
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in China Railway Signal & Communication Corporation Limited*, you should at once hand this circular and the enclosed form of proxy for the AGM to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).



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)

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2020**
- (2) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2020**
- (3) 2020 ANNUAL REPORT**
- (4) FINANCIAL REPORT FOR 2020**
- (5) PROFITS DISTRIBUTION PLAN FOR 2020**
- (6) APPOINTMENT OF AUDITORS FOR 2021**
- (7) REMUNERATIONS FOR DIRECTORS AND SUPERVISORS OF THE COMPANY IN 2020**
- (8) GENERAL AUTHORIZATION FOR THE ISSUANCE OF DEBT FINANCING INSTRUMENTS**
- AND**
- (9) NOTICE OF 2020 ANNUAL GENERAL MEETING**

A letter from the Board is set out on pages 3 to 15 of this circular.

The AGM of the Company will be held at 10:00 a.m. on Friday, 11 June 2021 at Meeting Room, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC. The notice to convene the AGM has been dispatched on 12 May 2021 and is set out on pages 16 to 18 of this circular. The form of proxy for use at the AGM is also enclosed. The form of proxy for the AGM is also published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.crsc.cn).

Whether or not you propose to attend the AGM, H Shareholders of the Company are requested to complete the form of proxy for the AGM in accordance with the instruction printed thereon and return them to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof, i.e. not later than 10:00 a.m. on Thursday, 10 June 2021. Completion and return of the form of proxy for the AGM will not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish.

* *For identification purpose only.*

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DEFINITIONS

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

“A Share(s)”	ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in RMB and listed on the Shanghai Stock Exchange
“A Shareholder(s)”	holder(s) of A Share(s) of the Company
“AGM”	the annual general meeting of the Company for the year 2020 to be convened and held at 10:00 a.m. on Friday, 11 June 2021 at Meeting Room, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Board” or “Board of Directors”	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)
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and International Offering and the listing on the Main Board of the Stock Exchange in relation to H Shares of the Company, details of which are set out in the prospectus
“H Share(s)”	overseas listed foreign share(s) in the Company’s ordinary share capital with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in HK dollars
“H Shareholder(s)”	holder(s) of H Share(s) of the Company
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“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 circular excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“proceeds”	the net proceeds from the Global Offering of the Company
“prospectus”	the H Share prospectus of the Company dated 28 July 2015
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	A Shareholder(s) and/or H Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	Percent

LETTER FROM THE BOARD



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)

Chairman of the Board and Executive Director:

Mr. ZHOU Zhiliang

Executive Directors:

Mr. XU Zongxiang

Mr. YANG Yongsheng

Non-executive Director:

Mr. GUO Yonghong

Independent non-executive Directors:

Mr. CHEN Jin'en

Mr. CHAN Ka Keung Peter

Mr. YAO Guiqing

Registered address:

20th Floor, Building A

CRSC Building

1 Compound, Automobile

Museum South Road

Fengtai District

Beijing, PRC

Principal place of business

in the PRC:

CRSC Building

1 Compound, Automobile

Museum South Road

Fengtai District

Beijing, PRC

Principal place of business

in Hong Kong:

40th Floor, Dah Sing Financial Centre

248 Queen's Road East

Wan Chai

Hong Kong

To the Shareholders

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2020**
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COMPANY IN 2020
(8) GENERAL AUTHORIZATION FOR THE ISSUANCE OF DEBT
FINANCING INSTRUMENTS
AND
(9) NOTICE OF 2020 ANNUAL GENERAL MEETING

* For identification purpose only.

LETTER FROM THE BOARD

I. INTRODUCTION

The AGM of the Company will be held at 10:00 a.m. on Friday, 11 June 2021 at Meeting Room, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC. The notice of convening the AGM has been dispatched on 12 May 2021 and is set out on pages 16 to 18 of this circular.

The purpose of this circular is to provide you with details of the resolutions to be proposed for you to consider and approve as ordinary resolutions or special resolutions at the AGM, as the case may be, and to provide relevant information to enable you to make an informed decision on whether to vote for or against or abstain from voting at those resolutions. Such resolutions and details are set out in the letter from the Board.

II. MATTERS TO BE RESOLVED AT THE AGM

Ordinary Resolutions

1. *Work Report of the Board of Directors for 2020*

An ordinary resolution will be proposed at the AGM to approve the work report of the Board of Directors for 2020, the full text of which is included in Appendix I to this circular.

2. *Work Report of the Supervisory Committee for 2020*

An ordinary resolution will be proposed at the AGM to approve the work report of the Supervisory Committee for 2020, the full text of which is set out in Appendix II to this circular.

3. *2020 Annual Report*

An ordinary resolution will be proposed at the AGM to approve the 2020 annual report, the full text of which was published on the HKEXnews website of the Stock Exchange and the Company's website on 28 April 2021.

LETTER FROM THE BOARD

4. *Financial Report for 2020*

An ordinary resolution will be proposed at the AGM to approve the financial report for 2020.

The Company has prepared the 2020 financial statements and notes, and has appointed Ernst & Young Hua Ming LLP to audit the Company's financial statements as of 31 December 2020. Ernst & Young Hua Ming LLP considered that the Company's financial statements were prepared in compliance with the provisions of the Enterprise Accounting Standards formulated by the Ministry of Finance of the PRC in all material aspects, which fairly reflected the Company's consolidated financial position and the Company's financial position on 31 December 2020, and the consolidated operating results, the operating results of the Company, the combined cash flows and the Company's cash flows of 2020. Details of the above statements are set out in the Company's 2020 annual report published on the HKEXnews website of the Stock Exchange and the website of the Company on 28 April 2021.

5. *Profits Distribution Plan for 2020*

An ordinary resolution will be proposed at the AGM to approve the profits distribution plan for 2020 of the Company.

As audited by Ernst & Young Hua Ming LLP, the Company (the parent company) realized a net profit of RMB2,554.785 million for 2020, with retained earnings at the beginning of the year being RMB2,149.776 million. After withdrawing statutory surplus reserve fund at 10% of its net profit and distribution of dividends, the profit available for distribution at the end of 2020 was RMB2,140.392 million.

The Board of Directors reviewed and approved the Profits Distribution Plan for 2020 of the Company on 26 March 2021. According to the Profits Distribution Plan of the Company, the dividend for 2020 is proposed to be distributed to all Shareholders in cash at RMB0.2 per Share (tax inclusive) by the Company based on the total issued share capital of 10,589,819,000 Shares after A + H Shares listing. In particular: domestic Shareholders will be paid in RMB; H Shareholders will be paid in HK dollars. The exchange rate of HK dollars will be calculated in accordance with the average closing price for foreign exchange published by the People's Bank of China three working days prior to the date on which the dividend is declared. A total cash dividend of RMB2,117,963,800 will be distributed, accounting for 55.5% of the net profit attributable to the owners of the parent company in the consolidated statements of the Company for 2020. If the total share capital of the Company changes before the record date(s) for the implementation of the equity distribution, the Company intends to maintain the distribution amount per Share unchanged and adjust the total distribution amount accordingly. Independent Directors of the Company performed duties diligently and carefully reviewed and expressed independent opinions on the proposal concerning cash dividend policies.

LETTER FROM THE BOARD

It is also proposed at the AGM to authorize the Board to implement the general matters relating to the profit distribution unconditionally, and the Board to further authorize the Chairman of the Board and President of the Company for specific implementation, and to deal with the matters relating to tax withholding in accordance with the requirements of relevant laws, regulations and regulatory authorities.

