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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in China Railway Signal & Communication Corporation Limited\*, you should at once hand this circular and the accompanying revised form of proxy and the reply slip dispatched on 1 March 2019 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).

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**中国通号**

**中國鐵路通信信號股份有限公司**

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

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

**(Stock Code: 3969)**

**PROPOSED A SHARE OFFERING  
OTHER RESOLUTIONS RELATED TO THE A SHARE OFFERING  
DISTRIBUTION PLAN OF SPECIAL PROFITS  
AND  
REVISED NOTICE OF 2019 FIRST EXTRAORDINARY  
GENERAL MEETING  
AND  
REVISED NOTICE OF 2019 FIRST H SHAREHOLDERS  
CLASS MEETING**

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A letter from the Board is set out on pages 4 to 19 of this circular.

The notices convening the EGM and the Class Meetings to be held at 9:30 a.m. on Monday, 15 April 2019 at Meeting Room 1945, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC have been dispatched on 1 March 2019, and the revised notices thereof are set out on pages 20 to 26 of this circular. The revised forms of proxy for use at the EGM and the H Shareholders Class Meeting are also enclosed. Such revised forms of proxy are also published on the HKEXnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.crsc.cn](http://www.crsc.cn)).

Whether or not you propose to attend the EGM and/or the Class Meetings, H Shareholders are requested to complete and return the enclosed revised forms of proxy in accordance with the instruction printed thereon and return 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 EGM and the Class Meetings or any adjournment thereof. Completion and return of the revised forms of proxy will not preclude the Shareholders from attending and voting in person at the EGM and/or the Class Meetings or any adjournment thereof if they so wish. If you propose to attend the EGM and/or the Class Meetings in person or by proxy, you are requested to complete the enclosed reply slips dispatched on 1 March 2019 in accordance with the instruction printed thereon and return the same on or before Tuesday, 26 March 2019.

\* *For identification purpose only*

26 March 2019

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## CONTENTS

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<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>I. INTRODUCTION</b> .....	4
<b>II. MATTERS TO BE RESOLVED AT THE EGM AND THE CLASS MEETINGS</b> .....	5
<b>III. THE EGM AND THE CLASS MEETINGS AND VOTING METHOD</b> .....	18
<b>IV. CLOSURE OF REGISTER OF MEMBERS</b> .....	19
<b>V. RECOMMENDATION</b> .....	19
<b>REVISED NOTICE OF 2019 FIRST EXTRAORDINARY GENERAL MEETING</b> .....	20
<b>REVISED NOTICE OF 2019 FIRST H SHAREHOLDERS CLASS MEETING</b> .....	24
<b>APPENDIX I</b> <b>USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT.</b> .....	I-1
<b>APPENDIX II</b> <b>DILUTION OF IMMEDIATE RETURNS AND THE REMEDIAL MEASURES ON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES</b> .....	II-1
<b>APPENDIX III</b> <b>DIVIDEND DISTRIBUTION PLAN WITHIN THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES</b> .....	III-1
<b>APPENDIX IV</b> <b>PROPOSAL ON STABILIZING THE PRICE OF A SHARES OF THE COMPANY WITHIN THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES</b> ...	IV-1
<b>APPENDIX V</b> <b>UNDERTAKINGS REGARDING INFORMATION DISCLOSURE IN THE PROSPECTUS PUBLISHED IN CONNECTION WITH THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES</b> .....	V-1
<b>APPENDIX VI</b> <b>COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY</b> .....	VI-1
<b>APPENDIX VII</b> <b>COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURES FOR THE GENERAL MEETINGS</b> .....	VII-1
<b>APPENDIX VIII</b> <b>COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS</b> .....	VIII-1
<b>APPENDIX IX</b> <b>COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE</b> .....	IX-1

---

## CONTENTS

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<b>APPENDIX X</b>	<b>COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS</b> .....	<b>X-1</b>
<b>APPENDIX XI</b>	<b>RULES ON THE MANAGEMENT OF TRANSACTIONS WITH RELATED PARTIES UNDER THE A SHARES</b> .....	<b>XI-1</b>
<b>APPENDIX XII</b>	<b>RULES FOR THE MANAGEMENT OF EXTERNAL GUARANTEE</b> .....	<b>XII-1</b>
<b>APPENDIX XIII</b>	<b>RULES FOR THE MANAGEMENT OF PROCEEDS FROM A SHARE OFFERING</b> .....	<b>XIII-1</b>
<b>APPENDIX XIV</b>	<b>REPORT ON THE USE OF PROCEEDS RAISED IN THE PREVIOUS ISSUANCE</b> .....	<b>XIV-1</b>

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## DEFINITIONS

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

“A Shares”	the ordinary shares to be subscribed for in RMB which are proposed to be issued by the Company in accordance with the A Share Offering, which will be listed on the Science and Technology Innovation Board of the SSE and traded in RMB
“A Share Offering” or “A Share Offering and Listing”	the Company’s proposed initial public offering of no more than 2,197,454,750 A Shares, which will be listed on the Science and Technology Innovation Board of the SSE
“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
“Board of Supervisors”	the board of supervisors of the Company
“Class Meeting(s)”	the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting, collectively
“Company” or “CRSC”	China Railway Signal & Communication Corporation Limited*, a joint stock limited liability company established in the PRC on 29 December 2010
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary shares of the Company with a nominal value of RMB1.00 per share issued in accordance with the laws of the PRC, which are subscribed for and paid up in Renminbi
“Domestic Shareholder(s)”	holder(s) of Domestic Shares of the Company
“Domestic Shareholders Class Meeting”	the 2019 first Domestic Shareholders class meeting of the Company to be convened and held on Monday, 15 April 2019 immediately after the conclusion of the EGM (or any adjournment thereof) at Meeting Room 1945, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC

\* For identification purpose only

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## DEFINITIONS

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“EGM”	the 2019 first extraordinary general meeting of the Company to be convened and held at 9:30 a.m. on Monday, 15 April 2019 at Meeting Room 1945, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and listed on the Stock Exchange
“H Shareholders Class Meeting”	the 2019 first H Shareholders class meeting of the Company to be convened and held on Monday, 15 April 2019 immediately after the conclusion of the EGM and the Domestic Shareholders Class Meeting (or any adjournment thereof) at Meeting Room 1945, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Shareholder(s)”	holder(s) of H Shares of the Company
“Latest Practicable Date”	22 March 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“PRC”	the People’s Republic of China, which for the purposes of this circular excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Procedure Rules of the Board of Directors”	the Procedure Rules of the Board of Directors of China Railway Signal & Communication Corporation Limited* (《中國鐵路通信信號股份有限公司董事會議事規則》), as amended from time to time
“ Rules of Procedure for the Supervisory Committee ”	the Rules of Procedure for the Supervisory Committee of China Railway Signal & Communication Corporation Limited* (《中國鐵路通信信號股份有限公司監事會議事規則》), as amended from time to time
“Procedure Rules of the General Meetings”	the Procedure Rules of the General Meetings of China Railway Signal & Communication Corporation Limited* (《中國鐵路通信信號股份有限公司股東大會議事規則》), as amended from time to time

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## DEFINITIONS

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“RMB”	Renminbi, the lawful currency of the PRC
“Rules for the Management of Proceeds from A Share Offering”	the Rules for the Management of Proceeds from A Share Offering of China Railway Signal & Communication Corporation Limited* (《中國鐵路通信信號股份有限公司A股募集資金管理制度》) to be approved at the extraordinary general meeting
“Rules for the Management of the External Guarantee”	the Rules for the Management of the External Guarantee of China Railway Signal & Communication Corporation Limited* (《中國鐵路通信信號股份有限公司對外擔保管理制度》) to be approved at the extraordinary general meeting
“Rules on the Management of Transactions with Related Parties under the A Shares”	the Rules on the Management of Transactions with Related Parties under the A Shares of China Railway Signal & Communication Corporation Limited* (《中國鐵路通信信號股份有限公司A股關聯交易管理制度》) to be approved at the extraordinary general meeting
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary shares in the share capital of the Company with nominal value of RMB1.00 each, including H Shares and Domestic Shares
“Shareholder(s)”	the holder(s) of the Shares of the Company
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Working Rules of the Independent Non-Executive directors”	the Working Rules of the Independent Non-Executive directors of China Railway Signal & Communication Corporation Limited* (《中國鐵路通信信號股份有限公司獨立非執行董事工作制度》), as amended from time to time
“%”	per cent

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## LETTER FROM THE BOARD

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中国通号

中國鐵路通信信號股份有限公司

China Railway Signal & Communication Corporation Limited\*

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

(Stock Code: 3969)

*Chairman of the Board and executive Director:*

Mr. ZHOU Zhiliang

*Executive Directors:*

Mr. YIN Gang

Mr. YANG Yongsheng

*Independent non-executive Directors:*

Mr. WANG Jiajie

Mr. CHEN Jin'en

Mr. CHAN Ka Keung, Peter

Mr. YAO Guiqing

*Registered Address:*

20th Floor, Building A, CRSC Building  
1 Compound, Automobile Museum South Road  
Fengtai District  
Beijing, the PRC

*Principal place of business in the PRC:*

CRSC Building  
1 Compound, Automobile Museum South Road  
Fengtai District  
Beijing, the PRC

*Principal place of business*

*in Hong Kong:*

40th Floor, Sunlight Tower  
No. 248 Queen's Road East  
Wan Chai  
Hong Kong

*To the Shareholders*

### PROPOSED A SHARE OFFERING OTHER RESOLUTIONS RELATED TO THE A SHARE OFFERING DISTRIBUTION PLAN OF SPECIAL PROFITS

#### I. INTRODUCTION

The Company intends to hold the EGM and the Class Meetings at 9:30 a.m. on Monday, 15 April 2019 at Meeting Room 1945, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC. The notices to convene the EGM and the H Shareholders Class Meeting have been dispatched on 1 March 2019. The revised notices to convene the EGM and the H Shareholders Class Meeting have been dispatched on 26 March 2019, respectively, and are set out on pages 20 to 26 of this circular.

References are made to the Company's (1) announcement dated 28 February 2019 in relation to, among others, the proposed A Share Offering; (2) notice of the EGM and notice of H Shareholders Class Meeting both dated 1 March 2019 and (3) announcement of the Company dated 25 March 2019 in relation to, among others, further plan for the proposed A Share Offering and the related matters.

\* For identification purpose only

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## LETTER FROM THE BOARD

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According to the requirements of the Company Law of the People's Republic of China and the Articles of Association, Shareholders individually or jointly holding 3% or more of the Company's Shares may submit ad hoc proposals to the convener of a general meeting in writing ten days prior to the general meeting. Accordingly, on 25 March 2019, China Railway Signal & Communication Corporation Limited\*, the controlling Shareholder of the Company, submitted to the Board the proposal on the consideration of and approval on the further plan for the proposed A Share Offering and related matters at the EGM and the Class Meetings. The procedure of the proposal on such ordinary resolutions and special resolutions is in accordance with the requirements of the applicable relevant laws, regulations and the Articles of Association.

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

### II. MATTERS TO BE RESOLVED AT THE EGM AND THE CLASS MEETINGS

#### 1. Resolution on the Plan for A Share Offering

A special resolution will be proposed at the EGM and the Class Meetings to approve the proposed plan for A Share Offering.

Due to the needs of the A Share Offering and Listing, according to the relevant laws and regulations including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and relevant regulatory documents, as well as considering the actual conditions of the Company, the proposed plan for the A Share Offering and Listing is detailed as follows:

- (1) Type of Shares to be issued and par value : Renminbi ordinary shares (A Share), with a par value of RMB1.00 each
- (2) Number of A Shares to be issued : It is proposed that the size of the proposed A Share to be issued shall not exceed 2,197,454,750 Shares, representing no more than 20% of the total share capital of the Company upon the completion of the issuance. In the event of any exit right issues of the Company, including share dividend and share capital increase from capital reserves, before the A Share Offering, the number of A Shares under the A Share Offering will be adjusted accordingly. The ultimate number of the issuance will be negotiated by the Board as authorized by the general meeting with the sponsor(s) (lead underwriter(s)) in accordance with the actual conditions, and will be subject to the approval/decision on approval of registration by the CSRC and other regulatory authorities
- (3) Target subscribers : Inquiry targets who meet the relevant qualification requirements of the CSRC and other regulatory authorities, as well as natural persons, legal persons and other institutional investors who maintain A share accounts with the SSE (except for persons prohibited by the PRC laws and regulations, rules and regulatory documents)

If any of the aforesaid target subscribers of A Share Offering are connected persons of the Company (only refers to connected persons under the A Share Listing Rules), the Company will take every reasonable measure to ensure that the A Share subscribers meet the relevant requirements of the CSRC and other regulatory authorities



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## LETTER FROM THE BOARD

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(4) Method of issuance : The Company will adopt a combination of off-line placement and offering by way of on-line subscription, or such other methods of issuance as approved by the CSRC and the SSE

(5) Method of pricing : By making preliminary inquiries to inquiry targets, the Company and the sponsor(s) of the Company/the lead underwriter(s) will determine the final issuing price through mutual negotiation based on the results of the preliminary inquiries, or by other methods as may be approved by the CSRC and the SSE when the time comes

According to the requirements on state-owned assets supervision and administration, in principle, the issue price of A Share shall not be lower than the net asset per Share recently available to the Company on the date when determining the issue price. In addition, the issue price of A Share is subject to the relevant requirements of the Listing Rules

(6) Use of proceeds : The Company intends to use the proceeds from the A Share Offering to investing in advanced and intelligent technology research and development and manufacturing base projects, information construction projects and to replenishing working capital

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

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

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

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## LETTER FROM THE BOARD

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- (8) Place of listing of Shares : The Science and Technology Innovation Board of the SSE
- (9) Underwriting fees : The Company and the Shareholders who publicly offer secondary Shares (if any) shall bear the fees respectively, in particular, the underwriting fees for the primary Shares shall be borne by the Company; the underwriting fees for the secondary Shares of the Shareholders (if any) shall be borne by the Shareholders participating in the public offering in proportion to the number of their respective public offer Shares; the sponsor fees, audit fees, attorney fees, information disclosure fees, issuance handling charges and other fees shall be borne by the Company
- (10) Valid period of the resolutions : The relevant resolutions of the A Share Offering and Listing shall be valid for 12 months from the date of consideration and approval by the EGM and the Class Meetings

### 2. OTHER RESOLUTIONS RELATED TO THE A SHARE OFFERING

(1) *Resolution on Authorisations to the Board to Exercise Full Powers to Deal with Matters Relating to the A Share Offering and Listing*

A special resolution will be proposed at the EGM and the Class Meetings to approve to authorize the Board to exercise full powers to deal with matters relating to A Share Offering and Listing.

Due to the working needs of A Share Offering, according to the relevant laws and regulations including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and relevant regulatory documents, as well as considering the actual conditions of the Company, it is proposed at the EGM and the Class Meetings to authorize the Board to exercise full powers to deal with all matters relating to the A Share Offering and Listing, and the scope of authorizations include but not limited to:

- (1) draft, sign, execute, modify, supplement, complete and submit any agreements, contracts or necessary documents related to the A Share Offering and Listing, including but not limited to, application reports, letter of intent in relation to the A Share Offering, prospectus, sponsorship agreements, underwriting agreements, various announcements and shareholder notices;
- (2) engage sponsor(s), underwriter(s), law firm(s), accounting firm(s) and other intermediary organizations related to the offering and listing, execute the employment or appointment agreements, determine and pay the fees related to the offering and listing;
- (3) determine or make corresponding adjustments on the specific plan for the A Share Offering based on the plan for the A Share Offering considered and approved by the EGM and the Class Meetings and pursuant to the PRC laws, administrative regulations, departmental rules, regulatory documents and relevant requirements of securities regulatory authorities as well as actual situations, and take full responsibility for the implementation of the plan, including but not limited to, the specific board of listing, the time of issuance, number of shares to be issued, method of pricing, issue price, target subscribers, placement allocation and other matters related

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## LETTER FROM THE BOARD

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to the A Share Offering and Listing. Make corresponding adjustments (including the suspension and termination of the implementation of the offering plan) to matters in relation to the specific plan for the offering and listing as a result of changes in laws, regulations or regulatory documents with respect to the A Share Offering, or changes in policies of regulatory authorities in connection with the A Share Offering, or changes in market conditions, save for those matters required to be voted again at a general meeting and the class meetings under the requirements of the relevant laws, regulations, regulatory documents, relevant requirements of securities regulatory authorities and the Articles of Association;

- (4) within the framework relating to the plan for A Share Offering determined by the resolutions of the EGM and the Class Meetings, according to the national regulations and requirements of the regulatory authorities (including the feedback on the review of the application for the A Share Offering and Listing) and market condition, and the actual progress and priority sequence of the investment projects of the proceeds, adjust the projects of proceeds, decide the specific plan of use plan of proceeds and make corresponding adjustments;
- (5) handle the declaration of the A Share listing according to the plan for the offering and listing, including but not limited to handling processes of approval, registration, filing, verification or consent in relation to the offering and listing with relevant governmental departments, domestic and overseas regulatory authorities, the SSE and the Shanghai branch of China Securities Depository and Clearing Co., Limited; determine the special account of the proceeds, if required, prior to the offering and listing; make any representations and warranties, and take any necessary, expedient or appropriate actions, in respect of the offering and listing;
- (6) make any adjustments and amendments to the Articles of Association and other corporate governance documents which have been considered and approved by the EGM, Class Meetings and the Board, and as drafted or amended by the Company pursuant to laws, administrative regulations, departmental rules, regulatory documents and relevant requirements of securities regulatory authorities due to the needs of the A Share Offering as a result of any changes in laws, administrative regulations, departmental rules, regulatory documents and relevant requirements of securities regulatory authorities and based on the requirements and suggestions of the relevant government agencies and regulatory authorities in, or out of, the PRC, and the actual situation of the A Share Offering; make corresponding amendments to the Articles of Association with respect to the registered capital and shareholding structure of the Company and handle the modification, filing and registration procedures with company registration authorities and other relevant government departments upon completion of the A Share Offering, and handle the matters related to application for the listing of A Shares on the SSE;
- (7) obtain approvals, submit filings and change registrations from and with competent State Administration for Industry and Commerce and other regulatory authorities for the change of registered capital of the Company, where appropriate for the issuance;
- (8) to the extent permitted by laws and regulations, regulatory documents and the Articles of Association, handle other matters related to A Share Offering and Listing;

The authorization shall be valid for 12 months from the date of consideration and approval by the EGM and the Class Meetings.

The Board also proposes at the EGM and the Class Meetings, subject to the Board being granted all authorizations contained in this resolution and except as otherwise provided in the relevant laws and regulations, regulatory documents and the Articles of Association, to authorize the Board to delegate the power to exercise all authorizations contained in this resolution to Mr. ZHOU Zhiliang, being the Chairman and executive Director of the Company.

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## LETTER FROM THE BOARD

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(2) ***Resolution on the Use of Proceeds from the Initial Public Offering and Listing of A Shares and the Feasibility Analysis Report***

A special resolution will be proposed at the EGM and the Class Meetings to approve the use of the proceeds to be raised from the initial public offering and listing of A Shares and the feasibility analysis report.

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

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

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

The use of proceeds and feasibility analysis report for the A Share Offering and Listing is set forth in Appendix I to this circular.

(3) ***Resolution on the Distribution Plan of Accumulated Profits before the Initial Public Offering and Listing of A Shares***

A special resolution will be proposed at the EGM and the Class Meetings to approve the distribution of accumulated profits before the initial public offering and listing of A Shares.

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

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## LETTER FROM THE BOARD

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(4) ***Resolution on the Dilution of Immediate Returns and the Remedial Measures on the Initial Public Offering and Listing of A Shares***

A special resolution will be proposed at the EGM and the Class Meetings to approve the dilution of immediate returns and the remedial measures on the initial public offering and listing of A Shares.

Pursuant to the provisions of the Guiding Opinions on Matters Relating to Dilution of Immediate Returns by IPO, Refinancing or Major Assets Restructuring (CSRC Announcement [2015] No. 31), the Opinions of the State Council on Further Promoting Healthy Development of the Capital Market (Guo Fa [2014] No. 17), the Opinions of the General Office of the State Council on Further Strengthening the Protection of Lawful Rights and Interests of Small- and Medium-sized Investors in the Capital Market (Guo Ban Fa [2013] No. 110) issued by the CSRC and other relevant regulations, if a company proceeds with an initial public offering of shares, or a listed company undergoes refinancing or engages in mergers and acquisitions or restructuring and therefore dilutes its current returns, it shall undertake to adopt specific measures to make remedy for such returns and honor the undertaking.

The Company has conducted an earnest analysis in respect of the impact of the A Share Offering and Listing on the dilution of the immediate returns and suggested specific measures on making remedies for the immediate returns. Relevant bodies have made relevant undertakings regarding the implementation of the measures for remedial returns to be taken by the Company. The details are set forth in Appendix II to this circular.

(5) ***Resolution on the Dividend Distribution Plan within the Three Years after the Initial Public Offering and Listing of A Shares***

A special resolution will be proposed at the EGM and the Class Meetings to approve the dividend distribution plan within the three years after the initial public offering and listing of A Shares.

To further improve and regulate the dividend mechanism of the Company, enhance the transparency and operability of dividend distribution decision-making and ensure the reasonable return on investment and other rights of Shareholders, it is proposed to formulate the Dividend Distribution Plan within the Three Years (2019-2021) after the Initial Public Offering and Listing of A Shares in accordance with the spirits in relevant documents issued by the CSRC and regulatory authorities and the requirements of the Articles of Association. The details are set forth in Appendix III to this circular.

(6) ***Resolution on the Proposal on Stabilizing the Price of A Shares of the Company within the Three Years after the Initial Public Offering and Listing of A Shares***

A special resolution will be proposed at the EGM and the Class Meetings to approve the proposal on stabilizing the price of A Shares of the Company within the three years after the initial public offering and listing of A Shares.

It is proposed to formulate the Proposal on Stabilizing the Price of A Shares of the Company to maintain the stability of price of A Shares of the Company after the A Share Offering and Listing, and to protect the rights of public Shareholders, especially the rights of minority Shareholders. The details are set forth in Appendix IV to this circular.

(7) ***Resolution on the Undertakings Regarding Information Disclosure in the Prospectus Published in Connection with the Initial Public Offering and Listing of A Shares***

A special resolution will be proposed at the EGM and the Class Meetings to approve the undertakings regarding information disclosure in the prospectus to be published in connection with the initial public offering and listing of A Shares.

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## LETTER FROM THE BOARD

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According to the requirement of the Opinions on Further Promoting the IPO System Reform (《關於進一步推進新股發行體制改革的意見》) and other relevant regulations, for the A Share Offering and Listing, the Company shall make undertakings that the content of the prospectus for the A Share Offering does not contain any false representation, misleading statement or material omission, and that the Company shall take corresponding legal responsibility for the truthfulness, accuracy and completeness of the content of the prospectus. The details are set forth in Appendix V to this circular.

**(8) *Resolution on Amendments to the Articles of Association***

A special resolution will be proposed at the EGM to approve amendments to the Articles of Association.

It is proposed to revise and improve certain provisions of the Articles of Association to further improve and regulate the Articles of Association, and to meet relevant requirements of applicable laws, regulations and normative documents such as the Company Law of the People's Republic of China, the Guidelines for the Articles of Association of Listed Companies issued by the CSRC and the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, with consideration of the actual situation of the Company. The details are set forth in Appendix VI to this circular.

Upon completion of the A Share Offering and amended Articles of Association becoming effective, in the event that the Company intends to repurchase any A Shares and H Shares, the Company will comply with the relevant requirements and restrictions under the Listing Rules, including but not limited to rules under Chapter 10 and Chapter 19A of the Listing Rules.

Due to the proposed amendments by adding and deleting certain provisions, the serial number of the terms of the original Articles of Association has been adjusted accordingly. The revised Articles of Association will be implemented upon the A Share Offering and Listing. Prior to this, the Articles of Association in force shall apply.

**(9) *Resolution on Amendments to the Procedure Rules of the General Meetings***

A special resolution will be proposed at the EGM to approve amendments to the Procedure Rules of the General Meetings.

It is proposed to revise and improve certain provisions of the Procedure Rules of the General Meetings of China Railway Signal & Communication Corporation Limited\* with the consideration of the actual situation of the Company to further improve and regulate the Procedure Rules of the General Meetings of China Railway Signal & Communication Corporation Limited\*, and to meet applicable laws, regulations and regulatory documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Governance Standards of Listed Companies and the Rules Governing Shareholders' General Meetings of Listed Companies and relevant requirements of the Articles of Association. The details are set forth in Appendix VII to this circular.

The revised Procedure Rules of the General Meetings will be implemented upon the A Share Offering and Listing. Prior to this, the Procedure Rules of the General Meetings in force shall apply.

**(10) *Resolution on Amendments to the Procedure Rules of the Board of Directors***

A special resolution will be proposed at the EGM to approve amendments to the Procedure Rules of the Board of Directors.

It is proposed to revise and improve certain provisions of the Procedure Rules of the Board of Directors of China Railway Signal & Communication Corporation Limited\* with the consideration of the actual situation of the Company to further improve and regulate the Procedure Rules of the Board of Directors of China Railway Signal & Communication Corporation Limited\*, and to meet applicable laws, regulations and regulatory documents such as the Company Law of the People's Republic of China (as amended in 2018), the Securities Law of the People's Republic of China and the Governance Standards of Listed Companies and relevant requirements of the Articles of Association. The details are set forth in Appendix VIII to this circular.

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## LETTER FROM THE BOARD

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The revised Procedure Rules of the Board of Directors will be implemented upon the A Share Offering and Listing. Prior to this, the Procedure Rules of the Board of Directors in force shall apply.

**(11) *Resolution on Amendments to the Rules of Procedure for the Supervisory Committee***

A special resolution will be proposed at the EGM to approve amendments to the Rules of Procedure for the Supervisory Committee.

It is proposed to revise and improve certain provisions of the Rules of Procedure for the Supervisory Committee of China Railway Signal & Communication Corporation Limited\* with the consideration of the actual situation of the Company to further improve and regulate the Rules of Procedure for the Supervisory Committee of China Railway Signal & Communication Corporation Limited\*, and to meet applicable laws, regulations and regulatory documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and Governance Standards of Listed Companies and relevant requirements of the Articles of Association. The details are set forth in Appendix IX to this circular.

Due to the proposed amendments by adding and deleting certain provisions, the serial number of the terms of the original Rules of Procedure for the Supervisory Committee has been adjusted accordingly. The revised Rules of Procedure for the Supervisory Committee will be implemented after the A Share Offering and Listing. Prior to this, the Rules of Procedure for the Supervisory Committee in force shall apply.

**(12) *Resolution on Amendments to the Working Rules of the Independent Non-executive Directors***

An ordinary resolution will be proposed at the EGM to approve amendments to the Working Rules of the Independent Non-executive Directors.

It is proposed to revise and improve certain provisions of the Working Rules of the Independent Non-executive Directors of China Railway Signal & Communication Corporation Limited\* with the consideration of the actual situation of the Company, to further improve and regulate the Working Rules of the Independent Non-executive Directors of China Railway Signal & Communication Corporation Limited\*, and to meet applicable laws, regulations and regulatory documents such as the Company Law of the People's Republic of China (as amended in 2018), the Securities Law of the People's Republic of China, Governance Standards of Listed Companies and Guiding Opinion on Establishment of Independent Director Systems by Listed Companies and relevant requirements of the Articles of Association. The details are set forth in Appendix X to this circular.

Due to the proposed amendments add and delete some provisions, the serial number of the terms of the original Working Rules of the Independent Non-executive Directors has been adjusted accordingly. The revised Working Rules of the Independent Non-executive Directors will be implemented after the A Share Offering and Listing. Prior to this, the Working Rules of the Independent Non-executive Directors in force shall apply.

**(13) *Resolution on Formulation of the Rules on the Management of Transactions with Related Parties under the A Shares***

An ordinary resolution will be proposed at the EGM to approve amendments to the Rules on the Management of Transactions with Related Parties under the A Shares.

It is proposed to formulate the Rules on the Management of Connected Transaction under the A Shares of China Railway Signal & Communication Corporation Limited\* with the consideration of the actual situation of the Company, to further improve and regulate the Rules on the Management of Transactions with Related Parties of China Railway Signal & Communication Corporation Limited\*, and to meet applicable laws, regulations and regulatory documents such as the Company Law of the People's Republic of China (as amended in 2018), the Securities Law of the People's Republic of China, the Governance Standards of Listed Companies, Notice on Certain Issues relating to the Regulation of the Funds between Listed Companies and Their Connected Parties and the Provision of External Securities by Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange and Guidance issued by Shanghai Stock Exchange on Implementation of Connected Transactions by Listed Companies and relevant requirements of the Articles of Association. The rules only applies to the Company's transactions with related parties in the A Share market and will be implemented upon the A Share Offering and Listing. The details are set forth in Appendix XI to this circular.

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## LETTER FROM THE BOARD

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(14) ***Resolution on Formulation of the Rules for the Management of the External Guarantee***

An ordinary resolution will be proposed at the EGM to approve formulation of the Rules for the Management of the External Guarantee.

To protect investors' interests, regulate the provision of external guarantees by the Company, control the asset operational risk and promote the healthy and stable development of the Company, it is proposed to formulate the Rules for the Management of the External Guarantee of China Railway Signal & Communication Corporation Limited\* with the consideration of the actual situation of the Company in accordance with applicable laws, regulations and regulatory documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Governance Standards of Listed Companies, Guaranty Law of The People's Republic of China and the relevant requirements of Articles of Association. The rules will be implemented upon the A Share Offering and Listing. The details are set forth in Appendix XII to this circular.

(15) ***Resolution on Formulation of the Rules for the Management of Proceeds from A Share Offering***

An ordinary resolution will be proposed at the EGM to approve formulation of the Rules for the Management of Proceeds to be Raised from A Share Offering.

To regulate the management and use of proceeds of the Company and protect the rights of investors, it is proposed to formulate the Rules for the Management of Proceeds from A Share Offering of China Railway Signal & Communication Corporation Limited\* with the consideration of the actual situation of the Company and in accordance with applicable laws, regulations and regulatory documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for the Issuance of Securities by Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Guidelines for the Supervision and Administration on Listed Companies No. 2—Supervision and Administration Requirements for the Management and Use of Funds Raised by Listed Companies and the Measures of Shanghai Stock Exchange for Management of Funds Raised by Listed Companies and relevant requirements of the Articles of Association. The rules will be implemented upon the A Share Offering and Listing. The details are set forth in Appendix XIII to this circular.

(16) ***Resolution on the Report on the Use of Proceeds Raised in the Previous Issuance***

An ordinary resolution will be proposed at the EGM to approve the use of proceeds raised in the previous issuance.

Upon verification of the use of proceeds raised in the previous issuance, the Company prepared the Report on Use of Proceeds Raised in Previous Issuance of China Railway Signal & Communication Corporation Limited\* in accordance with relevant requirements of laws, regulations and regulatory documents such as the Administrative Measures for Issuance of Securities by Listed Companies and the Provisions regarding the Report on Use of Previously Raised Proceeds promulgated by the CSRC.

After examination of the use of previously raised funds, Ernst & Young Hua Ming LLP has issued an authentication report on the Use of Proceeds Raised in the Previous Issuance by China Railway Signal & Communication Corporation Limited\* (Ernst & Young Hua Ming (2019) Zhuan Zi No. 61772338\_A01). As far as Ernst & Young Hua Ming LLP is concerned, the Report on Use of Proceeds Raised in Previous Issuance from the Company has been prepared in accordance with the Provisions regarding the Report on Use of Previously Raised Proceeds (Zheng Jian Fa Xing Zi [2007] No. 500) promulgated by the CSRC, and has reflected the Company's use of proceeds from previous issue of H Shares as of 31 December 2018 in all material aspects.

The details of the Report on the Use of Proceeds Raised in Previous Issuance are set forth in Appendix XIV to this circular.

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

An ordinary resolution will be proposed at the EGM to approve the appointment of Ernst & Young Hua Ming LLP (Special General Partnership) as the auditor for the Company's initial public offering and listing of A Shares.

The Company proposes to appoint Ernst & Young Hua Ming LLP (Special General Partnership) as the auditor for the Company's initial public offering and listing of A Shares and also presents a proposal at the EGM to authorize the Board to finalize the audit fees based on market prices and audit workload.



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## LETTER FROM THE BOARD

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### 3. DISTRIBUTION PLAN OF SPECIAL PROFITS

An ordinary resolution will be proposed at the EGM to approve the distribution plan of special profits of the Company.

In order to actively implement and ensure the A Share Offering and Listing and to safeguard the interests of the Company and the Shareholders as a whole, the Board recommends the payment of a special dividend in cash in respect of the remaining profits available for distribution (after deducting dividends actually distributed in 2018) as at 31 December 2017 to Shareholders whose names appear on the register of members of the Company on Wednesday, 24 April 2019 of RMB0.20 (tax inclusive) per Share (the “**Special Dividend**”). The Special Dividend will be denominated and declared in RMB, of which Domestic Shareholders will be paid in RMB and H Shareholders will be paid in HK dollar. The exchange rate of HK dollars will be the average of the central parity rates published by the People’s Bank of China for the three working days before the date of the dividend distribution announcement (inclusive of the day of the dividend distribution announcement). The Special Dividend is expected to be paid before 20 May 2019. The Special Dividend distribution plan is subject to approval of the Shareholders at the EGM.

In addition, the register of members of the Company will be closed from Friday, 19 April 2019 to Wednesday, 24 April 2019 (both days inclusive), during which period no transfer of the H Shares of the Company will be effected. To qualify for receipt of the abovementioned Special Dividend, 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 no later than 4:30 p.m. on Thursday, 18 April 2019.

#### **Withholding and Payment of Special Dividend Income Tax**

##### *Withholding and Payment of Enterprise Income Tax on behalf of Overseas Non-Resident Enterprise Shareholders*

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the PRC (《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) issued by the State Administration of Taxation (國家稅務總局《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)), the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes the special 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).

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## LETTER FROM THE BOARD

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### *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, 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號檔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 Special Dividend;

For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shareholders in the distribution of the Special 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 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 Special 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 Special Dividend.

### **Special 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 Special 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 Special Dividend.

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## LETTER FROM THE BOARD

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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 Special 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 Special Dividend.

### *No Withholding and Payment of Enterprise Income Tax 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 enterprise income tax on their behalf in the distribution of the Special Dividend, 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 enterprise income tax.
- **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 enterprise income tax on their behalf in the distribution of the Special Dividend, 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 enterprise income tax.

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 arrangements such as record dates and the cash payment dates of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect investors are in line with that of H Shareholders of the Company.

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## LETTER FROM THE BOARD

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### 4. OTHER INFORMATION RELATED TO THE A SHARE OFFERING

#### (1) *Impact of the A Share Offering on the Shareholding Structure of the Company*

The 6,821,018,000 existing Domestic Shares in issue of the Company will be converted into A Shares on the date of completion of the A Share Offering. For reference and illustration purposes only, assuming that all the 2,197,454,750 A Shares under the A Share Offering are approved and issued, and all are issued to non-connected persons of the Company and there are no changes in the share capital of the Company prior to the completion of the A Share Offering, the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the A Share Offering is set out as follows:

	As at the Latest Practicable Date	Approximate percentage of the Company's issued share capital	Immediately after the completion of the A Share Offering	Approximate percentage of the Company's issued share capital
	Number of Shares		Number of Shares	
<b>Domestic Shares</b>	<b>6,821,018,000</b>	<b>77.60%</b>	—	—
<b>A Shares (at maximum)</b>	—	—	<b>9,018,472,750</b>	<b>82.08%</b>
A Shares to be converted from Domestic Shares in issue	—	—	6,821,018,000	62.08%
- A Shares held by core connected persons <sup>(1)</sup>	—	—	6,604,426,424	60.11%
- A Shares held by the public	—	—	216,591,576	1.97%
A Shares to be newly issued under the A Share Offering <sup>(2)</sup>	—	—	2,197,454,750	20.00%
<b>H Shares<sup>(3)</sup></b>	<b><u>1,968,801,000</u></b>	<b><u>22.40%</u></b>	<b><u>1,968,801,000</u></b>	<b><u>17.92%</u></b>
<b>Total</b>	<b><u>8,789,819,000</u></b>	<b><u>100.00%</u></b>	<b><u>10,987,273,750</u></b>	<b><u>100.00%</u></b>

Notes:

- (1) As at the Latest Practicable Date, according to the information publicly available to the Company, and to the knowledge of the Directors, China Railway Signal and Communication (Group) Corporation Limited, the Controlling Shareholder of the Company, held 6,604,426,424 Domestic Shares of the Company, representing approximately 75.14% of the Company's issued share capital. All of these Domestic Shares will be converted into A Shares upon the completion of A Share Offering;
- (2) As at the Latest Practicable Date, according to the information publicly available to the Company, and to the knowledge of the Directors, A Shares to be newly issued under the A Share Offering will be fully held by the public;
- (3) As at the Latest Practicable Date, according to the information publicly available to the Company, and to the knowledge of the Directors, all H Shares were held by the public.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, according to the information publicly available to the Company, and to the knowledge of the Directors, the public held no less than 22.40% of Shares issued by the Company, which was in compliance with the waiver regarding public float obtained by the Company at the time of the initial public offering and the listing of H Shares of the Company. Assuming that all the 2,197,454,750 A Shares under the A Share Offering are approved to be issued, and all are issued to non-connected persons of the Company, the maximum percentage of A Shares held by the public for the total number of Shares after the issuance is expected to be 21.97% and the minimum percentage of H Shares held by the public for the total number of Shares after the issuance is expected to be 17.92%. After the completion of the A Share Offering, the maximum number of Shares (both A Shares and H Shares in aggregate) held by the public of the total number of Shares of the Company after the issuance is expected to be accounted for 39.89%.

