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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 2021**
- (2) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021**
- (3) 2021 ANNUAL REPORT**
- (4) FINANCIAL REPORT FOR 2021**
- (5) PROFITS DISTRIBUTION PLAN FOR 2021**
- (6) APPOINTMENT OF AUDITOR FOR 2022**
- (7) REMUNERATIONS FOR DIRECTORS AND SUPERVISORS OF THE COMPANY IN 2021**
- (8) AUTHORIZATION TO DEAL WITH MATTERS REGARDING THE PURCHASE OF LIABILITY INSURANCE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY**
- (9) GENERAL AUTHORIZATION FOR THE ISSUANCE OF DEBT FINANCING INSTRUMENTS**
- AND**
- (10) NOTICE OF 2021 ANNUAL GENERAL MEETING**

A letter from the Board is set out on pages 3 to 16 of this circular.

The AGM of the Company will be held at 10:00 a.m. on Friday, 10 June 2022 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 13 May 2022 and is set out on pages 17 to 19 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, 9 June 2022. 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

25 May 2022

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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 2021 to be convened and held at 10:00 a.m. on Friday, 10 June 2022 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
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

DEFINITIONS

“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
“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. YAO Guiqing
Mr. YAO Cho Fai Andrew
Mr. FU Junyuan

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

25 May 2022

To the Shareholders

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021
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- (9) GENERAL AUTHORIZATION FOR THE ISSUANCE OF DEBT FINANCING INSTRUMENTS

I. INTRODUCTION

The AGM of the Company will be held at 10:00 a.m. on Friday, 10 June 2022 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 13 May 2022 and is set out on pages 17 to 19 of this circular.

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LETTER FROM THE BOARD

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 the special resolution 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 2021

An ordinary resolution will be proposed at the AGM to approve the work report of the Board of Directors for 2021, the full text of which is included in Appendix I to this circular.

2. Work Report of the Supervisory Committee for 2021

An ordinary resolution will be proposed at the AGM to approve the work report of the Supervisory Committee for 2021, the full text of which is set out in Appendix II to this circular.

3. 2021 Annual Report

An ordinary resolution will be proposed at the AGM to approve the 2021 annual report, the full text of which was published on the HKEXnews website of the Stock Exchange and the Company's website on 27 April 2022.

4. Financial Report for 2021

An ordinary resolution will be proposed at the AGM to approve the financial report for 2021.

The Company has prepared the 2021 financial statements and notes, and has appointed Ernst & Young Hua Ming LLP to audit the Company's financial statements as of 31 December 2021. 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 2021, and the consolidated operating results, the operating results of the Company, the combined cash flows and the Company's cash flows of 2021. Details of the above statements are set out in the Company's 2021 annual report published on the HKEXnews website of the Stock Exchange and the website of the Company on 27 April 2022.

LETTER FROM THE BOARD

5. *Profits Distribution Plan for 2021*

An ordinary resolution will be proposed at the AGM to approve the profits distribution plan for 2021 of the Company.

As audited by Ernst & Young Hua Ming LLP, the Company (the parent company) realized a net profit of RMB2,133.6644 million for 2021, with retained earnings at the beginning of the year being RMB2,140.3918 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 2021 was RMB1,824.5826 million.

The Board of Directors reviewed and approved the Profits Distribution Plan for 2021 of the Company on 25 March 2022. According to the Profits Distribution Plan of the Company, the dividend for 2021 is proposed to be distributed to all Shareholders in cash at RMB0.17 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 RMB1,800,270,000 will be distributed, accounting for 54.98% of the net profit attributable to the owners of the parent company in the consolidated statements of the Company of RMB3,274,670,000 for 2021. 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.

It is also proposed at the AGM to authorize the Board to implement the matters relating to the profit distribution, and the Board to further authorize the Chairman of the Board 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 Friday, 15 July 2022 to H Shareholders whose names appear on the Company's register of Shareholders on Tuesday, 21 June 2022.

In order to ascertain the entitlements of the Shareholders to receive a proposed cash dividend, transfer of Shares will be closed from Friday, 17 June 2022 to Tuesday, 21 June 2022 (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, 16 June 2022.

LETTER FROM THE BOARD

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).

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

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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.

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.

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- 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 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.

LETTER FROM THE BOARD

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 Auditor for 2022*

An ordinary resolution will be proposed at the AGM to approve the appointment of auditor for 2022.

Reference is made to the announcement of the Company dated 25 March 2022 in relation to, among others, the proposed change of the accounting firms.

Pursuant to the requirements under the Circular on the Issues Relating to Accounting Firms Undertaking Audit of Final Financial Accounts of Central State-Owned Enterprises (Cai Kuai [2011] No. 24) (《關於會計師事務所承擔中央企業財務決算審計有關問題的通知》(財會[2011] 24 號)) issued by the Ministry of Finance of the People's Republic of China and the State-owned Assets Supervision and Administration Commission of the State Council, Ernst & Young Hua Ming LLP and Baker Tilly China Certified Public Accountants LLP have provided audit services for the Company for the longest consecutive audit period specified in the Circular on the Issues Relating to Accounting Firms Undertaking Audit of Final Financial Accounts of Central State-Owned Enterprises. The Company is therefore required to change its external auditor for the year 2022.

The Company started the bidding process of the external auditor for 2022 at the end of 2021. Upon the review by the Audit and Risk Management Committee of the Board and the Board, the Company proposes to engage BDO China Shu Lun Pan Certified Public Accountants LLP as the external auditor of the Company and its subsidiaries for 2022, with a term of one year and a total service fee of RMB6.36 million.

7. *Remunerations for Directors and Supervisors of the Company in 2021*

An ordinary resolution will be proposed at the AGM to approve the remuneration plan for the Directors and Supervisors of the Company in 2021, and authorize the human resources department of the Company to implement the details of such plan.

The remuneration and benefit standards for Directors and Supervisors of the Company in 2021 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).

LETTER FROM THE BOARD

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.
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 non-executive Director, Mr. GUO Yonghong and Supervisor Ms. LI Tienan 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 2021 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.