If the proposal is approved by the AGM upon consideration, the said cash dividend will be distributed on 15 July 2020 to H Shareholders whose names appear on the Company's register of Shareholders on Tuesday, 22 June 2021.

In order to ascertain the entitlements of the Shareholders to receive a proposed cash dividend, transfer of Shares will be closed from Friday, 18 June 2021 to Tuesday, 22 June 2021 (both days inclusive). To be eligible to receive the aforesaid cash dividend, the transfer documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H Shareholders of the Company no later than 4:30 p.m. on Thursday, 17 June 2021.

Withholding and Payment of Cash Dividend Income Tax on behalf of Shareholders

Cash dividend income tax applicable to overseas Shareholders

Withholding and Payment of PRC Enterprise Income Tax ("EIT") on behalf of Overseas Non-Resident Enterprise Shareholders

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementing rules and the requirements under the Notice on the Issues Concerning Withholding and Payment of the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the State Administration of Taxation, the Company will withhold and pay EIT at the rate of 10% when it distributes the cash dividend to overseas non-resident enterprise holders of H Shares (including any H Shares of the Company registered in the name of HKSCC Nominees Limited, but excluding any H Shares of the Company registered in the name of HKSCC Nominees Limited which are held by China Securities Depository and Clearing Corporation Limited as nominee Shareholder on behalf of investors who invest in the H Shares of the Company through Shanghai – Hong Kong Stock Connect).

LETTER FROM THE BOARD

Withholding and Payment of Individual Income Tax on behalf of Overseas Individual Shareholders

Pursuant to the applicable provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementing rules, the Tax Notice (《稅收通知》), the Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other relevant laws, regulations and requirements under normative documents, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of the overseas individual H Shareholders:

- For individual H Shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shareholders in the distribution of the cash dividend;
- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shareholders in the distribution of the cash dividend. If relevant individual H Shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice. Qualified Shareholders please submit in time a letter of entrustment and all application materials as required under the Tax Notice to the Company's H share registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to the competent tax authorities and, after their examination and if and when the documents are approved, the Company will assist in refunding the excess amount of tax withheld and paid;
- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual H Shareholders in the distribution of the cash dividend; and
- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual H Shareholders in the distribution of the cash dividend.

LETTER FROM THE BOARD

Cash dividend income tax applicable to Shareholders in Mainland China investing in H Shares of the Company through Southbound Trading Link

Withholding and Payment of Individual Income Tax on behalf of Domestic Individual Shareholders Investing through Southbound Trading Link

- Shanghai – Hong Kong Stock Connect: Pursuant to the Notice on Tax Policies for Shanghai – Hong Kong Stock Connect Pilot Program (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for domestic individual Shareholders who invest in H Shares of the Company through Shanghai – Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee Shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend. For domestic Shareholders who are securities investment funds investing in H Shares of the Company through Shanghai – Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee Shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend.
- Shenzhen – Hong Kong Stock Connect: Pursuant to the Notice on Tax Policies for Shenzhen – Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for domestic individual Shareholders who invest in H Shares of the Company through Shenzhen – Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee Shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend. For domestic Shareholders who are securities investment funds investing in H Shares of the Company through Shenzhen – Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee Shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend.

No Withholding and Payment of EIT on behalf of Domestic Enterprise Shareholders Investing through Southbound Trading Link

- Shanghai – Hong Kong Stock Connect: Pursuant to the Notice on Tax Policies for Shanghai – Hong Kong Stock Connect Pilot Program (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for domestic enterprise Shareholders who invest in H Shares of the Company through Shanghai – Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and

LETTER FROM THE BOARD

Clearing Corporation Limited as nominee Shareholder), the Company will not withhold or pay EIT on their behalf in the distribution of cash dividends, and the domestic enterprise Shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H Shares of the Company which have been continuously held by a domestic enterprise Shareholder for 12 months shall be exempted from EIT.

- Shenzhen – Hong Kong Stock Connect: Pursuant to the Notice on Tax Policies for Shenzhen – Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for domestic enterprise Shareholders who invest in H Shares of the Company through Shenzhen – Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee Shareholder), the Company will not withhold or pay EIT on their behalf in the distribution of cash dividends, and the domestic enterprise Shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H Shares of the Company which have been continuously held by a domestic enterprise Shareholder for 12 months shall be exempted from EIT.

H Shareholders of the Company are recommended to consult their own tax advisors on the relevant tax impact in China, Hong Kong and other countries (regions) on the possession and disposal of H Shares of the Company.

The time arrangement such as record date and the cash payment date of Shanghai – Hong Kong Stock Connect and Shenzhen – Hong Kong Stock Connect investors is in line with H Shareholders of the Company.

6. *Appointment of Auditors for 2021*

An ordinary resolution will be proposed at the AGM to approve the appointment of auditors for 2021.

According to the requirements of relevant laws and regulations and the Articles of Association, the Company intends to re-appoint Ernst & Young Hua Ming LLP and Baker Tilly China Certified Public Accountants as the Company's financial statements auditors for 2021, and the Company intends to re-appoint Ernst & Young Hua Ming LLP as the Company's internal control auditor for 2021, with a term of one year. It is also proposed to the Shareholders' general meeting to authorize the Board to determine the 2021 annual audit fee according to the specific workload of the auditor and the market price level.

LETTER FROM THE BOARD

7. *Remunerations for Directors and Supervisors of the Company in 2020*

An ordinary resolution will be proposed at the AGM to approve the remuneration plan for the Directors and Supervisors of the Company in 2020, and authorize the human resources department of the Company to perform the details of such plan.

The remuneration and benefit standards for Directors and Supervisors of the Company in 2020 are reported as follows according to such laws and regulations as the Company Law of the People's Republic of China, the Standards for the Governance of Listed Companies and securities regulatory requirements of mainland China and Hong Kong:

1. The remuneration and benefit standards for executive Directors: total pre-tax remunerations (including basic salaries and performance-based salaries) + social insurances ("insurances and housing provident fund" paid by the Company for individuals) + annuity (supplementary pension insurance paid by the Company for individuals).
2. Total pre-tax remunerations for independent non-executive Directors consist of basic remunerations, allowances for attending Board meetings, allowances for attending meetings of special committees under the Board, of which basic pre-tax annual remunerations for Directors of special committees and other independent non-executive Directors are RMB100,000 and RMB80,000, respectively; and pre-tax allowances for attending Board meetings and meetings of special committees are RMB3,000/time and RMB2,000/time, respectively.
3. The remuneration standards for an independent non-executive Director served by a person-in-charge of a central enterprise leaving his current post, including leaders of state-owned enterprises, state-owned financial enterprises and other units and their internal institutions and subsidiaries, shall be implemented in accordance with the Notice on Salary Allowances for External Directors Served by Persons-in-charge of Central Enterprises Leaving Their Current Posts (Guo Zi [2016] No. 531) (《關於退出現職的中央企業負責人擔任外部董事發放工資補貼有關事項的通知》(國資[2016]531號)) and Notice on Adjusting the Work Allowances Standards for Retired Persons in Charge of Central Enterprises as Outside Directors (Guoziting Kao Fen [2020] No. 187) (《關於調整退出現職的中央企業負責人擔任外部董事工作補貼標準的通知》(國資廳考分[2020]187號)). The pre-tax work allowance is pre-paid at RMB5,000/month per person. When the annual performance evaluation result is determined, it will be cleared and cashed according to the corresponding standards. If the annual performance evaluation result is excellent, the pre-tax work allowance standard is RMB100,000/year; if the evaluation result is good, the pre-tax work allowance standard is RMB80,000/year; and if the evaluation result is basically competent or below, the pre-tax work allowance standard is RMB60,000/year, and no meeting allowance in any form is received.