As at the Latest Practicable Date, the Company had not entered or proposed to enter into any agreement in relation to subscription of A Shares with any connected persons of the Company.

### **(2) *Fund Raising Activities in the Past 12 Months***

The Company has not conducted any fund raising activities in connection with the issue of share capital within the 12 months immediately prior to the Latest Practicable Date.

### **(3) *Reasons for the A Share Offering***

The Board considers that the A Share Offering will further enrich the Company's capital base, further optimize its corporate governance structure and develop its domestic and international financing platforms, improve the capital strength and market competitiveness, and constantly enhance the ability of technological innovation and the brand image of the Company. The Board considers that the A Share Offering is in line with the interests of the Company and the Shareholders as a whole, and is beneficial to strengthen the sustainable development of the Company.

## **III. THE EGM AND THE CLASS MEETINGS AND VOTING METHOD**

The notices convening the EGM and the Class Meetings to be held at 9:30 a.m. on Monday, 15 April 2019 at Meeting Room 1945, Building A, CRSC Building, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, the PRC have been dispatched on 1 March 2019, and the revised notices thereof are set out on pages 20 to 26 of this circular. The revised forms of proxy for use at the EGM and the H Shareholders Class Meeting are also enclosed. Such revised forms of proxy are also published on the HKEXnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.crsc.cn](http://www.crsc.cn)).

Whether or not you propose to attend the EGM and/or the Class Meetings, H Shareholders are requested to complete and return the enclosed revised forms of proxy in accordance with the instruction printed thereon and return 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 EGM and the Class Meetings or any adjournment thereof. Completion and return of the revised forms of proxy will not preclude the Shareholders from attending and voting in person

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## LETTER FROM THE BOARD

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at the EGM and/or the Class Meetings or any adjournment thereof if they so wish. The H Shareholders who intend to attend the EGM and/or H Shareholders Class Meeting in person or by proxy shall complete the reply slips by hand, facsimile or post 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 on or before Tuesday, 26 March 2019.

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 EGM and the Class Meetings 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 EGM and the Class Meetings, the register of members of the Company will be closed from Saturday, 16 March 2019 to Monday, 15 April 2019 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to attend and vote at the EGM and the Class Meetings, 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 no later than 4:30 p.m. on Friday, 15 March 2019.

In order to ascertain the entitlements of the Shareholders to the proposed Special Dividend, the register of members of the Company will be closed from Friday, 19 April 2019 to Wednesday, 24 April 2019 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to receive the proposed Special Dividend, 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 no later than 4:30 p.m. on Thursday, 18 April 2019.

#### V. RECOMMENDATION

The Board considers that the resolutions mentioned above are in the best interests of the Company and the Shareholders as a whole, and thereby recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM and the Class Meetings as set out in the enclosed notice.

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

26 March 2019

\* For identification purpose only

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## REVISED NOTICE OF 2019 FIRST EXTRAORDINARY GENERAL MEETING

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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)**

## REVISED NOTICE OF 2019 FIRST EXTRAORDINARY GENERAL MEETING

**REVISED NOTICE IS HEREBY GIVEN** that the 2019 first extraordinary general meeting (the "EGM") of China Railway Signal & Communication Corporation Limited\* (the "Company") will be held at 9:30 a.m. on Monday, 15 April 2019 at Meeting Room 1945, 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 (with or without modifications).

### Special Resolutions

1. To consider and approve the resolution on the plan of initial public offering of A shares, including the following:
  - 1.1 Type of shares to be issued and par value
  - 1.2 Numbers of A shares to be issued
  - 1.3 Target subscribers
  - 1.4 Method of issuance
  - 1.5 Method of pricing
  - 1.6 Use of proceeds
  - 1.7 Distribution plan of accumulated profits before the issuance
  - 1.8 Place of listing of shares
  - 1.9 Underwriting fees
  - 1.10 Valid period of the resolutions
2. To consider and approve the resolution on the authorisations to the board of directors of the Company to deal with, in its full discretion, matters in relation to the initial public offering and listing of A shares

\* For identification purpose only

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## REVISED NOTICE OF 2019 FIRST EXTRAORDINARY GENERAL MEETING

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3. To consider and approve the resolution on the use of proceeds from the initial public offering and listing of A shares and the feasibility analysis report
4. To consider and approve the resolution on the distribution plan of accumulated profits before the initial public offering and listing of A shares
5. To consider and approve the resolution on the dilution plan of immediate returns and the remedial measures on the initial public offering and listing of A shares
6. To consider and approve the resolution on the dividend distribution plan within the three years after the initial public offering and listing of A shares
7. To consider and approve the resolution on the proposal on stabilizing the price of A shares of the Company within the three years after the initial public offering and listing of A shares
8. To consider and approve the resolution on the undertakings regarding information disclosure in the prospectus published in connection with the initial public offering and listing of A shares
9. To consider and approve the resolution on amendments to the Articles of Association
10. To consider and approve the resolution on amendments to the Procedure Rules of the General Meetings
11. To consider and approve the resolution on amendments to the Procedure Rules of the Board of Directors
12. To consider and approve the resolution on amendments to the Rules of Procedure for the Supervisory Committee

### Ordinary Resolutions

13. To consider and approve the resolution on amendments to the Working Rules of the Independent Non-executive Directors
14. To consider and approve the resolution on formulation of the Rules on the Management of Transactions with Related Parties under A Shares
15. To consider and approve the resolution on formulation of the Rules for the Management of the External Guarantee
16. To consider and approve the resolution on formulation of the Rules for the Management of Proceeds from A Share Offering
17. To consider and approve the resolution on the report on the use of proceeds raised in the previous issuance
18. To consider and approve the resolution on the appointment of Ernst & Young Hua Ming LLP (Special General Partnership) as the auditor of the Company for the initial public offering and listing of A shares
19. To consider and approve the resolution on the special profits distribution plan



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## REVISED NOTICE OF 2019 FIRST EXTRAORDINARY GENERAL MEETING

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The details of the resolutions to be proposed at the EGM and the recommendations put forward by the board of directors of the Company in relation to these resolutions are set out in the circular of the Company dated 26 March 2019.

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

Beijing, the PRC, 26 March 2019

*Notes:*

- (A) The register of members will be closed from Saturday, 16 March 2019 to Monday, 15 April 2019 (both days inclusive), during which period no transfer of the H shares will be effected. H shareholders of the Company whose names appear on the register of H shares of the Company kept at Computershare Hong Kong Investor Services Limited on Monday, 15 April 2019 are entitled to attend and vote at the EGM following completion of the registration procedures. To qualify for attendance and voting at the EGM, 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 no later than 4:30 p.m. on Friday, 15 March 2019.

The register of members will be closed from Friday, 19 April, 2019 to Wednesday, 24 April 2019 (both days inclusive), during which period no transfer of the H shares of the Company will be effected. To qualify for receipt of the proposed special dividend, 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 no later than 4:30 p.m. on Thursday, 18 April 2019.

- (B) H shareholders intending to attend the EGM should complete and return the reply slip for attending the EGM by hand, facsimile or 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 on or before Tuesday, 26 March 2019.
- (C) Each shareholder entitled to attend and vote at the EGM may, by completing the revised form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM on its behalf. A proxy need not be a shareholder. With respect to any shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (D) A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its legal representative or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.

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## REVISED NOTICE OF 2019 FIRST EXTRAORDINARY GENERAL MEETING

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- (E) To be valid, the revised form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in note (D) above must be delivered 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 not less than 24 hours before the time appointed for the EGM or any adjournment thereof (as the case may be). Completion and return of the revised form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he so desires.
- (F) If a shareholder has not yet returned the form of proxy for the EGM dispatched by the Company on 1 March 2019 (the "**Original Form of Proxy**") in accordance with the instructions printed thereon, and wishes to appoint a proxy to attend the EGM on his/her behalf, he/she is required to submit the revised form of proxy. In this case, the shareholder shall not submit the Original Form of Proxy.
- (G) If a shareholder has already returned the Original Form of Proxy in accordance with the instructions printed thereon, he/she should note that:
- a) If no revised form of proxy is returned by the shareholder, the Original Form of Proxy will be treated as a valid form of proxy lodged by the shareholder if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM, including the additional proposed resolutions as set out in the revised notice of the EGM.
  - b) If the revised form of proxy is returned by the shareholder not less than 24 hours before the time for holding the EGM, the revised form of proxy will be treated as a valid form of proxy lodged by the shareholder if duly completed.
  - c) If the revised form of proxy is returned by the shareholder after the closing time set out in the revised notice of the EGM, the revised form of proxy will be deemed invalid. It will not revoke the Original Form of Proxy previously lodged by the shareholder. The Original Form of Proxy will be treated as a valid form of proxy lodged by the shareholder if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM, including the additional proposed resolutions as set out in the revised notice of the EGM.
- (H) A shareholder or his proxy should produce proof of identity when attending the EGM. 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.
- (I) The EGM is expected to last for not more than half a day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.

*As of the date of this notice, the executive directors of the Company are Mr. ZHOU Zhiliang, Mr. YIN Gang and Mr. YANG Yongsheng, and the independent non-executive directors of the Company are Mr. WANG Jiajie, Mr. CHEN Jin'en, Mr. CHAN Ka Keung Peter and Mr. YAO Guiqing.*

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## REVISED NOTICE OF 2019 FIRST H SHAREHOLDERS CLASS MEETING

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**CRSC**

**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)**

## REVISED NOTICE OF 2019 FIRST H SHAREHOLDERS CLASS MEETING

**REVISED NOTICE IS HEREBY GIVEN** that the 2019 first H shareholders class meeting (the “**H Shareholders Class Meeting**”) of China Railway Signal & Communication Corporation Limited\* (the “**Company**”) will be held on Monday, 15 April 2019 immediately following the conclusions of the 2019 first extraordinary general meeting of the Company and the 2019 first domestic shareholders class meeting of the Company (or any adjournment thereof) at Meeting Room 1945, 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 (with or without modifications).

### **Special Resolutions**

1. To consider and approve the resolution on the plan of initial public offering of A shares, including the following:
  - 1.1 Type of shares to be issued and par value
  - 1.2 Numbers of A shares to be issued
  - 1.3 Target subscribers
  - 1.4 Method of issuance
  - 1.5 Method of pricing
  - 1.6 Use of proceeds
  - 1.7 Distribution plan of accumulated profits before the issuance
  - 1.8 Place of listing of shares
  - 1.9 Underwriting fees
  - 1.10 Valid period of the resolutions
2. To consider and approve the resolution on the authorisations to the board of directors of the Company to deal with, in its full discretion, matters in relation to the initial public offering and listing of A shares

\* *For identification purpose only*

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## REVISED NOTICE OF 2019 FIRST H SHAREHOLDERS CLASS MEETING

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3. To consider and approve the resolution on the use of proceeds from the initial public offering and listing of A shares and the feasibility analysis report
4. To consider and approve the resolution on the distribution of accumulated profits before the initial public offering and listing of A shares
5. To consider and approve the resolution on the dilution plan of immediate returns and the remedial measures on the initial public offering and listing of A shares
6. To consider and approve the resolution on the dividend distribution plan within the three years after the initial public offering and listing of A shares
7. To consider and approve the resolution on the proposal on stabilizing the price of A shares of the Company within the three years after the initial public offering and listing of A shares
8. To consider and approve the resolution on the undertakings regarding information disclosure in the prospectus published in connection with the initial public offering and listing of A shares

The details of the resolutions to be proposed at the H Shareholders Class Meeting and the recommendations put forward by the board of directors of the Company in relation to these resolutions are set out in the circular of the Company dated 26 March 2019.

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

Beijing, the PRC, 26 March 2019

*Notes:*

- (A) The H share register of members will be closed from Saturday, 16 March 2019 to Monday, 15 April 2019 (both days inclusive), during which period no transfer of the H shares will be effected. H shareholders of the Company whose names appear on the register of H shares of the Company kept at Computershare Hong Kong Investor Services Limited on Monday, 15 April 2019 are entitled to attend and vote at the H Shareholders Class Meeting following completion of the registration procedures. To qualify for attendance and voting at the H Shareholders Class Meeting, 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 no later than 4:30 p.m. on Friday, 15 March 2019.

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- (B) H shareholders intending to attend the H Shareholders Class Meeting should complete and return the reply slip for attending the H Shareholders Class Meeting by hand, facsimile or 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 on or before Tuesday, 26 March 2019.

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## REVISED NOTICE OF 2019 FIRST H SHAREHOLDERS CLASS MEETING

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- (C) Each H shareholder entitled to attend and vote at H Shareholders Class Meeting may, by completing the revised form of proxy of the Company, appoint one or more proxies to attend and vote at the H Shareholders Class Meeting on its behalf. A proxy need not be an H shareholder. With respect to any H shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (D) A proxy shall be appointed by an H shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its legal representative or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.
- (E) To be valid, the revised form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in note (D) above must be delivered 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 not less than 24 hours before the time appointed for the H Shareholders Class Meeting or any adjournment thereof (as the case may be). Completion and return of the revised form of proxy will not preclude an H shareholder from attending and voting in person at the meeting if he so desires.
- (F) If an H shareholder has not yet returned the form of proxy for the H Shareholders Class Meeting dispatched by the Company on 1 March 2019 (the "**Original Form of Proxy**") in accordance with the instructions printed thereon, and wishes to appoint a proxy to attend the H Shareholders Class Meeting on his/her behalf, he/she is required to submit the revised form of proxy. In this case, the H shareholder shall not submit the Original Form of Proxy.
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- a) If no revised form of proxy is returned by the H shareholder, the Original Form of Proxy will be treated as a valid form of proxy lodged by the H shareholder if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the H shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the H Shareholders Class Meeting, including the additional proposed resolutions as set out in the revised notice of the H Shareholders Class Meeting.
  - b) If the revised form of proxy is returned by the H shareholder not less than 24 hours before the time for holding the H Shareholders Class Meeting, the revised form of proxy will be treated as a valid form of proxy lodged by the H shareholder if duly completed.
  - c) If the revised form of proxy is returned by the H shareholder after the closing time set out in the revised notice of the H Shareholders Class Meeting, the revised form of proxy will be deemed invalid. It will not revoke the Original Form of Proxy previously lodged by the H shareholder. The Original Form of Proxy will be treated as a valid form of proxy lodged by the H shareholder if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the H shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the H Shareholders Class Meeting, including the additional proposed resolutions as set out in the revised notice of the H Shareholders Class Meeting.
- (H) An H shareholder or his proxy should produce proof of identity when attending the H Shareholders Class Meeting. Where an H 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 H shareholder appointing such person to attend the meeting.
- (I) The H Shareholders Class Meeting is expected to last for not more than half a day. H shareholders who attend the H Shareholders Class Meeting shall bear their own travelling and accommodation expenses.

*As of the date of this notice, the executive directors of the Company are Mr. ZHOU Zhiliang, Mr. YIN Gang and Mr. YANG Yongsheng, and the independent non-executive directors of the Company are Mr. WANG Jiajie, Mr. CHEN Jin'en, Mr. CHAN Ka Keung Peter and Mr. YAO Guiqing.*

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**APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT**

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**CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\***  
**USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT**

The Company formulated a plan for the use of proceeds from the public offering and conducted a feasibility analysis.

**I. ON THE USE OF PROCEEDS**

The Company intends to invest in the following projects with the proceeds from the offering after deducting the issue expenses:

<b>NO. PROJECT NAME</b>	<b>AMOUNT OF PROCEEDS TO BE USED</b> <i>(Unit: RMB billion)</i>
<b>I    ADVANCED AND INTELLIGENT TECHNOLOGY RESEARCH AND DEVELOPMENT PROJECTS</b>	<b>4.6</b>
Including: Research on Advanced Rail Transportation Control System and Key Technologies, Research on Intelligent Comprehensive Operation and Maintenance System and Technologies of Rail Transportation, Research on Information System for Smart City and Industrial Communication, Research on Chip Technology for Rail Transportation, Research on Intelligent Construction Technology of Rail Transportation, etc.	
<b>II   ADVANCED AND INTELLIGENT MANUFACTURING BASE PROJECT</b>	<b>2.5</b>
Changsha Industrial Park (Phase I) Project	
<b>III  INFORMATIZATION CONSTRUCTION PROJECT</b>	<b>0.3</b>
<b>IV  REPLENISHMENT OF WORKING CAPITAL</b>	<b>3.1</b>
<b>TOTAL</b>	<b>10.5</b>

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

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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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

### II. FEASIBILITY ANALYSIS ON THE USE OF PROCEEDS

#### (I) Advanced and Intelligent Technology Research and Development Projects

##### 1. *Research on Advanced Rail Transportation Control System and Key Technologies*

###### (1) *Project Overview*

The project will focus on the research and development of the next generation of core train control technology through adopting advanced technologies, including Beidou positioning, artificial intelligence, next-generation mobile communications, big data and other leading-edge enabling technologies, and researching and developing the next generation of core control technology of railway control, developing a faster, more efficient, smarter, safer next-generation railway control system and equipment that adapt to multiple modes of transportation, studying on overseas rail transportation system and equipment, and applying for compliance certification of the technical specifications for interoperability of the railway system of the European Union, to provide a package of solutions to meet a wide range of demands in various application scenarios.

###### (2) *Project Necessity and Feasibility*

With the continuous improvement of the rail transportation infrastructure, how to give a full play to the transportation capacity of the existing rail transportation network, ensure the safe and reliable transportation process, improve the immediacy, comfort and convenience of transportation and residents' travel, enhance the attraction of rail transportation mode and further reduce operating costs is important for the healthy and sustainable development of the rail transportation market in future. Therefore, it is an inevitable result of adapting to the future development trend of the rail transportation market by developing a safer, smarter, faster, advanced, convenient and economical rail transportation control system that adapts to multiple modes of transportation.

As a leading enterprise in the international and domestic railway communication signal industry, CRSC follows the trend of the era and society, and starts from its own professional field to study the advanced rail transportation control system with higher speed, intelligence, economy efficiency, safety and environmental protection. The core technology in the field of rail transportation control is a necessary means to enhance the market competitiveness of the Company and to meet the sustainable development of the Company.

Leveraging on its world-leading comprehensive research and development capabilities, CRSC undertook various national-level scientific research projects and engineering projects, and can provide an industry-leading platform for the project and achieve project goals from the starting point. CRSC has more than 3,600 scientific research personnel, of which 53 personnel enjoy special government subsidies, as well as 7 academician workstations. CRSC can provide products and services in entire industry chain of rail transportation control system and has the ability and convenient conditions to achieve project research and development and transformation by virtue of years of experience accumulation, talent reserve and resource advantages.

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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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### 2. *Research on Intelligent Operation and Maintenance System and Technologies of Rail Transportation*

#### (1) *Project Overview*

The project will mainly conduct research on the intelligent operation and maintenance system of rail transportation, which means, conforming to the trend of rail transportation development and reform and integrating the operation and maintenance requirements of railway communication, signal, power and traction power supply and work operation and maintenance departments. Through the intelligent diagnosis and comprehensive analysis of the online and offline data of each professional system, the operation and maintenance process is simplified and the operation and maintenance efficiency is improved, so that cross-professional, cross-system integrated production scheduling command and lifecycle repair management assisted decision-making are achieved.

#### (2) *Project Necessity and Feasibility*

In recent years, with the increasing scale of transit transportation which is put into use worldwide, the technical content of equipment has gradually increased, and the pressure on the operation and maintenance of transit transportation is increasing.

The high integration intensity of equipment in the rail transportation system, the numerous joint departments, the relatively backward maintenance and management methods, and the decentralized configuration of various professional maintenance systems, resulted in the contradiction of low usage rate of maintenance system and relatively low equipment maintenance efficiency, which has turned into a prominent contradiction in safety operation of rail transportation and efficient maintenance. Changes are required to improve current maintenance techniques and management methods. With the maturity of advanced technologies such as the Internet of Things, big data, cloud computing, mobile internet and artificial intelligence, we have already established the foundation for improving rail transportation safety, reducing work intensity and talent dependence through intelligent maintenance.

The intelligent operation and maintenance system revolves around the implementation of the strategy on rail transportation equipment industrialization, conforms to the development trend of intelligentization, greening, servitization and internationalization of the manufacturing industry in China, and promotes the digitalization and intelligentization of rail transportation operation and maintenance with the help of big data system and cloud service technologies. Breakthroughs are focusing on key technologies such as multi-integrated smart perception technology, multi-drive engine fusion analysis and diagnostic technology and big data health assessment analysis technology. Meanwhile, the overall development of the industry is promoted through strengthening cooperation with research institutes in the combination of production, study, research and application, striving for technical breakthroughs and industrial technology, thereby driving the development of related industries.

The integrated operation and maintenance system integrates various professional operation and maintenance businesses, which can significantly improve efficiency, ensure safety, reduce operation and maintenance cost, and effectively reduce the repetitive work of personnel. The system adopts the “central-station” two-tier structure. The dispatching command center uniformly manages and directs the professional production operations, and directly dispatches instructions to the on-site maintenance personnel, thus reducing the management level and the station staffing. The system changes planning



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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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repair to fault repair through the health warning function of the equipment to reduce the daily operation and maintenance work; the system uses the powerful intelligent diagnosis function to reduce the technical requirements for maintenance personnel, shorten the fault analysis time, and improve the efficiency of emergency fault solving. The integrated operation and maintenance system provides a complete set of operation and maintenance solution, achieving a leap in the degree of automation of operation and maintenance and in the level of intelligence, which can help railway transportation to achieve “safety and efficiency enhancement”.

### 3. *Research on Information System for Smart City and Industrial Communication*

#### (1) *Project Overview*

The project is divided into various research fields, such as smart city integrated management system, intelligent station system, integrated smart security system and new generation of application system in broadband wireless communication industry.

#### (2) *Project Necessity and Feasibility*

##### A Smart City Integrated Management System

China’s urbanization has entered a stage of rapid development, and its smart city construction has also made positive progress, becoming a new engine to drive China’s rapid economic growth. The “Guiding Opinions on Promoting the Healthy Development of Smart Cities” issued by eight ministries and commissions, including the NDRC, in 2014 has clearly pointed out that it is necessary to make overall plans and upgrade the construction standards of smart cities. New generation information technologies such as “big data” and “artificial intelligence” are also the key directions supported by national industrial policies. The construction and implementation of this project is the response to the relevant national industrial policy, improving the overall level of management service platform of smart cities and deepening the application of new technologies in the construction and operation of smart cities.

CRSC established scientific research and application sectors such as smart city construction, “Internet +”, informative engineering construction, intelligent manufacturing and other fields according to the national “13th Five-Year Plan” and its own development strategy, and smart cities become CRSC’s strategic development sector. According to CRSC’s mid- and long-term strategic planning on smart cities, CRSC will eventually become a first-class “smart city integrated operation and service provider” in the country from a “system integrator” of smart cities. Through the platform construction, the Company will create an integrated service platform of smart cities and data exchange platform with core competitiveness based on independent intellectual property rights, form a series of key and core technologies in the application field of smart cities with technical service platform that can be operated and exported, providing basic conditions for the Company to carry out smart city comprehensive operation services.

##### B Intelligent station system

In recent years, the railway business management system has successively launched a series of information upgrades. The monitoring system, the ticket system, the travel service system and the dispatch communication system have greatly improved the efficiency of railway operations. However,

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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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the linkage between business systems, data interoperability, and system intelligence detection are all indistinguishable from the rapid development of informatization standards, and the travel experience of passengers needs to be greatly improved. With the increasing demand for the timeliness and accuracy of information in the railway system, the development of railway intelligent construction cannot be delayed.

The intelligent construction goal of the passenger station is to adapt to the new service and passenger safety requirements of the station, comprehensively plan the station infrastructure and information system, establish a standardized system structure, enable the comprehensive utilization of existing information resources, and gradually improve the overall level of intelligentization of passenger transportation services, unified architecture and system functions. The construction of intelligent carrying platform will provide high-efficiency and intelligent access guarantee for data services, and has strategic significance for rail transportation business management.

### C    Integrated smart security system

Under the trend of global intelligent development, traditional surveillance systems relying on “vision” can no longer meet the development needs of smart surveillance. The system urgently needs to be equipped with multiple perceptual analysis capabilities to achieve multi-directional and multi-dimensional monitoring, so as to timely warn and alarm for abnormal situations to avoid accidents. There is an urgent need to create an all-weather, automatic and instant smart security system.

A safe and credible intelligent protection system integrating video surveillance and security monitoring is of practical significance to the management of public security in China. The system will be widely used in railway business systems, video private network systems, restful cities, smart cities and intelligent transportation.

### D    New generation of application system in broadband wireless communication industry

With the advent of the information age, the demand for broadband and high-speed networks is growing. However, the current 2G network of GSM is still used in the railway and urban rail transportation field. The data carried on the communication network is increasing, and the requirements for data transmission efficiency are increasing. Therefore, it is extremely urgent to build a new generation of broadband wireless communication suitable for railway and urban transit industries.

CRSC can actively participate in market competition centering on the core value of the target customer’s operational needs in combination with its users and pipeline advantages accumulated for a long time. From the perspective of medium and long-term market development trend, we will seize the key opportunities of LTE-M, LTE-R and 5G, etc., and actively expand the scope of the Company’s

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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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products and markets, and inject new and powerful impetus into the sustainable development of the Company's business. Through the development of the project, the research and development capability and engineering service capability of the LTE-M, LTE-R integrated solution and its application system will be formed, which will enhance the influence and right of speak of CRSC in the railway and urban transit and improve its international competitiveness in the Belt and Road.

#### 4. *Research on Chip Technology for Rail Transportation*

##### (1) *Project Overview*

The project will make full use of rail transportation technology accumulated by CRSC and external scientific research resources such as school-enterprise cooperation and academician workstations to conduct project research based on the existing chip research and development work.

##### (2) *Project Necessity and Feasibility*

At the national strategic level, research and development is applicable to the integrated circuit technology of rail transportation. On one hand, it conforms to the national strategic demand for the development of integrated circuits; on the other hand, it is the research and development of core technologies of the industry, which is in line with strategic needs of the country for basic core technology research.

At the industry level, with the rapid development of China's rail transportation, especially high-speed railway, the performance requirements for train-controlled communication signal equipment are also increasing. In such context, the development of chips suitable for the rail transportation industry will be more in line with the characteristics and needs of the industry, and can further improve the technical level of equipment and the operating efficiency of China's rail transportation system. In addition, the industry characteristics of rail transportation require a long life cycle of their equipment, so that core critical chips within the equipment must have a supply cycle of 20 years or longer, which is difficult to achieve by general-purpose chips, or a high price will be paid to meet this requirement. However, independent research and development of rail transportation specific chips can guarantee the full life cycle support of rail transportation equipment.

At the Company's development level, the application of self-developed chips can not only improve the technical level of the Company's products, but also effectively protect the core technology and intellectual property rights of the products. From a product perspective, the application of self-developed chips enhances the integration of products, simplifies the production process and reduces production and maintenance costs.

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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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CRSC has a complete “three-in-one” industrial chain integrating design and integration of rail transportation control system, equipment manufacturing and system delivery services and strong accumulation in the field of rail transportation control. Therefore, for chips suitable for rail transportation, it can ensure precise control of its technical requirements, as well as ensuring the proper application of such chips. CRSC arranged the research and development work for specific chips for rail transportation many years ago. A complete chip design team has been established. The core members of the team hold master’s degree or above in integrated circuit, and many chips have been developed. The team has relatively rich experience in chip design and industry application. In addition, to further enhance its technical capabilities, the Company also established close cooperative with many leading units in the integrated circuit industry, and introduced academicians from relevant fields to the Company’s academician workstations.

### 5. *Research on Intelligent Construction Technology of Rail Transportation*

#### (1) *Project Overview*

This project mainly includes researches on engineering construction innovation process, engineering application of intelligent construction technology, specific intelligent construction equipment, engineering inspection and testing and construction technology training system.

#### (2) *Project Necessity and Feasibility*

As the leader of the transit transportation construction industry, CRSC also has its own design, integration and equipment manufacturing capabilities of transit transportation control systems. It has established a profound technical foundation. Therefore, it has a deeper understanding of the shortcomings of traditional construction technology in the transit transportation construction industry, and can also ensure the rational application of the new intelligent transit transportation construction technology. By virtue of continuously introducing new technologies, new materials, new processes and new products in engineering and technical services, CRSC will continue to maintain the advanced level and leading position in the industry.

In light of the development trend of commission maintenance mode at home and abroad, the Company will take initiative to conduct the overall solution research from the intelligent construction to the intelligent engineering operation and maintenance. We actively explore the application of popular emerging technologies in the field of intelligent rail transportation construction, and combine augmented reality technology, virtual reality technology, drone technology, artificial intelligence robot, Beidou navigation, building information modeling and other cutting-edge technologies which are at the forefront of the market in recent years with traditional railway engineering construction, to create a new generation of intelligent rail transportation construction technology and continue to lead the technological development direction of the industry and enhance the comprehensive competitiveness of enterprises.

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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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### (II) **Advanced and Intelligent Manufacturing Base Project (Changsha Industrial Park (Phase I) Project)**

#### 1. *Project Overview*

The project is mainly constructed and implemented by CRSC (Changsha) Railway Traffic Control Technology Company Limited (通號(長沙)軌道交通控制技術有限公司), a wholly-owned subsidiary of the Company. The construction includes research and development center, testing laboratory center, complex factory, office building etc.; and those products include high voltage substation and related products, trams, CTCS-3 Level Train Control Systems, set products for smart city, contact lines, messenger wire products etc.

The Company will strive to build the project into a national level industrial base for rail transit, smart city, electronic information, low floor tram and “four-electric” systems, strengthen the general contracting capability and “four-electric” system products integration capability of CRSC, and integrate such capabilities with independent innovation to achieve leaps in product technology and quality and the large-scale production of modern trams as soon as possible, so as to make its products approaching or reaching a world leading level as soon as possible.

In the future, the Company will comprehensively develop its power and electrification designing, construction, product R&D and manufacturing capabilities to achieve the integrated development of the “four-electric” industries and thus provide solid support for CRSC to become a world-class multinational industrial group that is characterized by its rail transit control technology and provides one-stop service across the whole industry chain.

#### 2. *Project Necessity*

##### (1) *Adapting to the requirements of China’s national economic development, in line with national industrial development policies*

At present, urban transportation has developed from a single road transportation to an elevated, paved, and underground three-dimensional transportation system. The main modes of transportation are traditional road transportation and urban transit transportation, which are mainly city bus and cars. Urban transit transportation includes metro, monorail train, light rail (including tramcar), medium and low speed magnetic levitation and intercity railway. Compared with city bus and traditional car road transportation, urban transit transportation has the advantages of environmental protection, low carbon, energy saving, large capacity, fast speed, safe and reliable, intensive land use, etc. It is the best way to solve the problems of urban traffic congestion, automobile exhaust pollution and high energy consumption. At present, the Chinese government has regarded the development of urban transit transportation as the fundamental policy for the development of public transportation in large and medium-sized cities.

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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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(2) *Achieving CRSC's transformation and upgrading to strengthen the core value chain and improve the industrial layout*

CRSC is in the process of further strengthening the core business of communication signals, expanding into relevant field such as smart city, electronic information and tramcar manufacturing, establishing an industrial chain in transportation industry such as modern tramcar, monorail train, communication signals, core electric electrification equipment manufacturing, systems and services, extending the upstream and downstream industrial chain of CRSC, complementing and improving the vehicles and equipment manufacturing, including electric power electrification, construction and operation and maintenance, and enhancing the Company's competitiveness in the international market.

The project can promote the effective connection and extension of rail transportation system security control technology, information system technology and product manufacturing technology, and promote the effective connection and extension of rail transportation system security control technology, information system technology and site application technology by using the Internet of Things, cloud computing and next-generation mobile Internet to construct and design control test center, smart city system test center and common product manufacturing base of transit transportation, which are beneficial to transform the advanced technology of the industry into operational productivity, and seize local market demand under the high-speed rail and urban transit market in Central and South China. It conducts engineering experiments by providing the command operation and service system for the respective railway bureaus and operation companies in the central and southern regions in accordance with the actual situation and provides remote monitoring services by using big data and Internet of Things technologies, which forms a complete industrial chain including system development, product design, manufacturing, marketing, after-sales technical support and services, on-site product operation monitoring to meet the quality and safety control requirements of system product in life cycle and customer's requirements for product quality and safety.

The project is settled in Changsha, which will strengthen the industrial layout of CRSC in Central and South China, and expand the market development capability and radiation capacity of CRSC in Central and South China, South China and Southwest China.

(3) *By improving system research and development capabilities to lead technology development of communications, signal, power and electrification (the "Four-electric") systems at home and abroad*

CRSC will give a full play to its advantages in the integration and control of rail transportation, and bring into play its technical accumulation and talent advantages of communication signals and information majors in aspects of the internet, big data and artificial intelligence, and develop a deep-integrated four-electric transportation command system centered on the driving control system, to facilitate the development of electric electrification equipment in several aspects including intelligentization, networked control, online availability and unmanned operation and maintenance, and CRSC will lead the development of domestic and international technology with the new four-electric technology systems featuring CRSC.

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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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### 3. *Project feasibility*

Products of this project is characterized by high technology content, energy saving and environmental protection. The project is supported by the national industrial policy and in line with the development strategy of CRSC. The implementation of the project will consolidate CRSC's position in the domestic rail transportation industries, rapidly promote the development of light rail vehicles and electric electrification products of CRSC, and enhance the Company's design and manufacturing technology, while driving the development of related industries, increasing employment and taxation and promoting local economic development with a desirable social efficiency.

### (III) **Informatization Construction Project**

#### 1. *Project Overview*

The main construction contents of the project include: the manufacture of execution system, comprehensive budget management system, product lifecycle management system, integrated business management information system and the construction of data center infrastructure virtualization platform.

#### 2. *Project Necessity and Feasibility*

The Company developed rapidly since 2015. With the expansion of business scale, the management level of the Company's core business need to be improved by way of informatization, which mainly realizes the digitization of the research and development, manufacturing, sales, service and other links and processes of the enterprise, and opens up the internal data flow of the enterprise, aiming at the in-depth application of software of research and development design class, production scheduling class, business management class and marketing analysis class. The information system mainly focused on dynamic management of key control factors such as planning, capital, technology, materials and personnel, effectively integrating information flow, capital flow, logistics and knowledge flow from strict budget control system to automated business processes and from reasonable inventory level of materials to the scientific decision-making model, achieving the overall improvement of the operational level of daily management, design and development, project implementation, market services, etc., to eliminate the redundant links in the Company's operations through informatization construction and improve efficiency and profitability by optimizing and coordinating the organization of the workflow.

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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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Informatization is conducive to solidifying the management essence of the Company into the informatization system, making management more scientific. Through informatization construction, the Company can solidify distinctive management ideas and management modes into the business process of the information system. Through acquisition and transmission of standardized data, we will implement various management systems and standards to achieve scientific, reasonable and standardized management objectives. Complete data is the basis for business decisions. Informatization construction can change the way the Company obtains information, collects information and delivers information, so that managers can get more complete, timely and accurate knowledge on internal and external information. In addition, the application of various decision-making tools such as expert systems and decision support systems greatly enhances the information processing capabilities and program evaluation choices of corporate decision makers, minimizes the uncertainty, randomness and subjectivity in the decision-making process, enhance the rational, scientific and rapid response of decision-making and improve the effectiveness and efficiency of decision-making.

In addition, the information construction will help the Company achieve the operation automation, management network and intelligent decision-making of the Company's business activities. It will not only provide a unified and direct information exchange platform for employees at all levels of the Company, but also help the Company to grasp the industry dynamics and market changes in a timely manner for responding quickly and seizing the market opportunity.

### **(IV) Replenishment of Working Capital**

In order to improve the Company's capital structure, meet the demand for working capital in the course of growing business, further expand the development space of our main business, and ensure long-term development of capital needs, the Company plans to use proceeds of RMB3.1 billion to replenish working capital.

#### **1. The operations of the Company face a better environment and need financial support**

As the overall economy of China enters into a new normality, the general basic objective to achieve "stability with progress" continued to maintain. With continuous construction of national railways and urban transit transportation systems, the railway transportation market, particularly the communication signal market, has become a hot spot of attention. According to the government work report of 2019, the investment in railway in China will be RMB800 billion in 2019, an increase of approximately RMB68 billion from RMB732 billion in the government work report of 2018, which means the railway construction under the 13th Five-Year Plan will begin to enter a concentrated delivery period, the growth in demand for our signal system and related equipment will continue. Moreover, with the arrival of the overhaul period for high-speed railways, the high-speed railway reconstruction market also see opportunities for new movements, which will bring new points of profit growth in the operational and maintenance area, creating a better external environment for the growth of the Company's railway business segment.



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## APPENDIX I      USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES AND FEASIBILITY ANALYSIS REPORT

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On the other hand, the construction of intercity railways which was dominated by local investments also presents a rapid development trend. The Company's good operation record on automated driver control system for intercity railways has laid a good foundation for expansion in the intercity railway market. Urban transit presented a trend of accelerating development, the bids for metro and tram equipment in urban transit transportation will continue to remain at high level. The urban transit automated control system owned by the Company will be benefited significantly from the fast expansion in market size and will become a key point of growth that drives business development of the Company.

### **2. The Company increases its business layout, and therefore has a higher demand for capital**

The Company is actively deploying products with cutting-edge technologies such as advanced rail transportation control systems, and increasing the development of overseas business in response to the "One Belt and One Road" initiative, which require higher capital investment for the Company.

