and the Class Meetings.

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 further plan for A Share Offering and related matters, by the Shareholders. A circular of the general meetings containing, among other things, details on the aforesaid resolutions, together with the revised notice of EGM and the revised notice of H Shareholders Class Meetings will be despatched to the Shareholders as soon as practicable 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.

References are made to the announcement of the Company dated 28 February 2019 in relation to the proposed A Share Offering and the Notice of 2019 First Extraordinary General Meeting and the Notice of 2019 First H Shareholders Class Meeting both dated 1 March 2019. Unless the context otherwise requires, expressions used in this announcement shall have the same meanings as those defined in the aforementioned announcements.

The Board is pleased to announce that, on 25 March 2019, the Board and the board of supervisors of the Company (the “**Board of Supervisors**”) resolved to approve the resolutions in relation to the proposed further plan for A Share Offering and related matters. Such resolutions are conditional upon and are subject to the market conditions and approval by the Shareholders at the EGM and/or the Class Meetings by way of special resolutions or ordinary resolutions as well as obtaining necessary approval and decision from the relevant regulatory authorities.

## **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 further 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(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 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 Listing Rules

- (6) Use of proceeds : The Company intends to use the proceeds from the A Share Offering to investing in advanced and intelligent technology research and development and manufacturing base projects, information construction projects and to replenishing working capital
- For any insufficiency in the actual funds to be raised from the A Share Offering, the Company will ease the shortfall of the above projects by self-raised funds. If the actual funds to be raised from the A Share Offering exceed the total investment in the aforesaid projects, the Company will apply the surplus to the principal business of the Company upon fulfilling the necessary procedures in accordance with the relevant requirements
- Prior to receiving the proceeds from the A Share Offering, the Company may support the implementation of the above projects with its own funds and/or bank borrowings or in other ways based on the actual progress of such projects. Upon receiving the proceeds, the fund previously committed shall be reimbursed with such proceeds
- (7) Distribution plan of accumulated profits before the issuance : Prior to completion of the A Share Offering and Listing, the Company will conduct profit distribution in accordance with resolution of general meeting; after completion of the A Share Offering and Listing, the undistributed profit of the Company accumulated before the A Share Offering and Listing will be shared by the new Shareholders and old Shareholders according to their respective shareholding percentage after the A Share Offering and Listing
- (8) Place of listing of Shares : The Science and Technology Innovation Board of the SSE

- (9) Underwriting fees : The Company and the Shareholders who publicly offer secondary Shares (if any) shall bear the fees respectively, in particular, the underwriting fees for the primary Shares shall be borne by the Company; the underwriting fees for the secondary 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
- (10) 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 EGM and the Class Meetings

### **The Use of Proceeds from the Initial Public Offering and Listing of A Shares and the Feasibility Analysis Report**

After deducting the issue expenses, the proposed proceeds from the A Share Offering is expected to be approximately RMB10.5 billion in total. The Company intends to use such proceeds from the A Share Offering to investing in advanced and intelligent technology research and development and manufacturing base projects, information construction projects and to replenishing working capital.

For any insufficiency in the actual funds raised to be from the A Share Offering, the Company will ease the shortfall of the above projects by self-raised funds. If the actual funds to be raised from the A Share Offering exceed the total investment in the aforesaid projects, the Company will apply the surplus to the principal business of the Company upon fulfilling the necessary procedures in accordance with the relevant requirements.

Prior to receiving the proceeds from the A Share Offering, the Company may support the implementation of the above projects with its own funds and/or bank borrowings or in other ways based on the actual progress of such projects. Upon receiving the proceeds, the fund previously committed shall be reimbursed with such proceeds.

Details of the use of proceeds from the A Share Offering and Listing and the Feasibility Analysis Report shall be set out in the circular to be timely despatched to the Shareholders.

### **The Distribution Plan of Accumulated Profits before the Initial Public Offering and Listing of A Shares**

Prior to completion of the A Share Offering and Listing, the Company will conduct profit distribution in accordance with resolution of general meeting; after completion of the A Share Offering and Listing, the undistributed profit of the Company accumulated before the A Share Offering and Listing will be shared by the new Shareholders and old Shareholders according to their respective shareholding percentage after the A Share Offering and Listing.