LETTER FROM THE BOARD

4. The remuneration and benefit standards for Supervisors: total pre-tax remunerations (including post-based salaries and performance-based salaries) + social insurances (“insurances and housing provident fund” paid by the Company for individuals) + annuity (supplementary pension insurance paid by the Company for individuals).

It should be noted that Supervisor LI Tienan and former Supervisor WU Zuowei did not receive remuneration and benefits from the Company.

For details, please refer to Appendix III of this circular for the remunerations and benefits for Directors and Supervisors of the Company in 2020 formulated on an annual-term basis. Remuneration and benefit standards should strictly comply with the regulations related to the remuneration management of persons-in-charge and external directors of central enterprises under the State-owned Assets Supervision and Administration Commission of the State Council, the regulations related to internal remuneration evaluation management in the Company, and state-owned asset and securities regulatory policies and requirements.

Special Resolution

8. *General Authorization for the Issuance of Debt Financing Instruments*

A special resolution will be proposed at the AGM to approve the general authorization for the issuance of debt financing instruments.

To further expand financing channels, to take full advantage of the financing environment of capital markets and to control financing costs, the Company proposes to issue, in one batch or in batches, one or several types of debt financing instruments, including but not limited to corporate bonds, company bonds, super short-term financing bills, short-term financing bills, medium-term notes, private placements of debt financing instruments, perpetual bonds and other domestic or foreign debt financing instruments in RMB or foreign currencies permitted by regulatory authorities. To grasp the favourable timing of the market, the Board proposes to apply for the general authorization for issuance of the aforesaid debt financing instruments with details as follows:

Issuers:	Domestic debt financing instruments will be issued by the Company or its subsidiaries; offshore debt financing instruments will be issued by the Company or its overseas subsidiaries
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LETTER FROM THE BOARD

Size of issuance:	Except for bonds in issue of the Company, the size of issuance of domestic and offshore debt financing instruments in total shall not exceed RMB5 billion (inclusive of RMB5 billion, calculated based on the outstanding balance at the time of the issuance and, in the case where the instrument is denominated in a foreign currency, reference would be made to the median rate for the exchange rates as quoted by the People's Bank of China on the date of such issuance)
Methods of issuance:	One-off or multi-tranche issuance basis through public offerings or private placements
Targeting subscribers and subscription arrangement:	Onshore and offshore investors meeting the conditions for subscription (except for the case of the issuance of corporate bonds (if any), Shareholders)
Category(ies):	Onshore and offshore debt financing instruments can take the form of single term debenture or a combination of multiple categories with different terms. The specific composition of such terms and the issue size of each category with a specific term will be determined in accordance with relevant requirements and the market conditions, and the issue size of each category of debentures shall not exceed the limit applicable to the issue of such category of debentures by the Company in accordance with relevant requirements of PRC
Use of proceeds:	The proceeds to be raised from such issuance will be used to satisfy the production and operation needs of the Company, replenish working capital of the Company and/or make project investments etc.

LETTER FROM THE BOARD

Validity term of the resolution: From the date of approval of this resolution at the AGM to the date of expiry of twelve months therefrom. Where the Company has resolved to implement the issue or part of the issue and has also obtained the approval(s), permit(s) or registration(s) from regulatory authorities for such issuance within the above validity term of the resolution, the Company may complete the issuance within the validity period determined under such approval(s), permit(s) or registration(s)

The Board requests the grant of a general and unconditional authorization to the Board at the AGM and to approve the Board to further authorize the management of the Company at their sole discretion to deal with all matters relating to the issuance of the onshore and offshore debt financing instruments according to specific needs of the Company and other market conditions during the validity term of the resolution, including but not limited to:

- (1) determining the type(s), specific category(ies), specific terms and conditions as well as other matters of the debt financing instruments based on specific conditions of the Company and relevant debt markets, including but not limited to all the matters relating to the issuance such as the size of issue, actual total amount, currency, issue price, interest rate or the determination method thereof, place of issue, timing of issue, term(s), whether to issue in tranches and the number of tranches, whether to adopt any terms for repurchase and redemption, rating arrangements, guarantee matters, term of repayment of the principal and interests, use of proceeds, as well as listing and underwriting arrangements according to applicable laws, regulations and relevant provisions from the regulatory authorities as well as resolutions passed at the AGM for such purposes;
- (2) carrying out all necessary and incidental actions and procedures for the issuance of the debt financing instruments, including but not limited to, providing necessary guarantee for issuance of debt securities by subsidiaries, engaging intermediary agencies to handle, on behalf of the Company, application for the approval, registration, filing and other procedures relating to the issuance with relevant regulatory authorities, executing all necessary legal documents relating to the issuance and dealing with other matters relating to the issuance and trading of the debt financing instruments; approving, confirming and ratifying any of the aforesaid actions and procedures relating to the issuance of the debt securities to the extent already taken by the Company;
- (3) executing and publishing or dispatching relevant announcement(s) and circular(s) in relation to the issuance of the debt financing instruments and complying with, if necessary, any relevant information disclosure and/or approval procedures, pursuant to the relevant laws and regulations and requirements of relevant domestic and overseas regulatory authorities;

LETTER FROM THE BOARD

- (4) making relevant adjustments to the relevant matters of the issuance of the debt financing instruments and determining whether to proceed with the issuance according to actual condition with reference to the opinions from relevant domestic regulatory authorities, the changes in policies or market conditions within the scope of the authorization of the AGM, unless such adjustments and decision are subject to re-voting at a general meeting of the Company according to relevant laws and regulations and the Articles of Association;
- (5) if necessary, determining and dealing with the listing of the debt financing instruments in issue and relevant matters after issuance;
- (6) dealing with any other specific matters in relation to the issuance of the debt financing instruments and to execute all the required documents.

III. THE AGM AND VOTING METHOD

The AGM of the Company will be held at 10:00 a.m. on Friday, 11 June 2021 at Meeting Room, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC. The notice to convene the AGM has been dispatched on 12 May 2021 and is set out on pages 16 to 18 of this circular. The form of proxy for use at the AGM is also enclosed. The form of proxy for the AGM is also published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.crsc.cn).

Whether or not you propose to attend the AGM, the Company's H Shareholders are requested to complete the form of proxy for the AGM in accordance with the instruction printed thereon and return them to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof, i.e. not later than 10:00 a.m. on Thursday, 10 June 2021. Completion and return of the form of proxy for the AGM will not preclude the Shareholders from attending and voting in person at the AGM or any adjournment thereof if they so wish, in which case the form of proxy for the AGM will be deemed as having been revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, all the resolutions set out in the notice of the AGM shall be voted by poll. Votes may be given either personally or by proxy.

LETTER FROM THE BOARD

IV. CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements of the Shareholders to attend the AGM, the register of members of the Company will be closed from Friday, 4 June 2021 to Friday, 11 June 2021 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to attend and vote at the AGM, all transfer documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares of the Company no later than 4:30 p.m. on Thursday, 3 June 2021.

In order to ascertain the entitlements of the Shareholders to receive a proposed cash dividend, transfer of Shares will be closed from Friday, 18 June 2021 to Tuesday, 22 June 2021 (both days inclusive). To be eligible to receive the aforesaid cash dividend, the transfer documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H Shareholders of the Company no later than 4:30 p.m. on Thursday, 17 June 2021. Those H Shareholders whose names appear on the register of Shareholders of the Company on Tuesday, 22 June 2021 will be entitled to a cash dividend (subject to approval by Shareholders at the AGM).