In addition, in recent years, the Company has invested in projects related to its principal business (including the Hangzhou-Wenzhou High Speed Railway project, Taixing Smart City project, Jakarta-Bandung High Speed Railway project) and also undertook project-related engineering contracting and equipment supply business, effectively enhancing the Company's competitiveness and market share in related fields and generating good economic benefits. For example, the Hangzhou-Wenzhou High Speed Railway project in which the Company participated in investment will be the first independently completed high speed railway "four-electric" integration project, further strengthening and improving the Company's ability to undertake electric electrification projects. It has also strengthened the Company's ability to undertake rail transit engineering general project management projects in virtue of the Company's "three-in-one" industry chain advantage and "four-electric" integration advantage, and the synergy effect with the existing business has been created. There are also certain funding needs for these business layouts.

As a result of the foregoing, after the proceeds raised from the offering are partially used to replenish the working capital, on the one hand, the working capital required for the daily operation and development of the Company will be further alleviated; on the other hand, it will help strengthen the capital strength of the Company and provide financial support for the Company to achieve strategic development goals such as "one core business with diversification into related businesses" and "technology-driven development".

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**APPENDIX II            DILUTION OF IMMEDIATE RETURNS AND THE REMEDIAL MEASURES  
ON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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**CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\***

**DILUTION OF IMMEDIATE RETURNS AND THE REMEDIAL MEASURES ON  
THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

China Railway Signal & Communication Corporation Limited\* (hereinafter referred to as the “**Company**”) proposes to apply for an initial public offering of A shares and listing (hereinafter referred to as the “**Offering**” or the “**A Share Offering**”) on the Science and Technology Innovation Board of the Shanghai Stock Exchange. Pursuant to the provisions of the Guiding Opinions on Matters Relating to Dilution of Immediate Returns by IPO, Refinancing or Major Assets Restructuring by China Securities Regulatory Commission (hereinafter referred to as the “**CSRC**”) (CSRC Announcement [2015] No. 31), the Opinions of the State Council on Further Promoting Healthy Development of the Capital Market (Guo Fa [2014] No. 17) , the Opinions of the General Office of the State Council on Further Strengthening the Protection of Lawful Rights and Interests of Small and Medium-sized Investors in the Capital Market (Guo Ban Fa [2013] No. 110) and other relevant regulations, if a company proceeds with an initial public offering of shares, or a listed company undergoes refinancing or engages in mergers and acquisitions or restructuring and therefore dilutes its current returns, it shall undertake to adopt specific measures to make remedy for such returns and honor the undertaking.

The Company has conducted an earnest analysis in respect of the impact of the A Share Offering on the dilution of the immediate returns and suggested specific measures on making remedies for the immediate returns, and relevant bodies have made relevant undertakings regarding the implementation of the measures for remedial returns to be taken by the Company.

**I. Risk Warning for Dilution of Immediate Returns as a Result of the Offering and Listing**

The offering size of the Company will not exceed 2,197,454,750 A Shares. Upon completion of the Offering and Listing, the Company’s total share capital and net asset will be increased, and its net debt ratio will be decreased, which will help enhance stability and risk prevention capability of its fiscal structure.

Upon the A Share Offering and Listing, the Company will, in a timely manner, use the proceeds effectively, thereby achieving reasonable capital returns. However, in view of the fact that the benefits from the use of proceeds may not emerge clearly in the short term, indicators such as the earnings per share and the weighted average return on net assets of the Company may be exposed to risk of a decrease resulting from the increase in total share capital of the Company.

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**APPENDIX II                    DILUTION OF IMMEDIATE RETURNS AND THE REMEDIAL MEASURES  
ON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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**II. Necessity and Rationality of the Offering and Listing**

**(I) *Consistently implementing the strategic layout of deepening reform of state-owned enterprise and enhancing market competitiveness***

On 1 March 2019, the CSRC issued the Administrative Measures for Registry of Shares of Listed Companies on Science and Technology Innovation Board (Trial) and the Continuing Supervision Measures of Listed Company on Science and Technology Innovation Board (Trial) and the Shanghai Stock Exchange (the “SSE”) officially published and implemented the Business Rules and Supporting Guidance for the Establishment of the Science and Technology Innovation Board on the SSE and the Pilot Registration System. The implementation of the Science and Technology Innovation Board has a strong national strategic significance and will lead a new round of reform of the capital market system. Through the listing on the Science and Technology Innovation Board, the Company will promote mixed ownership reform by further optimizing its shareholding structure, continue to standardize the corporate governance structure and fully and comprehensively deepen the reform and accelerate the pace of its own development by virtue of the capital market system innovation. The projects financed by the proceeds from this Offering will focus on existing principal business of the Company, especially on the field of technological innovation, to improve the Company’s core competitiveness and market influence and accelerate the construction of world-class enterprise with international competitiveness.

**(II) *As a core representative in high-end equipment manufacturing of China, consolidating its capital strength to promote innovation and development***

As a high-tech industrial group characterized on railway transportation control technology, the Company has established a technological innovation system with “market demand as the guide, research and development platform as its main body and combination of production, learning and research” to deepen reform and inspire independent innovation, and guide railway transportation of China into an era of automatic driving by relying on independent innovation and development of national industries including control system. The system ensures safety of national railway transportation and is the core representative of high-end manufacturing field of China. The Company can fully demonstrate its achievements in scientific and technological innovation and the value of national brands by virtue of the Offering and Listing, so as to consolidate its capital strength, continuously drive innovation and development and comprehensively build a new pattern of diversified development of the industrial chain.

**(III) *With rapid growth in demand of railway transportation, grasping development opportunities and exerting core advantages***

From the perspective of industry demand, fixed asset investment in railway of China has remained at a relatively high scale for a long term. Meanwhile, the number of cities with subway and light rail and other railway transportation in China is increasing. Many cities are planning to increase rail transit lines and new rails in the future. The application of new rail transit mode continues to grow, and the demand for rail transit continues to expand. By virtue of the A Share Offering and Listing, the Company will invest more on existing railway transportation control system and take full use of advantages to proactively grasp development opportunities and enhance strategic layout and its competitiveness in the world.

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**APPENDIX II                    DILUTION OF IMMEDIATE RETURNS AND THE REMEDIAL MEASURES  
ON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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**III. Relationship between the Projects Financed by the Proceeds from the Offering and Listing and the Company’s Existing Business, and the Sufficiency in Terms of Personnel, Technologies, Market and Others to be Involved in the Projects Financed by the Proceeds**

**(I) *Relationship between the Projects Financed by the Proceeds from the Offering and Listing and the Company’s Existing Business***

The proceeds from the A Share Offering and Listing will be used for the principal business of the Company, which is in conformity with the industrial development trend and corporate strategic layout of further optimizing corporate business structure and informationization level by rapidly improving research and development strength and transformation efficiency of scientific and technological achievements and paving road for sustainable development of principal business, so as to satisfy the continuous capital needs of, and reduce the impact on, the existing business. The projects financed by the proceeds from the Offering are in conformity with the Company’s production and operation, technical level and management capability as well as its business development planning, which will contribute to enhancing the comprehensive strength of scientific and technological innovation, position in the industry, profitability and comprehensive competitiveness of the Company.

**(II) *Sufficiency in Terms of Personnel, Technologies, Market and Others to be Involved in the Projects Financed by the Proceeds from the Offering***

In terms of personnel, the Company has built an outstanding talent team during the long-term project implementation. The experience and technology of employees of the Company are among the best in the industry of system integration, equipment manufacturing, and system delivery services for railway transportation control system. In the future, the Company will further enhance the selection and cultivation of professionals and management personnel as well as talent reserve based on the needs of its business development and gradually increase incentives for all outstanding employees to ensure the smooth implementation of projects financed by the proceeds from the Offering.

In terms of technologies, as a main undertaker of the application and innovation of the railway control system for railway and urban railway transportation in China, the Company has the domestic first-class and international advanced system technology and realized the “four major innovations” of technical system, supporting platform, core technology and integration technology which were widely used in railway construction and urban rail construction. The control level and influence of technical standards are at the leading level. Going forward, the Company will optimize product structure by further deepening technology accumulation, and provide technical support for the smooth implementation of the projects financed by the proceeds from the Offering.

In terms of market, the proceeds from the Offering are mainly used to continue to develop the principal business of the railway transportation control system. With its core competitiveness in “railway-based safety and control technology and service” and the “three-in-one” structural advantages in terms of system design and research and development, equipment manufacturing and engineering services, the Company has formed strong capabilities in system integration, engineering general contracting and comprehensive supporting with its market covering railway, urban railway transportation, urban infomationalization and other fields at home and aboard, which formed sound brand image and market presence. Meanwhile, the railway transportation industry of China continues to maintain a high investment scale, and the market demand in the future is broad. The above factors have laid a good market foundation for the implementation of the projects financed by the proceeds.

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**APPENDIX II            DILUTION OF IMMEDIATE RETURNS AND THE REMEDIAL MEASURES  
ON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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**IV. Specific Measures for Remedial Dilution on Immediate Returns**

As the A Share Offering and Listing may lead to slight decrease in immediate returns, the Company will follow and adopt the following principles and measures to accelerate the development of the Company's principal business and improve its profitability, thereby improving asset quality, increasing operating income, broadening income source and achieving sustainable development, so as to fully protect the interests of the Company's shareholders especially minority shareholders and pay attention to the values return for the shareholders in the medium- and long-term.

**(I) *Improving operating results and its own market competitiveness of the Company***

Relying on the opportunity of construction projects financed by proceeds from the public offering, the Company will continuously strengthen the support from science and technology and its technological advantages in the core technical fields of high-speed railway, intercity railway and subway, and provide core technical support for responding to the national "Belt and Road" initiative and "Going Out" of our high-speed railway. The Company will continue to give play of China creation in the domestic and overseas markets, leading the equipment manufacturing and engineering construction specifications in the field of railway and signal communication of China, promoting industry progress and innovation, while improving the Company's operating performance and its market competitiveness.

**(II) *Strengthening administration of proceeds and improving the utilisation efficiency of proceeds***

To regulate the administration of the proceeds raised and improve the use efficiency of proceeds, in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Circular on Further Regulating the Use of Proceeds by Listed Companies and other relevant requirements, taking into account the actual situation of the Company, the Company formulated the Rules for the Management of Proceeds to be Raised from A Share Offering of China Railway Signal & Communication Corporation Limited\*, expressly specifying the administration and utilisation of the proceeds raised. The Company will collaborate with the sponsors and the custodian bank in monitoring the utilisation of proceeds, so as to ensure that the proceeds are utilised according to the committed purposes and amount. Upon receiving the proceeds raised from the Offering, the Company and the sponsors shall continuously monitor the Company's examination and supervision on the utilisation of proceeds, so as to ensure that the Company will utilise the proceeds in a rational and compliance manner and mitigate the risks in relation to the improper utilisation of the proceeds to be raised.

Upon the proceeds to be raised are in place, the Company will firmly grasp market opportunities and proactively layout to accelerate the development and construction of projects financed by the proceeds as much as possible on the basis of ensuring the standardized, scientific and rational use of proceeds, and strive to accelerate the realization of expected economic benefits from the projects financed by the proceeds.

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**APPENDIX II                    DILUTION OF IMMEDIATE RETURNS AND THE REMEDIAL MEASURES  
ON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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***(III) Strengthening operation management and internal control of the Company and enhancing risk prevention consciousness***

The Company will further strengthen operation management and internal control, improve and reinforce operation decision-making procedures, control financing costs by reasonably using various financing instruments and channel, reduce various expenses of the Company to fully and effectively control the Company's operating and management costs. In the next few years, the Company will further improve its operational and management standards and overall profitability. In addition, it will strive to improve the fund use efficiency and enhance the investment decision-making procedure, design a more reasonable fund use planning to control the Company's capital costs and save financial expenses by the rational use of various financing tools and pipelines. Meanwhile, it will also continue to strengthen internal control, cost management and budget execution supervision by further optimizing the budget management process, and comprehensively and effectively manage the relevant operation and control risks of the Company.

***(IV) Further improving profit distribution system and enhancing investor return mechanism***

The Company has formulated the Dividend Distribution Plan within the Three Years (2019-2021) after the Initial Public Offering and Listing of A Shares of China Railway Signal & Communication Corporation Limited\* in accordance with the Notice on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies (Zheng Jian Fa [2012] No. 37) and the Guideline No. 3 on the Supervision and Administration of Listed Companies — Distribution of Cash Dividends of Listed Companies (Zhang Jian Hui Announcement [2013] No. 43) issued by the CSRC and spirits in the Guidance for the Articles of Association of Listed Companies. The Company further specifies the matters of cash dividend policies and percentages and the minimum percentage of profit distribution in cash in general conditions, so as to shape investors' expectation for steady returns. The Company attaches great importance to protecting Shareholders' rights and interests and reasonable investment returns. Meanwhile, the Company further formulates sustain, stable and scientific cash dividend policy so as to achieve sustainable development of the Company and provide good returns for small and medium investors.

***(V) Enhancing talent construction and further promoting technological innovation***

During the long-term project implementation, the Company has built an outstanding talent team comprising professional and technical personnel with outstanding capability in communication signal, which is of great significance in the industry. The Company will further strengthen the training of existing talents and the improvement of internal construction to actively discover talents by enhancing the selection and cultivation of professionals and management personnel, and gradually form a high-quality employee team that adapts to market changes and promotes corporate development, so as to adapt to the growth of the Company's operation. Meanwhile, the Company will further improve the recruitment and training system and incentive mechanism based on the needs of future business development to absorb excellent management and technical talents and lay a solid foundation for the Company's sustainable development capability. In addition, the Company will further promote technological innovation and enhance research and development and innovation capabilities and brand value of the Company by virtue of technological innovation and product upgrade.

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**APPENDIX II            DILUTION OF IMMEDIATE RETURNS AND THE REMEDIAL MEASURES  
ON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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**1V. The Undertakings of the Company’s Directors and Senior Management to Take Remedial Measures for the Diluted Immediate Returns from the Offering and Listing**

The directors and senior management of the Company have undertaken to faithfully and diligently perform their duties and protect the legitimate rights and interests of the Company and all the shareholders and made the following undertakings so as to ensure the implementation of the Company’s remedial measures for the diluted immediate returns as a result of the A Share Offering and Listing according to relevant provisions of CSRC:

1. Undertake not to transfer interests to other entities or individuals for free or on unfair terms, nor to damage the Company’s interests in other ways;
2. Undertake to restrict the expenditures incurred in the course of duties of directors and senior management;
3. Undertake not to draw upon the Company’s assets to make any investment or participate in any consumption activities unrelated to their performance of duties;
4. Undertake to proactively promote the improvement of the Company’s remuneration system to better comply with requirements for refilling immediate returns; to support the linkage between the remuneration system set up by the board of directors or the nomination and remuneration committee and the implementation of the Company’s remedial measures for returns, and strictly enforce the above system;
5. Undertake to support the linkage between the vesting conditions of equity incentive and the implementation of the Company’s remedial measures for returns when the Company sets up an equity incentive plan (if any);
6. I shall strictly observe the return remedial measures formulated by the Company, and follow the relevant provisions issued by regulatory authorities including the CSRC and stock exchanges in the future, and proactively take all necessary and reasonable measures within my terms of reference to supervise and promote the implementation of the Company’s return remedial measures;
7. Upon the date of the undertakings, if the CSRC or stock exchanges promulgate any additional rules on remedial measures against dilution of immediate return and relevant undertakings and the undertakings above are not sufficient to satisfy the newly issued requirements, I undertake to give supplementary undertaking(s) in accordance with the latest rules of CSRC or stock exchanges.

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## APPENDIX III DIVIDEND DISTRIBUTION PLAN WITHIN THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES

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### CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\*

#### DIVIDEND DISTRIBUTION PLAN WITHIN THE THREE YEARS (2019-2021) AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES

China Railway Signal & Communication Corporation Limited\* (hereinafter referred to as the “**Company**”) proposes to apply for an initial public offering and listing of A Shares (hereinafter referred to as the “**A Share Offering and Listing**”) on the Science and Technology Innovation Board of the Shanghai Stock Exchange. To further improve and regulate the dividend mechanism of the Company, enhance the transparency and operability of dividend distribution decision-making and ensure the reasonable return on investment of shareholders and other rights, in accordance with the Notice on Further Implementing Matters Relevant to the Cash Dividend Distribution by Listed Companies and the Guideline No. 3 on the Supervision and Administration of Listed Companies — Distribution of Cash Dividends of Listed Companies issued by the CSRC and relevant requirements of the Guidelines on Cash Dividend Distribution of Listed Companies published by Shanghai Stock Exchange, the Company has formulated the Dividend Distribution Plan within the Three Years (2019-2021) after the Initial Public Offering and Listing of A Shares (hereinafter referred to as “**this Plan**”) as follows:

#### I. Principles of Formulation of This Plan

The formulation of this Plan shall be in compliance with applicable laws and regulations and the Articles of Association. The Company shall implement a proactive, sustained and stable profit distribution plan, focusing on the reasonable investment return to investors as well as the actual operations and sustainable development of the Company, and shall fully consider the opinions and requirements of independent non-executive directors and minority shareholders in the process of decision-making and demonstration of profit distribution plan.

#### II. Factors Considered in Formulation of This Plan

The formulation of this Plan focuses on the Company’s operations at the current stage and sustainable development, takes into account the Company’s current and future profitability, cash flow, development stage, capital demand and financing plan, etc. on the basis of a comprehensive analysis of the development and operation conditions, strategic development plans, shareholder requirements, funding cost and external financing environment of the Company and other factors, and establishes a sustainable, stable and scientific return planning and mechanism for investors, so as to make institutional arrangements for profit distribution to ensure the continuity and stability of the profit distribution plan.

#### III. Details of Shareholder Return Plan for the Three Years (2019-2021) after the Listing

- (I) Profit distribution methods: subject to complying with all applicable laws, rules and regulations, the Association of Articles and relevant requirements and conditions under this Plan, while maintaining the continuity and stability of the profit distribution plan, the Company may make profit distribution in the forms of cash dividends, share dividends or a combination of the two forms, and the board of directors of the Company may formulate annual or interim distribution proposal in accordance with the profitability, cash flow, development stage and capital requirements for the current period.



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**APPENDIX III     DIVIDEND DISTRIBUTION PLAN WITHIN THE THREE YEARS AFTER  
THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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(II) Cash dividend payment conditions: except in cases of special circumstances, the Company may prioritize the distribution of dividends in cash after setting aside a sufficient amount of profits for the statutory reserve and the discretionary reserve, if the Company is profitable in that year and the aggregate undistributed profit value is positive.

“Special circumstances” referred to above shall mean:

1. the Company’s production and operation are greatly affected by any war, natural disaster or other force majeure event;
2. the net cash flow generated from the operation in that year is negative, and cash dividend payment will have an adverse effect on subsequent existence of the Company as a going concern;
3. the auditors have not issued a standard unqualified audit report regarding the financial report of the Company for that year; or
4. the Company has major investment plans or other major cash expenditures (other than any fund raising projects).

The “major investment plan” or “major cash expenditure” referred to above shall mean any proposed external investment or asset acquisition or equipment procurement in the next twelve months that will incur an accumulative expenditure reaching or exceeding 30% of the most recent audited net assets of the Company.

(III) Ratio of cash dividend payment: the Company shall maintain the sustainability and stability of profit distribution policies, and subject to the satisfaction of cash dividend payment conditions, the profits distributed in cash by the Company for each year shall not be less than 25% of distributable realized profit in that year; the Board of Directors shall take into account the features of the industry where the Company operates, development stage, operation mode, profitability and arrangement of major capital expenditures and other factors, and put forward a policy of differentiated cash dividend distribution according to the following circumstances, pursuant to the procedures set forth in the Articles of Association:

1. If the Company’s development is in the phase of maturity and no material capital expenditure has been arranged, the minimum ratio of cash dividend in that profit distribution shall be 80%;
2. If the Company’s development is in the phase of maturity and material capital expenditure has been arranged, the minimum ratio of cash dividend in that profit distribution shall be 40%;
3. If the Company’s development is in the phase of growth and material capital expenditure has been arranged, the minimum ratio of cash dividend in that profit distribution shall be 20%.

If it is difficult to identify the Company’s phase of development but material capital expenditure has been arranged, it can proceed according to the previous provision.

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## **APPENDIX III DIVIDEND DISTRIBUTION PLAN WITHIN THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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### **(IV) Conditions of the distribution of share dividends**

When the operation of the Company is satisfactory and the board of directors of the Company believes that Company's share price is disproportionate to the share capital size of the Company and the distribution of share dividends is in the interests of all shareholders of the Company as a whole, the share dividend distribution plan can be proposed subject to the satisfaction of the above conditions of cash dividend payment. The Company's profit distribution by way of issuance of shares in lieu of dividends shall be made on the condition of giving reasonable cash dividends to its shareholders and maintaining appropriate scale of capital stock taking full consideration into actual and reasonable factors such as the growth of the Company and dilution on net asset per share.

### **IV. Decision-making Mechanism for Shareholder Return Plan**

1. The Company's profit distribution plan will be formulated by the management of the Company and submitted to the board of directors and the board of supervisors for consideration. The board of directors will conduct sufficient discussions on the reasonableness of the profit distribution plan, and prepare a specific proposal which shall be submitted to the general meeting for consideration. Where the Company is profitable in the previous accounting year but the board of directors determines not to make cash dividend payment or make cash dividend payment less than the cash dividend payment percentage set forth in the Articles of Association, the independent non-executive directors shall express their independent opinions. The Company shall provide public shareholders with access to online voting for the purpose of participating in the voting at the general meeting;
2. The board of directors shall, during the formulation of the specific cash dividend payment plan, carefully study and analyze the timing, conditions, minimum ratio, adjustment condition and decision-making procedures regarding the cash dividend payment, and independent non-executive directors shall express their independent opinions; independent non-executive directors may solicit opinions from minority shareholders, and put forward a dividend payment proposal which shall be submitted directly to the board of directors for its consideration;
3. Prior to the consideration of a specific cash dividend payment proposal at the general meeting, the Company shall communicate and exchange views with shareholders, especially minority shareholders, through various channels (including but not limited to phone call, fax, email and reception), in order to understand views and demands of minority shareholders. The concerns of minority shareholders shall also be addressed and replied to promptly;
4. Where the Company has no cash dividends in particular cases as provided for in the foregoing provisions, the board of directors shall explain the specific reasons for not distributing cash dividends, the exact use of the retained profits and the estimated investment returns, and submit the same to the shareholder's general meeting for approval after the independent non-executive directors express their opinions, and disclose the same on the media designated by the Company.

### **V. Implementation of the Profit Distribution Plan**

After the profit distribution plan has been resolved at the Company's shareholders' general meeting, the board of directors of the Company shall complete the dividend (or share) distribution within two months after the date of the shareholders' general meeting.

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## **APPENDIX III     DIVIDEND DISTRIBUTION PLAN WITHIN THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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### **VI. Period of Formulating the Shareholder Return Plan and Mechanism of Adjusting the Shareholder Return Plan**

The Company shall review the shareholder return plan at least once every three years and determines the shareholder return plan for that period based on the Company's operations and the opinions of the shareholders (especially minority shareholders). The dividend distribution policy and the plan of shareholders' return for three years as made by the board of directors of the Company shall not be implemented until they are approved by a general meeting upon submission.

In case of any major effect on the business operation of the Company as a result of any war, natural disaster or other force majeure event or any change to the external operation environment of the Company (such as any change to the state policies or regulations), or in case of any substantial change to operation conditions of the Company, the Company may make an adjustment to the profit distribution policies of the Company.

The board of directors of the Company shall conduct specific discussion over adjustment to the Company's profit distribution policy, provide detailed reasons for such adjustment, provide a written report to be considered by independent non-executive directors, and then submit to the general meeting for approval by way of a special resolution. In considering adjustments to the profit distribution policy, the Company shall make network voting method accessible to shareholders. In considering such adjustments at a general meeting, the opinions of minority shareholders must be sufficiently considered.

### **VII. Supplementary Provisions**

Any issues which this plan may not apply to shall be subject to applicable laws, regulations and the Articles of Association. This Plan shall be interpreted by the board of directors and, upon the approval of the general meeting, shall take effect on the date when the Company completes this A Share Offering and Listing.

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## APPENDIX IV PROPOSAL ON STABILIZING THE PRICE OF A SHARES OF THE COMPANY WITHIN THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES

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### CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\*

#### PROPOSAL ON STABILIZING THE PRICE OF A SHARES OF THE COMPANY WITHIN THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES

China Railway Signal & Communication Corporation Limited\* (hereinafter referred to as the “**Company**”) proposes to apply for an initial public offering and listing of A shares (hereinafter referred to as the “**A Share Offering and Listing**”) on the Science and Technology Innovation Board of the Shanghai Stock Exchange. In order to maintain the stability of price of A shares of the Company after the A Share Offering and Listing, and to protect the rights of public shareholders, especially the rights of minority shareholders, it is proposed to formulate the Proposal on Stabilizing the Price of A shares of the Company as follows:

#### I. Conditions Applicable

Within three years from the date of the A Share Offering and Listing of the Company, if, occurred not due to force majeure, the closing prices of the A shares of the Company for 20 consecutive trading days (except for trading days on which A shares of the Company have been suspended trading for full day, the same for below) are lower than the latest audited net asset per share of the Company (if, after the audit date of the latest period, changes in the net assets or the total number of shares of the Company have occurred due to, among other things, profit distribution, conversion of capital reserve into share capital, placement and rights issue, the net asset per share shall be adjusted accordingly), and the conditions of the Company have also satisfied the requirements of relevant laws, administrative rules and regulations and of the securities regulatory authorities of the PRC, such as China Securities Regulation Commission (hereinafter referred to as the “**CSRC**”), on actions for variation of shares such as repurchase or increase in shareholding.

#### II. Measures for Stabilizing Share Price

When the Company needs to adopt share price stabilizing measures, it may implement the share price stabilizing measures in the following sequence depending on the actual circumstances of the Company and the conditions of the stock market. After implementation of the share price stabilizing measures, the shareholding structure of the Company shall comply with the listing conditions.

##### (I) *Proposed measures to be taken by controlling shareholder*

Within 10 trading days after the conditions for initiating share price stabilizing measure have been triggered, the controlling shareholder shall notify the Company whether there is any specific plan of increasing the shareholding in A shares of the Company, so that an announcement will be made by the Company accordingly. If there is a specific plan, disclosure of information on, inter alia, the intended size of increase in quantity, price range and completion time shall be made, and the total incremental amount of such plan must not be less than RMB100 million.

##### (II) *Proposed measures to be taken by the Company*

If the controlling shareholder is unable to duly announce the aforesaid specific plan, or expressly indicates the non-existence of such plan to increase shareholding, the board of directors of the Company shall make an announcement on whether there is any specific share repurchase plan within 20 trading days after the conditions for initiating share price stabilizing measure have been triggered for the first time, if such specific plan exists, disclosure of information on, inter alia, the intended size of share repurchase in quantity, price range and completion time shall be made, and the total amount of such repurchase must not be less than RMB100 million.

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## APPENDIX IV PROPOSAL ON STABILIZING THE PRICE OF A SHARES OF THE COMPANY WITHIN THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES

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(III) *Proposed measures to be taken by directors (excluding independent directors, the same for below) and senior management*

If the board of directors of the Company is unable to duly announce the aforesaid share repurchase plan, or the aforesaid share repurchase plan fails to obtain approval from the shareholders' general meeting due to various reasons, the prevailing directors and senior management of the Company shall unconditionally increase shareholding in the A shares of the Company within 30 trading days after the conditions for initiating share price stabilizing measure have been triggered for the first time (or within 30+N trading days after the obligation to increase shareholding has been triggered for the first time if the directors and senior management have been restricted from trading shares within N trading days during the period) or within 10 trading days after the aforesaid share repurchase plan fails to obtain approval from the shareholders' general meeting (or within 10+N trading days after the aforesaid repurchase plan fails to obtain approval from the shareholders' general meeting) provided that it is in compliance with the laws, regulations, the rules of the places where the Company's shares are listed, and the requirement of relevant policies, and the aggregate amount of their respective increase in shareholding must not be less than 10% of the total amount of remuneration (after tax) received by them from the Company during the previous year.

(IV) If one of the following scenarios occurs after the condition for stabilizing share prices is triggered, it is considered that the implementation of the measures for stabilizing share prices is concluded, the undertaking is fulfilled and the execution of the share price stabilization plan is terminated: (1) the Company's A Share closing price remains no lower than the latest audited net asset per share for the five consecutive trading days; (2) the continuation to execute measures for stabilizing share prices will cause failure of the Company's equity distribution to meet listing conditions or trigger violation of then-effective prohibitive regulations, or the relevant directors and senior management's obligation to increase shareholdings in the Company's will trigger a general tender offer obligation.

(V) Within 120 trading days after completion of the performance of any one of the aforesaid (I), (II) and (III) measures of increasing shareholding or repurchase, the obligation to increase shareholding or to repurchase by the controlling shareholder, the Company, the directors and senior management shall be discharged automatically. Commencing on the 121st trading day after completion of the performance of any one of the three aforesaid measures of increasing shareholding or repurchase, if the closing price of the A shares of the Company is still below the latest audited net asset per share for 20 consecutive trading days, the obligation of the controlling shareholder, the Company, the directors and senior management to increase shareholding or to repurchase will arise again automatically according to the sequence of (I), (II) and (III) as set out above.

(VI) In performing their obligations of increasing shareholding or repurchase, the controlling shareholder, the Company, the directors and senior management shall perform the corresponding obligations of information disclosure pursuant to the listing rules of the listing places of the Shares of the Company and other applicable regulatory requirements, and shall comply with the requirements in relation to the supervision of the state-owned assets.

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## APPENDIX IV PROPOSAL ON STABILIZING THE PRICE OF A SHARES OF THE COMPANY WITHIN THE THREE YEARS AFTER THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES

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### III. Restraints of This Plan

- (I) In respect of controlling shareholder, if specific plan to increase shareholding has been announced but cannot be implemented practically due to subjective reasons, the Company shall withhold the cash dividends payable to the controlling shareholder of an amount equivalent to the obligation to increase shareholding by such controlling shareholder until the obligation to increase shareholding has been performed by the controlling shareholder. If the obligation to increase shareholding has been triggered twice consecutively and the controlling shareholder has failed to propose any specific plan to increase shareholding, the Company may withhold the cash dividends payable to the controlling shareholder of an amount equivalent to the obligation to increase shareholding by such controlling shareholder for use in the share repurchase plan, and the controlling shareholder will lose the right of recourse in the corresponding amount of cash dividends. If the controlling shareholder abstains from voting or has voted against the share repurchase plan proposed by the board of directors of the Company, the Company may withhold the cash dividends payable to the controlling shareholder of an amount equivalent to the obligation to increase shareholding by such controlling shareholder for use in the next share repurchase plan, and the controlling shareholder will lose the right of recourse in the corresponding amount of cash dividends.
- (II) The directors and senior management of the Company shall perform their obligations to increase shareholding actively, if any individual fails to perform his/her obligation to increase shareholding pursuant to the relevant agreement of this proposed plan during his/her term of office due to subjective reasons, the Company will be entitled to temporarily withhold the remuneration payable to the relevant directors and senior management (i.e. starting from the month that they fail to perform the obligation to increase shareholdings in the Company, deduct 10% monthly remuneration (after-tax) of the relevant parties concerned, but the deduction shall be stopped when the accumulated amount of deductions reach 10% of the total amount of remuneration (after-tax) received from the Company in the preceding year when the obligation of measures for stabilizing share prices shall be performed), until the relevant directors and senior management fulfill their obligation to increase shareholdings. If any individual fails to perform his/her obligation to increase shareholding actively twice consecutively during his/her term of office, the controlling shareholder or the Board of Directors may request for replacement of the relevant director for approval by the shareholders' General Meeting, and the Board of Directors of the Company may request for dismissal of the relevant senior management.
- (III) If the controlling shareholder, the Company, directors and senior management cannot perform their obligations to increase shareholding or to repurchase within a certain period of time due to the minimum public float requirement under the securities regulatory rules, such as the listing rules of the listing places of the shares of the Company, the relevant liable subjects may be exempted from the aforesaid penalty, but other measures shall be adopted actively to stabilize the share price.

### IV. Other Information

During the valid period of this plan, newly appointed directors and senior management of the Company shall perform the obligations of directors and senior management as required under this plan, as well as other committed obligations for directors and senior management of the Company undertaken during the A Share Offering and Listing in accordance with the same standard. In respect of prospective appointees of directors and senior management of the Company, their consent in writing to perform the aforesaid undertakings and obligations shall be obtained prior to their nominations.

When implementing the plan, unless otherwise required by the relevant laws, regulations and regulatory documents (including the listing rules of the venues where shares of the Company are listed), the Company shall comply with the relevant requirements.

During the effective period of the plan, when the plan is required to be amended in accordance with the relevant new rules issued by regulatory authorities such as the CSRC and the Shanghai Stock Exchange, the board of directors shall be authorized by a shareholders' general meeting of the Company to amend the plan accordingly.

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**APPENDIX IV PROPOSAL ON STABILIZING THE PRICE OF A SHARES OF  
THE COMPANY WITHIN THE THREE YEARS AFTER THE  
INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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**V. Valid Period of This Plan**

This plan is subject to consideration and approval by the shareholders' general meeting, domestic shareholders class meeting and H shareholders class meeting of the Company and shall become effective from the date on completion of the A Share Offering and Listing, and shall continue to be valid within three years thereafter.

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**APPENDIX V                      UNDERTAKINGS REGARDING INFORMATION DISCLOSURE IN  
THE PROSPECTUS PUBLISHED IN CONNECTION WITH THE  
INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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**CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\***

**UNDERTAKINGS REGARDING INFORMATION DISCLOSURE IN THE  
PROSPECTUS PUBLISHED IN CONNECTION WITH THE INITIAL PUBLIC  
OFFERING AND LISTING OF A SHARES**

According to the requirement of the Opinions on Further Promoting the IPO System Reform (《關於進一步推進新股發行體制改革的意見》), for information disclosure in the prospectus (hereinafter the “**Prospectus**”) published in connection with the initial public offering and listing of A shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange, China Railway Signal & Communication Corporation Limited\* (hereinafter referred to as the “**Company**”) undertakes that:

- I. The content of the Prospectus does not contain any false representation, misleading statement or material omission and the Company shall be liable legally for the truthfulness, accuracy and completeness of the content of the Prospectus.
2. If China Securities Regulatory Commission (hereinafter referred to as “**CSRC**”) or other competent department determines that the Prospectus contains any false representation, misleading statement or material omission, which would result in a material or substantial impact on assessing whether the Company satisfies the conditions of offering as required by laws, the Company undertakes to repurchase all new shares of the Company issued under the public offering in the following manners according to law:
  - (1) If the above situation occurs after the public offering of new shares of the Company but before listing, the Company shall, within five working days from the date of the occurrence of the above situation, return the funds raised from the public offering to investors who had paid share subscription fees at issue price plus bank interest of the same period;
  - (2) If the above situation occurs after the listing of new shares issued through the Company’s initial public offering, the board of directors of the Company shall, within 10 working days after the CSRC or any other authorized department has made a final determination or penalty decision on the aforesaid matters according to law, hold meetings of the board of directors to prepare a share repurchase scheme and submit it to the general meeting for consideration and approval. The repurchase of all new shares issued through initial public offering according to law shall be based on the issue price plus bank demand deposit interests on such shares for the same period from the date of the listing of new shares to the date of repurchase or not less than the arithmetic mean of the daily weighted average price of shares of the Company for 30 trading days before the date on which the CSRC conducts an investigation into the issue of false representation, misleading statement or material omission contained in the Prospectus (In case of any ex-rights or ex-dividend activities such as profit sharing, dividend distribution, bonus issue, conversion of capital reserve into share capital and placing of shares, the aforesaid price shall be adjusted accordingly) or other price as recognized by the CSRC. All new shares issued through initial public offering of the Company shall be repurchased through the trading system of a stock exchange.



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**APPENDIX V                      UNDERTAKINGS REGARDING INFORMATION DISCLOSURE IN  
THE PROSPECTUS PUBLISHED IN CONNECTION WITH THE  
INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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3. The Company shall assume civil liability for compensation and compensate the investors for any losses in securities trading suffered by them due to any false representation, misleading statement or material omission in the content of the Prospectus in accordance with the relevant laws and regulations. The amount of compensation for such losses shall be limited to the direct loss actually incurred by the investor and the details of the specific compensation standard, the scope of the compensation subject, the amount of compensation, etc. shall be based on the finalized compensation scheme or determined in accordance with the method or amount recognized by the CSRC or judicial authorities when the above circumstances actually occur.
4. If the laws, regulations, regulatory documents and the CSRC or the stock exchanges have different requirements on the relevant responsibilities and consequences that shall be borne by the Company as a result of the breach of the aforesaid undertakings, the Company shall voluntarily and unconditionally comply with such requirements.
5. If the relevant undertakings fail to be performed, clearly cannot be performed or cannot be performed on schedule, the Company will take the following measures:
  - (1) make a public announcement through any media designated by the CSRC to specify the reasons for failure to perform the undertakings, being unable to perform the undertakings or being unable to perform the undertakings on schedule;
  - (2) if public investor(s) incur any losses as a result of dealing(s) in reliance on the Company's undertakings, the Company will compensate such investors in accordance with the means and amounts as determined by securities regulatory authorities or judicial authorities; and
  - (3) where the Company has set forth specific restrictive measures in any of the undertakings, the Company shall implement such restrictive measures as undertaken in the undertakings.

It is now proposed at the EGM that the board of directors or its delegation to ZHOU Zhiliang, the Chairman and an executive director be authorized to adjust the undertakings based on any changes in laws, regulations, regulatory documents and related policies or the opinions of the regulatory authorities within and outside China.