LETTER FROM THE BOARD

8. *Authorization to Deal with Matters Regarding the Purchase of Liability Insurance of Directors, Supervisors and Senior Management of the Company*

An ordinary resolution will be proposed at the AGM to approve that the Board is authorized to deal with the matters regarding the purchase of liability insurance of Directors, Supervisors and Senior Management.

As the Company are listed on both the main board of the Stock Exchange and the Sci-Tech Innovation Board of the Shanghai Stock Exchange, the Company plans to purchase relevant liability insurance for Directors, Supervisors and Senior Management to control the risks of Directors, Supervisors and Senior Management in the performance of their duties, protect their legitimate interests and promote their due diligence. Details are as follows:

Policyholder:	the Company
Insured personnel:	Directors, Supervisors and Senior Management
Limit of compensation liability:	No more than RMB100 million per year (subject to the amount finally determined by the Company and the insurer upon negotiation)
Insurance premium:	No more than RMB600,000 per year (subject to the amount finally determined by the Company and the insurer upon negotiation)
Insurance period:	12 months, which could be renewed or re-insured annually thereafter

It is hereby proposed at the AGM to authorize the Board (which will authorize the chairman of the Board and his delegates) to decide and deal with the matters such as the specific insurer, type of insurance, insurance premium, insurance period, etc. based on prevailing market practice and the practices of other companies engaging in a similar industry and with the similar scale as the Company. Meanwhile, it is proposed at the AGM to authorize the Board, (which will authorize the chairman of the Board and his delegates) renew the relevant agreements or re-purchase of the insurance based on actual needs on or before the expiration of the aforementioned relevant insurance contracts and within the corresponding insured amount and core coverage.

LETTER FROM THE BOARD

Special Resolution

9. *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
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)

LETTER FROM THE BOARD

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.
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 chief accountant of the Company at his/her 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;

LETTER FROM THE BOARD

- (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 the Listing Rules and the requirements of relevant domestic and overseas regulatory authorities;
- (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.

LETTER FROM THE BOARD

III. THE AGM AND VOTING METHOD

The AGM of the Company will be held at 10:00 a.m. on Friday, 10 June 2022 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 13 May 2022 and is set out on pages 17 to 19 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, 9 June 2022. 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.

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 Monday, 6 June 2022 to Friday, 10 June 2022 (both days inclusive), during which period no transfer of Shares of the Company 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, 10 June 2022 are entitled to attend and vote at the AGM following completion of the registration procedures. 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, 2 June 2022.

LETTER FROM THE BOARD

In order to ascertain the entitlements of the Shareholders to receive a proposed cash dividend, transfer of Shares will be closed from Friday, 17 June 2022 to Tuesday, 21 June 2022 (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, 16 June 2022. Those H Shareholders whose names appear on the register of Shareholders of the Company on Tuesday, 21 June 2022 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

NOTICE OF 2021 ANNUAL GENERAL MEETING



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 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “AGM”) for the year 2021 of China Railway Signal & Communication Corporation Limited* (the “**Company**”) will be held at 10:00 a.m. on Friday, 10 June 2022 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 2021 of China Railway Signal & Communication Corporation Limited*
2. Resolution on the Work Report of the Supervisory Committee for 2021 of China Railway Signal & Communication Corporation Limited*
3. Resolution on the 2021 Annual Report of China Railway Signal & Communication Corporation Limited*
4. Resolution on the Financial Report for 2021 of China Railway Signal & Communication Corporation Limited*
5. Resolution on the Profits Distribution Plan for 2021 of China Railway Signal & Communication Corporation Limited*
6. Resolution on Appointment of Auditor for 2022
7. Resolution on Remunerations for Directors and Supervisors of the Company in 2021
8. Resolution on Authorization to Deal with Matters regarding the Purchase of Liability Insurance of Directors, Supervisors and Senior Management of the Company

NOTICE OF 2021 ANNUAL GENERAL MEETING

Special Resolution

9. 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, 13 May 2022

* *For identification purpose only.*

NOTICE OF 2021 ANNUAL GENERAL MEETING

Notes:

- (A) The register of members will be closed from Monday, 6 June 2022 to Friday, 10 June 2022 (both days inclusive), during which 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, 10 June 2022 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, 2 June 2022.

In order to ascertain the entitlements of a proposed cash dividend, transfer of Shares will be closed from Friday, 17 June 2022 to Tuesday, 21 June 2022 (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, 16 June 2022. Those holders of H Shares whose names appear on the register of shareholders of the Company on Tuesday, 21 June 2022 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/her 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, 9 June 2022. Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he/she 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.

**WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021 OF
CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED***

In accordance with the Articles of Association of China Railway Signal & Communication Corporation Limited* (the “**Articles of Association**”) and the Rules of Procedure of the Board of Directors of China Railway Signal & Communication Corporation Limited*, the Work Report of the Board of Directors for 2021 of China Railway Signal & Communication Corporation Limited* is hereby reported to the general meeting.

In 2021, the Board of China Railway Signal & Communication Corporation Limited* (hereinafter referred to as the “**CRSC**” or “**Company**”) adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, firmly implemented the new development concept, materialized the State Council’s Opinions on Further Improving the Quality of Listed Companies and the requirements of the SASAC on the high-quality development of state-owned enterprises and the regulated construction of the Board of Directors, diligently performed all the duties of the Board of Directors, improved the corporate governance structure, remained deeply committed to the main responsibility and main business, led the technological progress of the industry and achieved healthy and sustainable development. The main tasks of the Board of Directors in 2021 is reported as follows.