### **The Dilution of Immediate Returns and the Remedial Measures on the Initial Public Offering and Listing of A Shares**

According to the requirements of the relevant documents, including the Guiding Opinions on Matters Relating to Dilution of Immediate Returns by IPO, Refinancing or Major Assets Restructuring (CSRC Announcement [2015] No. 31) issued by the China Securities Regulatory Commission, the Opinions of the State Council on Further Promoting Healthy Development of the Capital Market (Guo Fa [2014] No. 17) and the Opinions of the General Office of the State Council on Further Strengthening the Protection of Lawful Rights and Interests of Small and Medium-sized Investors in the Capital Market (Guo Ban Fa [2013] No. 110), if the return for the current period is diluted due to initial public offering of shares by the Company, refinancing by the listed company, or merger and acquisition and reorganization, undertakings on specific measures to compensate for the return should be made and realized. The Company has carried out a careful analysis on the dilution effect on the return for the current period by the offering and listing of A Shares. Specific measures have been proposed to compensate for the return. The relevant parties have made undertakings on the due performance of the measures proposed to be adopted by the Company to compensate for the return. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **The Dividend Distribution Plan within the Three Years after the Initial Public Offering and Listing of A Shares**

In order to further improve and regulate the dividend distribution mechanism of the Company, enhance transparency and operability of dividend distribution decisions and ensure the rights of Shareholders such as reasonable return on investment, a dividend distribution plan for Shareholders within three years (2019 — 2021) after the initial public offering and listing of A Shares is proposed to be formulated according to the principles in the relevant documents of regulatory authorities such as CSRC and pursuant to the provisions of the Articles of Association of the Company. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **The Proposal on Stabilizing the Price of A Shares of the Company within the Three Years after the Initial Public Offering and Listing of A Shares**

To maintain the price stability of A Shares of the Company after the offering and listing of A Shares and protect the interests of public shareholders, particularly minority shareholders, the Company has formulated a proposal on stabilizing the price of A Shares of the Company. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **The Undertakings Regarding Information Disclosure in the Prospectus Published in Connection with the Initial Public Offering and Listing of A Shares**

According to the requirements of the relevant provisions, including the Opinions on Further Promoting Reform of Primary Share Issuance Regime (關於進一步推進新股發行體制改革的意見), for the purpose of offering and listing of A Shares, the Company shall make undertakings that the information provided in the prospectus for the offering of A Shares does not contain any false records, misleading statements or material omissions, and the Company shall assume the corresponding legal responsibilities in respect of the authenticity, accuracy and completeness of the contents of the prospectus. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **Proposed Amendments to the Articles of Association**

To further improve and regulate the Articles of Association and satisfy the relevant requirements of laws, regulations and regulatory documents, including the Company Law of the PRC (中華人民共和國公司法), the Guidelines for Articles of Association of Listed Companies (上市公司章程指引) and the Rules Governing the Listing of Securities on the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板股票上市規則), and taking the practical circumstances of the Company into consideration, modifications and improvements are proposed to be made to some of the clauses in the Articles of Association. The numbering of the clauses of the original Articles of Association is respectively amended due to the additions and deletions of some of the clauses by the proposed amendments. The revised Articles of Association will be implemented after the A Share Offering and Listing. Prior to that, the Articles of Association of the Company currently in force shall apply. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **Proposed Amendments to the Procedure Rules of the General Meetings**

To further improve and regulate the Procedure Rules of the General Meetings of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號

股份有限公司股東大會議事規則) (“**Procedure Rules of the General Meetings**”) and satisfy the relevant requirements of laws, regulations and regulatory documents, including the Company Law of the PRC (中華人民共和國公司法), the Securities Law of the PRC (中華人民共和國證券法), the Governance Standards of Listed Companies (上市公司治理准則) and Rules of General Meetings of Listed Companies (上市公司股東大會規則), as well as the Articles of Association, and taking the practical circumstances of the Company into consideration, modifications and improvements are proposed to be made to some of the clauses in the Procedure Rules of the General Meetings. The revised Procedure Rules of the General Meetings will be implemented after the A Share Offering and Listing. Prior to that, the Procedure Rules of the General Meetings of the Company currently in force shall apply. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **Proposed Amendments to the Procedure Rules of the Board of Directors**

To further improve and regulate the Procedure Rules of the Board of Directors of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司董事會議事規則) (“**Procedure Rules of the Board of Directors**”) and satisfy the relevant requirements of laws, regulations and regulatory documents, including the Company Law of the PRC (中華人民共和國公司法), the Securities Law of the PRC (中華人民共和國證券法) and the Governance Standards of Listed Companies (上市公司治理准則), as well as the Articles of Association, and taking the practical circumstances of the Company into consideration, modifications and improvements are proposed to be made to some of the clauses in the Procedure Rules of the Board of Directors. The revised Procedure Rules of the Board of Directors will be implemented after the A Share Offering and Listing. Prior to that, the Procedure Rules of the Board of Directors of the Company currently in force shall apply. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **Proposed Amendments to the Procedure Rules of the Board of Supervisors**