ARTICLES OF ASSOCIATION  
OF CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\*

## COMPARISON TABLE OF MAIN AMENDMENTS

Before	After	Basis / description
<p><b>Article 1</b> In Order to protect the legal rights and interests of China Railway Signal &amp; Communication Corporation Limited* (hereinafter referred to as the “Company”), its shareholders and creditors, and to regulate the organization and activities of the Company, these Articles of Association is hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Regulations of the State Council in Relation to the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), Letter Regarding Opinion on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant regulations.</p>	<p><b>Article 1</b> In order to protect the legal rights and interests of China Railway Signal &amp; Communication Corporation Limited* (hereinafter referred to as the “Company”), its shareholders and creditors, and to regulate the organization and activities of the Company, these Articles of Association is hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Regulations of the State Council in Relation to the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), Letter Regarding Opinion on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, <b><u>the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Guidelines for the Articles of Association of Listed Companies, the Corporate Governance Standards for Listed Companies</u></b> and other relevant regulations.</p>	<p>Article 1 of the Guidelines for the Articles of Association of Listed Companies (referred to as the “Guidelines for the Articles of Association”)</p>

Before	After	Basis / description
<p><b>Article 2</b> The Company is a joint stock limited company incorporated pursuant to the Company Law, the Securities Law, the Special Regulations and other relevant laws and regulations of China.</p> <p>Following approval by the State-owned Assets Supervision and Administration Commission of the State Council, the Company was jointly established by China Railway Signal &amp; Communication Corporation Limited*, China National Machinery Industry Corporation, China Chengtong Holdings Group Ltd., China Reform Holdings Corporation Ltd. and CICC Jiacheng Investment Management Co., Ltd. by way of promotion. The Company was registered with the State Administration for Industry &amp; Commerce of the People's Republic of China and obtained a business license on 29 December 2010.</p>	<p><b>Article 2</b> The Company is a joint stock limited company incorporated pursuant to the Company Law, the Securities Law, the Special Regulations and other relevant laws and regulations of China.</p> <p>Following approval by the State-owned Assets Supervision and Administration Commission of the State Council <b><u>by issuing the Reply on the Establishment of China Railway Signal &amp; Communication Corporation Limited* (Guo Zi Gai Ge [2010] No.1492)</u></b>, the Company was jointly established by China Railway Signal &amp; Communication Corporation Limited, China National Machinery Industry Corporation, China Chengtong Holdings Group Ltd., China Reform Holdings Corporation Ltd. and CICC Jiacheng Investment Management Co., Ltd. by way of promotion. The Company was registered with the State Administration for Industry &amp; Commerce of the People's Republic of China and obtained a business license on 29 December 2010. <b><u>Currently, the Uniform Social Credit Code of the Company is: 911100007178285938.</u></b></p>	<p>Article 2 of the Guidelines for the Articles of Association</p>
<p><b>Article 5</b> The Company has a registered capital of RMB8,789,819,000.</p>	<p><b>Article 5</b> The Company has a registered capital of <b><u>RMB[●]. Upon issuance of new shares, the Company's registered capital will be adjusted accordingly based on actual issuance conditions and the Company should proceed with the procedure of registered capital change.</u></b></p>	<p>Article 6 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p><b>Article 8</b> These Articles of Association shall become effective from the date on which the shares of the Company are listed and traded on Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”). The Company’s current Articles of Association shall automatically become null and void on the date when these Articles of Association comes into effect.</p> <p>These Articles of Association shall become a legally binding document that regulates the organization and acts of the Company and the rights and obligations between the Company and the shareholders and between shareholders inter se from the date on which they become effective.</p>	<p><b>Article 8</b> These Articles of Association shall become effective from the date on which <u>the initial public offering of A shares of the Company takes place and A shares of the Company are listed on Science and Technology Innovation Board of the Shanghai Stock Exchange</u><del>The shares of the Company are listed and traded on Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”).</del> The Company’s current Articles of Association shall automatically become null and void on the date when these Articles of Association comes into effect.</p> <p>These Articles of Association shall become a legally binding document that regulates the organization and acts of the Company and the rights and obligations between the Company and the shareholders and between shareholders inter se from the date on which they become effective.</p>	<p>Article 10 of the Guidelines for the Articles of Association</p>
<p><b>Article 9</b> These Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, the president and other senior management members. All the above-mentioned persons may make claims relating to Company’s matters in accordance with these Articles of Association.</p> <p>According to these Articles of Association, shareholders may sue the Company; the Company may sue shareholders; shareholders may sue shareholders; and shareholders may sue directors, supervisors, the President and other senior management members of the Company.</p> <p>For the purposes of the preceding paragraph, the term “sue” shall include the institution of proceedings in a court or the application to an arbitration institution for arbitration.</p>	<p><b>Article 9</b> These Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, the president and other senior management members. All the above-mentioned persons may make claims relating to Company’s matters in accordance with these Articles of Association.</p> <p>According to these Articles of Association, shareholders may sue the Company; the Company may sue shareholders, <u>directors, supervisors, the president and other senior management members</u>; shareholders may sue shareholders; and shareholders may sue directors, supervisors, the President and other senior management members of the Company.</p> <p>For the purposes of the preceding paragraph, the term “sue” shall include the institution of proceedings in a court or the application to an arbitration institution for arbitration.</p>	<p>Article 10 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p><b>Article 13</b> The business purpose of the Company is: conducting honest operation and serving the customers both at home and abroad with safe and applicable railway traffic control technology; striving for excellence and building a world-class high and new technology enterprise in the railway traffic control field.</p>	<p><b>Article 13</b> The business purpose of the Company is: conducting honest operation and serving the customers both at home and abroad with safe and applicable railway traffic control technology; striving for excellence and building a world-class high and new technology enterprise in the railway traffic control field.</p> <p><u>Upholding the philosophy of innovation, coordination, green, openness and sharing, the Company makes concrete efforts to increase its overall value by safeguarding the legal rights and interests of the shareholders and ensuring that their rights and interests are treated in a fair way, actively fulfilling the social responsibilities including environmental protection, product safety, protection of employees' rights and interests, and respecting the basic rights and interests of stakeholders.</u></p>	<p>Article 3 of the Corporate Governance Standards for Listed Companies (referred to as the "Corporate Governance Standards")</p>

Before	After	Basis / description
<p><b>Article 14</b> The business scope of the Company includes: manufacturing and sales of communication, signal, electric power, electrification and automatic control equipment in railway, urban rail transport, roadway traffic, airport, port, industrial and mining enterprises; R&amp;D, manufacturing and sales of tramcars and relevant parts and components; scientific research, survey, design, installation and construction contracting of the afore-said projects and ancillary building construction; technical consultation and technical service relating to the afore-said projects; contracting of survey, consultation, design and supervision tasks for overseas projects; contracting of domestic projects under international tender; import and export businesses; leasing of equipment and owned properties; overseas dispatch of the labors undertaking the overseas projects compatible with the Company's capability, scale and performance; general freight. (The business scope shall be subject to approval by the company registration authority. Projects which need to be approved according to law shall obtain approvals from the competent authorities before commencement of businesses activities.)</p>	<p><b>Article 14</b> The business scope of the Company includes: <u>Dispatching expatriate labour required to undertake overseas projects that are compatible with the Company's strength, scale, and performance; general freight; contracting overseas engineering projects that are compatible with its strength, scale, and performance; production of railway (including subway) equipment used in communications, signals, electricity, and automatic control; scientific research, survey, design, installation, construction and construction supporting projects of the afore-said projects; import and export businesses; contracting overseas railways and electricity projects and international tender projects in PRC; contracting survey, consultation, design and supervision of the afore-said overseas projects;</u> <del>manufacturing and sales of communication, signal, electric power, electrification and automatic control equipment in railway, urban rail transport, roadway traffic, airport, port, industrial and mining enterprises; R&amp;D, manufacturing and sales of tramcars and relevant parts and components; scientific research, survey, design, installation and construction contracting of the afore-said projects and ancillary building construction</del> survey, design, installation, construction and ancillary building construction of communication, signal, electricity, and automatic control projects of roadway traffic, airport, port, industrial and mining enterprises; technical consultation</p>	<p>Article 13 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
	<p>and technical services related to the afore-said projects; <u>leasing of the equipment and self-owned building. (Enterprises can freely choose the operating projects and carry out business activities according to laws;</u> <del>Contracting of survey, consultation, design and supervision tasks for overseas projects; contracting of domestic projects under international tender; import and export businesses; leasing of equipment and owned properties; overseas dispatch of the labors undertaking the overseas projects compatible with the Company's capability, scale and performance; general freight. (The business scope shall be subject to approval by the company registration authority. Projects which need to be approved according to law shall obtain approvals from the competent authorities before commencement of business activities</del> <u>projects subject to approval according to laws shall be launched to carry out business activities with approval of the competent authorities and based on the content of the approval; business activities of the forbidden and restricted projects as required by the municipal industry policies are not allowed.)</u></p>	
<p><b>Article 17</b> The shares of the Company shall be issued in accordance with the principles of equitability and fairness. Each share of the same class shall carry the same rights.</p> <p>Shares of the same class and the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares subscribed for by it/him/her.</p>	<p><b>Article 17</b> The shares of the Company shall be issued in accordance with the principles of <b>openness</b>, equitability and fairness. Each share of the same class shall carry the same rights.</p> <p>Shares of the same class and the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for <b>the same class of</b> <del>Each of the</del> shares subscribed for by it/him/her.</p>	<p>Article 15 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p><b>Article 22</b> Upon approval by the CSRC under Zheng Jian Xu Ke (2015) No. 1630 (證監許可[2015]1630號文), the Company initially issued to foreign investors 1,789,819,000 overseas-listed foreign ordinary shares (including an over-allotment of 39,819,000 overseas-listed foreign ordinary shares), which were listed on the Main Board of the Hong Kong Stock Exchange.</p> <p>Pursuant to the Provisional Measures for the Administration of the Reduction of the Holding of State-Owned Shares in Order to Raise Social Security Funds and relevant regulations of the State Council, the Company's state-owned shareholders, simultaneously with the issuance of the overseas-listed foreign shares, transferred 178,982,000 state-owned shares held by it into the possession of the National Council for Social Security Fund, which were converted into overseas-listed foreign shares.</p> <p>Upon completion of the afore-said issuances, the Company had total share capital of 8,789,819,000 shares, comprising a total of 8,789,819,000 ordinary shares, of which 6,821,018,000 shares were domestic shares, accounting for 77.6% of the Company's total ordinary shares in issue; and 1,968,801,000 shares were overseas-listed foreign shares the shareholders of which include National Council for Social Security Fund, accounting for 22.4% of the Company's total ordinary shares in issue.</p>	<p><b>Article 22</b> Upon approval by the CSRC under Zheng Jian Xu Ke (2015) No. 1630 (證監許可[2015]1630號文), the Company initially issued to foreign investors 1,789,819,000 overseas-listed foreign ordinary shares (including an over-allotment of 39,819,000 overseas-listed foreign ordinary shares), which were listed on the Hong Kong Stock Exchange in 2015. Pursuant to the Provisional Measures for the Administration of the Reduction of the Holding of State-Owned Shares in Order to Raise Social Security Funds (《減持國有股籌集社會保障資金管理暫行辦法》) and relevant regulations of the State Council, the Company's state-owned Shareholders, simultaneously with the issuance of the overseas-listed foreign Shares, transferred 178,982,000 state-owned Shares held by it into the possession of the National Council for Social Security Fund, which were converted into overseas-listed foreign Shares.</p> <p>Upon completion of the afore-said issuances, the Company had total share capital of 8,789,819,000 shares, comprising a total of 8,789,819,000 ordinary shares, of which 6,821,018,000 shares were domestic shares, accounting for 77.6% of the Company's total ordinary shares in issue; and 1,968,801,000 shares were overseas-listed foreign shares the shareholders of which include National Council for Social Security Fund, accounting for 22.4% of the Company's total ordinary shares in issue.</p> <p><u>Approved by the Shanghai Stock Exchange and registered with the CSRC, the Company issued [●] domestic shares to be listed in PRC to the public for the first time on [●], and was listed on the Shanghai Stock Exchange on [●]. After the completion of the above-mentioned issuance, the Company's total stock capital is [●] million shares, and the stock capital structure is: [●] million ordinary shares, of which shareholders of listed domestic shares hold [●] million shares, accounting for [●]% of the total ordinary shares in issue; shareholders of listed foreign shares hold [●] million shares, accounting for [●]% of the total ordinary shares in issue.</u></p>	<p>Article 3 and 19 of the Guidelines for the Articles of Association</p>
<p><b>Article 24</b> The Company's plan for the issuance of overseas-listed foreign shares and domestic shares in accordance with the preceding article may be implemented separately within 15 months from the date of approval by the CSRC.</p>	<p><b>Article 24</b> The Company's plan for the issuance of overseas-listed foreign shares and domestic shares in accordance with the preceding article may be implemented separately within 15 months from the date of approval by or registration with the CSRC. <u>Where the securities regulatory authority's relevant approval or registration documents provide otherwise, such provisions shall prevail.</u></p>	<p>Article 25 of the Measures for Registration and Management of Shares of Science and Technology Innovation Board Initial Public Offering (Trial)</p>



Before	After	Basis / description
<p><b>Article 29</b> Subject to the provisions and procedures set out in the laws and regulations, departmental rules and these Articles of Association, the Company may repurchase its shares under the following circumstances:</p> <ol style="list-style-type: none"> <li>(1) to reduce the registered capital of the Company;</li> <li>(2) to merge with another company that holds shares in the Company;</li> <li>(3) to grant shares to employees of the Company as incentives;</li> <li>(4) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or division of the Company;</li> <li>(5) other circumstances approved by laws and regulations or the approval authority authorized by the State Council.</li> </ol> <p>Save as aforementioned, the Company shall not trade in its shares.</p>	<p><b>Article 29</b> Subject to the provisions and procedures set out in the laws, <del>administrative and</del> regulations, <del>departmental rules,</del> <u>securities regulatory rules of the places where the shares are listed</u> and these Articles of Association, the Company may repurchase its shares under the following circumstances:</p> <ol style="list-style-type: none"> <li>(1) to reduce the registered capital of the Company;</li> <li>(2) to merge with another company that holds shares in the Company;</li> <li>(3) <u>to use the shares for employee shareholding scheme or share option incentive scheme</u> <del>to grant shares to employees of the Company as incentives;</del></li> <li>(4) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or division of the Company.;</li> <li>(5) <u>to convert the shares into convertible corporate bonds issued by listed companies</u> <del>Other circumstances approved by laws and regulations or the approval authority authorized by the State Council;</del></li> <li>(6) <u>other circumstances where the listed companies need to maintain the company's value and shareholders' rights and interests.</u></li> </ol> <p>Save as aforementioned, the Company shall not trade in its shares.</p>	<p>Article 142 of the Company Law</p>

Before	After	Basis / description
<p><b>Article 30</b> The Company may lawfully acquire its shares in any of the following manners:</p> <ol style="list-style-type: none"> <li>(1) to make an offer to all shareholders in proportion to their respective shareholdings;</li> <li>(2) to repurchase shares through open transactions on a stock exchange;</li> <li>(3) to repurchase by way of agreement outside the stock exchange;</li> <li>(4) other means approved by laws and regulations or the approval authority authorized by the State Council.</li> </ol>	<p><b>Article 30</b> The Company may lawfully acquire its shares in any of the following manners <u>in accordance with the provisions set out in paragraphs (1), (2) and (4) of Clause 1 of the Article 29 of Articles of Association:</u></p> <ol style="list-style-type: none"> <li>(1) to make an offer to all shareholders in proportion to their respective shareholdings;</li> <li>(2) to repurchase shares through open transactions on stock exchanges;</li> <li>(3) to repurchase by way of agreement outside the stock exchanges;</li> <li>(4) to repurchase by any other way permitted by <u>the laws, administrative regulations, department rules, securities regulatory rules of the places on which the Company's shares are listed and</u><del>or</del><u> the approval authority authorized by the State Council.</u></li> </ol> <p><u>Where the Company acquires its own shares in the circumstances as stipulated in paragraphs (3), (5) and (6) of Clause 1 of Article 29 of Articles of Association, such acquisition shall be proceeded with open and centralized manner.</u></p> <p><u>The Company's acquisition of its own shares shall be subject to information disclosure obligations in accordance with laws, administrative regulations, departmental rules and securities regulatory rules of the places on which the Company's shares are listed.</u></p>	<p>Article 142 of the Company Law</p>

Before	After	Basis / description
<p><b>Article 32</b> Any repurchase by the Company of its own shares for the purpose of clauses (1) to (3) of Article 29 shall be resolved at the general meeting. After the Company has acquired its shares in accordance with Article 29 under the circumstance set out in clause (1), such shares shall be cancelled within 10 days from the date of repurchase, and for circumstances set out in clauses (2) and (4), such shares shall be transferred or cancelled within 6 months from the date of repurchase.</p> <p>Where the Company has repurchased its shares pursuant to clause (3) of Article 29, shares so repurchased shall not exceed 5% of the total issued shares of the Company. The repurchase shall be funded by the profit after tax of the Company, and the shares so repurchased shall be transferred to employees within one year.</p>	<p><b>Article 32</b> Any repurchase by the Company of its own shares for the purpose of paragraphs (1) to <del>(2)</del><sup>(3)</sup> <b><u>of Clause 1</u></b> of Article 29 shall be resolved at the general meeting. <b><u>The Company's acquisition of its domestic shares for the reasons set out in paragraphs (3), (5) and (6) of Clause 1 of Article 29 of the Articles of Association shall be subject to the resolutions of the Board of Directors attended by more than two-thirds of the directors without approval at the general meeting.</u></b></p> <p>After the Company has acquired its shares in accordance with Article 29 under the circumstance set out in paragraph (1), such shares shall be cancelled within 10 days from the date of repurchase, and if under the circumstance set out in paragraphs (2) and (4), such shares shall be transferred or cancelled within 6 months, <b><u>and if under the circumstance set out in paragraphs (3), (5) and (6), the shares held by the Company shall not exceed 10% of its total issued shares in aggregate and shall be transferred or cancelled within three years.</u></b></p> <p><del>Where the Company has repurchased its shares pursuant to clause (3) of Article 29, shares so repurchased shall not exceed 5% of the total issued shares of the Company. The repurchase shall be funded by the profit after tax of the Company, and the shares so repurchased shall be transferred to employees within one year.</del></p> <p><b><u>If matters of the above-mentioned repurchase of shares are otherwise required under relevant laws, administrative regulations, departmental rules, other regulatory documents, and the relevant provisions of securities regulatory authority of the places on which the Company's shares are listed, such provisions shall prevail.</u></b></p>	<p>Article 142 of the Company Law</p>

Before	After	Basis / description
<p><b>Article 38</b> Shares of the Company held by the promoters shall not be transferred within one year from the date of the initial public offering and listing of shares on any stock exchange.</p> <p>Directors, Supervisors and the senior management members of the Company shall report to the Company their shareholdings and changes therein and shall not transfer the shares in the Company held by them within one year from the date when the shares of the Company are listed and traded in. Thereafter, the shares transferred in each year during their terms of office shall not exceed 25% of the total number of shares in the Company held by them. The aforesaid persons shall not transfer the shares in the Company held by them within six months from the termination of their services.</p>	<p><b>Article 38</b> Shares of the Company held by the promoters shall not be transferred within one year from the date of the <b><u>incorporation of the Company. Shares issued prior to the initial public offering of the Company shall not be transferred within one year from the date of</u></b> <del>and</del> listing of the Company's shares on any stock exchange.</p> <p>Directors, Supervisors and the senior management members of the Company shall report to the Company their shareholdings and changes therein and shall not transfer the shares in the Company held by them within one year from the date when the shares of the Company are listed and traded in. <del>The</del> <del>Thereafter,</del> <del>the</del> shares transferred in each year during their terms of office shall not exceed 25% of the total number of shares <b><u>of the same class</u></b> in the Company held by them. The aforesaid persons shall not transfer the shares in the Company held by them within six months from the termination of their services.</p> <p><b><u>If matters of the above-mentioned transfer of shares are otherwise required under relevant laws, administrative regulations, departmental rules, other regulatory documents, and the relevant provisions of securities regulatory authority of the places on which the Company's shares are listed, such provisions shall prevail.</u></b></p>	<p>Article 141 of the Company Law, Article 28 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p><b>Article 40</b> Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assume obligations as a result of purchasing shares of the Company.</p> <p>Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations.</p> <p>The provisions of this Article shall not apply to the circumstances described in Article 42 of these Articles of Association.</p>	<p><b>Article 40</b> Neither the Company nor its subsidiaries <u>(including affiliated companies of the Company)</u> shall at any time provide any <del>financial</del> assistance in any form, <u>including gift, advance, guarantee, compensation or loan,</u> to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assume obligations as a result of purchasing shares of the Company.</p> <p>Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations.</p> <p>The provisions of this Article shall not apply to the circumstances described in Article 42 of these Articles of Association.</p>	<p>Article 41 of the Guidelines for the Articles of Association</p>
<p><b>Article 49</b> Transfers may not be entered in the register of shareholders within thirty days prior to the date of a general meeting or within five days prior to the record date set by the Company for the purpose of distribution of dividends.</p>	<p><b>Article 49</b> Transfers may not be entered in the register of shareholders within thirty days prior to the date of a general meeting or within five days prior to the record date set by the Company for the purpose of distribution of dividends. <u>If it is otherwise required under relevant laws, administrative regulations, departmental rules, other regulatory documents, and the relevant provisions of securities regulatory authority of the places on which the Company's shares are listed, such provisions shall prevail.</u></p>	

Before	After	Basis / description
<p><b>Article 55</b> A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.</p> <p>A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class of shares he holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.</p> <p>Shareholders holding shares of different classes shall be entitled to the same rights during the dividend distribution or any other type of distribution.</p> <p>For the purpose of holders of overseas listed foreign shares, when two or more persons are registered as joint holders of any shares, they shall be deemed to be joint owners of such shares and subject to constraints of the following terms:</p> <ol style="list-style-type: none"> <li>(1) the Company should not register more than four persons as joint holders for any shares;</li> <li>(2) all the joint holders of any shares shall jointly assume the liability to pay for all amounts payable for the relevant shares;</li> <li>(3) in case one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. But the Board shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of such shareholder where it deems appropriate to do so;</li> </ol>	<p><b>Article 55</b> A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.</p> <p>A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class of shares he holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.</p> <p>Shareholders holding shares of different classes shall be entitled to the same rights during the dividend distribution or any other type of distribution.</p> <p><b><u>The Company shall protect the rights of shareholders in accordance with the laws and focus on protecting the legitimate rights and interests of minority shareholders. Articles of Association, resolutions of general meetings or resolutions of meetings of the Board of Directors shall be in compliance with laws and regulations, and shall not deprive or restrict the legal rights of shareholders. The Company shall establish an effective communication channel with shareholders to safeguard shareholders' rights to be informed, participate in decision-making and supervision of major matters of the Company. Shareholders are entitled to protect their legal rights through civil litigation or other legal means in accordance with the provisions of laws and administrative regulations.</u></b></p> <p><b><u>In accordance with laws and regulations and the Company's Articles of Association, institutional investors exercise voting rights, inquiry rights, advisory rights and other relevant shareholders' rights. They participate in corporate governance reasonably and play an active role in participating in the decision-making of material matters, recommending candidates of directors and supervisors and supervising the performance of duties by directors and supervisors.</u></b></p>	<p>Articles 7, 8, 9, 10 and Chapter 7 of the Corporate Governance Standard</p>

Before	After	Basis / description
<p>(4) with respect to the joint holders of any share, only the joint shareholder listed first on the register of shareholders shall have the right to receive the certificate for the relevant share from the Company, receive notices from the Company, attend the general meeting of the Company and exercise the voting rights attaching to the relevant share; furthermore, any notices served on the aforementioned person shall be deemed served on all of the joint holders of the relevant share. If any one of the joint shareholders issues the Company a receipt in respect of any dividends, bonus or capital returns payable to such joint shareholders, the same shall be deemed a valid receipt issued to the Company by the joint shareholders.</p>	<p>For the purpose of shareholders of overseas listed shares, when two or more persons are registered as joint shareholders of any shares, they shall be deemed to be joint owners of such shares and subject to constraints of the following terms:</p> <ol style="list-style-type: none"> <li>(1) the Company should not register more than four persons as joint holders for any shares;</li> <li>(2) all the joint holders of any shares shall jointly assume the liability to pay for all amounts payable for the relevant shares;</li> <li>(3) in case one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. But the Board shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of such shareholder where it deems appropriate to do so;</li> <li>(4) with respect to the joint holders of any share, only the joint shareholder listed first on the register of shareholders shall have the right to receive the certificate for the relevant share from the Company, receive notices from the Company, attend the general meeting of the Company and exercise the voting rights attaching to the relevant share; furthermore, any notices served on the aforementioned person shall be deemed served on all of the joint holders of the relevant share. If any one of the joint shareholders issues the Company a receipt in respect of any dividends, bonus or capital returns payable to such joint shareholders, the same shall be deemed a valid receipt issued to the Company by the joint shareholders.</li> </ol>	

Before	After	Basis / description
<p><b>Article 59</b> Where the Company incurs losses as a result of violation by Directors, president and other senior management members of the laws, regulations or these Articles of Association in the course of performing their duties with the Company, shareholders individually or jointly holding 1% or more of the Company’s shares for more than 180 consecutive days shall be entitled to request in writing the supervisory committee to initiate proceedings in a people’s court. Where the Company incurs losses as a result of the supervisory committee’s violation of the laws, regulations or these Articles of Association in the course of performing its duties with the Company, the shareholders shall be entitled to make a request in writing to the Board to initiate proceedings in a people’s court.</p> <p>In the event that the supervisory committee or the Board refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within 30 days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company’s interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in a people’s court directly in their own names in the interest of the Company.</p> <p>Shareholders described in the first paragraph of this article may also initiate proceedings in a people’s court in accordance with the preceding two paragraphs in the event that the lawful interests of the Company are infringed upon by any third parties.</p>	<p><b>Article 59</b> <u>Without prejudice to Chapter 21 of this Articles of Association, where</u> <del>Where</del> the Company incurs losses as a result of violation by Directors, president and other senior management members of the laws, regulations or these Articles of Association in the course of performing their duties with the Company, shareholders individually or jointly holding 1% or more of the Company’s shares for more than 180 consecutive days shall be entitled to request in writing the supervisory committee to initiate proceedings in a people’s court. Where the Company incurs losses as a result of the supervisory committee’s violation of the laws, regulations or these Articles of Association in the course of performing its duties with the Company, the shareholders shall be entitled to make a request in writing to the Board to initiate proceedings in a people’s court.</p> <p>In the event that the supervisory committee or the Board refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within 30 days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company’s interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in a people’s court directly in their own names in the interest of the Company.</p> <p>Shareholders described in the first paragraph of this article may also initiate proceedings in a people’s court in accordance with the preceding two paragraphs in the event that the lawful interests of the Company are infringed upon by any third parties.</p>	<p>Chapter 21 of the Articles of Association</p>



Before	After	Basis / description
<p><b>Article 62</b> The controlling shareholder and the de facto controller of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they have violated relevant provisions and caused damage to the Company, they shall be liable for such damages.</p> <p>The controlling shareholder and the de facto controller of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the laws. The controlling shareholder shall not take advantage of profit distribution, asset restructuring, foreign investment, possession of capital, lending and provision of guarantees to the detriment of the statutory interests of the Company and public shareholders and shall not make use of its controlling status against the interests of the Company and public shareholders.</p> <p>In addition to obligations imposed by laws, regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights with respect to the following matters in detriment to the interests of all or some of the shareholders of the Company:</p> <ol style="list-style-type: none"> <li>(1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;</li> <li>(2) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (but not limited to) opportunities beneficial to the Company;</li> </ol>	<p><b>Article 62</b> The controlling shareholder and the de facto controller of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they have violated relevant provisions and caused damage to the Company, they shall be liable for such damages.</p> <p>The controlling shareholder and the de facto controller of the Company shall have fiduciary duties towards the Company and its public shareholders <b>and respect the independence of the Company.</b> The controlling shareholder shall exercise its rights as a contributor in strict compliance with the laws. The controlling shareholder shall not take advantage of profit distribution, asset restructuring, foreign investment, possession of capital, lending and provision of guarantees to the detriment of the statutory interests of the Company and public shareholders and shall not make use of its controlling status against the interests of the Company and public shareholders.</p> <p><b><u>The controlling shareholder, the de facto controller and their connected parties shall not interfere with the normal decision-making procedures of the Company in violation of laws, administrative regulations, departmental rules, regulatory documents and these Articles of Association. Nomination of director or supervisor candidates by the controlling shareholder shall strictly comply with laws, regulations and the conditions and procedures as stipulated by these Articles of Association. The candidates of directors and supervisors nominated by the controlling shareholder shall have relevant professional knowledge and decision-making and supervision capabilities.</u></b></p> <p><b><u>In the event of change in the Company's control, the relevant parties shall take effective measures to maintain a stable operation during the transition period. In case of major issues, the Company shall report to the CSRC and its local branch and the stock exchanges.</u></b></p>	<p>Articles 64 to 67 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p>(3) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights, save for the company restructuring submitted to the general meeting for approval in accordance with these Articles of Association.</p>	<p>In addition to obligations imposed by laws, regulations or required by the <b>securities regulatory listing</b> rules of the places on which the Company' shares are listed, a controlling shareholder shall not exercise his voting rights with respect to the following matters in detriment to the interests of all or some of the shareholders of the Company:</p> <p>(1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;</p> <p>(2) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (but not limited to) opportunities beneficial to the Company;</p> <p>(3) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights, save for the company restructuring submitted to the general meeting for approval in accordance with these Articles of Association.</p>	

Before	After	Basis / description
<p><b>Article 63</b> The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:</p> <p>(1) to decide on the operating policies and investment plans of the Company;</p> <p>(2) to elect and replace Directors and to determine the remuneration of the relevant Directors;</p> <p>(3) to elect and replace supervisors who are not staff representatives and to determine the remuneration of the relevant supervisors;</p> <p>(4) to consider and approve the reports of the Board;</p> <p>(5) to consider and approve the reports of the supervisory committee;</p> <p>(6) to consider and approve the proposed annual financial budgets and final accounts of the Company;</p> <p>(7) to consider and approve the profit distribution plans and loss recovery plans of the Company;</p> <p>(8) to resolve on any increase or reduction of registered capital of the Company;</p> <p>(9) to resolve on the issue of bonds, any class of shares, warrants and other similar securities of the Company;</p>	<p><b>Article 63</b> The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:</p> <p>(1) to decide on the operating policies and investment plans of the Company;</p> <p>(2) to elect and replace Directors <b><u>who are not staff representatives</u></b> and to determine the remuneration of the relevant Directors;</p> <p>(3) to elect and replace supervisors who are not staff representatives and to determine the remuneration of the relevant supervisors;</p> <p>(4) to consider and approve the reports of the Board;</p> <p>(5) to consider and approve the reports of the supervisory committee;</p> <p>(6) to consider and approve the proposed annual financial budgets and final accounts of the Company;</p> <p>(7) to consider and approve the profit distribution plans and loss recovery plans of the Company;</p> <p>(8) to resolve on any increase or reduction of registered capital of the Company;</p> <p>(9) to resolve on the issue of bonds, any class of shares, warrants and other similar securities of the Company;</p>	<p>Articles 51 and 142 of the Company Law</p>

**APPENDIX VI**

**COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

Before	After	Basis / description
<p>(10) to resolve on matters such as merger, division, dissolution, liquidation or conversion of corporate form of the Company;</p> <p>(11) to amend these Articles of Association, to consider and approve rules of procedures of the general meeting, rules of procedures of meetings of the Board and Rules of Procedure for the Supervisory Committee;</p> <p>(12) to resolve on the appointments, dismissals or non-renewal of accounting firms;</p> <p>(13) to consider and approve matters relating to external guarantees as provided in Article 64;</p> <p>(14) to consider the resolutions proposed by the shareholders individually or jointly holding more than 3% of the shares with voting rights;</p> <p>(15) to consider matters relating to the purchase, sales material assets by the Company within one year with an aggregate value more than 30% of the Company’s latest audited total assets;</p> <p>(16) to consider and approve matters relating to change of the use of proceeds;</p> <p>(17) to consider the share incentive plan(s);</p> <p>(18) to consider the transactions which are required to considered and approved at the general meetings as required by the laws, regulations and regulatory rules in the place where the Company’s shares are listed;</p>	<p>(10) to resolve on matters such as merger, division, dissolution, liquidation or conversion of corporate form of the Company;</p> <p>(11) to amend these Articles of Association, to consider and approve rules of procedures of the general meeting, rules of procedures of meetings of the Board and Rules of Procedure for the Supervisory Committee;</p> <p>(12) to resolve on the appointments, dismissals or non-renewal of accounting firms;</p> <p>(13) to consider and approve matters relating to external guarantees as provided in Article 64;</p> <p>(14) to consider the resolutions proposed by the shareholders individually or jointly holding more than 3% of the shares with voting rights;</p> <p>(15) to consider matters relating to the purchase, sales material assets by the Company within one year with an aggregate value more than 30% of the Company’s latest audited total assets;</p> <p>(16) to consider and approve matters relating to change of the use of proceeds;</p> <p>(17) to consider the share incentive plan(s);</p> <p><b>(18)</b> <del>To consider the transactions which are required to considered and approved at the general meetings as required by the laws, regulations and regulatory rules in the place where the Company’s shares are listed;</del></p> <p>(19) to resolve on the repurchasing the shares of the Company; to decide on the Company’s donation and sponsorship plans with a single amount in excess of RMB 5 million;</p>	

Before	After	Basis / description
<p>(19) to resolve on the repurchasing the shares of the Company;</p> <p>(20) to decide on the Company's donation and sponsorship plans with a single amount in excess of RMB 5 million;</p> <p>(21) to consider other matters to be resolved at the general meetings as required by the laws, regulations and regulatory rules in the place where the Company's shares are listed or the provisions of these Articles of Association.</p>	<p><b>(19) <del>(21)</del> to consider and approve the annual reports of the Company;</b></p> <p><b>(20)</b> to consider other matters to be resolved at the general meetings as required by the laws, regulations and <b>securities</b> regulatory rules in the places where the Company's shares are listed or the provisions of these Articles of Association.</p>	
<p><b>Article 64</b> The following external guarantees provided by the Company are subject to the consideration and approval of the general meeting:</p> <p>(1) any guarantee provided after the total amount of external guarantees of the Company and its subsidiaries has reached or exceeded 50% of the latest audited net assets of the Company;</p> <p>(2) any guarantee provided after the total amount of external guarantees provided by the Company has reached or exceeded 30% of the latest audited total assets of the Company;</p> <p>(3) a guarantee provided for other parties with an asset-liability ratio in excess of 70%;</p> <p>(4) a single guarantee amount in excess of 10% of the latest audited net assets of the Company;</p> <p>(5) a guarantee to be provided in favor of shareholders, de facto controllers and their related parties.</p>	<p><b>Article 64</b> The following external guarantees provided by the Company are subject to the consideration and approval of the general meeting:</p> <p>(1) <b>a single guarantee amount in excess of 10% of the latest audited net assets of the Company;</b></p> <p><b>(2)</b> any guarantee provided after the total amount of external guarantees of the Company and its subsidiaries has <del>reached and</del> exceeded 50% of the latest audited net assets of the Company;</p> <p><del>(2) any grantee provided after the total amount of external guarantees provided by the Company has reached or exceeded 30% of the latest audited total assets of the Company;</del></p> <p>(3) a guarantee provided for other parties with an asset-liability ratio in excess of 70%;</p> <p>(4) <b>the amount of a guarantee exceeds 30% a single guarantee amount in excess of 40% of the latest audited net assets of the Company in accordance with the principle of cumulative calculation of the guarantee amount for 12 consecutive months;</b></p> <p>(5) guarantees provided to shareholders, de facto controllers and their connected parties;</p>	<p>Article 7.1.17 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

Before	After	Basis / description
	<p>(6) <u>other guarantees subject to consideration at the general meeting as stipulated by laws, administrative regulations and securities regulatory rules of the places where the Company's shares are listed.</u></p> <p><u>The guarantee in paragraph (4) above shall be passed by more than two-thirds of votes cast by the shareholders attending the general meeting. If the Company provides guarantees for wholly-owned subsidiaries, or for a controlling subsidiary and other shareholders of such controlling subsidiary provide the same proportion of guarantee in accordance with their rights and interests, without prejudice to the interests of the Company, the Company may be exempted from the application of the preceding paragraphs (1) to (3). The Company shall disclose a summary of the above guarantees in the annual report and interim report.</u></p>	