**I. ADHERING TO THE “CONSISTENT PERFORMANCE OF TWO PRINCIPLES”
AND PROMOTING THE STEADY PROGRESS OF ENTERPRISE REFORM AND
DEVELOPMENT**

In 2021, the Board of Directors of the Company thoroughly implemented the decision and deployment of the CPC Central Committee and the State Council, diligently performed the duties of “developing strategy, making decisions and preventing risks”, fully supported the leading role of the Party Committee of the Company in “setting direction, managing the overall landscape and promoting the implementation”, under which major business management matters shall be at the forefront of study and discussion of the Party Committee of the Company ahead of the consideration by the Board of Directors; we supported and guided the management of the Company in exercising the responsibilities of “planning operation, monitoring implementation and strengthening management”, promoting the in-depth reform and innovation, improving the corporate governance system, creating a new pattern of high-quality development. The Company was committed to adhering to the general keynote of seeking progress in a stable manner, highlighting the priorities of quality and efficiency, actively responding to new changes and challenges in the domestic and overseas environment, working in concert through difficulties, making diligent efforts in advancing industrial development, focusing on scientific research, improving quality and efficiency, and seeking solid results for the purpose of maintaining the steady delivery of our main economic indicators. In 2021, the accumulated external contracts entered into by the Company amounted to RMB72.281 billion, representing a year-on-year increase of 1.2%; the net profit achieved amounted to RMB3.693 billion, representing a year-on-year decrease of 12.89%. Excluding the impact from lifting of social security relief and the income from disposal of assets, the net profit is basically flat with the level last year. As of the end of the year, the total assets amounted to RMB108.943 billion, representing a year-on-year increase of 3.43%; the gearing ratio was 58.35%, representing a year-on-year increase of 0.41%.

(I) Solidly Promoting the Implementation and Commencement of Reform Initiatives

We completed 147 measures under the implementation proposal of the three-year state-owned enterprise reform campaign, with a completion rate of 86%, exceeding the annual goal of 70%. **We clarified the boundaries of the powers and responsibilities among various governance entity and established the role of the Board of Directors as the main decision-making entity.** In particular, 24 subsidiaries fully completed the establishment of the Board of Directors as needed and appointed a majority of external directors, 35 subsidiaries appointed executive directors, explored the implementation of the Board of Directors' powers at different levels, formulated a work plan for the implementation of the Board of Directors' powers and a system of the management methods for decision-making matters authorized by the Board of Directors of subsidiaries, and 14 subsidiaries took the lead in implementing the significant duties of the Board of Directors. We have established a 26-member talent pool comprising of external directors, formulated the Program for Guaranteeing the Duties Performance of External Directors and "Measures for Selecting, Hiring and Managing External Directors of Enterprises Owned by the Company (Trial)", organized seminars on the establishment of Board of Directors, strengthened training on Directors' ability to perform their duties, and enhanced support services to continuously improve the standardization and efficiency of Board's operation and better play the role of determining strategies, making decisions and preventing risks. **We continuously promoted the optimization and structure adjustment of industrial layout,** promoted the reorganization and integration of 3 groups of enterprises, "pressure-easing" for three enterprises and disposal of two enterprises of "no major businesses and no advantage", and we made no new investment in non-major business for the whole year. **We accelerated the construction of market-oriented operation mechanism, implemented the tenure system and contractual management for the members of the management team.** The headquarter took the lead in implementing the organizational reform and competition-based recruitment for all staff. Five secondary enterprises carried out competition-based recruitment of managers and management staff, with 100% coverage of the tenure system and contractual management for the members of the management members, and one enterprise piloted the implementation of the rotating general manager system. **We comprehensively promoted the special reform project** and carried out in-depth management improvement benchmarking the world's first-class standards. In particular, 2 enterprises of "Double Hundred Enterprises" and 2 enterprises of "Technological Reform Demonstration Enterprises" promoted comprehensive reform in strict accordance with the reform plan, and one enterprise was awarded an excellent result in the special evaluation project of "Technological Reform Demonstration Enterprises" by SASAC.

(II) Adhering to the Drivers of Scientific and Technological Innovation and Continuing Independent Innovation

The Company has concentrated its superior scientific research resources on developing "hard technologies", implemented the crucial projects of key technologies, mastered the complete underlying core technologies of highspeed train control system, train control system of urban transit, and realized industrialization and engineering, among which the Multifunction

Vehicle Bus chips (MVB) was included by SASAC into the Recommended Catalogue of Scientific and Technological Innovation Achievements of Central Enterprises (2020 Edition) and was promoted for general application. A number of major achievements, such as ETCS-2 level train control system, TACS system, fully automatic operation (FAO) system for underground train, and integrated video surveillance system for urban transit, have been transformed and commercially applied for the first time, supporting construction of national railway and underground train and the implementation of “One Belt One Road” initiative. The annual research and development investment was RMB1.902 billion, representing a year-on-year increase of 9.67%, the investment intensity of research and development was 4.96%, representing a year-on-year increase of 0.64%. 772 scientific research projects were carried out throughout the year, and 64 projects were commissioned from national ministries and commissions and other units. The number of authorized patents and the annual applied patents both exceeded 1,000, and the number of overseas patents exceeded 100. 2 enterprises were awarded a nation-level single champion product of the manufacturing industry, and 2 enterprises were included into the list of China’s Top 100 Comprehensive Competitiveness in Software and Information Technology Services. We owned 6 nation-level innovation platforms and 36 national high-new technology enterprises.

(III) Active Fulfillment of Social Responsibility of Enterprises

We continuously promoted the in-depth integration of sustainable development concept with the development strategies and management and operation and facilitated the enhanced focus and control by the management of the Company of environmental, social and governance-related risks. **The Company has implemented the “Dual Carbon” strategic goals.** Particularly, it issued and implemented the work plan concerning carbon peak and carbon neutrality, navigated headwinds facing new materials, new technologies and new equipment in respect of low-carbon and zero-carbon and energy conservation initiatives, integrated the awareness of energy conservation and environmental protection into the whole process of design and research and development, manufacturing and engineering construction, and strived to improve energy efficiency, reduce “Wastewater, Exhaust Gas and Solid Waste” and carbon dioxide emissions. **The Company took a deep dive into the exploration of green solutions for urban area.** Leveraging on the intelligent train marshalling adjustment, we succeeded to control the full load rate of the train in non-peak period for the first time in the field of China’s urban rail transits, significantly improving the capacity and helping energy conservation and emission reduction, and contributing to the construction of a beautiful China. **We implemented pandemic prevention and control measures** to fully safeguard the health of employees and achieve “zero infection” among all employees. **We continuously consolidated the achievements of poverty alleviation,** we introduced supporting funds of RMB100,000 to help Sheqi County, Henan Province, trained 358 grassroots cadres and 104 technicians, purchased and helped the sales of agricultural products amounting to RMB2.39 million, and introduced investment of RMB70 million. **To secure people’s well-being and livelihood,** we donated RMB10 million to Henan Province for flood disaster relief and actively provided manpower and material resources to participate in rescue and relief efforts in Henan Province. **We actively participated in social welfare undertakings.** Our scholarships and

assistance for education continued to advance. We donated bursary to Jiangling Village Primary School in Zaihuo Township, Boai County. During the reporting period, CRSC's social responsibility report and ESG (Environmental, Social and Corporate Governance) report were awarded "Central Enterprise ESG Pioneer 50 Index" by SASAC, and the case of independent innovation in science and technology was elected as an excellent one of "fulfilling responsibilities in the principal businesses".