V. RECOMMENDATION

The Board considers that the above-mentioned resolutions are in the interests of the Company and the Shareholders as a whole, and thereby recommends the Shareholders to vote in favour of the resolutions at the AGM.

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

12 May 2021

NOTICE OF 2020 ANNUAL GENERAL MEETING

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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)

NOTICE OF 2020 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “AGM”) for the year 2020 of China Railway Signal & Communication Corporation Limited* (the “Company”) will be held at 10:00 a.m. on Friday, 11 June 2021 at Meeting Room, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the People's Republic of China (the “PRC”) for the purpose of considering, among others, and if thought fit, passing the following resolutions.

Ordinary Resolutions

1. Resolution on the Work Report of the Board of Directors for 2020 of China Railway Signal & Communication Corporation Limited*
2. Resolution on the Work Report of the Supervisory Committee for 2020 of China Railway Signal & Communication Corporation Limited*
3. Resolution on the 2020 Annual Report of China Railway Signal & Communication Corporation Limited*
4. Resolution on the Financial Report for 2020 of China Railway Signal & Communication Corporation Limited*
5. Resolution on the Profits Distribution Plan for 2020 of China Railway Signal & Communication Corporation Limited*
6. Resolution on Appointment of Auditors for 2021
7. Resolution on Remunerations for Directors and Supervisors of the Company in 2020

NOTICE OF 2020 ANNUAL GENERAL MEETING

Special Resolution

8. Resolution on General Authorization for the Issuance of Debt Financing Instruments

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

Beijing, the PRC, 12 May 2021

* *For identification purpose only.*

NOTICE OF 2020 ANNUAL GENERAL MEETING

Notes:

- (A) The register of members is closed from Friday, 4 June 2021 to Friday, 11 June 2021 (both days inclusive), during which period no transfer of the H Shares will be effected. Holders of H Shares of the Company whose names appear on the register of H Shares of the Company kept at Computershare Hong Kong Investor Services Limited on Friday, 11 June 2021 are entitled to attend and vote at the AGM following completion of the registration procedures. To qualify for attendance and voting at the AGM, documents on transfers of H Shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares of the Company no later than 4:30 p.m. on Thursday, 3 June 2021.

In order to ascertain the entitlements of a proposed cash dividend, transfer of Shares will be closed from Friday, 18 June 2021 to Tuesday, 22 June 2021 (both days inclusive). To be eligible to receive the aforesaid cash dividend, the transfer documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares of the Company no later than 4:30 p.m. on Thursday, 17 June 2021. Those holders of H Shares whose names appear on the register of Shareholders of the Company on Tuesday, 22 June 2021 will be entitled to a cash dividend (subject to adoption by Shareholders at the AGM).

- (B) Each Shareholder entitled to attend and vote at the AGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the AGM on its behalf. A proxy need not be a Shareholder of the Company. With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (C) A proxy shall be appointed by a Shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its legal representative or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.
- (D) To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in Note (C) above must be delivered, in person or by post, to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) not less than 24 hours before the time appointed for the AGM or any adjournment thereof (as the case may be), i.e. not later than 10:00 a.m. on Thursday, 10 June 2021. Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the meeting if he so desires.
- (E) A Shareholder or his/her proxy should produce proof of identity when attending the AGM. Where a Shareholder is a legal person, the legal representative of that Shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the authorization documents of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.
- (F) The AGM is expected to last for not more than half a day. Shareholders who attend the AGM shall bear their own travelling and accommodation expenses.

As of the date of this notice, the executive Directors of the Company are Mr. ZHOU Zhiliang, Mr. XU Zongxiang and Mr. YANG Yongsheng, the non-executive Director of the Company is Mr. GUO Yonghong and the independent non-executive Directors of the Company are Mr. CHEN Jin'en, Mr. CHAN Ka Keung Peter and Mr. YAO Guiqing.

**WORK REPORT OF THE BOARD OF DIRECTORS FOR 2020 OF
CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED***

According to the Articles of Association of China Railway Signal & Communication Corporation Limited* (《中國鐵路通信信號股份有限公司章程》) and the Rules of Procedure for 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》), the Work Report of the Board of Directors for 2020 of China Railway Signal & Communication Corporation Limited* (《中國鐵路通信信號股份有限公司2020年度董事會工作報告》) is hereby reported to the Shareholders' general meeting.

In 2020, in the face of the impact of the epidemic and the complicated and volatile development environment, the Board of Directors of China Railway Signal & Communication Corporation Limited* (hereinafter referred to as the “**Company**”) adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, earnestly performed the responsibilities entrusted by the Company Law, the Articles of Association and the Rules of Procedure for the Board of Directors, firmly implemented the new development concept and the requirements for high-quality development, made scientific decisions and prevented risks. Besides, the Company worked diligently to promote its smooth and orderly operation, the steady advancement of reform and the continuous improvement of governance level. The Work Report of the Board of Directors for 2020 is hereby reported as follows:

I. WE EARNESTLY STUDIED AND IMPLEMENTED XI JINPING THOUGHT ON SOCIALISM WITH CHINESE CHARACTERISTICS FOR A NEW ERA, AND FULLY IMPLEMENTED THE DECISIONS OF THE CPC CENTRAL COMMITTEE AND THE STATE-OWNED ASSETS SUPERVISION AND ADMINISTRATION COMMISSION (SASAC)

(I) We fulfilled our mission and strove for effective epidemic prevention and control while promoting production and operation

Under the leadership of the Party Committee and the Board of Directors of the Company, CRSC firmly implemented the spirit of General Secretary Xi Jinping's important speech and instructions on comprehensively advancing epidemic prevention and control and social and economic development, and actively responded to the epidemic in a scientific manner. There were no “infected, suspected and confirmed case” among over 20,000 cadres and employees of more than 400 projects of the Company at home and abroad. On the premise of ensuring effective epidemic prevention and control, the Company promoted the resumption of work and production in an orderly manner, and rapidly advanced production and operation. In 2020, the value of newly-signed contracts amounted to RMB71.452 billion, a year-on-year increase of 1.2%; the Company realized revenue of RMB40.124 billion, representing a year-on-year decrease of 3.65%; total profits of RMB5.036 billion, representing a year-on-year increase of 0.17%; a net profit of RMB4.239 billion, representing a year-on-year increase of 1.49%, successfully accomplishing its goals to maintain a positive growth in its corporate revenue while at a faster pace.

(II) We adhered to innovation-driven development and improved scientific research capability

The Board of Directors continued to strengthen technological innovation. In 2020, it spent RMB1.734 billion on R&D, representing a year-on-year increase of 8.21%, and scientific and technological input accounted for 4.32% of its revenue, representing a year-on-year increase of 0.47 percentage point. In 2020, there were 779 newly authorized patents, representing a year-on-year increase of 43%, 256 newly granted invention patents, representing a year-on-year surge of 167%, and 80 newly applied PCT patents in Europe and Asia Pacific, representing a year-on-year rise of 23%. A total of 38 awards above provincial and ministerial level were obtained throughout the year. We won the Silver Award of China Patent Award for two consecutive years. All the products of autonomous train control system have passed the European Union's Technical Specification for Interoperability certification, clearing the technical specification barrier for entry into the European market. Two subsidiaries were awarded national single champion in the manufacturing industry. The Company established the first engineering research center for intelligent control of autonomous train operation in the railway industry, sped up the deployment for the construction of national science and technology innovation bases, and promoted the transformation and industrialization of scientific and technological achievements.

