

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
FOR YEARS 2023-2025**

**RENEWAL OF THE CRSC CORPORATION GROUP PURCHASES AND SALES
FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated March 25, 2020, in relation to, among other things, the 2020-2022 CRSC Corporation Group Purchases and Sales Framework Agreement entered into between the Company and CRSC Corporation Group on March 25, 2020 and the amount of annual caps thereunder. Considering that the terms of the 2020-2022 CRSC Corporation Group Purchases and Sales Framework Agreement had expired on December 31, 2022 and the Company will continue the transactions thereunder, the Company entered into the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement with CRSC Corporation Group on May 23, 2023 (after trading hours), and proposed the annual caps for 2023-2025 thereunder to renew the continuing connected transactions. The 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement shall be effective from January 1, 2023 to December 31, 2025 for a term of three years. The Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions.

RENEWAL OF THE CONSTRUCTION CONTRACTING FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated March 25, 2020, in relation to, among other things, the 2020-2022 Construction Contracting Framework Agreement entered into between the Company and CRSC Corporation Group on March 25, 2020 and the amount of annual caps thereunder. Considering that the terms of the 2020-2022 Construction Contracting Framework Agreement had expired on December 31, 2022 and the Company will continue the transactions thereunder, the Company entered into the 2023-2025 Construction Contracting Framework Agreement with CRSC Corporation Group on May 23, 2023 (after trading hours), and proposed the annual caps for 2023-2025 thereunder to renew the continuing connected transactions. The 2023-2025 Construction Contracting Framework Agreement shall be effective from January 1, 2023 to December 31, 2025 for a term of three years. The Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRSC Corporation Group holds 62.69% of the issued share capital of the Company and is the controlling shareholder of the Company. Therefore, CRSC Corporation Group is a connected person of the Company. CRSC Corporation Group and its associates constitute connected persons of the Company according to the requirements under Chapter 14A of the Listing Rules. Accordingly, the continuing transactions carried out between the Group and CRSC Corporation Group and/or its associates under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement and the 2023-2025 Construction Contracting Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the purchases of the products by the Group from CRSC Corporation Group under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the proposed annual caps is more than 0.1% but less than 5%, the continuing connected transactions in respect of the purchases of the products by the Group from CRSC Corporation Group under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement shall be subject to the reporting, annual review and announcement requirements, but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In respect of the sales of the products by the Group to CRSC Corporation Group under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the proposed annual caps is less than 0.1%, the continuing connected transactions in respect of the sales of the products by the Group to CRSC Corporation Group under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement shall be fully exempted from the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the provision of engineering construction and ancillary services by the Group to CRSC Corporation Group under the 2023-2025 Construction Contracting Framework Agreement, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the proposed annual caps is more than 0.1% but less than 5%, the continuing connected transactions in respect of the provision of engineering construction and ancillary services by the Group to CRSC Corporation Group under the 2023-2025 Construction Contracting Framework Agreement shall be subject to the reporting, annual review and announcement requirements, but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors), after taking into account the pricing policies, basis of determining annual caps, reasons and benefits as well as internal control procedures, are of the view that the terms of the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement, the 2023-2025 Construction Contracting Framework Agreement, the transactions to be contemplated thereunder and the annual caps thereunder are entered into on normal commercial terms in the ordinary and usual course of business of the Company, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Directors who are materially interested in such transactions have abstained from voting on the resolutions to approve such transactions at the Board meeting.

I. 2023-2025 CRSC CORPORATION GROUP PURCHASES AND SALES FRAMEWORK AGREEMENT

1. Background

Reference is made to the announcement of the Company dated March 25, 2020, in relation to, among other things, the 2020-2022 CRSC Corporation Group Purchases and Sales Framework Agreement entered into between the Company and CRSC Corporation Group on March 25, 2020 and the amount of annual caps thereunder. Considering that the terms of the 2020-2022 CRSC Corporation Group Purchases and Sales Framework Agreement had expired on December 31, 2022 and the Company will continue the transactions thereunder, the Company entered into the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement with CRSC Corporation Group on May 23, 2023 (after trading hours), and proposed the annual caps for 2023-2025 thereunder to renew the continuing connected transactions. The 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement shall be effective from January 1, 2023 to December 31, 2025 for a term of three years. The Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions.