II. FOCUSING ON THE ESTABLISHMENT OF THE BOARD AND REGULATING FOR EFFICIENT OPERATION

(I) Efficient Operation of Governance Structure

The third session of the Board of Directors of the Company consists of seven directors with extensive experience, complementary expertise and diverse structure, including three executive directors, three independent non-executive directors and one non-executive director. External directors occupy a majority. In March 2021, the Board organized the convention of an extraordinary general meeting based on shareholders' nomination to elect 1 additional external 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, of which independent directors accounted for the majority. Independent directors accounted for the majority seats of the Nomination Committee and external directors accounted for the majority seats of the Quality and Safety Committee. The external directors fulfilled the independence as "external parties" adhering to the responsibility as members within the Company by conscientiously reviewing and enhancing the validation of surveys, giving play to their expertise and expressing opinions to perform their duties and exercise their rights efficiently.

(II) Coordinated Operation of the Governance System

Clear-cut scope of authority and regulated procedures. The Board earnestly implemented the requirements of giving precedence to the study and discussion by the Party Committee, strictly checked the decision-making list of "Three Importances and One Large", and went through Party Committee forefront procedures in respect of all issues that are subject to the forefront study by the Party Committee. The management are responsible for and submitted to the Board, take questions and enquiries from Directors and conduct daily operation by laws. The governors at all levels manage the corporate and make decisions according to laws and regulations. **We optimized the management of the Board's authorization to improve the efficiency of decision-making.** Measures for the administration of decision-making matters authorized by the Board were formulated to further regulate decision-making matters and exercise conditions, and the management of prior, in-progress and post authorization was enhanced as required by "authorization subject to liability" to grant authorization in a regulated, scientific and appropriate manner. **We extensively delegated the**

authorities to the board of directors of subsidiaries. On top of achieving regulated operation of the board of directors of subsidiaries, more efforts were put on delegating authority to the board of directors of subsidiaries under the principle of step-by-step, classified and differentiated delegation to ensure “sufficient delegation, assured assumption and satisfactory administration” and improve independent operation and decision-making capacity of such subsidiaries.

(III) Solid and Powerful Performance Support

The organization guarantee was enhanced by setting up supporting departments under the Board and supporting departments under each of the special committees, and great importance was attached to giving play to the role of external directors. **A Plan for guaranteeing external directors’ duty performance was formulated.** The standing book on duty performance of external directors was updated in a timely manner and external directors’ opinion and advice was tracked and implemented continuously to ensure the security for their duty performance from various aspects from information support to decision-making reference. **A mechanism for usual communication was established** which featured external directors communication meetings in a quarter basis, monthly report of information on production and operation, financial data, progress of major projects and risk management and control, attendance of external directors in important meetings of the Company, to ensure they keep abreast of the Company’s business development and obtain the information needed for their decision-making.

(IV) Boosting the Establishment of Board of Directors as needed with Complete and Enhanced Deployment

The Board of Directors were set up scientifically. The principle for the establishment of board of directors or appointment of executive directors of subsidiaries of CRSC was clarified, upon which a list of 24 subsidiaries which shall establish their respective board of directors was determined and are required to have a majority seats of external directors. Currently, all such subsidiaries established a board of directors comprising a majority of external directors respectively. The remaining 35 subsidiaries have executive directors in place. **A strong team of external directors was built** with a focus on building up a talent team of external directors. Taking into consideration of the competition-based recruitment among all employees of the headquarters and the management of subsidiaries at the second-level, the candidate for external directors was supplemented or adjusted to increase the proportion of external directors working full time. There are 26 external directors, of which 8 are working full time. **The deployment of external directors was optimized.** The Company repeatedly considered and studied the “suitability” of external directors and tried the utmost to achieve the organic utility of the Company’s requirements for strategic deployment, corporate development planning goals, problems or risks faced by the Company, management responsibilities and expertises of external directors.

III. DETERMINING STRATEGIES TO CONSTRUCT NEW ADVANTAGES FOR DEVELOPMENT

Focusing on the basis of new development stage, the implementation of new development concepts, and the integration of new development patterns, the Board scientifically formulated the “14th Five-Year” development plan, and resolutely drove the enhanced, superior and scalable corporate development.

(I) Systematically Planned Strategic Deployment

Brainstorm and build consensus. Communications and discussions between the executive Directors and external directors, the Board of Directors and the management were repeatedly carried out through the Strategy and Investment Committee, strategic seminars, external Directors communication meetings, individual conversations and other forms to go in-depth research and demonstration by taking the promotion of the Company’s high-quality planning as the top priority. 180 questionnaires were issued, and more than 150 suggestions were solicited, reflecting group wisdom. **Experience was summarized to strengthen appropriateness.** The experience and lessons of the “13th Five-Year” development plan were summarized extensively and factors for corporate development were integrated to strengthen research and judgment of the trend, make comprehensive thinking and insight into the development of the industry, and strengthen benchmarking with the industry. **Strategies were determined vigorously and precisely.** The vision and mission of “developing the national industry of national train control technology, leading the progress of global rail transit technology, and safeguarding people’s travel” was put forward, the business strategy of “Six Centers, One Core and Two Wings” was implemented, and an industrial landscape of “Rail Transit + N” was constructed.