(III) We focused on the implementation of reform and pushed forward the comprehensive deepening of reform

The Board of Directors resolutely implemented General Secretary Xi Jinping's important statement on comprehensively deepening reform and the reform plans of the CPC Central Committee and the SASAC, and unwaveringly promoted the implementation of reform. **The Company further carried out special reform projects.** Four "double hundred" enterprises and demonstration enterprises of "science and technology reform" improved the market-oriented business operation mechanism, implemented the tenure system and contract-based management for managers, and energetically practiced the professional manager system. **The Company explored medium- and long-term incentives.** Three technology-based subsidiaries worked out post-based dividend distribution plans for key technical personnel and operation and management personnel. **The Company steadily promoted the mixed-ownership reform and equity diversification reform.** Four subsidiaries set up joint ventures with social capitals to achieve complementary advantages of resources and technology.

II. DEVELOPMENT OF THE BOARD OF DIRECTORS

(I) Reasonable governance structure and standardized operation

The third session of the Board of Directors of the Company consists of seven Directors with rich experience, including three executive Directors and four independent non-executive Directors. The structure is reasonable with more external directors than internal directors. In February 2020, the Board of Directors held an extraordinary general meeting in the shortest possible time to hold a by-election for one director. The Company has established five special committees under the Board of Directors, including the Strategy and Investment Committee, the Remuneration and Evaluation Committee, the Nomination Committee, the Audit and Risk Management Committee, and the Quality and Safety Committee. Members of the Remuneration and Evaluation Committee and the Audit and Risk Management Committee were all held by external directors, who accounted for the majority of the other three special committees, ensuring that external directors fully express their opinions and perform their duties efficiently.

(II) Strengthened policy constraints and clear boundaries of rights and responsibilities

The Company revised the Articles of Association, and refined the decision-making list of “Three Importance and One Greatness” items. According to the requirements of the Guidelines for the Articles of Association of Listed Companies issued by CSRC, the Company revised and improved the Articles of Association to integrate the Party’s leadership into corporate governance. Based on the actual conditions of the Company, the Company refined the decision-making list of “Three Importance and One Greatness” with the number of items increasing from 46 to 122, and further clarified the boundaries of rights and responsibilities of governance entities. **The Company provided clear and sufficient authorization to the management.** In 2020, the Board of Directors authorized the management to make four decisions: operating investment with a single investment amount of more than RMB500 million but no more than 5% of the latest audited net assets of the Company, overseas investment with single investment amount of more than RMB300 million but no more than 5% of the latest audited net assets of the Company, fixed asset investment and equity investment projects.

(III) Effective duty performance and coordinated operation in accordance with laws and regulations

The Board of Directors of the Company convened the general meeting and the Board meeting in strict accordance with the domestic and overseas listing regulatory requirements and the Articles of Association. The Board of Directors voluntarily accepted the supervision of the Supervisory Committee, and all Supervisors attended the Board of Directors as nonvoting delegates. For matters subject to review by independent Directors, independent Directors reviewed the matters in accordance with the Listing Rules, the

Working Rules for Independent Directors and other requirements, and fully expressed independent opinions. In 2020, the Company held seven meetings of the Board of Directors, considered and approved 29 proposals on regular report, profit distribution, related party transactions, amendments to the Articles of Association and major investments; held two general meetings, considered and approved 18 proposals; and held eight meetings of special committees. The Board of Directors earnestly implemented the requirements of Party Committee on pre-study and discussion of major decision-making issues, strictly checked the decision-making list of “Three Importance and One Greatness”, and all the pre-study topics that shall be performed by the Party Committee subject to the Party Committee’s preliminary procedure. A corporate governance mechanism featuring “leadership of the Party Committee, strategic decision-making of the Board of Directors, supervision by the Supervisory Committee according to law, and operation authorized by the management” has been established to ensure that all governance bodies perform their respective duties, perform their respective responsibilities, operate in a coordinated manner and effectively check and balance.

III. STRATEGY DETERMINATION

(I) We comprehensively assessed the effects of the “13th Five-Year Plan” and planned ahead for the development of “14th Five-Year Plan”

During the “13th Five-Year Plan” period, the Company, under the leadership of the Board of Directors, focused on the established strategy, seized market opportunities, accelerated independent innovation and made remarkable achievements. The total value of contracts, operating income and total profits realized by the Company were 2.9 times, 2.3 times and 2.3 times as compared with that of “12th Five-Year Plan” period respectively; by the end of the “13th Five-Year Plan”, the total assets and net assets were 2.5 times and 2.1 times as compared with that of the end of the “12th Five-Year Plan” respectively. On the basis of comprehensive assessment of the effects of the “13th Five-Year Plan”, the Board of Directors fully analyzed the opportunities and challenges faced by the Company, made plans for the preparation of the “14th Five-Year Plan”, and required the Company to accurately grasp the development situation, accurately position itself, extensively listen to the opinions and suggestions of front-line staff. The “14th Five-Year Plan” was formulated in a high standard from the perspective of politics, taking the overall situation into account and promoting development, so as to lay a sound foundation for the fulfillment of the responsibilities of the “Backbone of the Country” and for high-quality development.

(II) We benchmarked against world-class standards and enhanced the improvement of management

Under the leadership of the Board of Directors, the Company carried out the professional improved campaign that benchmarked against world-class management, formulated the implementation plan of improved campaign of CRSC for benchmarking against world-class management, developed a list for benchmarking and improvement and clarified 12 key tasks and 41 fields. In addition, the Company focused on strengthening 12 fields such as strategic investment, safety and quality, technological innovation, operation, risk control, human resources and Party building management, and achieved the improvement objective of management of “Four Strong and Five Excellent”. In 2020, 35 achievements have been basically completed according to the Plan.

(III) We accelerated and deepened the reform and stimulated the internal vitality of the Company

The Company studied and formulated a three-year action plan for the reform of state-owned enterprise. The Company put forward 9 key tasks, 33 reform tasks and 172 reform measures, established reform objectives and paths, defined reform tasks, reform measures, implementation time nodes and division of responsibilities. 8 key reform tasks required by SASAC this year have been completed. **The Company promoted special reform projects under the “double-hundred” and “science and technology reform”.** Research & Design Institute Group obtained A-level evaluation in the special evaluation of “Double Hundred Enterprises” Three System Reforms carried out by SASAC; CRSC CASCO and Beijing Urban Transit Technology Co., Ltd. (城交公司) were selected as the pilot enterprises of “Model Science Reform Action”, and more than half of the special tasks of the two enterprises were completed. **Continuous efforts were made to better integrate the Company’s resources.** Four joint ventures were established, six enterprises were integrated, and three associate companies were dissolved and liquidated. **The Company solidly completed the task of the special rectification of the “institutionalization of the headquarters” and solved some outstanding issues.** The number of management departments of the Company’s headquarters and secondary enterprises were reduced by 12% and 26% respectively, the size of departments of the Company’s headquarters and secondary enterprises was reduced by 6.3% and 27% respectively, and all 25 special rectification tasks were completed. The completion rate of “three supply and one industry” transformation reached 100%, and the in-service staff placement rate of the three collectively owned factories operated by state-owned enterprise reached 94%, the reform task of the collectively owned factories operated by state-owned enterprise was completed in 2020.

(IV) We actively performed social responsibilities and demonstrated political responsibilities

The Company fought against the epidemic and helped to win the battle of epidemic prevention and control. The Company wasted no time in donating RMB30 million to Hubei Province. The infrared temperature screening system self-developed by CRSCD Group has been applied in more than 30 governments, enterprises and institutions, including Fengtai District government and Beijing Space Technology Research and Experiment Center. The Company actively called on employees to donate more than RMB2 million to unite as one to fight against epidemic. **The Company took targeted measures and secured a decisive victory in poverty alleviation.** The Company helped lift Sheqi County out of poverty in 2020.