2. 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement

The Company entered into the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement with CRSC Corporation Group on May 23, 2023 (after trading hours), and the main contents of this agreement are set out as follows:

Types of transaction: The Group and CRSC Corporation Group and/or its associates may purchase or sell raw materials, auxiliary materials, accessories, components, packaging materials, semi-finished products, finished products, goods and related products from or to each other.

Principal terms:

- (1) Pricing policy (see below);
- (2) Except for public tender, both parties must confirm the demand schedule for the next year or the demand adjustment schedule of the current year on a stipulated date of each year;
- (3) The Group and CRSC Corporation Group and/or its associates must enter into specific agreements to stipulate specific terms and conditions, including specific products, quality standards and payment methods, in respect of the relevant products under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement; and

- (4) The 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement shall be effective from January 1, 2023 to December 31, 2025 and may be renewed with mutual consent after negotiation.

Pricing policy:

The pricing of each of the products under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement will be determined on the basis of market prices, together with purchasing costs of materials, labour costs, manufacturing costs, management costs, financial costs, transportation and packaging costs incurred by sales, tax burdens and profitability standards. The pricing of products provided by the Group to CRSC Corporation Group and/or its associates will be determined by reference to and subject to the contractual terms agreed between CRSC Corporation Group and/or its associates and the contractual party of the overseas project. CRSC Corporation Group will purchase products from the Group at the price agreed between itself and the contractual party of the overseas project and supply the same to the contractual party of the overseas project without making any profit. The pricing of the products purchased by the Group from CRSC Corporation Group and/or its associates will be determined based on a cost-plus method by adding reasonable profit, with reference to average level in the industry, relevant reasonable costs including purchasing costs of materials, labour costs, manufacturing costs, management costs, transportation and packaging costs incurred. The net profit margin ranges from approximately 10% to 15%. To ensure that the pricing of the products provided by CRSC Corporation Group will be no less favourable than those offered to our Group by independent third parties, the Group will collect and review quotes offered by at least two other independent third parties for products of the same type or similar quality for comparison.

3. Historical amount

For the year ended December 31, 2020, 2021 and 2022, the maximum annual amount of purchases by the Group from CRSC Corporation Group and/or its associates under the 2020-2022 CRSC Corporation Group Purchases and Sales Framework Agreement shall not exceed RMB120,000,000, RMB130,000,000 and RMB140,000,000, respectively.

For the year ended December 31, 2020, 2021 and 2022, the actual amount of purchases by the Group from CRSC Corporation Group and/or its associates was RMB57,442.4 thousand, RMB46,314.3 thousand and RMB36,386.1 thousand, respectively.

For the year ended December 31, 2020, 2021 and 2022, the maximum annual amount of sales by the Group to CRSC Corporation Group and/or its associates under the 2020-2022 CRSC Corporation Group Purchases and Sales Framework Agreement shall not exceed RMB40,000,000, RMB30,000,000 and RMB20,000,000, respectively.

For the year ended December 31, 2020, 2021 and 2022, the actual amount of sales by the Group to CRSC Corporation Group and/or its associates was RMB31,012.4 thousand, RMB11,560.5 thousand and RMB768.8 thousand, respectively.

4. Annual caps and basis of determination

Annual caps: For the year ending December 31, 2023, 2024 and 2025, the Group's maximum annual amount of purchases from and sales to CRSC Corporation Group and/or its associates shall not exceed the following caps, respectively:

	Proposed annual caps for the year ending December 31,		
	2023	2024	2025
	<i>(RMB' 000)</i>		
Total amount of purchases	70,000 ¹	70,000	70,000
Total amount of sales	2,000 ²	2,000	2,000

Basis of determination: In determining the above annual caps, the Directors have considered that: (i) given the recent expansion of the Group's business and continual growth of its revenue, the Group's demand of components is expected to increase continually in the next three years, (ii) the Group intends to continue to procure certain components from CRSC Corporation Group and/or its associates, primarily for the purpose of more efficiently supporting the Group's projects than procuring such components from third-party suppliers, (iii) the Group intends to reduce the amount of sales to CRSC Corporation Group and/or its associates mainly because the overseas project entered into prior to the Reorganization was close to completion and the volume of works decreased.

5. Reasons for and benefits of entering into the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement

CRSC Corporation Group and the Group have established a long-term and steady business relationship, and are familiar with each other's business demands and able to supply products required for production by each other. The Directors consider that maintaining stable and high quality business relationship with CRSC Corporation Group will be favorable to the current and future production and operation of the Group. By reference to the Group's historical business transaction experience with CRSC Corporation Group and/or its associates, the Directors believe that the Group and CRSC Corporation Group will be able to effectively satisfy the stable and high quality requirements of the other party in the relevant business activities, and maintaining business transactions with each other is in the interest of the Group and the Shareholders as a whole.