To further improve and regulate the Procedure Rules of the Board of Supervisors of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司監事會議事規則) (“**Procedure Rules of the Board of Supervisors**”) and satisfy the relevant requirements of laws, regulations and regulatory documents, including the Company Law of the PRC (中華人民共和國公司法), the Securities Law of the PRC (中華人民共和國證券法) and the Governance Standards of Listed Companies (上市公司治理准則), as well as the Articles of Association, and taking the practical circumstances of the Company into consideration, modifications and improvements are proposed to be made to some of the clauses in the Procedure Rules of the Board of Supervisors. The revised Procedure Rules of the Board of Supervisors

will be implemented after the A Share Offering and Listing. Prior to that, the Procedure Rules of the Board of Supervisors of the Company currently in force shall apply. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **Proposed Amendments to the Working Rules of the Independent Non-executive Directors**

To further improve and regulate the Working Rules of the Independent Non-executive Directors of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司獨立非執行董事工作制度) (“**Working Rules of the Independent Non-executive Directors**”) and satisfy the relevant requirements of laws, regulations and regulatory documents, including the Company Law of the PRC (中華人民共和國公司法), the Securities Law of the PRC (中華人民共和國證券法), the Governance Standards of Listed Companies (上市公司治理准則) and the Guidance Opinions on the Establishment of an Independent Director System in Listed Companies (關於在上市公司建立獨立董事制度的指導意見), as well as the Articles of Association, and taking the practical circumstances of the Company into consideration, modifications and improvements are proposed to be made to some of the clauses in the Working Rules of the Independent Non-executive Directors. The numbering of the clauses of the original Working Rules of the Independent Non-executive Directors is respectively amended due to the additions and deletions of some of the clauses by the proposed amendments. The revised Working Rules of the Independent Non-executive Directors will be implemented after the A Share Offering and Listing. Prior to that, the Working Rules of the Independent Non-executive Directors of the Company currently in force shall apply. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **Proposed Formulation of the Rules on the Management of A Share Transactions with Related Parties**

To further improve and regulate the Rules on the Management of Transactions with Related Parties of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司關聯交易管理制度), satisfy the laws, regulations and regulatory documents, including the Company Law of the PRC (中華人民共和國公司法), the Securities Law of the PRC (中華人民共和國證券法), the Governance Standards of Listed Companies (上市公司治理准則), the Notice on Certain Issues relating to the Regulation of the Funds between Listed Companies and Their Connected Parties and the Provision of External Securities by Listed Companies, the Rules Governing the Listing of Securities on the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板股票上市規則) and the Shanghai Stock Exchange Guidelines for Implementing Transactions with Related

Parties by Listed Companies (上海證券交易所上市公司關聯交易實施指引), as well as the Articles of Association, and taking the practical circumstances of the Company into consideration, Rules on the Management of A Share Transactions with Related Parties of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司A股關聯交易管理制度) are proposed to be formulated. These rules will be only applicable to the Company's transactions with related parties in the A share market and will be implemented after the A Share Offering and Listing. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **Proposed Formulation of the Rules for the Management of the External Guarantee**

To protect the interest of investors, regulate the guarantee behavior of the Company, control the asset operation risk of the Company and promote the healthy and stable development of the Company, we propose to formulate the Rules for the Management of External Guarantee of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司對外擔保管理制度) in accordance with the relevant requirements of the laws and regulations and regulatory documents, including the Company Law of the PRC (中華人民共和國公司法), the Securities Law of the PRC (中華人民共和國證券法), the Governance Standards of Listed Companies (上市公司治理準則), the Law of Guarantee of the PRC (中華人民共和國擔保法), as well as the Articles of Association, and taking the practical circumstances of the Company into consideration. These rules will be implemented after the A Share Offering and Listing. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **Proposed Formulation of the Rules for the Management of Proceeds from A Share Offering**

To regulate the management and utilization of proceeds raised by the Company and protect the interest of investors, we propose to formulate the Rules for the Management of Proceeds from A Share Offering by China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司A股募集資金管理制度) in accordance with the requirements of the relevant laws and regulations and regulatory documents, including the Company Law of the PRC (中華人民共和國公司法), the Securities Law of the PRC (中華人民共和國證券法), the Administrative Measures for the Issuance of Securities by Listed Companies (上市公司證券發行管理辦法), the Rules Governing the Listing of Securities on the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板股票上市規則), Guidelines for the Supervision and Administration on Listed Companies No. 2 — Supervision and Administration Requirements for the

Management and Use of Funds Raised by Listed Companies and the Measures of Shanghai Stock Exchange and Administrative Measures for Proceeds Raised by Listed Companies on the Shanghai Stock Exchange (上海證券交易所上市公司募集資金管理辦法), as well as the Articles of Association, and taking the practical circumstances of the Company into consideration. These rules will be implemented after the A Share Offering and Listing. The relevant details shall be set out in the circular to be timely despatched to the Shareholders.