(II) Focusing on the Optimized Deployment of Main Responsibility and Main Business

Adhering to the main responsibility, the Board shouldered the mission of developing the national railway communication and signal industry, served the national key strategies, ensured the safety of railway operations, improved transportation efficiency, satisfied the needs of the people for favorable journey, and maintained and increased the value of state-owned assets. With **innovation-driven** strength, it accelerated scientific and technological innovation and transformation of achievements, guided the technological development of the industry, and maintained a leading position in the industry; strengthened and enhanced management innovation, management and control capabilities, business model innovation, and the ability to serve the market and customers. **Focusing on main business,** it adhered to the dominant business of rail transit, actively integrated into the new development pattern, improved and upgraded the “three-in-one” whole industrial chain, built a leader of the rail transit modern industrial chain and established a “leading, safe and applicable” CRSC brand in the field of rail transit. **Diversified synergy,** and based on the advantages of signal (control) system business, it vigorously developed key businesses such as information communication, electric power electrification, general engineering contracting. Along the national key strategic directions such as digital industry and new infrastructure, a diversified industrial landscape with reasonable structure, scientific layout and efficient synergy was formed.

(III) Clarifying Key Objectives and Tasks

Centering on **economic benefits, business development, innovation-driven, green and low-carbon** and other aspects, the Board listed 66 specific tasks and measures in 8 aspects. It **implemented the strategy of “leading science and technology”**, insisted on tackling headwinds facing key technologies, strengthened research in forward-looking and original basic technology, and increased R&D investment to strengthen innovation incentives; **implemented the strategy of “supplementing and strengthening the chain and developing collaboratively”**, enhanced the ability of the industrial chain to create synergies, promote intelligent manufacturing, digital empowerment, and build a digital ecosystem; **implemented the strategy of “building a world-class company”** to strengthen the construction of a modern corporate system with Chinese characteristics, and further improve the market-oriented operation mechanism; **implemented the “broad-based operating” strategy** to strengthen the key market deployment, innovate business models, improve the business contracting assessment system, improve the international business organization system, carry out overseas investment and mergers and acquisitions, and strengthen overseas risk prevention and control; **implemented the strategy of “establishing with safety and prospering with quality”**, to strengthen the construction of safety and quality management and control system, and accelerate the construction of an integrated safety management platform; **implemented the strategy of “strengthening the enterprise with talents”** to build a high-quality talent team, improve the selection and employment mechanism, establish and improve the income distribution mechanism, and flexibly carry out medium and long-term incentives.

(IV) Effective Exercise of the Guiding Strategy

The Board of Directors fully supported the role of the Party Committee in “leading the direction, managing the overall situation, and promoting implementation”, and established a pyramid-shaped implementation system with the Board of Directors and the Strategy and Investment Committee ranking in the top. It maintained strategic focus, established an effective connection system covering strategy, plan, budget and performance, and effectively implemented and monitored the implementation of the strategies; and carried out strategic evaluation and reflection on strategy. The Board of Directors held strategy seminars on a regular basis and made appropriate adjustments after full demonstration to achieve closed-loop management of strategic planning research, preparation, implementation and evaluation.

IV. MAKING DECISION TO IMPROVE CORPORATE GOVERNANCE

The Board of Directors always practices subject to the will of the investors, focuses on the implementation of strategies for corporate development, adheres to scientific decision-making, democratic decision-making, and law-based decision-making, and gives full play to the main role of business decision-making.

(I) Effective Duty Performing in accordance with Laws and Regulations

The Board of Directors convened the general meetings and the Board meetings 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. The Board implements a decision-making system integrating collective consideration, independent voting and individual accountability. All Directors fully discussed the proposals, expressed their opinions objectively, and strictly implemented the voting system. 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 2021, the Company held ten meetings of the Board of Directors which considered and approved 28 proposals on regular report, profit distribution, and restructuring; and held two general meetings which considered and approved 9 proposals.

(II) Improving Quality of Decision-making

The Board of Directors organized meetings efficiently by carefully formulating annual meeting plan, conducting thorough communication ahead of the meeting and making overall arrangements in an orderly manner to ensure appropriate decision-making body, regulated decision-making procedures, compliant decision-making matters and complete decision-making components. It strictly controlled the quality of proposals to guarantee sufficient time for proposal review and achieve efficient decision-making. **The Board extended into first-line research.** In 2021, the external directors conducted two group investigations and inspections respectively on 3 subsidiaries of the Company in Shanghai (CRSC CASCO, CRSC Shanghai, CRSCS) and CRSC Shenyang, a subsidiary of CRSC Xi'an, visited for study at Eastern Air Logistics, which was among the first batch of pilot enterprises for mixed-ownership reform in central state-owned enterprises, and Baosteel, which was among the advanced intelligent manufacturing enterprise. The full-time external directors carried out 6 personal on-site investigations on subsidiaries and conducted inquiries about the Company's situation from time to time to strengthen investigation and demonstration, and consolidate the basis for decision-making. **The Board improved its duty performance capacity.** The members of the Board participated in the seminars on the construction of the Board of central state-owned enterprises held by the SASAC, as well as various important meetings held by the SASAC, to understand the current situation and key tasks, and provide support for decision-making; and participated in regulatory service training organized by the Listed Companies Association of Beijing and follow-up training for independent directors organized by Shanghai Stock Exchange and so on, to improve their professional quality.

(III) The Board Gave full Play to the Role of the Special Committees

Each special committee conducted in-depth and detailed advance research on matters in its respective field to assist the Board of Directors in improving decision-making efficiency and operation quality. 8 meetings of the special committees were held during the year, at which 17 proposals were considered and approved. In particular, four meetings of the Audit and Risk Management Committee were held, at which the proposals on the periodic results report, the internal audit report, the internal control evaluation report were reviewed. The Company listened to the report on key work of risk control, focused on various risks facing the production and operation of the enterprise, and put forward suggestions on risk management and control. One meeting of the Quality and Safety Committee was held to listen to the quality and safety report of the Company, and such committee requested to implement precise management, promote digital supervision, and resolutely maintain the red line of safety and quality. One meeting of the Strategic and Investment Committee was held to discuss and judge the development direction and thoughts of the “14th Five-Year” development plan through strategy seminars, external director communication meetings, individual conversations and other forms. One meeting of the Nomination Committee was held to review the appointment of additional director candidates. One meeting of the Remuneration and Evaluation Committee was held to listen to the report on the compensation of the senior management of the Company in 2020.