¹ From January 1, 2023 to the date of this announcement, the transaction amount incurred amounted to RMB12,472.3 thousand, the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the transaction amount incurred is less than 0.1%.

² From January 1, 2023 to the date of this announcement, no transaction amount incurred.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transactions to be contemplated under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement and the annual caps thereunder are entered into on normal commercial terms in the ordinary and usual course of business of the Company, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

II. 2023-2025 CONSTRUCTION CONTRACTING FRAMEWORK AGREEMENT

1. Background

Reference is made to the announcement of the Company dated March 25, 2020, in relation to, among other things, the 2020-2022 Construction Contracting Framework Agreement entered into between the Company and CRSC Corporation Group on March 25, 2020 and the amount of annual caps thereunder. Considering that the terms of the 2020-2022 Construction Contracting Framework Agreement had expired on December 31, 2022 and the Company will continue the transactions thereunder, the Company entered into the 2023-2025 Construction Contracting Framework Agreement with CRSC Corporation Group on May 23, 2023 (after trading hours), and proposed the annual caps for 2023-2025 thereunder to renew the continuing connected transactions. The 2023-2025 Construction Contracting Framework Agreement shall be effective from January 1, 2023 to December 31, 2025 for a term of three years. The Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions.

2. 2023-2025 Construction Contracting Framework Agreement

The Company entered into the 2023-2025 Construction Contracting Framework Agreement with CRSC Corporation Group on May 23, 2023 (after trading hours), and the main contents of this agreement are set out as follows:

Types of transaction: Pursuant to the 2023-2025 Construction Contracting Framework Agreement, the Group will provide engineering construction and ancillary services (including but not limited to engineering design and construction general contracting) to CRSC Corporation Group and/or its associates in its ordinary course of business, and CRSC Corporation Group and its associates will pay the Group service fees.

Principal terms:

- (1) Pricing policy (see below);
- (2) Except for public tender, both parties must confirm the service demand schedule for the next year or the service demand adjustment schedule of the current year on a stipulated date of each year;

- (3) The Group and CRSC Corporation Group and/or its associates must enter into specific agreements to stipulate specific terms and conditions, including, among others, specific scope of engineering construction and ancillary services, service methods and payment methods, in respect of the engineering construction and ancillary services under the 2023-2025 Construction Contracting Framework Agreement; and
- (4) The 2023-2025 Construction Contracting Framework Agreement shall be effective from January 1, 2023 to December 31, 2025 and may be renewed with mutual consent after negotiation.

Pricing policy:

Pursuant to the 2023-2025 Construction Contracting Framework Agreement, the service fees for providing engineering construction and ancillary services by the Group to CRSC Corporation Group and/or its associates will be determined after arm's length negotiations with CRSC Corporation Group and/or its associates with reference to following major factors: (1) availability and cost of raw materials and equipment and machinery, labor, and subcontractors; (2) local guidance prices for the various raw materials and other construction costs provided by the Housing and Urban-Rural Development Bureaus; (3) project progress plans, complexity and scale of the construction project, and the potential adjustment of the scope of work; (4) the geographical location and environmental conditions of the project; and (5) for competitive bidding, assessment and analysis of the relevant functional departments of the Group based on relevant information of the competitors and specific project demand and the impact of the project on the Company's macro strategy.

In order to ensure that the service fees charged by the Group for the provision of engineering contracting services are fair and reasonable and in line with the prevailing market prices, the Group will keep abreast of the current market rates and market conditions, and review the pricing through an independent third-party consulting agency. In addition, the Group will also refer to the fees previously charged for providing similar engineering contracting services to independent third-party customers.

3. Historical amount

For the year ended December 31, 2020, 2021 and 2022, the maximum annual amount of provision of engineering construction and ancillary services by the Group to CRSC Corporation Group and/or its associates under the 2020-2022 Construction Contracting Framework Agreement shall not exceed RMB750,000,000, RMB600,000,000 and RMB550,000,000, respectively.

For the year ended December 31, 2020, 2021 and 2022, the actual amount of engineering construction and ancillary services provided by the Group to CRSC Corporation Group and/or its associates amounted to RMB623,074.8 thousand, RMB292,933.1 thousand and RMB127,910.8 thousand, respectively.