Before	After	Basis / description
<p><b>Article 68</b> The place for holding the general meeting of the Company shall be the domicile of the Company or other premises specified in the notice of the general meeting.</p> <p>The general meeting shall be held in the form of on-site meeting.</p>	<p><b>Article 68</b> The place for holding the general meeting of the Company shall be the domicile of the Company or other premises specified in the notice of the general meeting.</p> <p>The general meeting shall be held in the form of on-site meeting. <b><u>The Company will also offer online platform or other means to facilitate shareholders' participation in the general meeting. If a shareholder participates in a general meeting in the above manner, it shall be deemed to be present.</u></b></p> <p><b><u>When the Company convenes a general meeting, it will engage a lawyer to issue legal opinions and will announce on the following issues:</u></b></p> <ol style="list-style-type: none"> <li><b><u>(1) whether the convening and holding procedures of the general meeting are in compliance with laws, administrative regulations and the Articles of Association;</u></b></li> <li><b><u>(2) whether the qualifications of the attendees and the convener are legal and valid;</u></b></li> <li><b><u>(3) whether the voting procedures and voting results of the general meeting are legal and valid;</u></b></li> <li><b><u>(4) legal opinions issued on the relevant issues at the request of the Company.</u></b></li> </ol>	<p>Articles 44 and 15 of the Guidelines for the Articles of Association</p> <p>Article 15 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p><b>Article 72</b> Where shareholders request to hold an extraordinary general meeting or class meeting, the following procedures shall be followed:</p> <p>(1) Shareholders who individually or jointly hold 10% or more of the voting shares at the proposed meeting may make a proposal to the Board on holding an extraordinary general meeting or class meeting by signing one or several written requests with same contents in the same format and define the meeting agenda. The above shareholders shall guarantee that the contents of the proposal shall be in compliance with the laws, regulations and these Articles of Association. The Board shall convene such meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares shall be calculated as of the close of the date or, if it falls on a non-trading date, the prior trading date on which such shareholders request to convene the meeting in writing;</p> <p>(2) If the Board is unable to or fails to perform its duty of convening the general meeting or class meetings, the supervisory committee shall convene and preside over such meeting in a timely manner; if the supervisory committee cannot convene and preside over such meeting, shareholders who individually or jointly hold 10% of the shares for more than 90 consecutive days may independently convene and preside over such meeting.</p>	<p><b>Article 72</b> Where shareholders request to hold an extraordinary general meeting or class meeting, the following procedures shall be followed:</p> <p>(1) Shareholders who individually or collectively hold 10% or more of the voting shares at the proposed meeting may make a proposal to the Board on holding an extraordinary general meeting or class meeting by signing one or several written requests with same contents in the same format and define the meeting agenda. The above shareholders shall guarantee that the contents of the proposal shall be in compliance with the laws, regulations and these Articles of Association. The Board shall, <b><u>in accordance with the provisions of laws, administrative regulations and the Articles of Association, submit written feedback on the agreement or disagreement to convene an extraordinary general meeting or a class shareholder meeting within 10 days after receiving the above</u></b><del>Convene such meeting as soon as possible upon receipt of the aforesaid written request,</del> <b><u>without undue delay.</u></b> The aforesaid number of shares shall be calculated as of the close of the date or, if it falls on a non-trading date, the prior trading date on which such shareholders request to convene the meeting in writing;</p> <p>(2) Where the Board of Directors <del>is unable to or fails to perform its duty of convening the extraordinary general meeting or class meetings,</del> <b><u>agrees to convene</u></b>, <b><u>it shall, within 5 days after adopting the resolution of the Board of Directors, issue a notice of a general meeting, and any change to the original request in the notice shall be subject to the consent of the relevant shareholders.</u></b></p>	<p>Article 48 of the Guidelines for the Articles of Association</p>



Before	After	Basis / description
	<p><u>Where the Board of Directors does not agree to convene an extraordinary general meeting or a class shareholder meeting, or if it does not give any feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the shares of the Company with voting rights at the proposed meeting are entitled to proposed an extraordinary general meeting or a class shareholder meeting with the supervisory committee, and shall make a request to the supervisory committee in writing.</u></p> <p><u>If the supervisory committee agrees to convene an extraordinary general meeting or a class shareholder meeting, it shall, within 5 days of receiving the request, issue a notice of a general meeting, and any change to the original request in the notice shall be subject to the consent of the relevant shareholders.</u></p> <p><u>If the supervisory committee fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the supervisory committee <del>shall</del> <b>does not</b> convene and preside over <del>the general meeting</del> <b>such meeting</b> in a timely manner; if the supervisory committee cannot convene and preside over such meeting, <b>and</b> shareholders who individually or collectively hold more than 10% of the shares <b>of the Company with voting rights at the proposed meeting</b> for more than 90 consecutive days may independently convene and preside over such meeting.</u></p>	

Before	After	Basis / description
<p><b>Article 73</b> If the supervisory committee or shareholders decide(s) to independently convene a general meeting, it or they must notify the Board in writing and report the same to the local branch of the CSRC and the stock exchange of the place where the Company is located.</p> <p>The shareholding percentages of the convening shareholders shall not be less than ten percent (10%) prior to the announcement of the resolution(s) of the general meeting.</p>	<p><b>Article 73</b> If the supervisory committee or shareholders decide(s) to independently convene a general meeting, it or they must notify the Board in writing and report the same to the local branch of the CSRC and the stock exchange of the place where the Company is located.</p> <p>The shareholding percentages of the convening shareholders shall not be less than ten percent (10%) prior to the announcement of the resolution(s) of the general meeting.</p> <p><b><u>When giving the notice of the general meeting to shareholders and making the announcement on the resolutions thereof, the Company shall submit relevant certification materials to the local branch of the CSRC where the Company is located and the stock exchanges where the Company's shares are listed.</u></b></p>	<p>Article 49 of the Guidelines for the Articles of Association</p>
<p><b>Article 75</b> When the supervisory committee or shareholders independently convene a general meeting, the necessary expenses incurred for the meeting shall be borne by the Company.</p>	<p><b>Article 75</b> When the supervisory committee or shareholders independently convene a general meeting, the necessary expenses <b><u>reasonably</u></b> incurred for the meeting shall be borne by the Company.</p>	<p>Article 51 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 79 Based on the written replies received 20 days before the date of the general meeting, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the general meeting. If not, the Company shall, within five days, inform the shareholders once again of the matters to be considered at and the date and place of the meeting in the form of a public announcement. After such notification by public announcement, the Company may hold the general meeting.</p> <p>The extraordinary general meeting shall not resolve on any issues not specified in the notice of meeting.</p>	<p>Article 79 Based on the written replies received 20 days before the date of the general meeting, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting. If the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the general meeting. If not, the Company shall, within five days, inform the shareholders once again of the matters to be considered at and the date and place of the meeting in the form of a public announcement. After such notification by public announcement, the Company may hold the general meeting.</p> <p>The extraordinary general meeting shall not resolve on any issues not specified in the notice of meeting.</p> <p><b><u>In the event that the Company is unable to convene the general meeting within the prescribed period, it should disclose the reasons thereof and the follow-up solutions before the expiration of the prescribed period.</u></b></p>	<p>Article 4.3.6 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>
<p>Article 80 The notice of a general meeting shall:</p> <ol style="list-style-type: none"> <li>(1) be made in writing;</li> <li>(2) specify the time, place and duration of the meeting;</li> <li>(3) state the issues and proposals to be considered and approved at the meeting;</li> </ol>	<p>Article 80 The notice of a general meeting shall:</p> <ol style="list-style-type: none"> <li>(1) be made in writing;</li> <li>(2) specify the time, place and duration of the meeting;</li> <li>(3) state the issues and proposals to be considered and approved at the meeting;</li> </ol>	<p>Article 55 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>(4) provide to the shareholders the information and explanations necessary to make informed decisions on the matters to be discussed. Without limiting the generality of the foregoing, when the Company proposes a merger, repurchase of shares, restructuring of share capital or other reorganization, it shall provide the specific conditions and contract (if any) of the transactions contemplated and duly explain the reason and effect of the transactions;</p> <p>(5) contain a disclosure of the nature and extent of the material interests, if any, of any directors, supervisors, the president or other senior management members in any matter to be discussed; and an explanation of the difference, if any, between the way in which the matter to be discussed would affect such directors, supervisors, the president or other senior management members in his capacity as shareholder and the way in which such matter would affect other shareholders of the same class;</p> <p>(6) contain the full text of any special resolution to be put forward at the meeting;</p> <p>(7) contain conspicuously a statement that all shareholders are entitled to attend and vote at the general meeting, that they may appoint proxy(ies) in writing to attend and vote at such meeting on their behalves and that such proxies need not be shareholders of the Company;</p> <p>(8) state the time and place for serving the instruments of proxy for voting at the meeting;</p> <p>(9) set out the record date for the shareholders who are entitled to attend the meeting;</p>	<p>(4) provide to the shareholders the information and explanations necessary to make informed decisions on the matters to be discussed. Without limiting the generality of the foregoing, when the Company proposes a merger, repurchase of shares, restructuring of share capital or other reorganization, it shall provide the specific conditions and contract (if any) of the transactions contemplated and duly explain the reason and effect of the transactions;</p> <p>(5) contain a disclosure of the nature and extent of the material interests, if any, of any directors, supervisors, the president or other senior management members in any matter to be discussed; and an explanation of the difference, if any, between the way in which the matter to be discussed would affect such directors, supervisors, the president or other senior management members in his capacity as shareholder and the way in which such matter would affect other shareholders of the same class;</p> <p>(6) contain the full text of any special resolution to be put forward at the meeting;</p> <p>(7) contain conspicuously a statement that all shareholders are entitled to attend and vote at the general meeting, that they may appoint proxy(ies) in writing to attend and vote at such meeting on their behalves and that such proxies need not be shareholders of the Company;</p> <p>(8) state the time and place for serving the instruments of proxy for voting at the meeting;</p> <p>(9) set out the record date for the shareholders who are entitled to attend the meeting;</p>	

Before	After	Basis / description
<p>(10) contain the name and contact information of the contact person for the meeting.</p> <p>If the independent directors are required to express their opinions on a matter to be discussed, such opinion and the reasons therefor shall be disclosed when the notice or supplementary notice of the general meeting is issued.</p>	<p>(10) contain the name and contact information of the contact person for the meeting.</p> <p><b><u>Notice and supplementary notice of general meetings should sufficiently and comprehensively disclose all the specific contents of all proposals.</u></b> If the independent directors are required to express their opinions on a matter to be discussed, such opinion and the reasons therefor shall be disclosed when the notice or supplementary notice of the general meeting is issued.</p> <p><b><u>Where the general meeting is held online or by other means, the notice of general meeting shall clearly state the voting time and voting procedure of the meeting held online or by other means. The general meeting held online or by other means shall not be earlier than 3:00 p.m. on the day before the on-site general meeting, and shall not be later than 9:30 p.m. on the day of the on-site general meeting. The closing time shall not be earlier than 3:00 p.m. on the day of the end of the on-site general meeting.</u></b></p> <p><b><u>The interval between the equity registration date and the general meeting date shall be no more than seven business days. Once confirmed, the equity registration date cannot be changed.</u></b></p>	

Before	After	Basis / description
<p>Article 81 For the proposed election of directors and Supervisors to be discussed at the general meeting, the following information of candidates for directors and supervisors shall be fully disclosed in the notice of general meeting which shall at least include the following:</p> <ol style="list-style-type: none"> <li>(1) personal particulars such as education background, work experience and part-time occupations;</li> <li>(2) whether any connected relationship with the Company or the controlling shareholder or the de facto controller of the Company exists;</li> <li>(3) disclosure of shareholdings in the Company;</li> <li>(4) whether they are subject to the punishment of the CSRC or other relevant departments and the penalty of stock exchanges;</li> <li>(5) the content as required by the regulatory rules of the places where the Company's shares are listed.</li> </ol> <p>The nomination of each candidate for directors and supervisors shall be proposed as individual proposal.</p>	<p>Article 81 For the proposed election of directors and Supervisors <b><u>who are not employees' representative</u></b> to be discussed at the general meeting, the following information of candidates for directors and supervisors <b><u>who are not employees' representative</u></b> shall be fully disclosed in the notice of general meeting which shall at least include the following:</p> <ol style="list-style-type: none"> <li>(1) personal particulars such as education background, work experience and part-time occupations;</li> <li>(2) whether any connected relationship with the Company or the controlling shareholder or the de facto controller of the Company exists;</li> <li>(3) disclosure of shareholdings in the Company;</li> <li>(4) whether they are subject to the punishment of the CSRC or other relevant departments and the penalty of stock exchanges;</li> <li>(5) the content as required by the <b><u>securities</u></b> regulatory rules of the places where the Company's shares are listed.</li> </ol> <p><b><u>In addition to adopting the cumulative voting system in the election of directors and supervisors, the</u></b><del>The</del> nomination of each candidate for directors and supervisors shall be proposed as individual proposal.</p>	<p>Article 17 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p>Article 82 Unless otherwise provided by laws and regulations, the regulatory rules of the places where the Company's shares are listed and these Articles of Association, a notice of general meeting shall be dispatched to shareholders (regardless of their voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders. For holders of domestic shares, a notice of general meeting may also be made by way of announcement.</p> <p>The "announcement" referred in the preceding paragraph shall be published within a period of forty-five to fifty days prior to the date of the general meeting in one or more newspapers and journals designated by the CSRC and the regulatory authorities of the places where the Company's shares are listed. Once an announcement is made, all holders of the domestic shares are deemed to have received the relevant notice of the general meeting.</p> <p>For holders of overseas listed foreign shares, a notice of general meeting may be made or provided by other means as permitted by Article 253 of these Articles of Association, subject to the regulatory rules of the places where the Company's shares are listed.</p>	<p>Article 82 Unless otherwise provided by laws and regulations, the <b>securities</b> regulatory rules of the places where the Company's shares are listed and these Articles of Association, a notice of general meeting shall be dispatched to shareholders (regardless of their voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders. For holders of domestic shares, a notice of general meeting may also be made by way of announcement.</p> <p>The "announcement" referred in the preceding paragraph shall be published within a period of forty-five to fifty days prior to the date of the general meeting in one or more newspapers and journals designated by the CSRC and the <b>securities</b> regulatory authorities of the places where the <b>Company's shares</b> are listed. Once an announcement is made, all holders of the domestic shares are deemed to have received the relevant notice of the general meeting.</p> <p>For holders of overseas listed foreign shares, a notice of general meeting may be made or provided by other means as permitted by <b>Chapter 20</b><del>Article 253</del> of these Articles of Association, subject to the <b>securities</b> regulatory rules of the places where the Company's shares are listed.</p>	<p>Adjustment to the cited clause number</p>

Before	After	Basis / description
<p>Article 86 All shareholders registered on the record date or their proxies shall be entitled to attend general meetings, and shall exercise their voting rights in accordance with relevant laws, regulations and these Articles of Association.</p> <p>Shareholders may attend general meetings in person or, alternatively, they may appoint proxy(ies) to attend and vote at the meeting on their behalves.</p>	<p>Article 86 All shareholders registered on the record date or their proxies shall be entitled to attend general meetings, and shall exercise their voting rights in accordance with relevant laws, regulations and these Articles of Association.</p> <p>Shareholders may attend general meetings in person or, alternatively, they may appoint proxy(ies) to attend and vote at the meeting on their behalves.</p> <p><b><u>An individual shareholder attending the general meeting in person shall produce his/her identity card or other effective documents or proof of identity and stock account certificate; in the case of attendance by proxy, the proxy shall produce proof of identity and the power of attorney from the shareholders.</u></b></p> <p><b><u>A corporate shareholder should attend the meeting by its legal representative or the proxy appointed by the legal representative. Legal representative who attends the meeting should produce his/her own identity card and valid documents evidencing his/her capacity as a legal representative; if a corporate shareholder appoints a proxy to attend the meeting, the proxy should produce his/her identity card and the written power of attorney issued by the corporate shareholder’s legal representative according to law.</u></b></p>	<p>Article 60 of the Guidelines for the Articles of Association</p>



Before	After	Basis / description
<p>Article 87 Any shareholders entitled to attend and vote at a general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as their proxies to attend and vote at the meeting on their behalves. The proxies so appointed by the shareholders may exercise the following rights:</p> <p>(1) have the same rights as the shareholder to speak at the meeting;</p> <p>(2) have the right to demand at their own discretion or, jointly with others, a poll;</p> <p>(3) have the right to vote by show of hands or a poll. Where more than one proxy is appointed, the proxies may only exercise the voting right at a poll.</p>	<p>Article 87 Any shareholders entitled to attend and vote at a general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as their proxies to attend and vote at the meeting on their behalves. The proxies so appointed by the shareholders may exercise the following rights:</p> <p>(1) have the same rights as the shareholder to speak at the meeting;</p> <p>(2) have the right to demand at their own discretion or, jointly with others, a poll;</p> <p>(3) <del>have the right to vote by show of hands or a poll. Where more than one proxy is appointed, the proxies may</del> exercise the voting right at a poll.</p>	<p>Article 86 of the Guidelines for the Articles of Association</p>
<p>Article 91 Any form issued by the Board of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted on in connection with each point of discussion of the meeting. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he or she thinks fit.</p>	<p>Article 91 Any form issued by the Board of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted on in connection with each point of discussion of the meeting. The instrument of appointment shall specify that <b>whether</b> fit in the absence of instructions from the shareholder the proxy may vote as he or she thinks.</p>	<p>Article 62 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 93 If the Company convenes a general meeting, all directors, supervisors, and the secretary to the Board of the Company shall attend the meeting. The president who is not a director of the Company and other senior management members shall be present at the meeting except for proper reasons.</p>	<p>Article 93 If the Company convenes a general meeting, all directors, supervisors, and the secretary to the Board of the Company shall attend the meeting. The president who is not a director of the Company and other senior management members shall be present at the meeting except for proper reasons.</p> <p><b><u>The meeting register of the meeting attendees shall be prepared by the Company. The meeting register shall state the names (or names of the corporations), identification card numbers and the addresses of the attendees, the number of voting shares held or represented, names of the principal (or names of the corporations) and so on.</u></b></p> <p><b><u>The convener and the lawyer appointed by the Company shall jointly verify the legitimacy of the shareholders' qualifications based on the shareholders' register provided by the securities registration and clearing institution, and shall register the names of the shareholders as well as the amount of voting shares held by them. The registration for a meeting shall be completed before the meeting presider announces the number of shareholders and proxies that attend the meeting onsite and the total amount of their voting shares.</u></b></p>	<p>Articles 64 and 65 of the Guidelines for the Articles of Association</p>

**APPENDIX VI**

**COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

<b>Before</b>	<b>After</b>	<b>Basis / description</b>
<p>Article 99 Minutes of general meetings shall be taken by the Secretary to the Board and include the following information:</p> <ol style="list-style-type: none"> <li>(1) time, place and agenda of meeting, and the name of the convener;</li> <li>(2) names of the chairman of the meeting, the directors, supervisors, president and other senior management members attending or present at the meeting;</li> <li>(3) number of shareholders and proxies attending the meeting, total number of the shares carrying voting rights held by them, and the percentage of shares carrying voting rights held by them in relation to the total number of shares of the Company;</li> <li>(4) process of consideration, key points of the speech and voting results for each proposal;</li> <li>(5) shareholders' enquiries or recommendations and corresponding answers or explanations;</li> <li>(6) names of the vote counter and the scrutineer;</li> <li>(7) other matters which shall be recorded in the meeting minutes pursuant to these Articles of Association.</li> </ol>	<p>Article 99 Minutes of general meetings shall be taken by the Secretary to the Board and include the following information:</p> <ol style="list-style-type: none"> <li>(1) time, place and agenda of meeting, and the name of the convener;</li> <li>(2) names of the chairman of the meeting, the directors, supervisors, president and other senior management members attending or present at the meeting;</li> <li>(3) number of shareholders and proxies attending the meeting, total number of the shares carrying voting rights held by them, and the percentage of shares carrying voting rights held by them in relation to the total number of shares of the Company;</li> <li>(4) process of consideration, key points of the speech and voting results for each proposal;</li> <li>(5) shareholders' enquiries or recommendations and corresponding answers or explanations;</li> <li>(6) names of the <b>lawyers</b>, vote counter and the scrutineer;</li> <li>(7) other matters which shall be recorded in the meeting minutes pursuant to these Articles of Association.</li> </ol>	<p>Article 72 of the Guidelines for the Articles of Association</p>

**APPENDIX VI**

**COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

<b>Before</b>	<b>After</b>	<b>Basis / description</b>
<p>Article 100 The convener of the meeting shall ensure the truthfulness, accuracy and completeness of the meeting minutes. The directors and supervisors present at the meeting, the secretary to the Board, the convener of the meeting or his representative and the chairman of the meeting shall sign on the meeting minutes. The meeting minutes should be maintained together with the signature book of attending shareholders and letters of attorney of their proxies and valid information on voting as the Company’s files for a period of at least ten years.</p>	<p>Article 100 The convener of the meeting shall ensure the truthfulness, accuracy and completeness of the meeting minutes. The directors and supervisors present at the meeting, the secretary to the Board, the convener of the meeting or his representative and the chairman of the meeting shall sign on the meeting minutes. The meeting minutes should be maintained together with the signature book of attending shareholders and letters of attorney of their proxies and valid information <b><u>online and by other forms of</u></b> voting as the Company’s files for a period of at least ten years.</p>	<p>Article 73 of the Guidelines for the Articles of Association</p>
<p>Article 101 The convener shall ensure that the general meeting is conducted continually until final resolutions are received and considered. In the event of special reasons such as force majeure resulting in the termination of a general meeting or the failure to receive and consider any resolutions, necessary measures shall be taken to resume the general meeting as soon as practicable; alternatively, the meeting may be terminated in such circumstances with an announcement timely made.</p>	<p>Article 101 The convener shall ensure that the general meeting is conducted continually until final resolutions are received and considered. In the event of special reasons such as force majeure resulting in the termination of a general meeting or the failure to receive and consider any resolutions, necessary measures shall be taken to resume the general meeting as soon as practicable; alternatively, the meeting may be terminated in such circumstances with an announcement timely made. <b><u>Meanwhile, the convener shall report to the local branch of the CSRC and the stock exchanges.</u></b></p>	<p>Article 74 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 103 The following matters shall be adopted by way of ordinary resolutions at general meetings:</p> <p>(1) operation guidelines and investment plans of the Company;</p> <p>(2) appointment and dismissal of directors and supervisors who are not employees' representatives, and their remuneration and the payment thereof;</p> <p>(3) work reports of the Board and the supervisory committee;</p> <p>(4) annual budget plans, final account plans of the Company;</p> <p>(5) profit distribution plans and loss recovery plans prepared by the Board;</p> <p>(6) appointment, dismissal or discontinuing the appointment of accounting firms;</p> <p>(7) matters relating to the changes in the use of proceeds;</p> <p>(8) the Company's donation and sponsorship plans in the amount of more than RMB5 million at a single time;</p> <p>(9) other matters other than those required by the laws and regulations, the regulatory rules of the places where the Company's shares are listed or these Articles of Association to be adopted by special resolutions.</p>	<p>Article 103 The following matters shall be adopted by way of ordinary resolutions at general meetings:</p> <p>(1) operation guidelines and investment plans of the Company;</p> <p>(2) appointment and dismissal of directors and supervisors <b>who are not employees' representatives</b>, and their remuneration and the payment thereof;</p> <p>(3) work reports of the Board and the supervisory committee;</p> <p>(4) annual budget plans, final account plans of the Company;</p> <p>(5) profit distribution plans and loss recovery plans prepared by the Board;</p> <p>(6) appointment, dismissal or discontinuing the appointment of accounting firms;</p> <p>(7) matters relating to the changes in the use of proceeds;</p> <p>(8) the Company's donation and sponsorship plans in the amount of more than RMB5 million at a single time;</p> <p>(9) <b>annual reports of the Company</b>;</p> <p><b>(10)</b> other matters other than those required by the laws and regulations, the regulatory rules of the places where the Company's shares are listed or these Articles of Association to be adopted by special resolutions.</p>	<p>Article 76 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 104 The following matters shall be adopted by way of special resolutions at general meetings:</p> <p>(1) increase or reduction in the registered capital of the Company;</p> <p>(2) issue of corporate bonds, shares of any class, stock warrants and other similar securities;</p> <p>(3) the division, merger, dissolution, liquidation or change in the corporate form of the Company;</p> <p>(4) amendments to these Articles of Association;</p> <p>(5) the purchases and disposals of material assets or guarantees within one year, which exceed 30% of the latest audited total assets of the Company;</p> <p>(6) the share incentive schemes;</p> <p>(7) share repurchases of the Company;</p> <p>(8) any other matters required by the laws and regulations, the regulatory rules of the places where the Company's shares are listed or these Articles of Association, and matters considered in an ordinary resolution adopted at a general meeting having a material impact on the Company, and thus in need of approval by a special resolution.</p>	<p>Article 104 The following matters shall be adopted by way of special resolutions at general meetings:</p> <p>(1) increase or reduction in the registered capital of the Company;</p> <p>(2) issue of corporate bonds, shares of any class, stock warrants and other similar securities;</p> <p>(3) the division, merger, dissolution, liquidation or change in the corporate form of the Company;</p> <p>(4) amendments to these Articles of Association;</p> <p>(5) the purchases and disposals of material assets or guarantees within one year, which exceed 30% of the latest audited total assets of the Company;</p> <p>(6) the share incentive schemes;</p> <p>(7) <del>share repurchases of the Company;</del></p> <p>(8) any other matters required by the laws and regulations, the regulatory rules of the places where the Company's shares are listed or these Articles of Association, and matters considered in an ordinary resolution adopted at a general meeting having a material impact on the Company, and thus in need of approval by a special resolution.</p>	<p>Article 77 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 105 Shareholders (including proxies) shall exercise their voting rights according to the number of shares carrying voting rights they represent, with one vote for each share.</p>	<p>Article 105 Shareholders (including proxies) shall exercise their voting rights according to the number of shares carrying voting rights they represent, with one vote for each share.</p> <p><u>When a general meeting considers a material event affecting the interests of small and medium investors, voting for small and medium investors shall be counted separately. The results of separate counting shall be publicly disclosed in a timely manner.</u></p> <p><u>The shares of the Company held by itself do not have voting rights, and such shares are not included in the total number of shares with voting rights attending the general meeting.</u></p> <p><u>The Company’s Board of Directors, independent non-executive directors and shareholders who meet the relevant requirements can publicly solicit shareholders’ voting rights. The solicitation of shareholders’ voting rights shall fully disclose the specific voting intentions and other information to the solicited persons. It is forbidden to solicit shareholders’ voting rights in a paid or disguised paid form. The Company shall not impose restriction of minimum shareholding ratio on the solicitation of voting rights.</u></p>	<p>Article 78 of the Guidelines for the Articles of Association</p>

**APPENDIX VI**

**COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

<b>Before</b>	<b>After</b>	<b>Basis / description</b>
<p>Article 106 Voting at a general meeting shall be in the form of a show of hands unless a poll is required by the regulatory rules of the places where the Company's shares are listed, or a poll is (before or after any vote by show of hands) demanded by the following persons:</p> <ol style="list-style-type: none"> <li>(1) the chairman of the meeting;</li> <li>(2) at least two shareholders or proxies entitled to vote;</li> <li>(3) one or more shareholders (including proxies) individually or jointly holding more than 10% of all shares carrying voting rights at the meeting.</li> </ol> <p>Unless a poll is required in accordance with the preceding paragraph, the chairman of the meeting shall declare whether a resolution has been passed based on a show of hands and record the result in the minutes of meeting as the conclusive evidence. There is no need to provide evidence of the number or percentage of votes in favor of or against such resolution.</p> <p>The demand for a poll may be withdrawn by the person who makes such demand.</p>	<p>Article 106 <u>Voting at a general meeting shall be in the form of registered poll or other methods required by the securities regulatory rules of the places where the Company's shares are listed.</u></p> <p><del>Voting at a general meeting shall be in the form of a show of hands unless a poll is required by the regulatory rules of the places where the Company's shares are listed, or a poll is (before or after any vote by show of hands) demanded by the following persons:</del></p> <ol style="list-style-type: none"> <li><del>(1) the chairman of the meeting;</del></li> <li><del>(2) at least two shareholders or proxies entitled to vote;</del></li> <li><del>(3) one or more shareholders (including proxies) individually or jointly holding more than 10% of all shares carrying voting rights at the meeting.</del></li> </ol> <p><del>Unless a poll is required in accordance with the preceding paragraph, the chairman of the meeting shall declare whether a resolution has been passed based on a show of hands and record the result in the minutes of meeting as the conclusive evidence. There is no need to provide evidence of the number or percentage of votes in favor of or against such resolution.</del></p> <p><del>The demand for a poll may be withdrawn by the person who makes such demand.</del></p>	<p>Article 86 of the Guidelines for the Articles of Association</p>
<p>Article 109 In case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.</p>	<p>Article 109 <u>Under the precondition that the general meetings are legal and effective, the Company shall give priority to providing modern information technology means such as online voting platforms using various methods and means to facilitate the participation of shareholders in the general meetings.</u><del>In case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.</del></p>	<p>Article 80 of the Guidelines for the Articles of Association</p>



Before	After	Basis / description
<p>Article 112 List of candidates for Directors and Supervisors who are not employees’ representatives shall be submitted in the form of proposals to the general meeting for vote.</p> <p>Directors and Supervisors who are not employees’ representatives shall be nominated in the following manner and procedure:</p> <p>(1) a shareholder alone or shareholders together holding at least 3% of the total outstanding voting shares of the Company may propose the candidates for Directors and Supervisors to the general meeting in a written form, provided that the number of persons nominated complies with these Articles of Association and is not greater than the number of persons to be elected. The written materials including their basic particulars and the résumés shall be enclosed.</p> <p>(2) the nomination committee of the Board or the supervisory committee may, to the extent of the number of persons specified in these Articles of Association, propose a list of recommended director candidates or supervisor candidates consistent with the number of persons to be elected, and submit the same to the Board or the supervisory committee, as the case may be, for review. Once the Board or the supervisory committee has conducted its review and adopted a resolution determining the director or supervisor candidates, it shall bring the same before the general meeting in the form of a written proposal.</p>	<p>Article 112 The list of candidates for directors and supervisors who are not staff representatives shall be submitted in the form of proposals to the general meeting for vote. <u>The election of directors and supervisors shall fully reflect the opinions of small and medium shareholders.</u></p> <p><u>If an individual shareholder and the parties acting in concert with it have 30% or more of equity interests, the general meeting shall adopt a cumulative voting system when voting on the election of directors and supervisors. The Board of Directors shall make announcement on the resumes and basic information of the director and supervisor candidates to the shareholders.</u></p> <p><u>The cumulative voting system mentioned in the preceding paragraph means that when two or more directors or supervisors are elected at the general meeting, each share held by shareholders has the same number of voting rights as the number of directors or supervisors to be elected and the shareholder can vote by concentrating the number of shares held.</u></p>	<p>Article 82 of the Guidelines for the Articles of Association</p> <p>Article 17 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p>(3) the nomination of candidates for independent non-executive directors shall be carried out in accordance with laws and regulations and the regulatory rules of the places where the Company's shares are listed.</p> <p>(4) the written notices of the intention to nominate director or supervisor candidates and of the nominees indicating their willingness to accept the nomination as well as relevant written materials on the nominees shall be dispatched to the Company at least 14 days before the date of the general meeting. The director candidates shall furnish to the Company an undertaking in writing to accept the nomination, give warranty that the information provided is true and complete and pledge to discharge duties as directors upon election. The Board or the supervisory committee shall provide to the shareholders the résumés and basic particulars of the director or supervisor candidates.</p> <p>(5) the period accorded by the Company to the nominators and candidates to submit the aforementioned notices and documents shall not be less than 14 days (counting from the day immediately following the date of issuance of the notice of the general meeting).</p> <p>(6) the general meeting votes on each of the director or supervisor candidates.</p> <p>(7) when an additional director shall be temporarily nominated, the nomination committee of the Board or the shareholders satisfying the conditions for making such nomination may propose a candidate to the Board for consideration, and to the shareholders' general meeting for election or replacement. When an additional Supervisor shall be temporarily nominated, the supervisory committee may propose a candidate to the shareholders' general meeting for election or replacement.</p>	<p><b><u>The implementation rules for the cumulative voting system are:</u></b></p> <p><b><u>Prior to voting for the candidates for directors or supervisors at the general meeting, the chairman of the general meeting shall inform the shareholders present at the meeting expressly that the cumulative voting is applied for the candidates for directors or supervisors and the Boards of Directors must prepare votes applicable to the cumulative voting. The secretary of the Board of Directors shall explain and describe the cumulative voting method and vote filling method, to ensure that the shareholders correctly exercise their right to cast votes.</u></b></p> <p><b><u>When electing directors by way of exercising the cumulative voting system, independent non-executive directors and other directors should be elected separately to ensure the proportion of independent non-executive directors on the Company's Board of Directors.</u></b></p> <p><b><u>A shareholder may freely allocate its or his or her votes among the candidates for Directors (or Supervisors), either to allocate to a number of persons, or to vote all in favor of one person. Where a shareholder exercises more voting rights than all the voting rights if or he or she holds, such voting shall be invalid; if a shareholder exercises fewer voting rights than all the voting rights if or he or she holds, such voting shall be valid and the difference shall be regard as abstention. Where the last two or more candidates have the same number of votes and all of them being elected would result in the number of directors or supervisors elected exceeding the number of candidates that should be elected, such candidates shall be re-elected in accordance with the prescribed procedures in the Articles of Association. If the number of directors or supervisors elected is less than the number specified in the Articles of Association, the Company shall restart the cumulative voting procedure for the vacancy.</u></b></p> <p><u>The methods and procedures for nomination of directors and supervisors who are not staff representatives are as follows:</u></p> <p><u>Directors and Supervisors who are not employees' representatives shall be nominated in the following manner and procedure:</u></p>	

Before	After	Basis / description
	<p>(1) a shareholder alone or shareholders together holding at least 3% of the total outstanding voting shares of the Company may propose the candidates for Directors and Supervisors to the general meeting in a written form, provided that the number of persons nominated complies with these Articles of Association and is not greater than the number of persons to be elected. The written materials including their basic particulars and the résumés shall be enclosed.</p> <p>(2) the nomination committee of the Board or the supervisory committee may, to the extent of the number of persons specified in these Articles of Association, propose a list of recommended director candidates or supervisor candidates consistent with the number of persons to be elected, and submit the same to the Board or the supervisory committee, as the case may be, for review. Once the Board or the supervisory committee has conducted its review and adopted a resolution determining the director or supervisor candidates, it shall bring the same before the general meeting in the form of a written proposal.</p> <p>(3) the nomination of candidates for independent non-executive directors shall be carried out in accordance with laws and regulations and the <u>securities</u> regulatory rules of the places where the Company's shares are listed.</p>	

Before	After	Basis / description
	<p>(4) the written notices of the intention to nominate director or supervisor candidates and of the nominees indicating their willingness to accept the nomination as well as relevant written materials on the nominees shall be dispatched to the Company at least 14 days before the date of the general meeting. The director candidates shall furnish to the Company an undertaking in writing to accept the nomination, give warranty that the information provided is true and complete and pledge to discharge duties as directors upon election. The Board or the supervisory committee shall provide to the shareholders the résumés and basic particulars of the director or supervisor candidates.</p> <p>(5) the period accorded by the Company to the nominators and candidates to submit the aforementioned notices and documents shall not be less than 14 days (counting from the day immediately following the date of issuance of the notice of the general meeting).</p> <p>(6) the general meeting votes on each of the director or supervisor candidates <b><u>except for those applicable to cumulative voting.</u></b></p> <p>(7) when an additional director shall be temporarily nominated, the nomination committee of the Board or the shareholders satisfying the conditions for making such nomination may propose a candidate to the Board for consideration, and to the shareholders' general meeting for election or replacement. When an additional Supervisor shall be temporarily nominated, the supervisory committee may propose a candidate to the shareholders' general meeting for election or replacement.</p>	

Before	After	Basis / description
<p>Article 113 The general meeting shall vote on each proposal individually. Where there are different proposals on the same issue, voting should be carried out in the chronological order of the proposals raised.</p> <p>Before the relevant proposal is voted on at a general meeting, two representatives of the shareholders shall be elected for counting the votes and scrutinizing the poll. Any shareholder who is interested in the matter under consideration and his proxy shall not take part in counting the votes or scrutinizing the poll.</p> <p>When the relevant proposal is being voted on at the general meeting, the representatives of shareholders, the representatives of Supervisors and the relevant persons required by the regulatory rules of the places where the Company's shares are listed shall be jointly responsible for counting the votes and scrutinizing the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposed resolution shall be recorded in the minutes of meeting.</p>	<p>Article 113 The general meeting shall vote on each proposal individually <u>except cumulative voting</u>. Where there are different proposals on the same issue, voting should be carried out in the chronological order of the proposals raised. <u>Except in case of special reasons such as force majeure, resulting to suspension of the general meetings or incapability of voting on resolutions, the general meeting will not suspend or reject to vote.</u></p> <p><u>When the proposal is being considered at the general meeting, no amendment to the proposal shall be made, otherwise such amendment shall be considered as a new proposal which cannot be voted in such general meeting.</u></p> <p><u>A vote can only be casted by one of the following methods: on site, online or by other voting means. If one vote is cast more than once, the first vote shall prevail.</u></p> <p><u>General meetings shall adopt voting by open ballot.</u></p> <p>Before the relevant proposal is voted on at a general meeting, two representatives of the shareholders shall be elected for counting the votes and scrutinizing the poll. Any shareholder who is interested in the matter under consideration and his proxy shall not take part in counting the votes or scrutinizing the poll.</p> <p>When the relevant proposal is being voted on at the general meeting, the representatives of shareholders, the representatives of Supervisors and <del>lawyer</del> <u>the relevant persons</u> <del>required by the regulatory rules of the places where the Company's shares are listed</del> shall be jointly responsible for counting the votes and scrutinizing the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposed resolution shall be recorded in the minutes of meeting.</p>	<p>Articles 83, 84, 85, 86 and 87 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
	<p><u>The shareholders or their proxies who vote through the online platform or other means have the right to check their voting results in the corresponding voting system.</u></p>	
<p>Article 113 The chairman of the general meeting shall announce the voting status and voting result for each proposal and announce whether a resolution is passed according to the voting result.</p> <p>Before the voting result is officially announced, the listed company, counter, scrutineer, substantial shareholders and other related parties involved in the on-site general meeting shall keep the voting result in confidential.</p>	<p>Article 114 <u>The on-site general meeting shall not be terminated ahead of that held via online or other means, and the</u> chairman of the general meeting shall announce the voting status and voting result for each proposal and announce whether a resolution is passed according to the voting result.</p> <p>Before the voting result is officially announced, the listed company, counter, scrutineer, substantial shareholders, <u>online services provider</u> and other related parties involved in the general meeting on site, <u>on the Internet or held via other means</u> shall keep the voting result in confidential.</p> <p><u>Shareholders present at the meeting shall provide one of following comments on motions to be voted: for, against or abstain. Except for the securities registration and settlement institutions which, being the nominal holders of shares subject to the interconnection mechanism of the Mainland and Hong Kong stock market transactions, shall make declaration according to the intentions of actual holders.</u></p> <p><u>Unfilled, wrongly filled or illegible votes are regarded as the voters giving up their voting rights and the voting results of their shares shall be “abstained”.</u></p>	<p>Articles 87, 88 and 89 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 125 Shareholders of the affected class, whether or not having the right to vote at the general meetings, shall nevertheless have the right to vote at class meetings on matters referred to in clauses (2) to (8) and (11) to (12) of Article 124 of these Articles of Association, but interested shareholders shall not be entitled to vote at class meetings.</p> <p>The interested shareholders referred to in the preceding paragraph have the following meanings:</p> <p>(1) In the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 30 of these Articles of Association, “interested shareholder” shall refer to the controlling shareholder as defined in Article 259 of these Articles of Association;</p> <p>(2) In the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 30 of these Articles of Association, “interested shareholder” shall refer to the shareholder to which the proposed agreement relates;</p> <p>(3) In the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.</p>	<p>Article 125 Shareholders of the affected class, whether or not having the right to vote at the general meetings, shall nevertheless have the right to vote at class meetings on matters referred to in clauses (2) to (8) and (11) to (12) of Article 124 of these Articles of Association, but interested shareholders shall not be entitled to vote at class meetings.</p> <p>The interested shareholders referred to in the preceding paragraph have the following meanings:</p> <p>(1) In the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 30 of these Articles of Association, “interested shareholder” shall refer to the controlling shareholder as defined in Article <del>260</del><u>259</u> of these Articles of Association;</p> <p>(2) In the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 30 of these Articles of Association, “interested shareholder” shall refer to the shareholder to which the proposed agreement relates;</p> <p>(3) In the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.</p>	<p>Adjustment to the cited clause number</p>