IV. DECISION-MAKING

(I) We strengthened self-construction and improved the decision-making ability

The members of the Board of Directors continued to strengthen business training and improve their decision-making ability. In 2020, three executive directors of the Company participated in the special training on securities law held by the CSRC Beijing Bureau, and directors XU Zongxiang and YANG Yongsheng participated in the first and third special training for directors and supervisors in 2020, respectively. External directors successively participated in the training courses for external directors of central enterprises held by SASAC and various important meetings held by SASAC, to further understand the current situation and key tasks and provide support for scientific, democratic and legal decision-making.

(II) We strengthened investigation and argumentation and enhanced the quality of decision-making

In October 2020, four external directors conducted an on-site investigation on CRSC Research & Design Institute Group Co., Ltd., CRSC Beijing Industry Group and its subordinate Beijing Information Infrastructure Construction Co., Ltd. External directors visited the Train Control Laboratory and High-speed Railway Signal System Dynamic Laboratory of CRSC Research & Design Institute Group Co., Ltd., both of which have the largest simulation scale in the world, and visited production workshop and experimental center of Beijing Information Infrastructure Construction Co., Ltd. During the visit, external directors had cordial conversations with the key technical personnel and technical experts of the production line, and asked about their work. External directors listened to the corporate reports in detail, and had in-depth communications with personnel of the enterprises, and put forward opinions and suggestions on their product structures, business development, cultivation of competitiveness, and innovation of business development mode, etc. Through the on-site investigation, external directors knew more about the situation, which allowed them to make scientific, democratic, and law-based decisions.

(III) We strengthened effective communications and made prudent and scientific decisions

Before the meeting, the members of the Board of Directors conducted in-depth study on the meeting documents and relevant materials, actively communicated with the management, and made full preparation for the meeting. At the meeting, the directors carefully considered various proposals, fully expressed their opinions, exercised their voting rights independently, objectively and prudently, and put forward reasonable suggestions by leveraging their professional and management expertise. Every time the Board of Directors invited the Company's senior executives to attend the meeting, so that they would accurately understand the opinions and requirements put forward by the Board of Directors. The President of the Company reported the Company's operation, implementation of key issues and the next work focus of the management during the period when the meeting of the Board of Directors was closed. The members of the Board of Directors also regularly participated in the Company's business meetings, economic analysis meetings and other important meetings to timely understand the Company's development status, guide and supervise the management to effectively implement the resolutions of the Board of Directors.

(IV) We Gave Full Play to the Role of the Special Committees and Improved Decision-making Efficiency

Each Special Committee conducted in-depth and detailed pre-research on matters in its respective field to assist the Board of Directors in improving decision-making efficiency and operation quality. Five meetings of the Audit and Risk Management Committee were held during the year, at which the proposals on the periodic results report, the internal control evaluation report, the summary and plan of internal audit work were reviewed respectively. The Company was required to focus on the occupation of "two funds", follow up the progress of engineering projects in time, and speed up the collection and hedge fund risks. One meeting of the Quality and Safety Committee was held to listen to the quality and safety report of the Company, and the Company was required to innovate the quality and safety management mechanism to reduce the incidence of quality and safety accidents and improve its ability of fault handling. One meeting of the Strategic and Investment Committee Meeting was held to discuss and judge the development direction and thoughts of the "14th Five-Year Plan". One meeting of the Remuneration and Evaluation Committee Meeting was held.

V. RISK PREVENTION**(I) Building an integrated risk management and control framework**

The Board of Directors valued risk and internal control management and strengthened the top-level design based on the overall situation. In 2020, the Company coordinated the legal, risk, compliance, internal control, audit and other management resources of the whole system, set up a risk control center in Beijing, set up sub-centers in Shanghai, Xi'an and Changsha, built an integrated risk management and control system, consolidated the main responsibilities of all levels, and effectively improved the ability and level of the whole system to prevent and resolve major risks.

(II) Improving the system for the prevention and control of major risks

Focusing on the overall strategy, the Company continued to strengthen the ability of major risk prevention and control, and established and improved risk information database. As of the end of 2020, the risk information database was composed of 5 primary risks, 78 secondary risks and 99 tertiary risks. 49 major risk early warning indicators were formed. The Company improved the "Three-Stage" Risk Management and Control Mechanism, namely risk control in advance, risk control in the event, and risk control after the event, and prompted the key points of risk prevention and control in the form of special risk prompt letter, special risk report and special compliance guidance. The Company consolidated the internal control system and system construction, completed the "abolishing, amending and establishing system" of 1,383 items, and clarified 72 key business control processes, 237 key business control points and 230 business risk points at all levels in 2020.

(III) We promoted compliance management and standardized operation

The Board of Directors continuously promoted the standardization of compliance management in key areas and key links. The Board of Directors provided special compliance guidelines tailored for subsidiary enterprises and organized four subsidiary enterprises to prepare and issue the Labor Employment Compliance Guidelines in the field of labor employment. In the field of foreign product export control, the Company organized CRSC International Holdings to complete the Special Guidelines on Export Control Compliance Management. The overseas trademark layout was continuously improved. Overseas trademarks were applied and registered in 49 countries successively, and 81 trademark licenses were obtained in total. The prospective study was carried out for the epidemic prevention and control laws, and the potential epidemic-induced legal risks were analyzed in five aspects. 51 legal practical countermeasures for epidemic prevention and control were formulated.

VI. MARKET VALUE MANAGEMENT

(I) Information disclosure according to laws and regulations

The Board of Directors of the Company accurately disclosure relevant information in time. The Company has published 89 announcements and disclosed documents in Shanghai Stock Exchange, and 111 announcements in traditional Chinese and 67 announcements in English in the Hong Kong Stock Exchange all year round. Among them, the Company actively increased 5 voluntary announcements for successful bidding of major projects, disclosing the bid winning amount of RMB12.45 billion to positively display its information, and improve its image.

(II) Active promotion of exchanges between investors

The Board of Directors always adheres to the core ideology of value creation based on communication and actively communicates with investors. The Company has totally organized two press conferences for performance, a reverse roadshow of top 10 funds companies in China, and over 30 on-site receptions and teleconferencing communications. Four investor communication record sheets were issued, and 16 Q&As of E-interactive platform were organized. The Company replied the question emails from medium and small investors in time, answered and patiently explained the questions through phone calls from them, respected their demands and boosted their confidence.

(III) Construction of sound communication channel

The Company actively participated in the activities organized by the CSRC, CSRC Beijing Bureau and Securities Association of China. The Company established sound interactions with five media, including China Economic Personage, China Securities Journal and Sina Finance, to increase the publicity of the Company, improve its popularity and recognition in the capital market, and maintain its good brand image in the capital market. The Company's ESG Report was awarded with the "China ESG Golden Awards 2020" by Sina Finance.

VII. SUPPORT SERVICES FROM THE BOARD OF DIRECTORS

The Company sets up the Board Secretary and the Board Office, which coordinate and cooperate with Special Committees and the working organization of the Supervisory Committee to facilitate the information communication channel of the Board of Directors and establish the work safeguard mechanism of the Board of Directors to provide maximum support and service to the scientific decision-making and daily work of the Board of Directors. Sound communications were made with the directors prior to meetings, and the notice and proposals were issued 14 days in advance, to give the directors enough time for reading. If necessary, the relevant departments were organized for pre-reporting so that the directors will better understand the situations and make decisions accordingly. After meetings, the follow-up and

implementation mechanisms were intensified, and the directors' opinions were noted and recorded. Their opinions and suggestions proposed on the meetings were followed up and implemented one by one, and major work progress and results were reported to the Board of Directors in time. Directors were coordinated to attend the meetings and trainings organized by SASAC and regulators to understand the important spirit of the meeting in time as well as the new regulations and market trends. Investigation plans were formulated to organize external directors to conduct investigations to support and serve their duty performance. Throughout the year, directors have attended five trainings, one investigation and five important meetings.