4. Annual caps and basis of determination

Annual caps: For the years ending December 31, 2023, 2024 and 2025, the maximum annual amount of engineering contracting and ancillary services provided by the Group to CRSC Corporation Group and/or its associates shall not exceed the following caps, respectively:

	Proposed annual caps for the year ending December 31,		
	2023	2024	2025
	<i>(RMB' 000)</i>		
Total amount of services to be provided	450,000 ³	400,000	200,000

³ From January 1, 2023 to the date of this announcement, the transaction amount incurred amounted to RMB36,229.6 thousand, the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the transaction amount incurred is less than 0.1%.

Basis of determination: In determining the above annual caps, the Directors have considered: (1) engineering contracting service fees previously paid by CRSC Corporation Group and/or its associates to the Group; (2) expected project contract value and construction progress; (3) the number of projects currently known to the Group requiring engineering contracting services; and (4) new contracting projects in the next three years that the Group expects. In particular:

- (1) In estimating the annual amount of construction contracting services provided to CRSC Corporation Group and/or its associates, the main factors considered by the Company include: (a) the existing agreements entered into between the Group and CRSC Corporation Group and/or its associates, the total contractual amount of such existing agreements, and the Group's estimation of service payment arrangements based on the estimated construction progress during the term of the 2023-2025 Construction Contracting Framework Agreement; and (b) the projected amount and construction progress of contracts between the Group and CRSC Corporation Group and/or its associates for each year ending December 31, 2023, 2024 and 2025; in particular, the total amount of existing contracts and the total amount of contracts to be entered into are estimated based on the Company's cost budget for relevant projects with reference to the gross profit margin of similar projects with independent third parties; the construction progress is estimated based on the Company's similar project experience and construction schedule; and
- (2) The Company expects to carry out two projects from 2023 to 2025. All projects are under construction.

5. Reasons for and benefits of entering into the 2023-2025 Construction Contracting Framework Agreement

Considering that: (1) contracts relating to the engineering construction and ancillary services that the Group entered into with CRSC Corporation Group and/or its associates will continue and bring revenue and profit to the Group; (2) according to project reserve of CRSC Corporation Group and/or its associates, it is expected that CRSC Corporation Group and its associates will have new demand for engineering construction and ancillary services in the future, and will continue to bring revenue and profit to the Group; (3) the pricing of the engineering construction and ancillary services the Group provided to CRSC Corporation Group and/or its associates is fair and on normal commercial terms; and (4) CRSC Corporation Group has a long-term and stable business relationship with the Group, and the strong credit worthiness of CRSC Corporation Group, the Group will be given priority in payment of the Group's service fees in the future.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transactions to be contemplated under the 2023-2025 Construction Contracting Framework Agreement and the annual caps thereunder are entered into on normal commercial terms in the ordinary and usual course of business of the Company, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

III. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRSC Corporation Group holds 62.69% of the issued share capital of the Company and is the controlling shareholder of the Company. Therefore, CRSC Corporation Group is a connected person of the Company. CRSC Corporation Group and its associates constitute connected persons of the Company according to the requirements under Chapter 14A of the Listing Rules. Accordingly, the continuing transactions carried out between the Group and CRSC Corporation Group and/or its associates under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement and the 2023-2025 Construction Contracting Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the purchases of the products by the Group from CRSC Corporation Group under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the proposed annual caps is more than 0.1% but less than 5%, the continuing connected transactions in respect of the purchases of the products by the Group from CRSC Corporation Group under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement shall be subject to the reporting, annual review and announcement requirements, but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In respect of the sales of the products by the Group to CRSC Corporation Group under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the proposed annual caps is less than 0.1%, the continuing connected transactions in respect of the sales of products by the Group to CRSC Corporation Group under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement shall be fully exempted from the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the provision of engineering construction and ancillary services by the Group to CRSC Corporation Group under the 2023-2025 Construction Contracting Framework Agreement, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the proposed annual caps is more than 0.1% but less than 5%, the continuing connected transactions in respect of the provision of engineering construction and ancillary services by the Group to CRSC Corporation Group under the 2023-2025 Construction Contracting Framework Agreement shall be subject to the reporting, annual review and announcement requirements, but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

IV. INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

To regulate the performance of connected transactions of the Company, the Company has formulated the Management Rules for Connected Transactions 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》), and adopted a series of internal control and corporate governance measures in its daily operation. Such measures in relation to the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement and the 2023-2025 Construction Contracting Framework Agreement mainly include the following:

1. Each of the Framework Agreements shall be conducted on a non-exclusive basis;
2. The Company has formulated the Procurement Administrative Measures of China Railway Signal & Communication Corporation Limited* (《中國鐵路通信信號股份有限公司採購管理辦法》), which set out the review policy and management mechanism for pricing of transactions conducted by the Group. The Group's pricing management department is responsible for reviewing the reasonableness, truthfulness and accurateness of the applications of procurement pricing together with relevant materials submitted by the procurement department. When assessing the fairness of the relevant procurement prices, the Group's pricing management department shall refer to the established procurement principles and take various measures such as cost calculation and independent consultations. The person in charge of pricing management department of the Group is responsible for approving procurement pricing caps, which will be recorded in the Group's internal information system by relevant staff for implementation by all business departments;
3. The sales department, project management department and finance department of the Company are responsible for constantly monitoring and reviewing the procurement and sales prices of products to ensure that the pricing of products complies with the principles set out in the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement;
4. The Company's internal audit department is responsible for monitoring and inspecting on the implementation of pricing, and examining and assessing whether the products have been sold or procured on normal or comparable commercial terms by comparing against procurement pricing and budget implementations of products offered by or to CRSC Corporation Group and those available from or to the independent third parties in the market. If the Company's internal audit department is of the view that the pricing of the products offered by or to CRSC Corporation Group is less favourable than that available from or to the independent third parties, it will report the issue to the management of the Company in order to re-consider and re-negotiate the prices of the procurement;
5. The Company's marketing department will conduct industry researches and price quotations every half year to obtain the latest industry standard, market price and breakdowns of costs of different kinds of products, and constantly update the reference resources in the Group's database so as to assess whether the pricing of products under the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement is on normal commercial terms;

6. The Company's finance department is responsible for providing statistical reports on continuing connected transactions under each of the Framework Agreements, explaining the applicable scope of various continuing connected transactions, and proposing reporting requirements, to the finance departments of its subsidiaries, as well as coordinating and monitoring the compliance with the annual caps by its subsidiaries;
7. The Company's finance department and its subsidiaries' finance departments are responsible for summarizing the actual amount of continuing connected transactions of the Company and its subsidiaries incurred under each of the Framework Agreements, respectively, while the subsidiaries' finance departments shall submit reports on continuing connected transactions under each of the Framework Agreements to the Company's finance department on a monthly basis, and the Company's finance department is responsible for verifying, summarizing, analyzing and forecasting such monthly amount of the continuing connected transactions of the Company and its subsidiaries under each of the Framework Agreements;
8. The Company's finance department will strictly control the balance of the annual caps and ensure that the continuing connected transactions under each of the Framework Agreements will not exceed the relevant annual caps; when the statistical data indicates that those actual amounts incurred may exceed the annual caps, the office of the Board of the Company will organize the relevant departments to propose a handling plan as soon as possible and forecast new annual cap amounts, make an application to revise the annual caps pursuant to the relevant procedures, strictly fulfill the disclosure obligations under the Listing Rules, and ensure that the actual amount of the continuing connected transactions incurred under each of the Framework Agreements will not exceed the approved and/or disclosed annual caps before obtaining of the relevant approvals and/or completion of the relevant disclosure;
9. The Company's finance department will work with the office of the Board and report the status of the continuing connected transactions under each of the Framework Agreements to the audit and risk management committee of the Company and the Board at least twice a year;
10. Prior to entering into any specific agreements with CRSC Corporation Group in accordance with each of the Framework Agreements, the Company's legal compliance department will review such agreements to ensure that the principal terms are in line with the relevant terms of each of the Framework Agreements; and

11. The independent non-executive Directors of the Company will review each of the Framework Agreements and the continuing connected transactions to be contemplated thereunder to ensure that such agreement is entered into on normal commercial terms, is fair and reasonable and conducted in accordance with the terms of such agreements. Meanwhile, the auditor of the Company will also conduct annual review of the pricing and annual caps for such continuing connected transactions.

The Directors (including the independent non-executive Directors), after taking into account the pricing policies, basis of determining annual caps, reasons and benefits as well as the internal control procedures, are of the view that the terms of the transactions to be contemplated under each of the Framework Agreements and the annual caps thereunder are entered into on normal commercial terms in the ordinary and usual course of business of the Company, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Meanwhile, the Company believes that it has formulated sufficient mechanisms, internal control procedures and external supervision measures, to ensure that the continuing connected transactions comply with and strictly follow the relevant regulatory guidelines and the terms of each of the Framework Agreements.