(IV) Strengthening Supervision and Effectiveness of Accountability

The Board of Directors **urged the implementation of rectification**, focusing on the turnover efficiency of “Two Funds”, and urged subordinate enterprises to clarify the reduction target of “Two Funds”, to reduce inventory, control increment, speed up contract settlement, and improve operating cash flows; **we actively offered advice and suggestions**, closely tracked the “two interests and four rates”, and put forward suggestions on strengthening the cultivation of new growth points, accelerating digital transformation, and increasing capital operation; **the Company improved the reporting mechanism for the implementation of proposals** by establishing an execution standing book for matters resolved by the Board to form a rolling task list and report to the Board on a regular basis to ensure the effective implementation of Board resolutions and Directors’ opinions and suggestions. The implementation progress of major investment and financing projects are reviewed on a quarterly basis, focusing on investment return, payment collection and others.

V. AVOIDING RISKS TO GUARANTEE HIGH QUALITY DEVELOPMENT

The Board made overall arrangements to systematically prevent major risks, promoted risk prevention and control from the source through strengthening dynamic tracking and monitoring of risks, improving risk early alerts and strengthening prior and in-process supervision, and effectively identified, revealed and resolved major risks.

(I) Improving the Organizational System on Risk Management

The Board promoted the construction of the risk control center, clarified the objectives of “strengthening internal control, preventing risks, promoting compliance, and creating value”, coordinated system-wide legal, risk, compliance, internal control, audit and other management resources of the Group and created a five-in-one management platform integrating law, compliance, internal control, risk, and audit supervision. The Board focuses on risk prevention and control from the source, controlling the process, and managing the end front to constantly improve management value, improve compliance management, and safeguard the Company’s rights and interests. The Board gave full play to the leading role of the Audit and Risk Management Committee under the Board on risk management, internal control management, and internal audit, and formed a long-term mechanism for regular special reports by holding special committee meetings every quarter, listening to the dynamic management and control of risks, and putting forward requirements for strengthening risk prevention and control.

(II) Strict Risk Management and Control Measures

The Board mastered the construction of the risk management and control system by strengthening the construction of three lines of defense for risk management of business departments, special departments and audit supervision, strictly adhering to the four red lines of investment management and control, capital management and control, compliant operation and financing guarantee, and establishing a strict, regulated, comprehensive and effective supervision and management system for internal control risk to strictly maintain the bottom line of risk. **It tracked risk management** by establishing a dynamic monitoring mechanism for major risks. 64 quantitative risk monitoring indicators were formed to track and monitor major risk management and control on a quarterly basis, and 4 quarterly monitoring reports on major risk were developed to monitor major operational risks and related risk events in real time.

(III) Improving the Quality of Risk Prevention and Control

The Board integrated risk prevention and control into all aspects of production and operation by improving the special review mechanism for major projects, strengthening the management and control of key areas, and conducting special risk assessments in advance for major business decisions; it strengthened the standardization of contract management by publishing 64 contract sample texts and contract standard clauses of 42 modules, which created a CRSC contract standard text library and clause library; and improved the compliance risk management system by refining the special risk prevention and control measures for compliance in key areas. Four special guidelines for compliance management were issued to strengthen the ability to respond to compliance risks. **Taking audit supervision as an important starting point**, 69 internal audit projects were implemented in 2021, which heightened the audit extensively and deeply, and the analysis of common problems and emerging problems. In this way, fundamental countermeasures were proposed from the perspective of improving rules and regulations and systems and mechanisms to promote

problem solving and achieve broad regulation via a single audit. **The Board promoted the reform and development and key tasks** by issuing special work guidelines, established a collaborative treatment mechanism with business departments, with a focus on verifying the collection management of long-aged accounts receivable, and vigorously promoting the collection of accounts receivable.

VI. ENHANCING MARKET VALUE MANAGEMENT TO SAFEGUARD SHAREHOLDERS' INTERESTS

(I) Information Disclosure according to Laws and Regulations

The Board of the Company earnestly performed the requirements of the Administrative Measures for Information Disclosure of Listed Companies by the CSRC and the listing rules of the stock exchange, disclosed material events of the Company in a true, accurate and complete manner, with concise, clear and easy to understand statements, which gives a full disclosure of risks. It displayed the key content of the Company's annual report in various forms such as images, texts, animation videos, and others, so that small and medium investors may obtain understanding of important information of the Company in a quick and accurate manner. The Board of the Company has published 74 announcements and disclosure documents in Shanghai Stock Exchange, and 129 announcements (including 82 announcements in traditional Chinese and 47 announcements in English) in the Hong Kong Stock Exchange during the reporting period. Among them, the Board actively disclosed 6 voluntary announcements for successful bidding of major projects, disclosing the winning bid amount of RMB14.475 billion, and 1 voluntary announcement on the controlling shareholder's increase of shareholding in H Shares to positively circulate its information and improve its image.

(II) Orderly Carrying out Investor Relations Activities

The Board of Directors always upholds the core ideology of value creation based on communication and therefore, it actively communicates with and listen to investors. The Company has totally organized one press conference for earnings release and over 30 on-site receptions and teleconferencing communications. Three investor communication record sheets were issued, and 16 Q&As of E-interactive platform were organized. The Company answered the phone calls and replied emails from medium and small investors in time, in response to the questions from them patiently. The Company held general meetings by a combination of on-site meetings and online voting, which facilitated the active engagement of investors. The Company actively distributed dividends and has maintained a high cash dividend rate since its listing. The total cash dividends distributed in 2020 were RMB2.118 billion (tax inclusive), accounting for 55.46% of the net profit attributable to shareholders of listed company in 2020, which provided solid boost for the increase in shareholder returns and market value, protected the rights and interests of shareholders and public investors state-owned enterprises, and promoted the Company's long-term and healthy development in the capital market.

(III) Construction of Sound Communication Channel

The Company participated in various activities organized by the CSRC, CSRC Beijing Bureau and Securities Association of China. The Company established favorable interactions with China Securities Journal, Sina Finance and other media, 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. In 2021, the Company was awarded “Golden Bull Science and Technology Innovation Award” for listed companies by China Securities Journal, “Leading Award of Golden Quality STAR Market Industries” for listed companies by Shanghai Securities News and others.