APPENDIX VI

COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Before	After	Basis / description
<p>Article 136 A director who causes the Company to sustain a loss as a result of a violation of a law or a breach of these Articles of Association by him or her during the performance of his or her Company duties shall be liable for damages.</p>	<p>Article 136 <u>The Company shall enter into contracts with the directors to specify the rights and obligations of the Company and the directors, the term of office of the directors, the responsibility of the directors for violating laws and regulations and the Articles of Association, and the compensation if such contracts are terminated by the Company in advance for reasons.</u></p> <p><u>Members of the Board should have the knowledge, skills and qualities necessary to perform their duties. Directors shall abide by the relevant provisions of laws and regulations and the Articles of Association, performing their duties in a faithful, diligent, and cautious manner, and fulfill their commitments.</u> A director who causes the Company to sustain a loss as a result of a violation of a law or a breach of these Articles of Association by him or her during the performance of his or her Company duties shall be liable for damages.</p>	<p>Articles 20 and 25 of the Corporate Governance Standards</p>
<p>Article 137 The Company shall have independent non-executive directors. An independent non-executive director has a fiduciary duty and an obligation of diligence toward the Company and all its shareholders. Independent non-executive directors shall, pursuant to the requirements of relevant laws and these Articles of Association, conscientiously perform their duties and responsibilities, safeguard the company’s overall interests and pay attention that the lawful rights and interests of the Company’s shareholders, in particular, small and medium shareholders are not harmed.</p> <p>In addition to satisfaction of provisions on the qualifications and obligations of directors of these Articles of Association, an independent non-executive director shall also have the qualifications required by laws and regulations and the regulatory rules in the place where shares of the Company are listed.</p>	<p>Article 137 The Company shall have independent non-executive directors. An independent non-executive director has a fiduciary duty and an obligation of diligence toward the Company and all its shareholders. Independent non-executive directors shall, pursuant to the requirements of relevant laws and these Articles of Association, conscientiously perform their duties and responsibilities, safeguard the company’s overall interests and <u>mainly focus on matters related to the interests of the Company’s small and medium shareholders, including connected transactions, external guarantees, use of raised funds, mergers and acquisitions, major investment and financing activities, remuneration of senior management members and profit distribution</u> pay attention that the lawful rights and interests of the Company’s shareholders, in particular, small and medium shareholders are not harmed.</p>	<p>Article 5 of the Guidance on the Establishment of an Independent Director System in Listed Companies</p> <p>Article 37 of the Corporate Governance Standards</p>



Before	After	Basis / description
	<p><u>Independent non-executive directors may propose a meeting of the Board of Directors, a general meeting, and engage securities services firms such as accounting firms and law firms to audit, verify or express opinions on related matters.</u></p> <p><u>If there is a conflict between the Company’s shareholders or directors which has a significant impact on the Company’s operation and management, the independent non-executive directors shall take the initiative to perform their duties and safeguard the overall interests of the Company.</u></p> <p>In addition to satisfaction of provisions on the qualifications and obligations of directors of these Articles of Association, an independent non-executive director shall also have the qualifications required by laws and regulations and the securities regulatory rules in the places where shares of the Company are listed.</p>	
<p>Article 138 The term “independent non-executive director of the Company” means a director who does not hold any position in the Company other than director and who has no relationship with the Company or its major shareholder(s) (meaning a shareholder who alone holds or shareholders who together hold at least 5% of the total voting shares of the Company) that could hinder his or her making independent and objective judgments, and who is in compliance with independence provisions of the regulatory rules in the place where shares of the Company are listed.</p>	<p>Article 138 The term “independent non-executive director of the Company” means a director who does not hold any position in the Company other than <u>those under special committees of the Board of Directors</u> and who has no relationship with the Company or its major shareholder(s) (meaning a shareholder who alone holds or shareholders who together hold at least 5% of the total voting shares of the Company) that could hinder his or her making independent and objective judgments, and who is in compliance with independence provisions of the <u>securities</u> regulatory rules in the places where shares of the Company are listed.</p>	<p>Article 34 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p>Article 142 The Board shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> <li>(1) to convene general meetings and to report on its work to the general meeting;</li> <li>(2) to implement the resolutions of the general meeting;</li> <li>(3) to decide on the business plans and investment plans of the Company;</li> <li>(4) to formulate the annual financial budgets and final accounts of the Company;</li> <li>(5) to formulate the profit distribution plans and plans for making up losses of the Company;</li> <li>(6) to formulate plans for the increase or reduction of the registered capital of the Company;</li> <li>(7) to formulate plans for the issuance of corporate bonds, any class of shares, warrants and other similar securities;</li> <li>(8) to formulate plans for significant acquisition by the Company, repurchase of shares of the Company or merger, division, reorganization or dissolution of the Company and changes in the corporate form of the Company;</li> </ol>	<p>Article 142 The Board shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> <li>(1) to convene general meetings and to report on its work to the general meeting;</li> <li>(2) to implement the resolutions of the general meeting;</li> <li>(3) to decide on the business plans and investment plans of the Company;</li> <li>(4) to formulate the annual financial budgets and final accounts of the Company;</li> <li>(5) to formulate the profit distribution plans and plans for making up losses of the Company;</li> <li>(6) to formulate plans for the increase or reduction of the registered capital of the Company;</li> <li>(7) to formulate plans for the issuance of corporate bonds, any class of shares, warrants and other similar securities <b>and listing</b>;</li> <li>(8) to formulate plans for significant acquisition by the Company, repurchase of shares of the Company or merger, division, reorganization or dissolution of the Company and changes in the corporate form of the Company;</li> </ol>	<p>Article 107 of the Guidelines for the Articles of Association, the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

Before	After	Basis / description
<p>(9) to decide on the provision by the Company of any external guarantee other than those to be approved by the general meeting as required by Article 64 of these Articles of Association;</p> <p>(10) to decide on significant acquisition or disposal within one year by the Company of assets not more than 30% of the latest audited total assets of the Company;</p> <p>(11) to decide on connected transactions other than those to be approved by the general meeting as required by laws and regulations and regulatory rules in the place where Shares of the Company are listed;</p> <p>(12) to decide on significant investment projects of the Company with the single amount not more than 30% of the latest audited net assets of the Company;</p> <p>(13) to decide on entrusted wealth management and asset mortgages or pledges with the accumulated amount not more than 30% of the latest audited net assets of the Company;</p> <p>(14) to decide on extra costs and expenses with the single amount not more than 10% of the latest audited net assets of the Company;</p> <p>(15) to decide on plans of external donation and sponsorship of the Company with the single amount not more than RMB5 million;</p>	<p>(9) to decide on the provision by the Company of any external guarantee other than those to be approved by the general meeting as required by Article 64 of these Articles of Association;</p> <p>(10) to decide on significant acquisition or disposal within one year by the Company of assets not more than 30% of the latest audited total assets of the Company;</p> <p>(11) to decide on connected transactions <b><u>that are subject to the consideration and approval by the Board of Directors but not required for consideration at the general meeting</u></b><del>other than those to be approved by the general meeting</del> in accordance with laws and regulations and regulatory rules in the places where shares of the Company are listed;</p> <p>(12) to decide on significant investment projects of the Company with the single amount not more than 30% of the latest audited net assets of the Company;</p> <p>(13) to decide on entrusted wealth management and asset mortgages or pledges with the accumulated amount not more than 30% of the latest audited net assets of the Company;</p> <p>(14) to decide on extra costs and expenses with the single amount not more than 10% of the latest audited net assets of the Company;</p> <p>(15) to decide on plans of external donation and sponsorship of the Company with the single amount not more than RMB5 million;</p>	

Before	After	Basis / description
<p>(16) to formulate amendments to these Articles of Association, the Rules of Procedure for General Meetings and the Rules of Procedure for the Board;</p> <p>(17) to engage or dismiss the Company’s President and Secretary to the Board; to engage or dismiss Vice Presidents and the Chief Accountant of the Company, as proposed by the President, and decide on matters relating to their remuneration, rewards and punishments;</p> <p>(18) to decide on the establishment of the Company’s internal management organization;</p> <p>(19) to decide on the establishment of special committees under the Board and to consider and approve resolutions proposed by each special committee under the Board;</p> <p>(20) to formulate the basic management systems of the Company;</p> <p>(21) to formulate development strategies, long and medium-term development plans and corporate culture development plans, and to monitor the implementation of such plans;</p> <p>(22) to decide on the Company’s risk management system, including risk evaluation, financial control, internal audit and legal risk control, and to monitor the implementation of such systems;</p>	<p>(16) to formulate amendments to these Articles of Association, the Rules of Procedure for General Meetings and the Rules of Procedure for the Board;</p> <p>(17) to engage or dismiss the Company’s President and Secretary to the Board; to engage or dismiss Vice Presidents and the Chief Accountant, <b><u>general counsel and other senior management members</u></b> of the Company, as proposed by the President, and decide on matters relating to their remuneration, rewards and punishments;</p> <p>(18) to decide on the establishment of the Company’s internal management organization;</p> <p>(19) to decide on the establishment of special committees under the Board and to consider and approve resolutions proposed by each special committee under the Board;</p> <p>(20) to formulate the basic management systems of the Company;</p> <p>(21) to formulate development strategies, long and medium-term development plans and corporate culture development plans, and to monitor the implementation of such plans;</p> <p>(22) to decide on the Company’s risk management system, including risk evaluation, financial control, internal audit and legal risk control, and to monitor the implementation of such systems;</p>	

Before	After	Basis / description
<p>(23) to propose to the general meeting the appointment, removal or termination of re-appointment of an accounting firm;</p> <p>(24) to listen to the work reports of the Company’s President and inspect the work of the President and other senior management members;</p> <p>(25) to perform duties of corporate governance and to evaluate and improve the corporate governance of the Company regularly in accordance with the regulatory rules in the place where shares of the Company are listed;</p> <p>(26) to formulate share option incentive scheme;</p> <p>(27) to manage the Company’s information disclosure matters;</p> <p>(28) other functions and powers provided for in laws and regulations, regulatory rules in the place where shares of the Company are listed or these Articles of Association or granted by the general meeting.</p> <p>Resolutions by the Board on the matters referred to in the preceding paragraph shall, be passed by the affirmative vote of more than one half of all of the Directors with the exception of resolutions on the matters referred to in items (6), (7), (8), (16) and(26), which shall require the affirmative vote of at least two-thirds of all of the directors for adoption. When considering matters referred to in item (9), in addition to the affirmative vote of more than one half of all of the directors, the affirmative vote of at least two-thirds of all the Directors present is required for adoption.</p>	<p>(23) to propose to the general meeting the appointment, removal or termination of re-appointment of an accounting firm;</p> <p>(24) to listen to the work reports of the Company’s President and inspect the work of the President and other senior management members;</p> <p>(25) to perform duties of corporate governance and to evaluate and improve the governance of the Company regularly in accordance with the <u>securities</u> regulatory rules in the places where shares of the Company are listed;</p> <p>(26) to formulate share option incentive scheme;</p> <p>(27) to manage the Company’s information disclosure matters;</p> <p>(28) other functions and powers provided for in laws and regulations, <u>securities</u> regulatory rules in the places where shares of the Company are listed or these Articles of Association or granted by the general meeting.</p> <p>Resolutions by the Board on the matters referred to in the preceding paragraph shall, be passed by the affirmative vote of more than one half of all of the Directors with the exception of resolutions on the matters referred to in items (6), (7), (8), (16) and (26), which shall require the affirmative vote of at least two-thirds of all of the directors for adoption. When considering matters referred to in item (9), in addition to the affirmative vote of more than one half of all of the directors, the affirmative vote of at least two-thirds of all the Directors present is required for adoption.</p>	

Before	After	Basis / description
<p>The abovementioned functions and powers of the Board as well as any transaction or arrangement of the Company shall be proposed to the general meeting for approval as prescribed by the regulatory rules in the place where shares of the Company are listed.</p> <p>When necessary, reasonable and legal, the Board may authorize the chairman and other persons authorized by the chairman to decide on specific matters that relate to the matters to be resolved and that cannot or need not be promptly decided on by the Board.</p> <p>With the authorization made by the Board, the chairman of the Board may exercise part of functions and powers of the Board when the Board is not in session. The content of the authorization made by the Board shall be clear and specific.</p> <p>Prior to making decisions on material issues of the Company, the Board of Directors of the Company shall seek advices from the Party Committee of the Company.</p>	<p>The abovementioned functions and powers of the Board as well as any transaction or arrangement of the Company shall be proposed to the general meeting for consideration and approval if required by the <u>securities</u> regulatory rules in the places where shares of the Company are listed <u>or if it's beyond the authority of the general meeting.</u></p> <p>When necessary, reasonable and legal, the Board may authorize the chairman and other persons authorized by the chairman to decide on specific matters that relate to the matters to be resolved and that cannot or need not be promptly decided on by the Board.</p> <p>With the authorization made by the Board, the chairman of the Board may exercise part of functions and powers of the Board when the Board is not in session. The content of the authorization made by the Board shall be clear and specific.</p> <p>Prior to making decisions on material issues of the Company, the Board of Directors of the Company shall seek advices from the Party Committee of the Company.</p>	

Before	After	Basis / description
<p>Article 147 The Board establishes the Strategy and Investment Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Quality and Safety Committee to provide recommendations and advice on significant decisions of the Board. The Board may establish other committees and adjust existing committees when necessary. All of the special committees under the Board shall be accountable to the Board.</p> <p>All members of the Board Committees shall be comprised of directors, of which independent non-executive directors shall account for the majority of the members of the Audit and Risk Management Committee, the Nomination Committee, and the Remuneration and Appraisal Committee and shall act as the officers of such committees. For the Audit and Risk Management Committee, there should be at least one independent non-executive director shall be an accounting professional.</p> <p>The special committees may engage intermediary organizations to provide independent professional advice, and the relevant expenses therefor shall be borne by the Company.</p> <p>The Board shall formulate separate rules of procedures for each Board Committee in relation to its composition, duties and procedures.</p>	<p>Article 147 The Board establishes the Strategy and Investment Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Quality and Safety Committee to provide recommendations and advice on significant decisions of the Board. The Board may establish other committees and adjust existing committees when necessary.</p> <p>All of the special committees under the Board shall be accountable to the Board. All members of the Board Committees shall be comprised of directors, of which independent non-executive directors shall account for the majority of the members of the Audit and Risk Management Committee, the Nomination Committee, and the Remuneration and Appraisal Committee <del>and shall act as the officers of such committees</del>. For the Audit and Risk Management Committee, <b><u>the chairman shall be an accounting professional and</u></b> there shall be at least one independent non-executive director being an accounting professional.</p> <p>The special committees may engage intermediary organizations to provide independent professional advice, and the relevant expenses therefor shall be borne by the Company.</p> <p>The Board shall formulate separate rules of procedures for each Board Committee in relation to its composition, duties and procedures.</p>	<p>Article 38 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p>Article 150 Board meetings shall be in the form of either regular meetings or extraordinary meetings. At least four regular meetings of the Board shall be convened each year by the Chairman of the Board.</p> <p>In the event of any of the following circumstances, chairman of the Board shall convene extraordinary meetings:</p> <ol style="list-style-type: none"> <li>(1) when proposed by shareholders representing more than one tenth of the total number of shares carrying voting rights of the Company;</li> <li>(2) when proposed by more than one half of the independent non-executive directors;</li> <li>(3) when proposed by more than one third of the directors or the president of the Company in case of emergency;</li> <li>(4) when proposed by the Supervisory Committee;</li> <li>(5) when the chairman of the Board thinks necessary.</li> </ol>	<p>Article 150 Board meetings shall be in the form of either regular meetings or extraordinary meetings. At least four regular meetings of the Board shall be convened each year by the Chairman of the Board.</p> <p>In the event of any of the following circumstances, chairman of the Board shall convene <b><u>and preside over the</u></b> extraordinary meetings <b><u>within ten days upon receiving the proposal:</u></b></p> <ol style="list-style-type: none"> <li>(1) when proposed by shareholders representing more than one tenth of the total number of shares carrying voting rights of the Company;</li> <li>(2) when proposed by more than one half of the independent non-executive directors;</li> <li>(3) when <b><u>jointly proposed</u></b> by more than one third of the directors or proposed by the president of the Company, <del>in case of emergency;</del></li> <li>(4) when proposed by the Supervisory Committee; <del>or</del></li> <li>(5) when the chairman of the Board thinks necessary;</li> <li><b><u>(6) other circumstances that are required by the laws, administrative regulations, regulatory rules in the places where the Company's shares are listed and the Articles of Association.</u></b></li> </ol>	<p>Article 115 of the Guidelines for the Articles of Association</p>



Before	After	Basis / description
<p><b>Article 151</b> When the Board calls a regular meeting or extraordinary meeting, the secretariat of the Company shall deliver a written meeting notice to all of the directors and supervisors of the Company by hand, mail, fax or other means permitted by the regulatory rules in the place where shares of the Company are listed 14 days prior to the date of a regular meeting or 5 days prior to an extraordinary meeting. If service is made indirectly, confirmation shall additionally be made by telephone and the appropriate record thereof shall be made.</p> <p>In the event of emergencies where an extraordinary Board meeting needs to be convened as soon as possible, such notice may be served via telephone or by other verbal means, provided that an explanation shall be made at the meeting by the convener and the same is entered into the meeting minutes.</p>	<p><b>Article 151</b> When the Board calls a regular meeting or extraordinary meeting, the secretariat of the Company shall deliver a written meeting notice to all of the directors and supervisors of the Company by hand, mail, fax or other means permitted by the <u>securities</u> regulatory rules in the place where shares of the Company are listed 14 days prior to the date of a regular meeting or 5 days prior to an extraordinary meeting. If service is made indirectly, confirmation shall additionally be made by telephone and the appropriate record thereof shall be made.</p> <p>In the event of emergencies where an extraordinary Board meeting needs to be convened as soon as possible, such notice may be served via telephone or by other verbal means, provided that an explanation shall be made at the meeting by the convener and the same is entered into the meeting minutes.</p>	
<p>Article 152 The notice of a Board meeting shall include the following:</p> <ol style="list-style-type: none"> <li>(1) the date, place and duration of the meeting;</li> <li>(2) the means by which the meeting will be held;</li> <li>(3) matters and proposals to be considered;</li> <li>(4) the names of the meeting convener and chairman, the name of the person who proposed the interim meeting and his or her written proposal;</li> <li>(5) the meeting materials necessary for the vote by the directors, including the background materials related to the topics to be discussed at the meeting and the information and data that would be of assistance to the directors in understanding the development of the Company's business;</li> </ol>	<p>Article 152 The notice of a Board meeting shall include the following:</p> <ol style="list-style-type: none"> <li>(1) the date, place and duration of the meeting;</li> <li>(2) the means by which the meeting will be held;</li> <li>(3) matters and proposals to be considered;</li> <li>(4) the names of the meeting convener and chairman, the name of the person who proposed the interim meeting and his or her written proposal;</li> <li>(5) the meeting materials necessary for the vote by the directors, including the background materials related to the topics to be discussed at the meeting and the information and data that would be of assistance to the directors in understanding the development of the Company's business;</li> </ol>	<p>Article 31 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p>(6) a request that the director attend in person or that he or she appoint another director to attend the meeting on his or her behalf;</p> <p>(7) the contact person and contact details;</p> <p>(8) the date of the notice;</p> <p>(9) other content as required by laws and regulations and the regulatory rules in the place where shares of the Company are listed.</p> <p>The oral notice of a Board meeting shall, at least, include items (1) and (2) above and the explanation for holding the extraordinary Boardmeeting at an emergency.</p>	<p>(6) a request that the director attend in person or that he or she appoint another director to attend the meeting on his or her behalf;</p> <p>(7) the contact person and contact details;</p> <p>(8) the date of the notice;</p> <p>(9) other content as required by laws and regulations and the <u>securities</u> regulatory rules in the places where shares of theCompany are listed.</p> <p>The oral notice of a Board meeting shall, at least, include items (1) and (2) above and the explanation for holding the extraordinary Board meeting at an emergency.</p> <p><b><u>The Board of Directors shall notify all directors in advance based on the prescribed time limit and provide sufficient information. If two or more independent non-executive directors view that the information is incomplete or the argument is insufficient, they may adjourn the meeting or to defer the consideration of the subject matters by jointly proposing to the Board of Directors in writing. The Board of Directors shall accept and the Company shall promptly disclose the relevant information.</u></b></p>	
<p>Article 155 Resolutions of the Board shall be passed by more than a half of all the directors. If laws or these Articles of Association require the consent of a larger number of directors for the adoption of a resolution, such provisions shall prevail.</p>	<p>Article 155 Resolutions of the Board shall be passed by more than a half of all the directors. If laws or these Articles of Association require the consent of a larger number of directors for the adoption of a resolution, such provisions shall prevail.</p>	<p>Article 4.3.10 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

Before	After	Basis / description
<p>Each director shall have one vote on the resolutions at the Board meeting.</p> <p>In case of an equality of votes, the chairman of the Board shall have an extra casting vote.</p>	<p>Each director shall have one vote on the resolutions at the Board meeting, <b><u>and elaborate on the reasons if the director votes against or abstains from voting.</u></b></p> <p>In case of an equality of votes, the chairman of the Board shall have an extra casting vote.</p>	
<p>Article 158 The Board shall keep minutes of resolutions on matters discussed at meetings. The minutes shall be signed by the directors present at the meeting and the person who recorded the minutes. The directors shall be liable for the resolutions of the Board. If a resolution of the Board violates laws and regulations or these Articles of Association resulting in material loss of the Company, the directors who voted for the resolution shall be directly liable to the Company; if it can be proved that a director expressly objected to the resolution when the resolution was voted on and the objections were recorded in the meeting minutes, such director shall be waived from such liability.</p>	<p>Article 158 The Board shall keep minutes of resolutions on matters discussed at meetings. The minutes shall be signed by the directors present at the meeting, <b><u>Secretary to the Board</u></b> and the person who recorded the minutes. The directors shall be liable for the resolutions of the Board. If a resolution of the Board violates laws and regulations, these Articles of Association <b><u>or the resolutions proposed at the general meetings</u></b> resulting in material loss of the Company, the directors who voted for the resolution shall be directly liable to the Company; if it can be proved that a director expressly objected to the resolution when the resolution was voted on and the objections were recorded in the meeting minutes, such director shall be waived from such liability.</p>	<p>Article 32 of the Corporate Governance Standard</p>
<p>Article 159 The minutes of the Board meetings shall be kept as corporate documents for at least 10 years.</p> <p>The minutes of Board meetings shall consist of the following:</p> <ol style="list-style-type: none"> <li>(1) the session of the Board to hold the meeting, the date, venue and method for the convening of meeting;</li> <li>(2) the issue of the notice of the meeting;</li> <li>(3) the convener and the chairman of the meeting;</li> </ol>	<p>Article 159 The minutes of the Board meetings shall be kept as corporate documents for at least 10 years.</p> <p>The minutes of Board meetings shall consist of the following:</p> <ol style="list-style-type: none"> <li>(1) the session of the Board to hold the meeting, the date, venue and method for the convening of meeting;</li> <li>(2) the issue of the notice of the meeting;</li> <li>(3) the convener and the chairman of the meeting;</li> </ol>	<p>Article 123 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>(4) the name of the director present and name of director(proxy) being appointed to attend on the other's behalf;</p> <p>(5) the agenda of the meeting;</p> <p>(6) the proposals considered at the meeting and the highlights of speeches and key opinions made by each director;</p> <p>(7) the voting method of each agenda and the voting result;</p> <p>(8) other matters required to be included in the meeting minutes by the Directors present.</p>	<p>(4) the name of the director present and name of director(proxy) being appointed to attend on the other's behalf;</p> <p>(5) the agenda of the meeting;</p> <p>(6) the proposals considered at the meeting and the highlights of speeches and key opinions made by each director;</p> <p>(7) the voting method of each agenda and the voting result <b><u>(the voting result shall state the number of votes of "for", "against" or "abstain")</u></b>;</p> <p>(8) other matters required to be included in the meeting minutes by the Directors present.</p>	
<p>Article 160 The Company shall have a Secretary to the Board, who shall be appointed or dismissed by the Board.</p> <p>The secretary to the Board shall be a senior management member of the Company and be accountable to the Company and the Board, and perform his or her duties in a faithful and diligent manner.</p>	<p>Article 160 The Company shall have a Secretary to the Board, who shall be appointed or dismissed by the Board. <b><u>The Company shall dismiss the Secretary to the Board base on sufficient reasons, and shall not dismiss without any reason.</u></b></p> <p>The Secretary to the Board shall be a senior management member of the Company and be accountable to the Company and the Board, and perform his or her duties in a faithful and diligent manner.</p> <p><b><u>During the vacancy of the Secretary to the Board, the Company shall promptly designate a director or senior management member to perform the duties of the Secretary to the Board. If the vacancy exceeds 3 months, the legal representative of the Company shall perform the duties of the Secretary to the Board.</u></b></p> <p><b><u>The Board of Directors has the right to appoint a securities affairs representative to assist the Secretary to the Board. The securities affairs representative shall be appointed and dismissed by the Board of Directors.</u></b></p>	<p>Articles 4.2.8,4.2.10 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

Before	After	Basis / description
<p>Article 161 Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the chairman of the Board and appointed by the Board. His/her primary responsibilities are:</p> <p>(1) to ensure that the Company has a complete set of organizational documents and records;</p> <p>(2) to ensure that the Company to prepare and submit required reports and documents to the authorities;</p> <p>(3) to ensure that the register of members of the Company is properly set up, and to assure that persons entitled to access relevant records and documents of the Company may obtain such records and documents in a timely manner;</p> <p>(4) to fulfill other duties specified in laws and regulations, these Articles of Association and other duties required by the securities regulatory authorities in the place where the shares of the Company are listed.</p>	<p>Article 161 Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the chairman of the Board and appointed by the Board. His/her primary responsibilities are:</p> <p>(1) <b><u>to be responsible for the preparation of the general meetings and board meetings, document maintenance and management of information of the shareholders of the Company;</u></b></p> <p>(2) to ensure that the Company has a complete set of organizational documents and records;</p> <p>(3) <b><u>to handle with the information disclosure;</u></b></p> <p>(4) to ensure that the Company to prepare and submit required reports and documents to the authorities;</p> <p>(5) to ensure that the register of members of the Company is properly set up, and to assure that persons entitled to access relevant records and documents of the Company may obtain such records and documents in a timely manner;</p> <p>(6) to fulfill other duties specified in laws and regulations, these Articles of Association and other duties required by the securities regulatory authorities in the places where the shares of the Company are listed.</p> <p><b><u>The Company shall facilitate the performance of duties by the Secretary to the Board. Directors, supervisors, other senior management members and relevant staff shall cooperate with the work of the Secretary to the Board. No institution or individual may interfere with the normal duty performance of the Secretary to the Board.</u></b></p>	<p>Article 133 of the Guidelines for the Articles of Association</p> <p>Article 4.2.9 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

APPENDIX VI

COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Before	After	Basis / description
	<p><u>The Secretary of the Board is entitled to know the Company’s operation and financial situation, attend relevant meetings, consult relevant documents, and request relevant departments and personnel to provide materials and information.</u></p>	
<p>Article 163 The Company shall have one president, several vice presidents and one chief accountant, all of whom shall be appointed or dismissed by the Board.</p> <p>A director may be appointed to serve as the President or other senior management members of the Company.</p>	<p>Article 163 The Company shall have one president, several vice presidents, one chief accountant, <u>one secretary to the Board and one general counsel</u>, all of whom shall be appointed or dismissed by the Board, to assist the work of the president.</p> <p><u>The Company shall enter into employment contracts with senior management members to specify the rights and obligations of both parties. The appointment and dismissal of senior management members shall be implemented according to legal procedures and be disclosed in a timely manner.</u></p> <p>A director may be appointed to serve as the President or other senior management members of the Company.</p>	<p>Article 52 of the Corporate Governance Standards</p>
<p>Article 164 Persons who hold positions other than directors in any entity of the controlling shareholder or de facto controller of the Company shall not be appointed as senior management members of the Company.</p>	<p>Article 164 <u>Unless otherwise waived and approved by the CSRC, senior management members of the Company shall not hold any other administrative posts other than directors and supervisors in any entity of the controlling shareholder or de facto controller.</u> <del>Persons who hold positions other than directors in any entity of the controlling shareholder or de facto controller of the Company shall not be appointed as senior management members of the Company.</del></p>	<p>Article 69 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p>Article 165 The president of the Company shall be accountable to the Board and exercise the following powers:</p> <p>(1) to lead the Company's production, operation and management, to organize the implementation of the resolution of the Board and report to the Board;</p> <p>(2) to organize the implementation of the Company's annual plan and investment plan;</p> <p>(3) to draft plans for the establishment of the Company's internal management structure;</p> <p>(4) to draft the Company's basic management system;</p> <p>(5) to formulate the specific rules and regulations of the Company;</p> <p>(6) to propose to the Board the appointment or dismissal of vice presidents and chief accountant of the Company;</p> <p>(7) to appoint or dismiss other management members of the Company other than those required to be appointed or dismissed by the Board;</p> <p>(8) to exercise other powers conferred by these Articles of Association or the Board.</p>	<p>Article 165 The president of the Company shall be accountable to the Board and exercise the following powers:</p> <p>(1) to lead the Company's production, operation and management, to organize the implementation of the resolution of the Board and report to the Board;</p> <p>(2) to organize the implementation of the Company's annual plan and investment plan;</p> <p>(3) to draft plans for the establishment of the Company's internal management structure;</p> <p>(4) to draft the Company's basic management system;</p> <p>(5) to formulate the specific rules and regulations of the Company;</p> <p><b><u>(6) other functions and powers prescribed by the laws, regulations, securities regulatory rules in the place where the Company's shares are listed and these Articles of Association, or authorized by the Board.</u></b></p> <p><del>(6) to propose to the Board the appointment or dismissal of vice presidents and chief accountant of the Company;</del></p> <p><del>(7) to appoint or dismiss other management members of the Company other than those required to be appointed or dismissed by the Board; and</del></p> <p><del>(8) to exercise other powers conferred by these Articles of Association or the Board.</del></p>	<p>Article 128 of the Guidelines for the Articles of Association</p>

APPENDIX VI

COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Before	After	Basis / description
<p>Article 168 The President may resign prior to the expiry of his term of office. The specific procedures and methods of resignation of the President shall be governed by his employment contract with the Company.</p>	<p>Article 168 <u>The President is appointed for a term of three years, and is entitled to be re-elected for continuing to serve, and he/she may resign prior to the expiry of his term of office.</u> The specific procedures and methods of resignation of the President shall be governed by his employment contract with the Company.</p>	<p>Article 127 of the Guidelines for the Articles of Association</p>
<p>Article 179 The supervisory committee shall be accountable to the general meeting and exercise the following powers in accordance with the laws:</p> <ol style="list-style-type: none"> <li>(1) to examine the financial affairs of the Company;</li> <li>(2) to supervise directors, the president and other members of senior management of the Company in performing their duties and to propose the removal of any director or senior management member violating any laws, administrative regulations, these Articles of Association and resolutions of the general meeting.</li> <li>(3) to demand rectification from a director, the president and any other members of senior management when the acts of such persons are harmful to the interests of the Company;</li> <li>(4) to propose the holding of extraordinary general meetings and, in the event that the Board fails to perform its duty of convening and presiding over a general meeting according to the law, to convene and preside over such a meeting in accordance with the laws;</li> <li>(5) to submit proposals to the general meeting;</li> <li>(6) to review the regular reports of the Company prepared by the Board and to provide written review opinions thereon;</li> </ol>	<p>Article 179 The supervisory committee shall be accountable to the general meeting and exercise the following powers in accordance with the laws:</p> <ol style="list-style-type: none"> <li>(1) to examine the financial affairs of the Company;</li> <li>(2) to supervise directors, the president and other members of senior management of the Company in performing their duties and to propose the removal of any director or senior management member violating any laws, administrative regulations, these Articles of Association and resolutions of the general meeting; <u>if the supervisory committee finds that directors and senior management members contravene laws and regulations, relevant provisions of the stock exchanges in the places where shares of the Company are listed, and the Articles of Association, it shall report to the Board of Directors or to the general meetings, and promptly disclose the same;</u></li> <li>(3) to demand rectification from a director, the president and any other members of senior management when the acts of such persons are harmful to the interests of the Company;</li> <li>(4) to propose the holding of extraordinary general meetings and, in the event that the Board fails to perform its duty of convening and presiding over a general meeting according to the law, to convene and preside over such a meeting in accordance with the laws;</li> <li>(5) to submit proposals to the general meeting;</li> </ol>	<p>Articles 50, 144 of the Corporate Governance Standards</p> <p>Article 4.3.13 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>



**APPENDIX VI**

**COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

<b>Before</b>	<b>After</b>	<b>Basis / description</b>
<p>(7) to initiate law suits against directors or the senior management members on behalf of the Company in accordance with the applicable laws;</p> <p>(8) to conduct investigation on any irregularities found in the operation of the Company. Professional organizations including accounting firms and law firms may be engaged when necessary;</p> <p>(9) to exercise other powers specified in these Articles of Association and other power granted by the resolutions of the general meeting.</p>	<p>(6) to review the regular reports of the Company prepared by the Board and to provide written review opinions thereon;</p> <p>(7) to initiate law suits against directors or the senior management members on behalf of the Company in accordance with the applicable laws;</p> <p>(8) to conduct investigation on any irregularities found in the operation of the Company. Professional organizations including accounting firms and law firms may be engaged when necessary <b><u>at the Company's cost</u></b>;</p> <p>(9) to exercise other powers specified in these Articles of Association and other power granted by the resolutions of the general meeting.</p>	
<p>Article 180 Supervisory committee meeting shall be held at least once every six months, and shall be convened by the chairman of the supervisory committee.</p> <p>Supervisors may propose to convene an extraordinary meeting of the supervisory committee.</p> <p>Any supervisor failing to attend two consecutive meetings of the supervisory committee and failing to appoint other supervisor to attend the meeting on his behalf shall be deemed to have failed to perform his duties and shall be removed at the general meeting or staff representative meeting.</p>	<p>Article 180 Supervisory committee meetings <b><u>are classified into regular meeting and extraordinary meeting, and regular meeting</u></b> shall be held once every six months, and be convened by the chairman of the supervisory committee.</p> <p>Supervisors may propose to convene an extraordinary meeting of the supervisory committee.</p> <p>Any supervisor failing to attend two consecutive meetings of the supervisory committee and failing to appoint other supervisor to attend the meeting on his behalf shall be deemed to have failed to perform his duties and shall be removed at the general meeting or staff representative meeting.</p>	<p>Article 145 of the Guidelines for the Articles of Association, the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>