In 2021, the Board of Directors will focus on improving the governance system and capability of the Company, continuously enhance the compliance governance, and comprehensively implement all functions of “determining strategies, making decisions and preventing risks”. The Board of Directors will further improve the overall awareness and responsibility consciousness, insist on the pursuit of truth and pragmatism, strengthen inspection and research, and earnestly perform the duties according to the laws to ensure scientific, democratic and law-based decision-making. The “14th Five-Year Plan” is scientifically formulated to strengthen the strategic control. The Board of Directors will take practical steps to prevent risks and improve the compliant operation of the Company. We will continue to focus on the capital market trends to strengthen the market value management. We will actively build the communication platform, actively embrace the market regulation, focus on increasing the Company's market value, constantly create value for Shareholders, and make positive contributions to the development of the state-owned asset.

**WORK REPORT OF SUPERVISORY COMMITTEE FOR 2020 OF CHINA
RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED***

According to the Articles of Association of China Railway Signal & Communication Corporation Limited (《中國鐵路通信信號股份有限公司章程》) and the Rules of Procedure of Supervisory Committee 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》), the Supervisory Committee of China Railway Signal & Communication Corporation Limited (the “**Company**”) earnestly fulfills its supervisory responsibilities, attends general meetings and Board meetings as non-voting delegates, and supervises the Company’s production and operation, major events, financial status and the performance of duties by directors and senior managers to promote the Company’s standardized operation by safeguarding the interests of the Company and the majority of shareholders. The Work Report of the Supervisory Committee for 2020 of the Company (《中國鐵路通信信號股份有限公司2020年度監事會工作報告》) is hereby reported to the Shareholders’ general meeting.

I. THE WORK OF THE SUPERVISORY COMMITTEE**(I) Strengthening Learning to Improve Professional Ability and Supervision Level**

In order to improve their professional knowledge and enhance their ability to perform their duties, in 2020, the Supervisors of the Company participated in four special training sessions organized by the Beijing Securities Regulatory Bureau to learn about the new securities law, the macro situation, corporate governance, and the operation of the Supervisory Committee, laying a good foundation for further understanding the latest legal knowledge, grasping the current macro situation, strengthening the sense of responsibility, and improving the supervision level.

(II) Convention of Meetings

In 2020, the Supervisory Committee of the Company convened six meetings as follows in total:

1. On 21 January 2020, the Supervisory Committee of the Company convened the sixth meeting of the third session of the Supervisory Committee. Three persons were required to attend and three persons attended. The meeting considered and approved the following proposals: The Proposal on the Supervisor Candidates of Shareholder Representatives of the Third Session of the Supervisory Committee.
2. On 25 March 2020, the Supervisory Committee of the Company convened the seventh meeting of the third session of the Supervisory Committee. Three persons were required to attend and three persons attended. The meeting considered and approved the following proposals: the Proposal on Electing

KONG Ning as the Chairman of the Supervisory Committee; the Proposal on 2019 Annual Report of China Railway Signal & Communication Corporation Limited (《中國鐵路通信信號股份有限公司2019年度報告》) and Its Summary and Results Announcement; the Proposal on Hiring External Audit Authority for 2020 of China Railway Signal & Communication Corporation Limited; the Proposal on Profits Distribution Plan for 2019 of China Railway Signal & Communication Corporation Limited; the Proposal on the Special Report on the Deposit and Use of Raised Funds of China Railway Signal & Communication Corporation Limited in 2019 (《中國鐵路通信信號股份有限公司2019年度募集資金存放及使用情況專項報告》); the Proposal on Internal Control Assessment Report for 2019 of China Railway Signal & Communication Corporation Limited (《中國鐵路通信信號股份有限公司2019年度內部控制評價報告》); the Proposal on 2019 Remunerations of Supervisors of China Railway Signal & Communication Corporation Limited; the Proposal on Work Report of the Supervisory Committee for 2019 of China Railway Signal & Communication Corporation Limited (《中國鐵路通信信號股份有限公司2019年度監事會工作報告》).

3. On 29 April 2020, the Supervisory Committee of the Company convened the eighth meeting of the third session of the Supervisory Committee. Three persons were required to attend and three persons attended. The meeting considered and approved the following proposals: the Proposal on the 2020 First Quarterly Report of China Railway Signal & Communication Corporation Limited (《中國鐵路通信信號股份有限公司2020年第一季度報告》); the Proposal on Hiring Internal Control Audit Authority for 2020 of China Railway Signal & Communication Corporation Limited (《聘請中國鐵路通信信號股份有限公司2020年度內部控制審計機構》).
4. On 27 May 2020, the Supervisory Committee of the Company convened the ninth meeting of the third session of the Supervisory Committee. Three persons were required to attend and three persons attended. The meeting considered and approved the following proposal: The Proposal on Granting Board General Mandate to Repurchase H Shares.
5. On 28 August 2020, the Supervisory Committee of the Company convened the tenth meeting of the third session of the Supervisory Committee. Three persons were required to attend and three persons attended. The meeting considered and approved the following proposals: the Proposal on Interim Report and Summary for 2020 of China Railway Signal & Communication Corporation Limited (《中國鐵路通信信號股份有限公司2020年半年度報告及摘要》); the Proposal on the Special Report on the Deposit and Use of Raised Funds of China Railway Signal & Communication Corporation Limited in the First Half of 2020; the Proposal on the Use of Temporarily Idle Raised Funds for Cash Management.

6. On 29 October 2020, the Supervisory Committee of the Company convened the eleventh meeting of the third session of the Supervisory Committee. Three persons were required to attend and three persons attended. The meeting considered and approved the following proposals: the Proposal on the 2020 Third Quarterly Report of China Railway Signal & Communication Corporation Limited (《中國鐵路通信信號股份有限公司2020年三季度報告》).

(III) Attendance at Important Meetings

In 2020, the Supervisors attended two general meetings pursuant to regulations and attended seven Board meetings as non-voting delegates. Moreover, the members of the Supervisory Committee also regularly attended the management meetings. By attending these important meetings as non-voting attendees, not only did the Supervisors understand the operation and management of the Company, but also effectively supervised the procedures for convening these meetings and topics of these meetings.

(IV) Daily Supervision

In 2020, the Supervisory Committee of the Company improved the work style in a timely manner, placed emphasis on combining the work of the Supervisory Committee with internal and external audit, law and compliance, etc., focused on the development and risk control of subordinate enterprises, and put forward rectification suggestions on the problems that arise in the production and operation, financial management and internal control of the enterprises, in order to prompt the Company to strengthen the management and control on its subordinate enterprises.