VII. NEXT STEP AND FUTURE OUTLOOK

Prioritizing the improvement of the governance system and efficiency of the Company, the Board will implement “developing strategies, making decisions and preventing risks” in all respects in 2022. **Perform its duties and ensure scientific and efficient decision-making.** The Board will enhance communication before the meeting, deeply investigate to gain more knowledge, perform its duties in compliance with the laws, and fully exercise its functions and powers. In addition, the Board will put “Three Importances and One Large” decision-making system in place, follow the pre-procedure of the Party Committee, and timely submit material issues to the general meeting for consideration and approval, so as to ensure scientific, democratic and law-abiding decision-making. **Adhere to strategic orientation and implement the “14th Five-year” plan.** The Board will supervise the effective promotion and implementation of the strategies, carry out regular strategies assessment and reflection, seize market opportunities, accelerate independent innovation, and guide the development of the enterprise. **Prevent risks effectively and promote high-quality development of the enterprise.** The Board will further improve compliance governance system, advance legal management, fully safeguard each reform and major projects decision-making abiding-law and compliant with systems constraint and procedures control, and strengthen assessment, monitoring and early warning of risk information to prevent major risks. **Actively focus on capital market and protect shareholders’ interests.** Continuously guided by principles of “truthfulness, accuracy, completeness, timeliness and fairness”, the Board will disclose the Company’s information in compliance with laws, and listen to the voice of investors carefully, accept the supervision by market participants, and bring a sound expectation for investors. Moreover, the advantages of A+H capital market will be leveraged to advance high-quality development of the entity’s business and achieve the value preservation and appreciation of state-owned capital, in return for the support and trust of shareholders.

**WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021 OF
CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED***

Pursuant to the Articles of Association of China Railway Signal & Communication Corporation Limited and the Rules of Procedure of Supervisory Committee of China Railway Signal & Communication Corporation Limited, the Supervisory Committee of China Railway Signal & Communication Corporation Limited is committed to performing supervisory responsibilities and attends the general meeting and the Board meeting, supervises the Company's production and operation, major affairs, financial status and the performance of duties by Directors and senior management and promotes the Company's standard operation, from the standpoint of protecting the compliance interest of the Company and its shareholders. Work Report of the Supervisory Committee for 2021 of China Railway Signal & Communication Corporation Limited is hereby presented to the general meeting.

I. WORK OF THE SUPERVISORY COMMITTEE

(I) Convening Meetings

In 2021, four meetings were held by the Supervisory Committee of the Company:

1. On 25 March 2021, the Supervisory Committee of the Company held the 12th meeting of the Third Session of the Supervisory Committee, which should be presented by three persons and actually was attended by three persons. The meeting considered and approved the following proposals regarding: 2020 Annual Report of China Railway Signal & Communication Corporation Limited; Profit Distribution Plan for 2020 of China Railway Signal & Communication Corporation Limited; Plan of Appointment of External Auditor for 2021 of China Railway Signal & Communication Corporation Limited; Special Report on Deposit and Use of Proceeds for 2020 of China Railway Signal & Communication Corporation Limited; 2020 ESG Report of China Railway Signal & Communication Corporation Limited; Remuneration for Supervisors in 2020 of China Railway Signal & Communication Corporation Limited; Internal Control Evaluation Report for 2020 of China Railway Signal & Communication Corporation Limited; Internal Control Audit Report for 2020 of China Railway Signal & Communication Corporation Limited; Work Report of the Supervisory Committee for 2020 of China Railway Signal & Communication Corporation Limited.
2. On 28 April 2021, the Supervisory Committee of the Company held the 13th meeting of the Third Session of the Supervisory Committee, which should be presented by three persons and actually was attended by three persons. The meeting considered and approved the proposal regarding 2021 First Quarterly Report of China Railway Signal & Communication Corporation Limited.

3. On 25 August 2021, the Supervisory Committee of the Company held the 14th meeting of the Third Session of the Supervisory Committee, which should be presented by three persons and actually was attended by three persons. The meeting considered and approved the following proposals regarding: 2021 Interim Report of China Railway Signal & Communication Corporation Limited; the Utilization of Unused Raised Funds for Cash Management; the Special Report on the Deposit and Actual Usage of Proceeds in the First Half of 2021.
4. On 27 October 2021, the Supervisory Committee of the Company held the 15th meeting of the Third Session of the Supervisory Committee, which should be presented by three persons and actually was attended by three persons. The meeting considered and approved the proposal regarding 2021 Third Quarterly Report of China Railway Signal & Communication Corporation Limited.

(II) Attendance at Important Meetings

In 2021, the supervisors attended 2 general meetings and 6 Board meetings as required. In addition, the members of the Supervisory Committee presented meetings involving the management on a regular basis. By attending the above meetings, supervisors were updated on the operation and management of the Company, and effectively supervised procedures and agenda of the meeting.

(III) Daily Supervision

In 2021, the Supervisory Committee continued to improve working ways, prioritized the combination of the work of the Supervisory Committee and internal and external audit, legal and compliance, focused on the development and risk control of subsidiaries, provided improvement opinions on production and operation, financial management and internal control, and urged subsidiaries to strengthen management and control.

II. SPECIFIC 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 by Directors and senior management of the Company and the legitimate operation of the Company, the Supervisory Committee was of the view that, in 2021, the Board of the Company was able to make decisions according to law and in strict compliance with requirements such as the Company Law and the Articles of Association, actively responding to market changes; that the Board formulated the Company's development strategy planning under the "14th Five-year Plan" and made a series of major decisions, reflecting the clear thinking and fruitful mastering the right direction of the Company's development, and achieving a good start of the "14th

Five-year Plan” development; that the Directors and senior management of the Company were able to comply with 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 their duties of the Company, fulfilling the fiduciary duty in a faithful, diligent and responsible 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 or causing prejudice to the interests of the Company and the rights and interests of Shareholders during the execution of their duties and discharge of their duties. In addition, the Company had further improved and refined various internal management systems and internal control mechanisms. The Company disclosed significant information about the Company in a timely, accurate, complete manner pursuant to the securities regulatory requirements such that the information was disclosed in a regulated manner and the insider-related securities trading system was conducted well.