Before	After	Basis / description
<p>Article 183 Voting at the meetings of the supervisory committee shall be taken by poll or by show of hands, and each Supervisor shall have one vote.</p> <p>Meeting of the supervisory committee may be convened by way of video conference, telephone conference or circular in writing signed by the supervisors subject to ensuring the full expression by the Supervisors of their opinions, and the resolution adopted at the meeting shall be signed by the attending Supervisors.</p> <p>A resolution of the supervisory committee shall be passed by votes of more than two-thirds of Supervisors.</p>	<p>Article 183 Voting at the meetings of the supervisory committee shall be taken by poll or by show of hands, and each Supervisor shall have one vote. <b><u>Supervisors shall elaborate on the reasons for rejection or waiver.</u></b></p> <p>Meeting of the supervisory committee may be convened by way of video conference, telephone conference or circular in writing signed by the supervisors subject to ensuring the full expression by the Supervisors of their opinions, and the resolution adopted at the meeting shall be signed by the attending Supervisors.</p> <p>A resolution of the supervisory committee shall be passed by votes of more than two-thirds of Supervisors.</p>	<p>Article 4.3.14 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>
<p>Article 185 The notice of supervisory committee meeting shall be served to all Supervisors 5 days before the date of the meeting and shall contain the following details:</p> <ol style="list-style-type: none"> <li>(1) the date, place and duration of the meeting;</li> <li>(2) the matters to be discussed and agenda of the meeting;</li> <li>(3) the date of the notice.</li> </ol> <p>Where a meeting of the supervisory meeting is required to be held as soon as practicable in case of emergency, a notice may be given through oral method or telephone, provided that the convener shall explain at the meeting.</p>	<p>Article 185 <b><u>In convening the regular or extraordinary meetings of the supervisory committee, the office of the supervisory committee shall give the written notice of the meeting bearing the chop of the supervisory committee 10 days or 5 days before the meeting date respectively. The notice of meeting shall be given to all supervisors by hand delivery, facsimile transmission, electronic mail or other means. If a notice is not given by hand delivery, a subsequent telephone call shall be made for confirmation and corresponding records shall be made. The notice should contain the followings:</u></b></p> <ol style="list-style-type: none"> <li><b><u>(1) The time and place of the meeting;</u></b></li> <li><b><u>(2) matters to be considered (proposals);</u></b></li> <li><b><u>(3) convener and president of the meeting, proponents of the extraordinary meeting and their written proposals;</u></b></li> </ol>	<p>the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>

Before	After	Basis / description
	<p>(4) materials necessary for voting by the supervisors;</p> <p>(5) requests for attending in person by the supervisors;</p> <p>(6) Contact person and contact information.</p> <p><del>The notice of supervisory committee meeting shall be served to all Supervisors 5 days before the date of the meeting and shall contain the following details:</del></p> <p>(1) <del>the date, place and duration of the meeting;</del></p> <p>(2) <del>the matters to be discussed and agenda of the meeting;</del></p> <p>(3) <del>the date of the notice.</del></p> <p>Where a meeting of the supervisory meeting is required to be held as soon as practicable in case of emergency, a notice may be given through oral method or telephone, provided that the convener shall explain at the meeting. <b><u>The oral meeting notice shall at least contain the contents set out in (1) and (2) above, and the description of an urgent need to convene an extraordinary meeting of the supervisory committee as soon as possible.</u></b></p>	
<p>Article 187 A person may not serve as a director, supervisor, the president or other senior management members of the Company if any of the following circumstances applies:</p> <p>(1) a person without legal or with restricted legal capacity;</p> <p>(2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;</p>	<p>Article 187 A person may not serve as a director, supervisor, the president or other senior management members of the Company if any of the following circumstances applies:</p> <p>(1) a person without legal or with restricted legal capacity;</p> <p>(2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;</p>	<p>Article 95 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>(3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date the completion of the insolvency and liquidation of the company or enterprise;</p> <p>(4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years has elapsed since the date of the revocation of the business license;</p> <p>(5) a person who has a relatively large amount of debts due and outstanding;</p> <p>(6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution is not yet concluded;</p> <p>(7) a person who is not eligible for enterprise leadership according to laws;</p> <p>(8) a non-natural person;</p> <p>(9) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction.</p> <p>Any election or appointment of any directors, supervisors, the president or other members of senior management in violation of the provision of these Articles shall be invalid.</p>	<p>(3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date the completion of the insolvency and liquidation of the company or enterprise;</p> <p>(4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years has elapsed since the date of the revocation of the business license;</p> <p>(5) a person who has a relatively large amount of debts due and outstanding;</p> <p>(6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution is not yet concluded;</p> <p>(7) a person who is not eligible for enterprise leadership according to laws;</p> <p>(8) a non-natural person;</p> <p><b><u>(9) a person who is penalised by the CSRC to be banned from the securities market and the penalty has not expired;</u></b></p> <p><b><u>(10)</u></b> a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction.</p> <p>Any election, <del>or</del> appointment <b><u>or engagement</u></b> of any directors, supervisors, the president or other members of senior management in violation of the provision of these Articles shall be invalid.</p>	

Before	After	Basis / description
<p>Article 190 Each of the directors, supervisors, president and other members of senior management of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.</p>	<p>Article 190 Each of the directors, supervisors, president and other members of senior management of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. <b><u>This principle includes (but not limited to) the fulfilling of the following obligations:</u></b></p> <p>(1) <b><u>to prudently, carefully and diligently exercise the rights granted by the Company, so as to ensure that the commercial operations of the Company comply with the laws, administrative regulations of the state and the requirements of the various economic policies of the state, and that the commercial activities of the Company shall not fall beyond the scope of business specified on the business license;</u></b></p> <p>(2) <b><u>to ensure that they have sufficient time and energy to participate in the affairs of the Company, and exercise caution to judge the risks and benefits that may arise from the subject matters to be considered;</u></b></p> <p>(3) <b><u>to treat all shareholders impartially;</u></b></p> <p>(4) <b><u>to keep abreast of the business operation and management of the Company;</u></b></p>	<p>Article 98 of the Guidelines for the Articles of Association</p> <p>Article 4.2.4 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

Before	After	Basis / description
	<p>(5) to act under his/her terms of reference to assure that the information disclosed by the Company is true, accurate, and complete within the scope of their duties;</p> <p>(6) to honestly provide the supervisory committee with relevant circumstances and information, and not to prevent the board of supervisors or supervisors from performing their duties and powers;</p> <p>(7) to actively advance the Company's regular operation, to urge the Company to fulfill its information disclosure obligations, to promptly rectify and report the Company's violations, and to support the Company in fulfilling its social responsibilities;</p> <p>(8) to fulfill other diligence duties as stipulated in laws, administrative regulations, departmental rules, rules of stock exchanges and the Articles of Association.</p>	
<p>Article 191 Each of the directors, supervisors, president and other members of senior management of the Company shall exercise his powers or carry on his duties in accordance with the principle of good faith and shall not put himself in a position where his duty and his interest may conflict. This principle includes but not limited to discharging the following obligations:</p> <p>(1) to act honestly in the best interests of the Company;</p> <p>(2) to exercise powers within the scope of his powers and not to exceed those powers;</p>	<p>Article 191 Each of the directors, supervisors, president and other members of senior management of the Company shall exercise his powers or carry on his duties in accordance with the principle of good faith and shall not put himself in a position where his duty and his interest may conflict, <b><u>and shall have duty of loyalty</u></b>. This principle includes but not limited to discharging the following obligations:</p> <p>(1) to act honestly in the best interests of the Company;</p> <p>(2) to exercise powers within the scope of his powers and not to exceed those powers;</p>	<p>Article 97 of the Guidelines for the Articles of Association</p> <p>Article 4.2.3 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

APPENDIX VI

COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Before	After	Basis / description
<p>(3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;</p> <p>(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;</p> <p>(5) except in accordance with these Articles of Association of the Company or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;</p> <p>(6) without the informed consent of shareholders given in general meeting, not to use the property of the Company for his own benefit by any means;</p> <p>(7) not to exploit his position to accept bribes or other illegal income, expropriate the property of the Company by any means, including but not limited to opportunities advantageous to the Company;</p> <p>(8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the transactions of the Company;</p> <p>(9) to abide by these Articles of Association of the Company, faithfully execute his official duties and protect the interests of the Company, and not to exploit his position and power in the Company to advance his own private interests;</p>	<p>(3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;</p> <p>(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;</p> <p>(5) except in accordance with these Articles of Association of the Company or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;</p> <p><b><u>(6) to safeguard the interests of listed company and the shareholders as a whole, and not to impair the interests of the listed company for the interests of de facto controllers, shareholders, employees, themselves or other third parties;</u></b></p> <p><b><u>(7)</u></b> without the informed consent of shareholders given in general meeting, not to use the property of the Company for his own benefit by any means;</p> <p><b><u>(8)</u></b> not to exploit his position to accept bribes or other illegal income, expropriate the property of the Company by any means, including but not limited to opportunities advantageous to the Company;</p> <p><b><u>(9)</u></b> <del>without the informed consent of shareholders given in general meeting,</del> not to accept commissions in connection with the transactions of the Company <b><u>for its own;</u></b></p>	

Before	After	Basis / description
<p>(10) without the informed consent of shareholders given in general meeting, not to take advantage of his position to seek for himself or others any business opportunities that should have been made available to the Company, not to conduct for himself or others any businesses similar to those of the Company, and not to compete with the Company in any form;</p> <p>(11) not to misappropriate the funds of the Company, not to open accounts in his own name or other names for the deposit of the assets or funds of the Company;</p> <p>(12) without the consent obtained at the general meeting or approval of the Board, not to lend the monies of the Company to others, and not to use the assets of the Company to provide guarantee for any individual;</p> <p>(13) not to prejudice the interests of the Company using its connections;</p>	<p><b>(10)</b> to abide by these Articles of Association of the Company, faithfully execute his official duties and protect the interests of the Company, and not to exploit his position and power in the Company to advance his own private interests;</p> <p><b>(11)</b> without the <u>consent of informed consent of shareholders given in</u> the general meeting, not to take advantage of his position to seek for himself, <b>close family members</b> or others any business opportunities that should have been made available to the Company, not to conduct for his own interests, <b>by entrusting others</b> or for others' interests any businesses similar to those of the Company, and not to compete with the Company in any form;</p> <p><b>(12)</b> not to misappropriate the funds of the Company, not to open accounts in his own name or other names for the deposit of the assets or funds of the Company;</p> <p><b>(13)</b> without the consent obtained at the general meeting or approval of the Board, not to lend the monies of the Company to others, and not to use the assets of the Company to provide guarantee for any individual;</p> <p><b>(14)</b> not to prejudice the interests of the Company using its connections;</p>	



Before	After	Basis / description
<p>(14) unless otherwise permitted by informed shareholders in general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:</p> <ol style="list-style-type: none"> <li>1. disclosure is made under compulsion of law;</li> <li>2. the interests of the public require disclosure;</li> <li>3. the interests of the relevant directors, supervisors, president or other members of senior management require disclosure.</li> </ol>	<p>(15) <del>unless otherwise permitted by informed shareholders in general meeting,</del>to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:</p> <ol style="list-style-type: none"> <li>1. disclosure is made under compulsion of law;</li> <li>2. the interests of the public require disclosure;</li> <li>3. the interests of the relevant directors, supervisors, president or other members of senior management require disclosure;</li> </ol> <p><b><u>(16) not to divulge any undisclosed material information, and not to use any insider information to obtain illegal interests and after leaving office of the Company, not to be engaged in the competition business as agreed with the Company.</u></b></p> <p><b><u>The income obtained by the directors, supervisors, the president and other senior management members arising from violating the provisions of this article shall be attributable to the Company; if losses are caused to the Company, they shall be liable for compensation.</u></b></p>	

Before	After	Basis / description
<p>Article 203 The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a director or supervisor with respect to his remunerations. The aforementioned remunerations shall include:</p> <ol style="list-style-type: none"> <li>(1) emoluments in respect of his service as director, supervisor and senior management member of the Company;</li> <li>(2) emoluments in respect of his service as director, supervisor and senior management member of any subsidiary of the Company;</li> <li>(3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries;</li> <li>(4) compensation for loss of office, or as consideration for or in connection with his retirement from office.</li> </ol> <p>Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.</p>	<p>Article 203 The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a director or supervisor with respect to his remunerations. The aforementioned remunerations shall include:</p> <ol style="list-style-type: none"> <li>(1) emoluments in respect of his service as director, supervisor and senior management member of the Company;</li> <li>(2) emoluments in respect of his service as director, supervisor and senior management member of any subsidiary of the Company;</li> <li>(3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries;</li> <li>(4) compensation for loss of office, or as consideration for or in connection with his retirement from office.</li> </ol> <p>Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.</p> <p><b><u>The compensation solution of early dismissal of directors, supervisors and senior management members as set out in these Articles of Association or related contracts shall conform to the principle of fairness without causing prejudice to the legitimate rights and interests of the Company or delivery of benefits.</u></b></p>	<p>Article 61 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p>Article 204 The contract for remunerations entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the directors and supervisors of the Company shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement.</p> <p>A “takeover of the Company” as referred to above means either of the following situations:</p> <p>(1) a takeover offer made by any person to all shareholders;</p> <p>(2) an offer made by any person with a view to the offer and to become a “controlling shareholder” within the meaning of Article 259.</p> <p>If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant director or supervisor and shall not be paid out of that sum.</p>	<p>Article 204 The contract for remunerations entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the directors and supervisors of the Company shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement.</p> <p>A “takeover of the Company” as referred to above means either of the following situations:</p> <p>(1) a takeover offer made by any person to all shareholders;</p> <p>(2) an offer made by any person with a view to the offer and to become a “controlling shareholder” within the meaning of Article <del>260</del><u>259</u>.</p> <p>If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant director or supervisor and shall not be paid out of that sum.</p>	<p>Adjustment to the cited clause number</p>

Before	After	Basis / description
<p>Article 209 The Company shall publish two financial reports in each fiscal year, meaning that the interim reports shall be published within 60 days after the first six months of the fiscal year and the annual reports shall be published within 120 days after the expiration of the fiscal year.</p>	<p>Article 209 <u>The Company shall submit annual financial accounting reports to the CSRC and relevant stock exchanges within four months from the end of each financial year, and submit interim financial accounting reports to the local branches of CSRC and relevant stock exchanges within two months from the end of the first six months of each financial year, and submit quarterly financial accounting reports to the local branches of CSRC and relevant stock exchanges within one month from the end of the first three months and the first nine months of each financial year. The above financial accounting reports shall be prepared in accordance with the relevant laws, administrative regulations, departmental rules and the rules governing the administration of securities in the places where the Company's shares are listed.</u><del>The Company shall publish two financial reports in each fiscal year, meaning that the interim reports shall be published within 60 days after the first six months of the fiscal year and the annual reports shall be published within 120 days after the expiration of the fiscal year.</del></p>	<p>Chapter 6 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange, Article 150 of the Guidelines for the Articles of Association</p>
<p>None</p>	<p><b>Article 217 The Company's profit distribution policy is as follows:</b></p> <p><b>(1) Principle of profit distribution</b></p> <p><b>1. The Company fully considers the return to investors and distributes dividends to shareholders according to a certain percentage of the distributable profits realized in the consolidated statements of the Company in the current year;</b></p> <p><b>2. The Company's profit distribution policy maintains continuity and stability, while taking into account the Company's long-term interests, the overall interests of all shareholders and the sustainable development of the Company;</b></p> <p><b>3. The Company prefers the distribution of profits by cash dividends.</b></p>	<p>Article 152 of the Guidelines for the Articles of Association, Notice on Further Implementing Cash Dividend of Listed Companies, Regulatory Guidance for Listed Companies No.3 — Cash Dividend by Listed Companies, Guidance by Shanghai Stock Exchange on Cash Dividend by Listed Companies</p>

Before	After	Basis / description
	<p>(2) Specific policies of profit distribution</p> <p>1. Form of profit distribution: Under the premise of complying with the relevant laws and regulations, the relevant provisions and conditions of the normative documents, and maintaining the continuity and stability of the profit distribution policy, the Company may distribute profit by distributing cash dividends, distributing stock dividends or both. The Board of the Company may formulate annual or interim dividend distribution plans according to the Company's current size of profit, cash flow, stage of development and capital demand.</p> <p><b><u>2. Specific conditions and proportions of the Company's cash dividends: Except for special circumstances, if the Company's profit in the current year and the accumulated undistributed profit are positive, the Company will prefer the cash distribution of dividends after the full withdrawal of the statutory surplus reserve fund and any discretionary reserve fund. Under the condition of cash dividends, the annual profit distributed in cash is not less than 25% of the distributable profits realized in the current year.</u></b></p> <p><b><u>Special circumstances mean:</u></b></p> <p>(i) Affected by force majeure events (such as wars, natural disasters, etc.), the Company's production and operation are greatly affected;</p> <p>(ii) The net cash flow from operating activities in the current year is negative, and the implementation of cash dividends will affect the Company's subsequent sustainable operations;</p>	

Before	After	Basis / description
	<p>(iii) <u>The audit institution did not issue a standard unqualified audit report on the Company's financial report for the year;</u></p> <p>(iv) <u>The Company has a major investment plan or other significant cash expenditures (except for funding projects).</u></p> <p><u>A major investment plan or significant cash expenditure means that the cumulative amount of the Company's proposed external investment, acquisition of assets or purchase of equipment in the next 12 months reaches or exceeds 30% of the Company's latest audited net assets.</u></p> <p><u>3. The specific conditions for the Company to distribute stock dividends: The Company is in good operating condition, and the Board believes that the Company's stock price does not match the Company's share capital, and the distribution of stock dividends is in the overall interests of all shareholders of the Company as a whole. Provided that the conditions for cash dividends set out above have been met, the stock dividend distribution plan may be proposed. When the Company adopts stock dividends for profit distribution, it should be based on the premise of giving shareholders reasonable cash dividends and maintaining the appropriate share capital, taking into account the real and reasonable factors such as the Company's growth and the dilution of net assets per share.</u></p>	

Before	After	Basis / description
	<p data-bbox="667 349 1056 409">(3) <u>Differentiated cash dividend distribution policy</u></p> <p data-bbox="667 423 1056 801"><b><u>The Board of the Company shall distinguish the following circumstances after taking into account various factors including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement, and stipulate differentiated cash dividend policy in accordance with the procedures set out in these Articles of Association:</u></b></p> <ol data-bbox="667 815 1056 1608" style="list-style-type: none"> <li data-bbox="667 815 1056 1077">1. Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits;</li> <li data-bbox="667 1081 1056 1344">2. Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits;</li> <li data-bbox="667 1348 1056 1608">3. Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when distributing its profits.</li> </ol> <p data-bbox="667 1621 1056 1968"><b><u>Where it is difficult to identify the development stage of the Company but there is substantial capital expenditure arrangement, dividend distribution may be dealt with in accordance with the preceding provisions. The specific stage in which the Company conducts profit distribution shall be determined by the Board of the Company according to the specific circumstances.</u></b></p>	

Before	After	Basis / description
	<p>(4) Decision-making procedures and mechanisms for the Company's profit distribution</p> <ol style="list-style-type: none"> <li>1. The Company's profit distribution plan shall be prepared by the management and shall be submitted to the Board and the Board of Supervisors for consideration. The Board fully discusses the rationality of the profit distribution plan, and submits a special proposal to the general meeting for deliberation. When the Company achieved profitability in the previous financial year, but the Board does not make cash dividends or distribute profits according to the percentage of cash dividend stipulated in the Company's Articles of Association, the independent non-executive directors should issue independent opinions. The Company should provide online voting methods to facilitate the public Shareholders to participate in the general meeting to vote;</li> <li>2. When the Company formulates a specific plan for cash dividends, the Board should seriously study and demonstrate the timing, conditions and minimum proportion of the Company's cash dividends, the conditions for adjustment and the requirements for decision-making procedures. Independent non-executive directors should express independent opinions. Independent non-executive directors may collect opinions from minority shareholders, propose dividends, and submit them directly to the Board for consideration;</li> <li>3. Before the general meeting deliberates on the specific plan for cash dividends, the Company shall communicate and exchange opinion with shareholders (especially small and medium shareholders) through various channels (including but not limited to telephone, fax, email, onsite reception, etc.), and fully listen to the opinions and appeals of the small and medium shareholders and promptly reply to the concerns of the small and medium shareholders;</li> </ol>	



Before	After	Basis / description
	<p>4. <u>When the Company does not make cash dividends due to the special circumstances specified above, the Board will give special explanations on the specific reasons for not paying cash dividends, the exact use of retained earnings of the Company and the expected investment income, and, after the independent non-executive directors express their opinions, submit the same to the general meeting for review and disclose the same in the Company's designated media.</u></p> <p>(5) Adjustment of the Company's profit distribution policy</p> <p><b><u>If there is force majeure such as war or natural disaster, or changes in the Company's external business environment (such as change of national policies and regulations), which have a material impact on the Company's production and operation, or when the Company's own business conditions change greatly, the Company may adjust its policy on profit distribution.</u></b></p> <p><b><u>The Company's adjustment to the profit distribution policy shall be specially discussed by the Board, and the reasons for the adjustment shall be discussed in detail, and the written argumentation report shall be submitted to the general meeting of shareholders for approval by way of special resolution, after being reviewed by independent non-executive directors. When considering changes to the profit distribution policy, the Company shall provide shareholders with an online voting channel. When the general meeting considers the changes in the profit distribution plan policy, the opinions of the small and medium shareholders should be fully considered.</u></b></p>	

Before	After	Basis / description
<p>Article 224 The internal audit system and the duties of the audit personnel shall be implemented upon the approval of the Board. Person in charge of the audit shall be responsible to and report to the Board.</p>	<p>Article 225 The internal audit system and the duties of the auditors shall be implemented after approval by the Board. The person in charge of the audit is responsible to the Board for reporting work. <b><u>The internal audit department of the Company is responsible to the Audit and Risk Management Committee and reports to the Audit and Risk Management Committee.</u></b></p>	<p>Article 15 of the Guidelines on the Operating of the Audit Committee under the Board of Directors of Listed Companies issued by the Shanghai Stock Exchange</p>
<p>Article 225 The Company shall engage an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual report and review the Company's other financial reports.</p>	<p>Article <b><u>226</u></b> <b><u>The Company shall employ independent accounting firms that meet the relevant requirements of laws of the PRC and have relevant business qualification for activities related to securities to carry out auditing of the account statements, verification of net assets and other related advisory services.</u></b>  <del>The Company shall engage an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual report and review the Company's other financial reports</del></p> <p><b><u>The engagement of an accounting firm by the Company must be decided by shareholders at the general meeting. The Board must not appoint an accounting firm before the decision of the general meeting.</u></b></p> <p><b><u>The Company guarantees to provide real and complete accounting documents, accounting books, financial accounting reports and other accounting materials to the accounting firm, and may not refuse to, conceal or lie in providing such materials.</u></b></p>	<p>Articles 159 and 160 of the Guidelines for the Articles of Association</p>
<p>Article 226 The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which they were appointed until the conclusion of the next annual general meeting of shareholders.</p>	<p>Article <b><u>227</u></b> The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which they were appointed until the conclusion of the next annual general meeting of shareholders. <b><u>The Company can renew the appointment upon expiry.</u></b></p>	<p>Article 158 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 240 Should the Company dissolve due to reasons stipulated in the items (1), (4) and (5) of Article 239, it shall set up a liquidation committee to begin liquidation within 15 days after the occurrence of the dissolution event. The liquidation committee shall comprise members determined by the resolutions of the shareholders’ general meeting, failing which creditors may apply to the People’s court for the establishment of a liquidation committee comprising designated persons.</p> <p>If the Company is to be dissolved pursuant to item (3) of Article 239 of these Articles of Association, the People’s Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.</p>	<p>Article <del>241</del><sup>241</sup> Should the Company dissolve due to reasons stipulated in the items (1), (4) and (5) of Article <del>240</del><sup>239</sup>, it shall set up a liquidation committee to begin liquidation within 15 days after the occurrence of the dissolution event. The liquidation committee shall comprise members determined by the resolutions of the shareholders’ general meeting, failing which creditors may apply to the People’s court for the establishment of a liquidation committee comprising designated persons.</p> <p>If the Company is to be dissolved pursuant to item (3) of Article <del>240</del><sup>239</sup> of these Articles of Association, the People’s Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.</p>	<p>Adjustment to the cited clause number</p>
<p>Article 250 Any amendment to these Articles of Association involving anything set out in the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas shall become effective upon approval by the company approval department authorized by the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for the changes in accordance with the laws.</p>	<p>Article <b><u>251 Any amendment to these Articles of Association which shall be reviewed and approved by the competent authority</u></b><del>involving anything set out in the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas shall become effective upon approval by the company approval department authorized by the State Council,</del> <b><u>it shall be reported to the competent authority for approval.</u></b></p> <p>If there is any change relating to the registered particulars of the Company, application shall be made for the changes in registration in accordance with the laws.</p>	<p>Article 189 of the Guidelines for the Articles of Association</p>

**APPENDIX VI**

**COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

<b>Before</b>	<b>After</b>	<b>Basis / description</b>
<p>Article 254 Where a notice of the Company is delivered by hand, the addressee shall sign (or stamp) on the receipt of the delivery and the date of acknowledgement of receipt signed by the addressee shall be deemed as the date of delivery;</p> <p>Where a notice of the Company is sent by post, 48 hours after the date on which the notice is delivered to post office shall be deemed as the date of delivery;</p> <p>Where a notice of the Company is made by facsimile or email, or on websites, the date of issue shall be deemed as the date of delivery;</p> <p>Where a notice of the Company is made via announcement, the date on which the announcement is published for the first time shall be deemed as the date of delivery.</p>	<p>Article <b>255</b> Where a notice of the Company is delivered by hand, the addressee shall sign (or stamp) on the receipt of the delivery and the date of acknowledgement of receipt signed by the addressee shall be deemed as the date of delivery;</p> <p>Where a notice of the Company is sent by post, 48 hours after the date on which the notice is delivered to post office shall be deemed as the date of delivery;</p> <p>Where a notice of the Company is made by facsimile or email, or on websites, the date of issue shall be deemed as the date of delivery;</p> <p>Where a notice of the Company is made via announcement, the date on which the announcement is published for the first time shall be deemed as the date of delivery. <u>Once the announcement is made, all relevant parties shall be deemed to have been notified.</u></p>	<p>Article 164 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 259 Unless otherwise required by the context, the following terms used in these Articles of Association shall have the meanings assigned to them below:</p> <p>(1) “lineal relatives” means spouse, parents and children.</p> <p>(2) “major social relations” means siblings, spouse’s parents, children’s spouses, siblings’ spouses and spouse’s siblings.</p> <p>(3) “all the directors” means all of the members of the Board specified in these Articles of Association.</p>	<p>Article <b>260</b> Unless otherwise required by the context, the following terms used in these Articles of Association shall have the meanings assigned to them below:</p> <p><del>(1) “lineal relatives” means spouse, parents and children;</del></p> <p><del>(2) “major social relations” means siblings, spouse’s parents, children’s spouses, siblings’ spouses and spouse’s siblings;</del></p> <p><b>(1)</b> “all the directors” means all of the members of the Board specified in these Articles of Association.</p> <p><b>(2)</b> “all the supervisors” means all of the members of the Supervisory Committee as specified in these Articles of Association.</p> <p><b>(3)</b> “other senior management members” means the Company’s Vice Presidents, Chief Accountant, Secretary to the Board, <b><u>general counsel and other management members confirmed by the Company.</u></b></p>	<p>Article 4.1.6 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange, Article 192 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>(4) “all the supervisors” means all of the members of the Supervisory Committee as specified in these Articles of Association.</p> <p>(5) “other senior management members” means the Company’s Vice Presidents, Chief Accountant and Secretary to the Board.</p> <p>(6) “RMB” means the lawful currency of the People’s Republic of China.</p> <p>(7) “laws” means the applicable laws, administrative regulations, ministerial level rules and regulations, local regulations, local government rules and regulations and legally binding government regulatory documents current in the PRC on the effective date of these Articles of Association and those as issued or amended from time to time; however, when used together with “regulations”, and only then, means the legal norms adopted by the National People’s Congress and its Standing Committee.</p> <p>(8) “regulations” means legal norms formulated by the State Council pursuant to the Constitution and laws, and promulgated in the form of Orders of the State Council.</p> <p>(9) “subsidiary” means a company that is directly or indirectly controlled by the Company, that has legal person status and that independently bears civil liability.</p> <p>(10) “controlling shareholder” means a person that satisfies any of the following conditions.</p> <p>1. he or she, acting alone or in concert with others, has the power to elect at least one half of the directors;</p>	<p><u>(4)</u> “RMB” means the lawful currency of the People’s Republic of China.</p> <p><u>(5)</u> “laws” means the applicable laws, administrative regulations, ministerial level rules and regulations, local regulations, local government rules and regulations and legally binding government regulatory documents current in the PRC on the effective date of these Articles of Association and those as issued or amended from time to time; however, when used together with “regulations”, and only then, means the legal norms adopted by the National People’s Congress and its Standing Committee.</p> <p><u>(6)</u> “regulations” means legal norms formulated by the State Council pursuant to the Constitution and laws, and promulgated in the form of Orders of the State Council.</p> <p><u>(7)</u> “subsidiary” means a company that is directly or indirectly controlled by the Company, that has legal person status and that independently bears civil liability.</p> <p><u>(8)</u> “controlling shareholder” means a person that satisfies any of the following conditions:</p> <p>1. he or she, acting alone or in concert with others, has the power to elect at least one half of the directors;</p> <p>2. he or she, acting alone or in concert with others, has the power to exercise or to control the exercise of at least 30% of the Company’s voting rights;</p>	

Before	After	Basis / description
<p>2. he or she, acting alone or in concert with others, has the power to exercise or to control the exercise of at least 30% of the Company's voting rights;</p> <p>3. he or she, acting alone or in concert with others, holds at least 30% of the outstanding shares of the Company;</p> <p>4. he or she, acting alone or in concert with others, actually controls the Company in any other manner.</p> <p>(11) "acting in concert" means two or more persons who, by way of agreement (whether verbal or in writing) or other arrangements enlarge the proportion of the shares in the Company which are under their control or consolidate their control over the Company, so that when a vote is taken, the same expression of opinions will be made.</p> <p>(12) "de facto controller" means a person who, although not a shareholder of the Company, is nevertheless able to actually direct the acts of the Company by virtue of an investment relationship, agreement or other arrangement.</p>	<p>3. he or she, acting alone or in concert with others, holds at least 30% of the outstanding shares of the Company;</p> <p>4. he or she, acting alone or in concert with others, actually controls the Company in any other manner.</p> <p><b>(9)</b> "acting in concert" means two or more persons who, by way of agreement (whether verbal or in writing) or other arrangements enlarge the proportion of the shares in the Company which are under their control or consolidate their control over the Company, so that when a vote is taken, the same expression of opinions will be made.</p> <p><b>(10)</b> "de facto controller" means a person who, although not a shareholder of the Company, is nevertheless able to actually direct the acts of the Company by virtue of an investment relationship, agreement or other arrangement. <b><u>The Company shall objectively and cautiously determine the ownership of control according to the shareholding structure, the nomination, appointment and dismissal of directors and senior management members, and other internal governance.</u></b></p> <p><b>(11)</b> "connected relationship" means the relationship between the Company's controlling shareholder, de facto controller, a director, Chief Executive Officer and other senior management members (including their associates as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited) on the one hand and an enterprise he or she directly or indirectly controls on the other hand, as well as any other relationship that may result in a diversion of the Company's interests; however, enterprises controlled by the state shall not be deemed to have a connected relationship merely by virtue the fact that such enterprises are under the common control of the state.</p>	

Before	After	Basis / description
<p>(13) “connected relationship” means the relationship between the Company’s controlling shareholder, de facto controller, a director, Chief Executive Officer and other senior management members(including their associates as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited) on the one hand and an enterprise he or she directly or indirectly controls on the other hand, as well as any other relationship that may result in a diversion of the Company’s interests; however, enterprises controlled by the state shall not be deemed to have a connected relationship merely by virtue the fact that such enterprises are under the common control of the state.</p>		
<p>Article 261 The Board shall be responsible for the interpretation of these Articles of Association.</p>	<p>Article 262 The Board shall be responsible for the interpretation of these Articles of Association. <b><u>The Board of Directors may formulate the Articles of Association in accordance with the provisions of the Memorandum of the Articles of Association. The Articles of Association may not conflict with the provisions of the Memorandum of the Articles of Association.</u></b></p> <p><b><u>The matters not covered in the Articles of Association shall be dealt with in accordance with the laws, administrative regulations and the securities supervision and management rules of the places where the Company’s shares are listed, in conjunction with the actual circumstances of the Company. In the event that the Articles of Association is in conflict with the newly promulgated laws, administrative regulations and the securities supervision and administration rules of the places where the Company’s shares are listed, such newly promulgated laws, administrative regulations or the securities supervision and management rules of the places where the Company’s shares are listed shall prevail.</u></b></p>	<p>Article 196 of the Guidelines for the Articles of Association</p>



**MAIN AMENDMENTS TABLE  
OF THE RULES OF PROCEDURE FOR GENERAL MEETINGS  
OF CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\***

Before	After	Basis / description
<p>Article 6 The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:</p> <p>(1) to decide on the operating policies and investment plans of the Company;</p> <p>(2) to elect and replace Directors and to determine the remuneration of the relevant Directors;</p> <p>(3) to elect and replace supervisors who are not staff representatives and to determine the remuneration of the relevant supervisors;</p> <p>(4) to consider and approve the reports of the Board;</p> <p>(5) to consider and approve the reports of the supervisory committee;</p> <p>(6) to consider and approve the proposed annual financial budgets and final accounts of the Company;</p> <p>(7) to consider and approve the profit distribution plans and loss recovery plans of the Company;</p>	<p>Article 6 The general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:</p> <p>(1) to decide on the operating policies and investment plans of the Company;</p> <p>(2) to elect and replace Directors <b>who are not employee's representatives</b> and to determine the remuneration of the relevant Directors;</p> <p>(3) to elect and replace supervisors who are not staff representatives and to determine the remuneration of the relevant supervisors;</p> <p>(4) to consider and approve the reports of the Board;</p> <p>(5) to consider and approve the reports of the supervisory committee;</p> <p>(6) to consider and approve the proposed annual financial budgets and final accounts of the Company;</p> <p>(7) to consider and approve the profit distribution plans and loss recovery plans of the Company;</p>	<p>Articles 51 and 142 of the Company Law, the Articles of Association</p>

**APPENDIX VII**

**COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURES FOR THE GENERAL MEETINGS**

<b>Before</b>	<b>After</b>	<b>Basis / description</b>
<p>(8) to resolve on any increase or reduction of registered capital of the Company;</p> <p>(9) to resolve on the issue of bonds, any class of shares, warrants and other similar securities of the Company;</p> <p>(10) to resolve on matters such as merger, division, dissolution, liquidation or conversion of corporate form of the Company;</p> <p>(11) to amend these Articles of Association, to consider and approve rules of procedures of the general meeting, rules of procedures of meetings of the Board and Rules of Procedure for the Supervisory Committee;</p> <p>(12) to resolve on the appointments, dismissals or non-renewal of accounting firms;</p> <p>(13) to consider and approve matters relating to external guarantees as provided in Article 7;</p> <p>(14) to consider the resolutions proposed by the shareholders individually or jointly holding more than 3% of the shares with voting rights;</p> <p>(15) to consider matters relating to the purchase, sales material assets by the Company within one year with an aggregate value more than 30% of the Company's latest audited total assets;</p>	<p>(8) to resolve on any increase or reduction of registered capital of the Company;</p> <p>(9) to resolve on the issue of bonds, any class of shares, warrants and other similar securities of the Company;</p> <p>(10) to resolve on matters such as merger, division, dissolution, liquidation or conversion of corporate form of the Company;</p> <p>(11) to amend these Articles of Association, to consider and approve rules of procedures of the general meeting, rules of procedures of meetings of the Board and Rules of Procedure for the Supervisory Committee; <del>(d 2)</del> on the appointments, dismissals or non-renewal of accounting firms;</p> <p>(13) to consider and approve matters relating to external guarantees as provided in Article 7;</p> <p>(14) to consider the resolutions proposed by the shareholders individually or jointly holding more than 3% of the shares with voting rights;</p> <p>(15) to consider matters relating to the purchase, sales material assets by the Company within one year with an aggregate value more than 30% of the Company's latest audited total assets;</p>	

APPENDIX VII

COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURES FOR THE GENERAL MEETINGS

Before	After	Basis / description
<p>(16) to consider and approve matters relating to change of the use of proceeds;</p> <p>(17) to consider the share incentive plan(s);</p> <p>(18) to consider the transactions which are required to considered and approved at the general meetings as required by the laws, regulations and regulatory rules in the place where the Company's shares are listed;</p> <p>(19) to resolve on the repurchasing the shares of the Company;</p> <p>(20) to decide on the Company's donation and sponsorship plans with a single amount in excess of RMB 5 million;</p> <p>(21) to consider other matters to be resolved at the general meetings as required by the laws, regulations and regulatory rules in the place where the Company's shares are listed or the provisions of these Articles of Association.</p>	<p>(16) to consider and approve matters relating to change of the use of proceeds;</p> <p>(17) to consider the share incentive plan (s);</p> <p><u>(18) to decide on the Company's donation and sponsorship plans with a single amount in excess of RMB 5 million;</u>  <del>to consider the transactions which are required to considered and approved at the general meetings as required by the laws, regulations and regulatory rules in the place where the Company's shares are listed;</del></p> <p><u>(19) to consider and approve the annual reports of the Company; to resolve on the repurchasing the shares of the Company</u></p> <p><del>(20) to decide on the Company's donation and sponsorship plans with a single amount in excess of RMB 5 million;</del></p> <p>(21) to consider other matters to be resolved at the general meetings as required by the laws, regulations and <u>securities</u> regulatory rules in the places where the Company's shares are listed or the provisions of these Articles of Association.</p>	