### **Report on the Use of Proceeds Raised in the Previous Issuance**

According to the requirements of laws, regulations and regulatory documents, including the Administrative Measures for Issuance of Securities by Listed Companies (上市公司證券發行管理辦法) and the Provisions regarding the Report on Use of Previously Raised Proceeds issued by the CSRC, the Company has prepared the Report on the Use of Proceeds Raised in the Previous Issuance of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司前次募集資金使用情況報告) after completing verification on the use of proceeds raised in the previous issuance.

After conducting examination and verification on the use of proceeds raised in the previous issuance, Ernst & Young Hua Ming LLP (Special General Partnership) has issued a Verification Report on the Use of Proceeds Raised in the Previous Issuance of China Railway Signal & Communication Corporation Limited\* (中國鐵路通信信號股份有限公司前次募集資金使用情況報告鑒證報告) (Ernst & Young Hua Ming (2019) Zhuan Zi No. 6177 2338\_A01). As advised by Ernst & Young Hua Ming LLP (Special General Partnership), the Report on the Use of Proceeds Raised in the Previous Issuance of the Company has been prepared in accordance with the Provisions regarding the Report on Use of Previously Raised Proceeds (Zheng Jian Fa Xing Zi [2007] No. 500) issued by the CSRC, and has reflected in all material aspects the use of proceeds raised in the previous issuance of H Shares by the Company as at 31 December 2018.

The details in relation to the report on the use of proceeds raised in the previous issuance of the Company shall be set out in the circular to be timely despatched to the Shareholders.

### **Appointment of Ernst & Young Hua Ming LLP (Special General Partnership) as the Auditor for the Initial Public Offering and Listing of A Shares**

To ensure a smooth process of the A Share Offering and Listing, it is intended to appoint Ernst & Young Hua Ming LLP (Special General Partnership) as the auditor for the A Share Offering and Listing. At the same time, it is proposed to submit to the General Meeting to authorize the Board of the Company to finalize the audit fees based on market prices and audit workload.

## 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
<b>Domestic Shares</b>	<b>6,821,018,000</b>	<b>77.60%</b>	<b>—</b>	<b>—</b>
<b>A Shares (at maximum)</b>	<b>—</b>	<b>—</b>	<b>9,018,472,750</b>	<b>82.08%</b>
A Shares to be converted from Domestic Shares in issue	—	—	6,821,018,000	62.08%
- A Shares held by core connected persons <sup>(1)</sup>	—	—	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 <sup>(2)</sup>	—	—	2,197,454,750	20.00%
<b>H Shares<sup>(3)</sup></b>	<b>1,968,801,000</b>	<b>22.40%</b>	<b>1,968,801,000</b>	<b>17.92%</b>
<b>Total</b>	<b><u>8,789,819,000</u></b>	<b><u>100.00%</u></b>	<b><u>10,987,273,750</u></b>	<b><u>100.00%</u></b>

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, China Railway Signal and Communication (Group) Corporation Limited, a Controlling Shareholder of the Company, held 6,604,426,424 Domestic Shares of the Company, representing approximately 75.14% of the Company's issued share capital. All of these Domestic Shares will be converted into A Shares after the 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, A Shares to be newly issued under the A Share Offering will be fully 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 H Shares were held by the public.

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 was in compliance with the waiver regarding public float obtained by the Company at the time of the initial public offering and the listing of H Shares of the Company. Assuming that all the 2,197,454,750 A Shares under the A Share Offering are approved to be issued, and all are issued to non-connected persons of the Company, the maximum percentage of A Shares held by the public for the total number of Shares after the issuance is expected to be 21.97%, the minimum percentage of H Shares held by the public for the total number of Shares after the issuance is expected to be 17.92% and the maximum percentage of Shares (both A Shares and H Shares in aggregate) held by the public of the total number of Shares after the issuance is expected to be 39.89%.

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 strengthening the sustainable development of the Company.

### **SHAREHOLDERS' APPROVAL AND GENERAL INFORMATION**

In accordance with the requirements of the Company Law of the People's Republic of China and the Articles of Associations, Shareholders independently or collectively

holding more than 3% of the Company's Shares may submit provisional proposals and submit them to the general meeting convener in writing before 10 days prior to the meeting. Pursuant to this, China Railway Signal and Communication (Group) Corporation Limited, a controlling Shareholder of the Company holding approximately 75.14% of the total issued shares of the Company, submitted to the Board the resolutions in relation to, among other things, the aforementioned proposed further plan for A Share Offering and related matters on 25 March 2019 for consideration and approval at the EGM and the Class Meetings.

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 further plan for A Share Offering and related matters, by the Shareholders. A circular of the general meetings containing, among other things, details on the aforesaid resolutions, together with the revised notice of EGM and the revised notice of H Shareholders Class Meetings will be despatched to the Shareholders as soon as practicable 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.

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

Beijing, the People's Republic of China  
25 March 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*