(II) Review on the Financial Conditions of the Company

In 2021, 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, and reviewing the regular reports of the Company.

In 2021, the Supervisory Committee was of the view that the Company’s financial department and financial operation mechanism operated in accordance with the relevant national financial laws and regulations and the relevant provisions of the national regulatory authorities; that the Company had a sound financial system and a complete financial mechanism; that the periodic reports of the Company truly, accurately and completely reflect the Company’s financial status and operating results, without any false records, misleading statements or major omissions; that the Supervisory Committee had reviewed the standard unqualified audit report issued by Ernst & Young Hua Ming and believed that the report and the Company’s financial reports truthfully and objectively reflected the Company’s financial position and operating results.

(III) Use of Proceeds

During the reporting period, the Supervisory Committee supervised the use and management of the Company’s proceeds. The Supervisory Committee was of the view that, in 2021, the Company’s use and deposit of proceeds met the requirements of Guidelines of Shanghai Stock Exchange for the Self-Regulation Rules for the Listed Companies on the SSE STAR Market No. 1 – Regulated Operation of Listed Companies (《上海證券交易所科創板上市公司自律監管指引第1號—規範運作》), Articles of Association, and the Management Measures for the Use of Proceeds. The use and deposit of proceeds did not violate laws and regulations and change the investment in disguised form or cause damage to the interests of investors.

(IV) Connected Transactions and External Guarantee by the Company

The Supervisory Committee supervised the connected 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 connected transactions were conducted in accordance with the Company Law, the Rules Governing the Listing of Stock 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 and the Rules Governing Connected Transactions (《關聯交易管理制度》), did not violate the principles of openness, fairness and impartiality, did not affect the independence of the Company, and were not found to cause damage to the interests of the Company. The Supervisory Committee of the Company had verified the external guarantee during the reporting period, and believed that the Company did not provide any external guarantee and did not cause damage to the interests of the Company and minority shareholders.

(V) Internal Control of the Company

In 2021, the Company conducted comprehensive risk assessment, internal control self-evaluation, compliance inspection and other works in accordance with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council, and prepared the Annual Major Risk Evaluation Report and Internal Control Evaluation Report.

During the reporting period, the Supervisory Committee had supervised the internal control of the Company. The Supervisory Committee believed that: in 2021, the Company established a relatively robust system of internal control, and had set up internal control in respect of the business and affairs within the evaluation scope, and that the internal control was in line with corporate strategy, business scale, business scope, competition condition and risk level, and had played an effective role of prevention and control in all key aspects, thus ensuring the orderly conduct of the Company's business activities, effectively guarding against business risks and safeguarding the interests of the Company and shareholders.

(VI) Environmental, Social and Governance Issues of the Company

In 2021, the Supervisory Committee supervised the environmental, social and governance issues of the Company during the reporting period and reviewed the Environmental, Social and Governance Report for 2020 of China Railway Signal & Communication Corporation Limited. The Supervisory Committee was of the view that the report was in line with the Global Reporting Initiative's Sustainability Reporting Guidelines (GRI Standard), the Guidelines to Chinese State-owned Enterprises on Fulfilling Corporate Social Responsibilities issued by the State-owned Asset Supervision and Administration Commission of the State Council, and the China CSR Reporting Guidelines (CASS-CSR4.0) issued by the Chinese Academy of Social Sciences. The disclosure was in line with the "Environmental, Social and Governance Reporting Guide", Appendix 27 of the Main Board Listing Rules of the Hong Kong Stock Exchange, and the "Guidelines on Environmental Information Disclosure of Listed Companies" of the Shanghai Stock Exchange. There was no situation that harmed the environment and society in the Company, and the control measures were effective.

III. WORK PLAN FOR 2022 OF SUPERVISORY COMMITTEE OF THE COMPANY

In 2022, the Supervisory Committee of the Company will continue to be responsible for all shareholders of the Company, strictly in accordance with the Company Law, Articles of Association and Rules of Procedure of Supervisory Committee and other relevant provisions, faithfully perform their duties and effectively safeguard the legitimate rights and interests of the Company, shareholders and employees. It plays a positive role in promoting the steady development of the Company's business, strengthens risk control and improves the corporate governance structure. In 2022, the Supervisory Committee of the Company intends to focus on the following tasks:

- (I) Attending important meetings. Attending the general meetings as required, attending the Board meetings and related important meetings, keeping abreast of the Company's major decision-making matters and the legality of various decision-making procedures, and earnestly performing supervisory duties.
- (II) Understanding the supervision work carried out by the internal and external supervision department by convening regular and interim meetings. 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) Supervising the Company's Directors and senior management personnel to perform their duties diligently, preventing behaviors that damage the Company's interests, earnestly safeguarding the rights and interests of the Company and shareholders, and ensuring the sustainable and high-quality development of the Company.
- (IV) Actively participating in the training organized by regulators, strengthening the study of relevant laws and regulations, improving their professional business ability and the supervision ability and level of the Supervisory Committee.

TABLE OF REMUNERATIONS AND BENEFITS FOR
DIRECTORS AND SUPERVISORS IN 2021

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	746,184.00	130,029.22	51,201.80	927,415.02
XU Zongxiang	Executive Director, President	746,184.00	130,029.22	52,868.80	929,082.02
YANG Yongsheng	Executive Director	563,956.00	130,029.22	47,257.20	741,242.42
YAO Guiqing	Independent Non- executive Director	100,000.00	–	–	100,000.00
CHEN Jin'en	Independent Non- executive Director	80,000.00	–	–	80,000.00
CHAN Ka Keung Peter	Independent Non- executive Director	139,008.00	–	–	139,008.00
KONG Ning	Chairman of the Supervisory Committee	418,343.00	130,029.22	36,172.40	584,544.62
LI Tienan	Shareholder representative Supervisor	–	–	–	–
CHEN Shikui	Employee representative Supervisor	498,000.00	130,029.22	22,876.72	650,905.94

Notes:

1. CHEN Jin'en and CHAN Ka Keung Peter ceased to serve as independent non-executive Directors since February 2022;
2. Non-executive Director GUO Yonghong and Supervisor LI Tienan did not receive remuneration from the Company;
3. CHEN Shikui ceased to serve as employee representative Supervisor since February 2022.