V. OPINIONS OF THE BOARD

Mr. ZHOU Zhiliang, Mr. XU Zongxiang and Mr. ZHANG Quan hold positions of directors in CRSC Corporation Group, and thus are deemed to be materially interested in the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement and the 2023-2025 Construction Contracting Framework Agreement and the transactions to be contemplated thereunder. Accordingly, they have abstained from voting on the resolutions of the Board for approving such transactions. Save as disclosed above, none of the other Directors has material interests in such transactions and is required to abstain from voting on the resolutions of the Board for considering and approving such transactions.

The Directors (including the independent non-executive Directors), after taking into account the pricing policies, basis of determining annual caps, reasons and benefits as well as internal control procedures, are of the view that the terms of the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement, the 2023-2025 Construction Contracting Framework Agreement, the transactions to be contemplated thereunder and the annual caps thereunder are entered into on normal commercial terms in the ordinary and usual course of business of the Company, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The aforesaid Directors who are materially interested in such transactions have abstained from voting on the resolutions to approve such transactions at the Board meeting.

VI. GENERAL

1. Information on the Company

The Company is a joint stock limited liability company established in the PRC on December 29, 2010. The principal business activities of the Company include design and integration of rail transit control systems, equipment manufacturing, system delivery business and construction contracting services and others.

2. Information on CRSC Corporation Group

CRSC Corporation Group is a wholly state-owned enterprise approved to be established by the former Ministry of Railway of the PRC (中國鐵道部) on May 8, 1981 and registered in the PRC on January 7, 1984, and is the sole controlling shareholder and one of the promoters of the Company. The principal business activities of CRSC Corporation Group include manufacturing of accessory parts and provision of services and provision of property leasing services for the Group. The ultimate beneficial owner of CRSC Corporation Group is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會).

VII. DEFINITIONS

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

“2020-2022 Construction Contracting Framework Agreement”	the construction contracting framework agreement entered into between the Company and CRSC Corporation Group on March 25, 2020 (after trading hours)
“2020-2022 CRSC Corporation Group Purchases and Sales Framework Agreement”	the purchases and sales framework agreement entered into between the Company and CRSC Corporation Group on March 25, 2020
“2023-2025 Construction Contracting Framework Agreement”	the construction contracting framework agreement entered into between the Company and CRSC Corporation Group on May 23, 2023 (after trading hours)
“2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement”	the purchases and sales framework agreement entered into between the Company and CRSC Corporation Group on May 23, 2023 (after trading hours)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company

“Company”	China Railway Signal & Communication Corporation Limited* (中國鐵路通信信號股份有限公司), a joint stock limited liability company incorporated in the PRC on December 29, 2010
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“CRSC Corporation Group”	collectively, China Railway Signal & Communication Corporation (中國鐵路通信信號集團公司) and/or its subsidiaries (excluding the Group), China Railway Signal & Communication Corporation is a wholly state-owned enterprise approved to be established by the former Ministry of Railway of the PRC (中國鐵道部) on May 8, 1981 and registered in the PRC on January 7, 1984, and the sole controlling shareholder and one of the promoters of the Company
“Director(s)”	the director(s) of the Company
“Framework Agreements”	the 2023-2025 CRSC Corporation Group Purchases and Sales Framework Agreement and the 2023-2025 Construction Contracting Framework Agreement
“Group”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require), or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company with nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on The Stock Exchange of Hong Kong Limited
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

“PRC” or “China”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Reorganization”	Pursuant to the relevant approval of the State-owned Assets Supervision and Administration Commission of the State Council in 2010 on the restructuring of CRSC Corporation Group and the sponsor agreement dated December 2, 2010, the Company was established as a joint stock limited company on December 29, 2010. CRSC Corporation Group injected into the Company assets relating to the business of the rail transportation control system accordingly
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“%”	%

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

Beijing, the PRC
May 23, 2023

As at the date of this announcement, the executive directors of the Company are Mr. ZHOU Zhiliang, Mr. XU Zongxiang and Mr. ZHANG Quan, the non-executive director of the Company is Mr. GUO Yonghong, and the independent non-executive directors of the Company are Mr. YAO Guiqing, Mr. YAO Cho Fai Andrew and Mr. FU Junyuan.

* *For identification purpose only*