II. SPECIAL SUGGESTIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS DURING THE REPORTING PERIOD OF THE COMPANY

(I) Legitimate Operation of the Company

During the reporting period, having supervised the performance of duties of Directors and senior management of the Company and the legitimate operation of the Company, the Supervisory Committee was of the view that the Board of the Company was able to make decisions according to law and in strict compliance with requirements such as the Company Law (《公司法》) and the Articles of Association (《公司章程》), and the major business decision-making procedures of the Company were lawful and valid; that the Company disclosed significant information about the Company in a timely manner pursuant to the securities regulatory requirements such that the information was disclosed in a regulated manner and the securities trading system for the informed parties of insider information was conducted well; that the Directors and senior management of the Company were able to implement prudently and thoroughly the relevant laws and

regulations, the Articles of Association and the resolutions of the general meetings and the Board during the execution of duties of the Company in a faithful, pioneering and pro-active manner; and that no Directors or senior management of the Company were found to have acted in violation of laws, regulations or the Articles of Association (《公司章程》) or harmed the interests of the Company and the rights and interests of Shareholders during the execution of their duties.

(II) Check the Finance of the Company

During the reporting period, the Supervisory Committee of the Company implemented effective supervision and inspection on the financial management and operation of the Company by reviewing the financial statements and external audit reports of the Company, reviewing the regular reports of the Company, and regularly hearing reports from the internal audit department of the Company on the development of internal audit. Through supervision and inspection, the Supervisory Committee was of the view that the Company had a sound financial system, regulated management practices and reasonable spending of fees during 2020. The Company's 2020 financial report was audited by Ernst & Young Hua Ming LLP, which issued a standard audit report with an unqualified opinion that the 2020 financial report prepared by the Company fairly reflected the Company's financial status and operating results.

(III) Use of Proceeds

During the reporting period, the Supervisory Committee supervised the use and storage of the Company's proceeds. The Supervisory Committee was of the view that the Company's use and storage of proceeds met the requirements of Shanghai Stock Exchange Guidelines for the Application of Self-Regulatory Rules for Listed Companies on the Shanghai Stock Exchange Science and Technology Innovation Board No. 1 – Standardized Operation of Listed Companies (《上海證券交易所科創板上市公司自律監管規則適用指引第1號—規範運作》), the Articles of Association (《公司章程》), and the Management Measures for the Use of Proceeds (《募集資金使用管理辦法》). The storage and use of proceeds did not violate laws and regulations or damage the interests of shareholders.

(IV) Related Party Transactions of the Company

In 2020, the Supervisory Committee supervised the related party transactions carried out by the Company during the reporting period. The Supervisory Committee was of the view that the terms of agreement, pricing methods and approval procedures for related party transactions were conducted in accordance with the Company Law (《公司法》), the Listing Rules of Stocks 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》), the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange as well as the Articles of Association (《公司章程》) and the Rules Governing Related Party

Transactions (《關聯交易管理制度》), and that these related party transactions did not affect the independence of the Company, without causing harm to the interests of the Company and the majority of shareholders.

(V) Internal Control of the Company

In 2020, the Company established and improved its internal control system, and completed the “abolishment, revision and establishment” for 1,383 systems at all levels. During the reporting period, the Company conducted comprehensive risk assessment, internal control self-evaluation, compliance inspection and other works in accordance with requirements of the State-owned Assets Supervision and Administration Commission of the State Council, and prepared the Annual Major Risk Evaluation Report (《重大風險評估報告》) and Internal Control Evaluation Report (《內部控制評價報告》).

The Supervisory Committee was of the view that in 2020, the internal control system of the Company underwent continuous enhancement, the internal control system could cover all aspects of the operation, production and management of the Company with internal control further strengthened, in order to ensure the healthy development of the Company’s production, operation and business management. The Company’s internal control evaluation report truly and objectively reflected the construction, operation and supervision of the Company’s internal control system.

III. WORK PLAN FOR 2021 OF SUPERVISORY COMMITTEE OF THE COMPANY

In 2021, in order to adapt to the new situation and new requirements of the reform of state-owned enterprises, the Supervisory Committee of the Company will give full play to the role of the Supervisory Committee in the governance of listed companies according to the Company Law (《公司法》), Articles of Association (《公司章程》) and Rules of Procedure of Supervisory Committee (《監事會議事規則》) to provide an effective guarantee for high-quality development of the Company. In 2021, the Supervisory Committee of the Company intends to focus on the following tasks:

- (I) Attending important meetings as non-voting delegates. Attend the general meetings as required, attend the Board meetings and related important meetings as non-voting delegates, keep abreast of the Company’s major decision-making matters and the legality of various decision-making procedures, and earnestly perform supervisory duties.

- (II) Understanding the supervision work carried out by the internal and external supervision department by convening regular and interim meetings. Strengthen communications with internal and external audit institutions, focusing on the supervision of matters such as the use of the Company's proceeds, external investment, external guarantees, and related party transactions to ensure that the Company effectively implements the internal control system and actively prevents contingent risks.
- (III) Carrying out investigations on the establishment, staffing, and performance of the Supervisory Committee of subordinate enterprises, and formulating relevant system standards based on the investigations to promote the performance of duties by the Supervisors of the subordinate enterprises and effectively playing their roles.
- (IV) Supervising the Company's Directors and senior management personnel to perform their duties diligently, preventing behaviors that damage the Company's interests, and earnestly safeguarding the Company's and shareholders' rights and interests.
- (V) Actively participating in the training of regulators. In accordance with the requirements of regulators and self-regulatory organizations such as the China Securities Regulatory Commission, the Shanghai Stock Exchange, and China Association for Public Companies, participate in supervisor training on time, understand regulatory requirements in a timely manner, and continue to improve the ability to perform duties.

TABLE OF REMUNERATIONS AND BENEFITS FOR DIRECTORS
AND SUPERVISORS IN 2020

UNIT: YUAN CURRENCY: RMB

Name	Position	(I) Total Pre-tax Remuneration	(II) Social Insurance	(III) Annuity	Total Remuneration and Benefits (Pre-tax)= (I)+(II)+(III)
ZHOU Zhiliang	Executive Director, Chairman of the Board	637,742.50	73,811.78	51,819.60	763,373.88
XU Zongxiang	Executive Director, President	464,369.50	73,811.78	49,960.80	588,142.08
YANG Yongsheng	Executive Director	502,691	73,811.78	34,998.30	611,501.08
CHEN Jin'en	Independent Non- executive Director	60,000	–	–	60,000
CHAN Ka Keung Peter	Independent Non- executive Director	131,008	–	–	131,008
YAO Guiqing	Independent Non- executive Director	60,000	–	–	60,000
WANG Jiajie	Former Independent Non-executive Director	60,000	–	–	60,000
KONG Ning	Chairman of the Supervisory Committee	348,000	63,442.56	36,585.55	448,028.11
CHEN Shikui	Supervisor	480,000	73,811.78	21,258.60	575,070.38
LI Tienan	Supervisor	–	–	–	–
TIAN Liyan	Former Chairman of the Supervisory Committee	89,613	–	–	89,613
WU Zuowei	Former Supervisor	–	–	–	–

Notes:

1. XU Zongxiang served as the President in December 2019, and executive Director in February 2020. The above remuneration included its performance remuneration for one month during the 2019 appraisal period, and the performance remuneration for the remaining 11 months was paid by CRRC;
2. WANG Jiajie ceased to serve as the independent non-executive Director in January 2021;
3. Supervisor LI Tienan and former Supervisor WU Zuowei did not receive remuneration or benefits from the Company;
4. In February 2020, TIAN Liyan ceased to serve as the chairman of the Supervisory Committee and WU Zuowei ceased to serve as the Supervisor;
5. The above remuneration and benefits of KONG Ning were the remuneration and benefits data during the term of service from February to December 2020;
6. Pursuant to Beijing's relevant policies, pension, unemployment, and work-related injury insurance companies in social insurance were exempted from February to December 2020 for personal payments, and medical insurance (childbirth inclusive) companies were levied by half from February to June 2020 for personal payments.