Before	After	Basis / description
<p>Article 7 The following external guarantees provided by the Company are subject to the consideration and approval of the general meeting:</p> <p>(1) any guarantee provided after the total amount of external guarantees of the Company and its subsidiaries has reached or exceeded 50% of the latest audited net assets of the Company;</p> <p>(2) any guarantee provided after the total amount of external guarantees provided by the Company has reached or exceeded 30% of the latest audited total assets of the Company;</p> <p>(3) a guarantee provided for other parties with an asset-liability ratio in excess of 70%;</p> <p>(4) a single guarantee amount in excess of 10% of the latest audited net assets of the Company;</p> <p>(5) guarantee provided to shareholders, de facto controllers and their related parties.</p>	<p>Article 7 The following external guarantees provided by the Company are subject to the consideration and approval of the general meeting:</p> <p>(1) <b><u>a single</u></b> guarantee <b><u>amount</u></b> in excess of <b><u>10%</u></b> of the latest audited net assets; <del>any guarantee provided after the total amount of external guarantees of the Company and its subsidiaries has reached or exceeded 50% of the latest audited net assets of the Company;</del></p> <p>(2) any guarantee provided after the total amount of external guarantees of the Company <b><u>and its controlling subsidiaries</u></b> has <del>reached or</del> exceeded <b><u>50%</u></b> of the latest audited <b><u>net assets of the Company;</u></b></p> <p>(3) a guarantee provided for other parties with an asset-liability ratio in excess of 70%;</p> <p>(4) <b><u>the amount of</u></b> a <b><u>single</u></b> guarantee exceeds 30% <del>10%</del> of the latest audited <b><u>total assets</u></b> <del>net assets</del> of the Company <b><u>in accordance with the principle of cumulative calculation of the guarantee amount for 12 consecutive months;</u></b></p> <p>(5) guarantee provided to shareholders, de facto controllers and their connected related parties;</p> <p><b><u>(6) other guarantees subject to consideration at the general meeting as stipulated by laws, administrative regulations and securities regulatory rules of the places where the Company's shares are listed.</u></b></p>	<p>Article 7.1.17 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

Before	After	Basis / description
	<p>The guarantee in paragraph (4) above shall be passed by more than two-thirds of votes cast by the shareholders attending the general meeting. If the Company provides guarantees for wholly-owned subsidiaries, or for a controlling subsidiary and other shareholders of such controlling subsidiary provide the same proportion of guarantee in accordance with their rights and interests, without prejudice to the interests of the Company, the Company may be exempted from the application of the preceding paragraphs (1) to (3). The Company shall disclose a summary of the above guarantees in the annual report and interim report.</p>	

Before	After	Basis / description
<b>Section 3 Holding of General Meetings</b>		
<p>Article 10 General meetings shall be in the form of annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months after the end of the previous accounting year.</p>	<p>Article 10 General meetings shall be in the form of annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months after the end of the previous accounting year. <b><u>The extraordinary general meeting shall be convened from time to time. In the event of the circumstances set out in Article 11 of these rules, the extraordinary general meeting shall be convened within 2 months. If the Company is unable to hold a general meeting within the prescribed period, it shall disclose the reasons and solutions before the expiration of the prescribed period.</u></b></p>	<p>Article 43 of the Guidelines for the Articles of Association, Article 4.3.6 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

Before	After	Basis / description
<p>Article 15 Where shareholders request to hold an extraordinary general meeting or class meeting, the following procedures shall be followed:</p> <p>(1) Shareholders who individually or jointly hold 10% or more of the voting shares at the proposed meeting may make a proposal to the Board on holding an extraordinary general meeting or class meeting by signing one or several written requests with same contents in the same format and define the meeting agenda. The above shareholders shall guarantee that the contents of the proposal shall be in compliance with the laws, regulations and these Articles of Association. The Board shall convene such meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares shall be calculated as of the close of the date or, if it falls on a non-trading date, the prior trading date on which such shareholders request to convene the meeting in writing.</p>	<p>Article 15 Where shareholders request to hold an extraordinary general meeting or class meeting, the following procedures shall be followed:</p> <p>(1) Shareholders who individually or jointly hold 10% or more of the voting shares <b>of the Company</b> at the proposed meeting may make a proposal to the Board on holding an extraordinary general meeting or class meeting by signing one or several written requests with same contents in the same format and define the meeting agenda. The above shareholders shall guarantee that the contents of the proposal shall be in compliance with the laws, regulations and these Articles of Association. <b><u>The Board shall, in accordance with the provisions of laws, regulations and the Articles of Association, submit written feedback on the agreement or disagreement to convene an extraordinary general meeting or a class shareholder meeting within 10 days after receiving the above written request, without undue delay.</u></b> <del>The Board shall, in accordance with the provisions of laws, regulations and these Articles of Association, submit written feedback on the agreement or disagreement to convene an extraordinary general meeting or a class meeting within 10 days after receiving the above written request, without undue delay. The Board shall convene such meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares shall be calculated as of the close of the date or, if it falls on a non-trading date, the prior trading date on which such shareholders request to convene the meeting in writing.</del></p>	<p>Article 48 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>(2) If the Board is unable to or fails to perform its duty of convening the general meeting or class meeting, the supervisory committee shall convene and preside over such meeting in a timely manner; if the supervisory committee cannot convene and preside over such meeting, shareholders who individually or jointly hold 10% of the shares for more than 90 consecutive days may independently convene and preside over such meeting.</p>	<p><u>Where (2) the Board <b>agrees to convene</b> is unable to or fails to perform the duty of convening the an extraordinary general meeting or a class meeting, <b>it shall, within 5 days after adopting the resolution of the Board of Directors, issue a notice of a general meeting, and any change to the original request in the notice shall be subject to the consent of the relevant shareholders.</b></u></p> <p><u>Where the Board of Directors does not agree to convene an extraordinary general meeting or a class meeting, or if it does not give any feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the shares with voting rights of the Company at the proposed meeting, are entitled to propose to convene an extraordinary general meeting or a class meeting with the supervisory committee, and shall make such request to the supervisory committee in writing. shall convene and preside over such meeting in a timely manner;</u></p> <p><u>Where the supervisory committee agrees to convene an extraordinary general meeting or a class meeting, it shall, within 5 days of receiving the request, issue a notice of a general meeting and any change to the original request in the notice shall be subject to the consent of the relevant shareholders.</u></p> <p><u>If the supervisory committee fails to issue a notice of general meeting within the prescribed time limit, it shall be deemed that the supervisory committee does not convene and preside over the general meeting, and shareholders who individually or collectively hold more than 10% of the shares with voting rights of the Company at the proposed meeting for more than 90 consecutive days may independently convene and preside over such meeting.</u></p>	



Before	After	Basis / description
<p>Article 16 If the supervisory committee or shareholders decide(s) to independently convene a general meeting, it or they must notify the Board in writing and report the same to the local branch of the securities supervision and management authority under the State council and the stock exchange of the place where the Company's shares are listed, and issue the notice of general meeting as required by the convening procedure of general meetings therein. In addition to complying with the provisions of Articles of Association and Article 25 of these Rules, the contents of the notice shall also conform to the following provisions:</p> <p>(1) No new content is added to the proposal. Otherwise, the shareholder or the supervisory committee who proposes the general meeting shall request to the Board of Directors to convene an extraordinary general meeting in accordance with the above procedures;</p> <p>(2) The place of the meeting shall be where the Company is located.</p> <p>Before the announcement of the resolutions of the general meeting, the shareholding of shareholders presented shall not be less than 10%.</p>	<p>Article 16 If the supervisory committee or shareholders decide(s) to independently convene a general meeting, it or they must notify the Board in writing and report the same to the local branch of the <u>China Securities Regulatory Commission ("CSRC")</u> <del>securities supervision and management authority under the State council</del> and the stock exchanges of the places where the Company's shares are listed, and issue the notice of general meeting as required by the convening procedure of general meetings therein. In addition to complying with the provisions of Articles of Association and Article 25 of these Rules, the contents of the notice shall also conform to the following provisions:</p> <p>(1) No new content is added to the proposal. Otherwise, the shareholder or the supervisory committee who proposes the general meeting shall request to the Board of Directors to convene an extraordinary general meeting in accordance with the above procedures;</p> <p>(2) The place of the meeting shall be where the Company is located.</p> <p>Before the announcement of the resolutions of the general meeting, the shareholding of shareholders presented shall not be less than 10%.</p> <p><u>When giving the notice of the general meeting to shareholders and making the announcement on the resolutions thereof, the Company shall submit relevant certification materials to the local branch of the CSRC where the Company is located and the stock exchanges where the Company's shares are listed.</u></p>	<p>Article 49 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 20 In the event the Company convenes a general meeting, the Board, the supervisory committee or shareholders individually or jointly holding an aggregate of 3% or more of the Company’s shares with voting rights are entitled to submit proposals to the Company.</p> <p>Shareholders individually or jointly holding 3% or more of the Company’s shares may submit ad hoc proposals to the convener of a general meeting in writing ten days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting and announce the name of shareholder who proposes the ad hoc proposals and its shareholding percentage, content of such ad hoc proposals within two days after receipt thereof.</p> <p>Except as provided in the preceding paragraph, the convener of a general meeting shall not amend the proposals set out in the notice of the general meeting or add any new proposals subsequent to the issue of the notice of the general meeting.</p> <p>The general meeting shall not carry out the voting and adopt resolutions on the proposals that are not stated in the notice of the general meeting or fails to meet the requirements under Article 19.</p>	<p>Article 20 In the event the Company convenes a general meeting, the Board, the supervisory committee or shareholders individually or <b>in aggregate</b> <del>jointly</del> holding <del>an aggregate of</del> 3% or more of the Company’s shares with voting rights are entitled to submit proposals <b>in writing</b> to the Company.</p> <p>Shareholders individually or jointly holding 3% or more of the Company’s shares may submit ad hoc proposals to the convener of a general meeting in writing ten days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting and announce the name of shareholder who proposes the ad hoc proposals and its shareholding percentage, content of such ad hoc proposals within two days after receipt thereof.</p> <p>Except as provided in the preceding paragraph, the convener of a general meeting shall not amend the proposals set out in the notice of the general meeting or add any new proposals subsequent to the issue of the notice of the general meeting.</p> <p>The general meeting shall not carry out the voting and adopt resolutions on the proposals that are not stated in the notice of the general meeting or fails to meet the requirements under Article 19.</p>	<p>Article 53 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 25 The notice of a general meeting shall contain the following:</p> <ol style="list-style-type: none"> <li>(1) be made in writing;</li> <li>(2) specify the time, place and duration of the meeting;</li> <li>(3) the issues and proposals to be considered and approved at the meeting;</li> <li>(4) provide to the shareholders the information and explanations necessary to make informed decisions on the matters to be discussed. Without limiting the generality of the foregoing, when the Company proposes a merger, repurchase of shares, restructuring of share capital or other reorganization, it shall provide the specific conditions and contract (if any) of the transactions contemplated and duly explain the reason and effect of the transactions;</li> <li>(5) contain a disclosure of the nature and extent of the material interests, if any, of any directors, supervisors, the president or other senior management members in any matter to be discussed; and an explanation of the difference, if any, between the way in which the matter to be discussed would affect such directors, supervisors, the president or other senior management members in his capacity as shareholder and the way in which such matter would affect other shareholders of the same class;</li> </ol>	<p>Article 25 The notice of a general meeting shall contain the following:</p> <ol style="list-style-type: none"> <li>(1) be made in writing;</li> <li>(2) specify the time, place and duration of the meeting;</li> <li>(3) <b>state</b> the issues and proposals to be considered and approved at the meeting;</li> <li>(4) provide to the shareholders the information and explanations necessary to make informed decisions on the matters to be discussed. Without limiting the generality of the foregoing, when the Company proposes a merger, repurchase of shares, restructuring of share capital or other reorganization, it shall provide the specific conditions and contract (if any) of the transactions contemplated and duly explain the reason and effect of the transactions;</li> <li>(5) contain a disclosure of the nature and extent of the material interests, if any, of any directors, supervisors, the president or other senior management members in any matter to be discussed; and an explanation of the difference, if any, between the way in which the matter to be discussed would affect such directors, supervisors, the president or other senior management members in his capacity as shareholder and the way in which such matter would affect other shareholders of the same class;</li> </ol>	

Before	After	Basis / description
<p>(6) contain the full text of any special resolution to be put forward at the meeting;</p> <p>(7) contain conspicuously a statement that all shareholders are entitled to attend and vote at the general meeting, that they may appoint proxy(ies) in writing to attend and vote at such meeting on their behalves and that such proxies need not be shareholders of the Company;</p> <p>(8) state the time and place for serving the instruments of proxy for voting at the meeting;</p> <p>(9) set out the record date for the shareholders who are entitled to attend the meeting;</p> <p>(10) contain the name and contact information of the contact person for the meeting.</p> <p>If the independent directors are required to express their opinions on a matter to be discussed, such opinion and the reasons therefor shall be disclosed when the notice or supplementary notice of the general meeting is issued.</p>	<p>(6) contain the full text of any special resolution to be put forward at the meeting;</p> <p>(7) contain conspicuously a statement that all shareholders are entitled to attend and vote at the general meeting, that they may appoint proxy(ies) in writing to attend and vote at such meeting on their behalves and that such proxies need not be shareholders of the Company;</p> <p>(8) state the time and place for serving the instruments of proxy for voting at the meeting;</p> <p>(9) set out the record date for the shareholders who are entitled to attend the meeting;</p> <p>(10) contain the name and contact information of the contact person for the meeting.</p> <p><b><u>Notice and supplementary notice of general meetings should sufficiently and comprehensively disclose all the specific contents of all proposals.</u></b> If the independent directors are required to express their opinions on a matter to be discussed, such opinion and the reasons therefor shall be disclosed when the notice or supplementary notice of the general meeting is issued.</p>	<p>Article 55 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
	<p><u>Where the general meeting is held online or via other means, the voting time and voting procedures thereof shall be clearly stated in the notice of the general meeting. The start time of the general meeting online or in other way of voting shall not be earlier than 3:00 p.m. on the day before the on-site general meeting, and shall not be later than 9:30 a.m. on the day of the on-site general meeting. The closing time shall not be earlier than the end of the on-site general meeting at 3:00 p.m. on the same day.</u></p>	
<p>Article 26 The notice of general meetings shall confirm the equity registration date (which shall a specific day determined by the Board of Directors), and once confirmed, the equity registration date shall not be changed.</p>	<p>Article 26 The notice of general meetings shall confirm the equity registration date (which shall a specific day determined by the Board of Directors). <u>The interval between the equity registration date and the general meeting date shall be no more than seven business days. Once</u> <del>), and once</del> confirmed, the equity registration date shall not be changed.</p>	<p>Article 55 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 27 For the proposed election of directors and Supervisors to be discussed at the general meeting, the following information of candidates for directors and Supervisors shall be fully disclosed in the notice of general meeting which shall at least include the following:</p> <ol style="list-style-type: none"> <li>(1) personal particulars such as education background, work experience and part-time occupations;</li> <li>(2) whether any connected relationship with the Company or the controlling shareholder or the de facto controller of the Company exists;</li> <li>(3) disclosure of shareholdings in the Company;</li> <li>(4) whether they are subject to the punishment of the CSRC or other relevant departments and the penalty of stock exchanges;</li> <li>(5) the content as required by the regulatory rules of the places where the Company's shares are listed. The election of each director and supervisor shall be proposed separately.</li> </ol>	<p>Article 27 For the proposed election of directors and <u>supervisors who are not employee's representatives</u> <del>Supervisors</del> to be discussed at the general meeting, the following information of candidates for directors and <u>supervisors who are not employee's representatives</u> <del>Supervisors</del> shall be fully disclosed in the notice of general meeting which shall at least include the following:</p> <ol style="list-style-type: none"> <li>(1) personal particulars such as education background, work experience and part-time occupations;</li> <li>(2) whether any connected relationship with the Company or the controlling shareholder or the de facto controller of the company <del>Company</del> exists;</li> <li>(3) disclosure of shareholdings in the company <del>Company</del>;</li> <li>(4) whether they are subject to the punishment of the CSRC or other relevant departments and the penalty of stock exchanges;</li> <li>(5) other content as required by the <u>securities</u> regulatory rules of the places where the Company's shares are listed.</li> </ol> <p><u>Except the directors and supervisors who are applicable to the cumulative voting system, the</u> <del>The</del> election of each director and supervisor shall be proposed separately.</p>	<p>Article 17 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p>Article 30 The place for the general meetings shall be where the Company is located or other places provided under the Articles of Association.</p> <p>The general meeting shall be held in the form of on-site meeting.</p> <p>Shareholders may attend the general meeting and exercise voting rights in person, or by proxy who may attend and exercise voting rights within the scope of authorization. Both have the equal legal effect.</p>	<p>Article 30 The place for the general meetings shall be where the Company is located or other places provided under the Articles of Association.</p> <p>The general meeting shall be held in the form of on-site meeting.</p> <p><b><u>The Company will also offer online platform or other means to facilitate shareholders' participation in the general meeting. If a shareholder participates in a general meeting in the above manner, it shall be deemed to be present.</u></b></p> <p><b><u>When the Company convenes a general meeting, it will engage a lawyer to issue legal opinions and announcements on the following issues:</u></b></p> <ol style="list-style-type: none"> <li><b><u>(1) whether the convening and holding procedures of the general meeting are in compliance with laws, administrative regulations, the Articles of Association and the provisions herein;</u></b></li> <li><b><u>(2) whether the qualifications of the attendees and the convener are legal and valid;</u></b></li> <li><b><u>(3) whether the voting procedures and voting results of the general meeting are legal and valid;</u></b></li> <li><b><u>(4) legal opinions issued on other relevant issues at the request of the Company.</u></b></li> </ol> <p>Shareholders may attend the general meeting and exercise voting rights in person, or by proxy who may attend and exercise voting rights within the scope of authorization. Both have the equal legal effect.</p>	<p>Articles 44 and 15 of the Guidelines for the Articles of Association</p> <p>Article 15 of the Corporate Governance Standards</p>

Before	After	Basis / description
<p>Article 32 All shareholders or their proxies registered on the record date are entitled to attend the general meetings and exercise voting rights in accordance with relevant laws and regulations, the Articles of Association and the provisions herein. The company and the convener shall not reject for any reason. Any shareholders entitled to attend and vote at a general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as their proxies to attend and vote at the meeting on their behalves. The proxies so appointed by the shareholders may exercise the following rights:</p> <p>(1) the shareholder’s right to speak at the meeting;</p> <p>(2) to demand at their own discretion or, jointly with others, a poll;</p> <p>(3) to vote by show of hands or a poll. Where more than one proxy is appointed, the proxies may only exercise the voting right at a poll.</p>	<p>Article 32 All shareholders or their proxies registered on the record date are entitled to attend the general meetings and exercise voting rights in accordance with relevant laws and regulations, the Articles of Association and the provisions herein. The company and the convener shall not reject for any reason. Any shareholders entitled to attend and vote at a general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as their proxies to attend and vote at the meeting on their behalves. The proxies so appointed by the shareholders may exercise the following rights:</p> <p>(1) the shareholder’s right to speak at the meeting;</p> <p>(2) the right to demand at their own discretion or, jointly with others, a poll;</p> <p>(3) the rights to vote by <del>show of hands</del> a poll. <del>Where more than one proxy is appointed, the proxies may only exercise the voting right at a poll.</del></p>	<p>Article 86 of the Guidelines for the Articles of Association</p>



**APPENDIX VII**

**COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURES FOR THE GENERAL MEETINGS**

<b>Before</b>	<b>After</b>	<b>Basis / description</b>
<p>Article 37 The register of the attendees shall be prepared by the Company. The register shall state the names (or names of the corporations), identification card number and the address of the attendees, the number of voting shares held or represented, names of the principal (or names of the corporations) and so on.</p>	<p>Article 37 The register of the attendees shall be prepared by the Company. The register shall state the names (or names of the corporations) , identification card number and the address of the attendees, the number of voting shares held or represented, names of the principal (or names of the corporations) and so on.</p>	<p>Article 64 of the Guidelines for the Articles of Association</p>
<p>Article 38 The convener shall verify the legality of the shareholders' qualifications according to the register of shareholders provided by the securities registration and settlement institution and the overseas agency, and register the shareholders' names and the number of shares with voting rights held. The registration of the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of shares with voting rights held by them.</p>	<p>Article 38 The convener <b><u>and legal advisers retained by the Company</u></b> shall verify the legality of the shareholders' qualifications according to the register of shareholders provided by the securities registration and settlement institution and the overseas agency, and register the shareholders' names and the number of shares with voting rights held. The registration of the meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of shares with voting rights held by them.</p>	<p>Article 65 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 47 The following matters shall be adopted by way of ordinary resolutions at general meetings:</p> <p>(1) operation guidelines and investment plans of the Company;</p> <p>(2) appointment and dismissal of directors, and supervisors who are not employees' representatives, and their remuneration and the payment thereof;</p> <p>(3) work reports of the Board and the supervisory committee;</p> <p>(4) annual budget plans, final account plans of the Company;</p> <p>(5) profit distribution plans and loss recovery plans prepared by the Board;</p> <p>(6) appointment, dismissal or discontinuing the appointment of accounting firms;</p>	<p>Article 47 The following matters shall be adopted by way of ordinary resolutions at general meetings:</p> <p>(1) operation guidelines and investment plans of the Company;</p> <p>(2) appointment and dismissal of <b>directors and</b> <del>directors and</del> supervisors who are not employees' representatives, and their remuneration and the payment thereof;</p> <p>(3) work reports of the Board and the supervisory committee;</p> <p>(4) annual budget plans, final account plans of the Company;</p> <p>(5) profit distribution plans and loss recovery plans prepared by the Board;</p> <p>(6) appointment, dismissal or discontinuing the appointment of accounting firms <b><u>and the determination or the determination method of their remuneration;</u></b></p>	<p>Article 76 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>(7) matters relating to the changes in the use of proceeds;</p> <p>(8) the Company's donation and sponsorship plans in the amount of more than RMB5 million at a single time;</p> <p>(9) other matters other than those required by the laws and regulations, the securities regulatory rules of the places where the Company's shares are listed or these Articles of Association to be adopted by special resolutions.</p>	<p>(7) matters relating to the changes in the use of proceeds;</p> <p>(8) the Company's donation and sponsorship plans in the amount of more than RMB5 million at a single time;</p> <p><b>(9) <u>annual reports of the Company;</u></b></p> <p><b>(10)</b><del>(9)</del> other matters other than those required by the laws and regulations, the securities regulatory rules of the places where the Company's shares are listed or <b><u>these Articles of Association</u></b> <del>these Articles of Association</del> to be adopted by special resolutions.</p>	

Before	After	Basis / description
<p>Article 48 The following matters shall be adopted by way of special resolutions at general meetings:</p> <p>(1) increase or reduction in the registered capital of the Company;</p> <p>(2) issue of corporate bonds, shares of any class, stock warrants and other similar securities;</p> <p>(3) the division, merger, dissolution, liquidation or change in the corporate form of the Company;</p> <p>(4) amendments to these Articles of Association;</p> <p>(5) the purchases and disposals of material assets or guarantees of the Company within one year, which exceed 30% of the latest audited total assets of the Company;</p> <p>(6) the share incentive schemes;</p> <p>(7) share repurchases of the Company;</p> <p>(8) any other matters required by the laws and regulations, the securities regulatory rules of the places where the Company's shares are listed or these Articles of Association, and matters considered in an ordinary resolution adopted at a general meeting having a material impact on the Company, and thus in need of approval by a special resolution.</p>	<p>Article 48 The following matters shall be adopted by way of special resolutions at general meetings:</p> <p>(1) increase or reduction in the registered capital of the Company;</p> <p>(2) issue of corporate bonds, shares of any class, stock warrants and other similar securities;</p> <p>(3) the division, merger, dissolution, liquidation or change in the corporate form of the Company;</p> <p>(4) amendments to these Articles of Association;</p> <p>(5) the purchases and disposals of material assets or guarantees of the Company within one year, which exceed 30% of the latest audited total assets of the Company;</p> <p>(6) the share incentive schemes;</p> <p><del>(7)</del></p> <p><del>(7) share repurchases of the Company;</del></p> <p><del>(8)</del> any other matters required by the laws and regulations, the securities regulatory rules of the places where the Company's shares are listed or <b>these Articles of Association</b> <del>these Articles of Association</del>, and matters considered in an ordinary resolution adopted at a general meeting having a material impact on the Company, and thus in need of approval by a special resolution.</p>	<p>Article 77 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 49 Shareholders (including proxies) shall exercise their voting rights according to the number of shares carrying voting rights they represent, with one vote for each share.</p> <p>The Company has no voting rights for the shares it holds, and such shares are not included in the total number of shares with voting rights attending the general meeting.</p> <p>The Board of Directors, independent non-executive directors and shareholders who meet the relevant requirements can publicly solicit shareholders' voting rights. Solicitation of shareholders' voting rights shall be conducted with no pay and shall sufficiently disclose relevant information to solicited persons.</p> <p>If the Listing Rules require any shareholder to abstain from voting on a particular matter for consideration, or restrict any shareholder to vote only for or against a particular matter for consideration, and if there is any violation of the relevant requirements or restrictions, the number of votes of such shareholder or its proxy shall not be included in the voting result.</p>	<p>Article 49 Shareholders (including proxies) shall exercise their voting rights according to the number of shares carrying voting rights they represent, with one vote for each share.</p> <p><b><u>When a general meeting considers a material event affecting the interests of small and medium investors, votes by small and medium investors shall be counted separately. The results of separate counting shall be publicly disclosed in a timely manner.</u></b></p> <p><b><u>The shares of the Company held by itself do not have voting rights,</u></b> and such shares are not included in the total number of shares with voting rights attending the general meeting.</p> <p>The Board of Directors, independent non-executive directors and shareholders who meet the relevant requirements can publicly solicit shareholders' voting rights. Solicitation of shareholders' voting rights shall be conducted with no pay and shall sufficiently disclose relevant information to the solicited persons.</p> <p>If the <b><u>listing rules of the places where the Company's shares are listed</u></b> require any shareholder to abstain from voting on a particular matter for consideration, or restrict any shareholder to vote only for or against a particular matter for consideration, and if there is any violation of the relevant requirements or restrictions, the number of votes of such shareholder or its proxy shall not be included in the voting result.</p>	<p>Article 78 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 52 List of candidates for directors and supervisors shall be submitted in the form of proposals to the general meeting for vote on a case-by-case basis.</p>	<p>Article 52 List of candidates for directors and supervisors <b><u>who are not the representatives of the employees</u></b> shall be submitted in the form of proposals to the general meeting for vote on a case-by-case basis. <b><u>The election of directors and supervisors who are not the representatives of the employees shall sufficiently reflect the opinions of small and medium shareholders. If an individual shareholder and the parties acting in concert with it have 30% or more of equity interests, the general meeting shall adopt a cumulative voting system when voting on the election of directors and supervisors. The Board of Directors shall make announcement on the resumes and basic information of the director and supervisor candidates to the shareholders.</u></b></p>	<p>Article 82 of the Guidelines for the Articles of Association</p> <p>Article 17 of the Corporate Governance Standards</p>
<p>Article 53 The general meeting shall vote on each proposal individually. Where there are different proposals on the same issue, voting should be carried out in the chronological order of the proposals raised. Except special reasons, such as force majeure, resulting in the suspension of the general meetings and defer of voting on resolutions, the general meeting shall not be suspended or refuse to vote on the proposal.</p>	<p>Article 53 <b><u>Except cumulative voting system, the</u></b> <del>The</del> general meeting shall vote on each proposal individually. Where there are different proposals on the same issue, voting should be carried out in the chronological order of the proposals raised. Except special reasons, such as force majeure, resulting in the suspension of the general meetings and defer of voting on resolutions, the general meeting shall not be suspended or refuse to vote on the proposal.</p>	<p>Article 83 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 55 Voting at a general meeting shall be in the form of a show of hands unless a poll is required by the regulatory rules of the places where the Company's shares are listed, or a poll is (before or after any vote by show of hands) demanded by the following persons:</p> <ol style="list-style-type: none"> <li>(1) the chairman of the meeting;</li> <li>(2) at least two shareholders or proxies entitled to vote;</li> <li>(3) one or more shareholders (including proxies) individually or jointly holding more than 10% of all shares carrying voting rights at the meeting.</li> </ol> <p>Unless a poll is required in accordance with the preceding paragraph, the chairman of the meeting shall declare whether a resolution has been passed based on the result of a show of hands and record such result in the minutes of meeting as the conclusive evidence. There is no need to provide evidence of the number or percentage of votes in favor of or against such resolution.</p> <p>The demand for a poll may be withdrawn by the person who makes such demand.</p>	<p>Article 55 <u>General meetings</u>  <del>Voting at a general meeting shall</del>  <u>adopt voting by open ballot or other means</u> <del>be in the form of a show of hands unless a poll is</del>  required <u>under</u> <del>by the security</del>  regulatory rules of the places where the Company's shares are listed. <del>A</del>  <del>or a poll is (before or after any vote</del>  <u>can only be casted by one</u> <del>show of</del>  <del>hands) demanded by the following</del>  <u>methods, on site, online or by</u>  <u>other voting means. If one vote is</u>  <u>cast by more than one method,</u>  <u>the first vote shall prevail.</u>  <del>persons:</del></p> <ol style="list-style-type: none"> <li>(1) <del>the chairman of the meeting;</del></li> <li>(2) <del>at least two shareholders or</del>  <del>proxies entitled to vote;</del></li> <li>(3) <del>one or more shareholders</del>  <del>(including proxies)</del>  <del>individually or jointly</del>  <del>holding more than 10% of all</del>  <del>shares carrying voting rights</del>  <del>at the meeting.</del></li> </ol> <p><del>Unless a poll is required in</del>  <del>accordance with the preceding</del>  <del>paragraph, the chairman of the</del>  <del>meeting shall declare whether a</del>  <del>resolution has been passed based on</del>  <del>a show of hands and record such</del>  <del>result in the minutes of meeting as</del>  <del>the conclusive evidence. There is</del>  <del>no need to provide evidence of the</del>  <del>number or percentage of votes in</del>  <del>favor of or against such resolution.</del>  <del>The demand for a poll may be</del>  <del>withdrawn by the person who</del>  <del>makes such demand.</del></p> <p><del>The demand for a poll may be</del>  <del>withdrawn by the person who</del>  <del>makes such demand.</del></p> <p><u>Under the precondition that</u>  <u>the general meetings are legal and</u>  <u>effective, the Company shall give</u>  <u>priority to providing modern</u>  <u>information technology means</u>  <u>such as online voting platforms</u>  <u>using various methods and means</u>  <u>to facilitate the participation of</u>  <u>shareholders in the general</u>  <u>meetings.</u></p>	<p>Article 86 of the Guidelines for the Articles of Association</p>

APPENDIX VII

COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURES FOR THE GENERAL MEETINGS

Before	After	Basis / description
<p>Article 58 In a voting at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way of pros, cons or abstention. In case of an equality of votes of pros and cons, whether on a show of hands or on a poll, the chairman of the meeting shall have an additional vote.</p>	<p>Article 58 In a voting at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way of pros, cons or abstention. <del>In case of an equality of votes of pros and cons, whether on a show of hands or on a poll, the chairman of the meeting shall have an additional vote.</del></p>	<p>Article 78 of the Guidelines for the Articles of Association</p>
<p>Article 59 Before the relevant proposal is voted on at a general meeting, two representatives of the shareholders shall be elected for counting the votes and scrutinizing the poll. If a shareholder is connected with the matter under consideration, such shareholder and his proxy shall not take part in counting the votes or scrutinizing the poll.</p> <p>When the relevant proposal is being voted on at the general meeting, the representatives of shareholders, the representatives of Supervisors and the relevant persons required by the regulatory rules of the places where the Company's shares are listed shall be jointly responsible for counting the votes and scrutinizing the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposed resolution shall be recorded in the minutes of meeting.</p>	<p>Article 59 Before the relevant proposal is voted on at a general meeting, two representatives of the shareholders shall be elected for counting the votes and scrutinizing the poll. If a shareholder is connected with the matter under consideration, such shareholder and his proxy shall not take part in counting the votes or scrutinizing the poll.</p> <p>When the relevant proposal is being voted on at the general meeting, the representatives of shareholders, the representatives of Supervisors and <del>lawyers</del> <u>the relevant persons required by the regulatory rules of the places where the Company's shares are listed</u> shall be jointly responsible for counting the votes and scrutinizing the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposed resolution shall be recorded in the minutes of meeting.</p> <p><b><u>The shareholder or his proxy who votes through the online platform or other means shall have the right to check their voting results in the corresponding voting system.</u></b></p>	<p>Article 87 of the Guidelines for the Articles of Association</p>
<p>Article 60 The chairman of the general meeting shall announce the voting status and voting result for each proposal and announce whether a resolution is passed according to the voting result and make the final decision.</p>	<p>Article 60 <b><u>The on-site general meeting shall not be terminated ahead of that held via online or other means, and</u></b> the chairman of the general meeting shall announce the voting status and voting result for each proposal and announce whether a resolution is passed according to the voting result. <b><u>Before the official announcement of the voting results is made, the relevant parties, such as the companies, the counters, the scrutineers, the major shareholders, the online service providers, etc. in relation to the on-site, online and other voting methods of the general meeting shall be obliged to keep the voting status confidential.</u></b> <del>and make the final decision.</del></p>	<p>Article 88 of the Guidelines for the Articles of Association</p>



Before	After	Basis / description
<p>Article 64 Minutes of general meetings shall be taken by the Secretary to the Board and include the following information:</p> <ol style="list-style-type: none"> <li>(1) time, place and agenda of meeting, and the name of the convener;</li> <li>(2) names of the chairman of the meeting, the directors, supervisors, president and other senior management members attending or present at the meeting;</li> <li>(3) number of shareholders and proxies attending the meeting, total number of the shares carrying voting rights held by them, and the percentage of shares carrying voting rights held by them in relation to the total number of shares of the Company;</li> <li>(4) process of consideration, key points of the speech and voting results for each proposal;</li> <li>(5) shareholders' enquiries or recommendations and corresponding answers or explanations;</li> <li>(6) names of the vote counter and the scrutineer;</li> <li>(7) other matters which shall be recorded in the meeting minutes pursuant to these Articles of Association.</li> </ol>	<p>Article 64 Minutes of general meetings shall be taken by the Secretary to the Board and include the following information:</p> <ol style="list-style-type: none"> <li>(1) time, place and agenda of meeting, and the name of the convener;</li> <li>(2) names of the chairman of the meeting, the directors, supervisors, president and other senior management members attending or present at the meeting;</li> <li>(3) number of shareholders and proxies attending the meeting, total number of the shares carrying voting rights held by them, and the percentage of shares carrying voting rights held by them in relation to the total number of shares of the Company;</li> <li>(4) process of consideration, key points of the speech and voting results for each proposal;</li> <li>(5) shareholders' enquiries or recommendations and corresponding answers or explanations;</li> <li>(6) names of the <b>lawyers</b>, vote counter and the scrutineer;</li> <li>(7) other matters which shall be recorded in the meeting minutes pursuant to these Articles of Association.</li> </ol>	<p>Article 72 of the Guidelines for the Articles of Association</p>

Before	After	Basis / description
<p>Article 65 The directors, the secretary of the Board of Directors, the convener or his representative and the chairman of the meeting shall sign the minutes of the meeting and ensure that the contents of the minutes are true, accurate and complete.</p> <p>The minutes and the resolutions of the meeting, and the signature book of the attending shareholders, the proxy form(s) and the valid information related to the voting are kept as the Company's files for a period of no less than 10 years.</p>	<p>Article 65 The directors, the secretary of the Board of Directors, the convener or his representative and the chairman of the meeting shall sign the minutes of the meeting and ensure that the contents of the minutes are true, accurate and complete.</p> <p>The minutes and the resolutions of the meeting, and the signature book of the attending shareholders, the proxy form(s) and the valid information related to the voting (<b>online or by other means</b>) are kept as the Company's files for a period of no less than 10 years.</p>	<p>Article 73 of the Guidelines for the Articles of Association</p>
<p>Article 81 These rules are considered and approved at the general meeting and shall come into force on the date of the listing of the overseas shares issued by the Company on the Stock Exchange of Hong Kong Limited. From the effective date of these rules, the original Rules of Procedure for General Meetings will automatically lapse.</p>	<p>Article 81 These rules are considered and approved at the general meeting and shall come into force on the <b>date on which</b> <del>of the</del> <b>initial public offering</b> listing of <b>A</b> <del>the overseas shares of</del> issued by the Company <b>succeeds on Science and Technology Innovation Board of the Shanghai</b> <del>on the</del> Stock Exchange of Hong Kong Limited. From the effective date of these rules, the original Rules of Procedure for General Meetings will automatically lapse.</p>	<p>Revision to the effective time</p>

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**APPENDIX VIII      COMPARISON TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE FOR THE BOARD OF DIRECTORS**

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**MAIN AMENDMENTS TABLE  
OF THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS  
OF CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\***

Before	After	Basis / description
<p>Article 3 The Board shall exercise the following functions and powers:</p> <p>(1) to convene general meetings and to report on its work to the general meeting;</p> <p>(2) to implement the resolutions of the general meeting;</p> <p>(3) to decide on the business plans and investment plans of the Company;</p> <p>(4) to formulate the annual financial budgets and final accounts of the Company;</p> <p>(5) to formulate the profit distribution plans and plans for making up losses of the Company;</p> <p>(6) to formulate plans for the increase or reduction of the registered capital of the Company;</p> <p>(7) to formulate plans for the issuance of corporate bonds, any class of shares, warrants and other similar securities;</p> <p>(8) to formulate plans for significant acquisition by the Company, repurchase of shares of the Company or merger, division, reorganization or dissolution of the Company and changes in the corporate form of the Company;</p>	<p>Article 3 The Board shall exercise the following functions and powers:</p> <p>(1) to convene general meetings and to report on its work to the general meeting;</p> <p>(2) to implement the resolutions of the general meeting;</p> <p>(3) to decide on the business plans and investment plans of the Company;</p> <p>(4) to formulate the annual financial budgets and final accounts of the Company;</p> <p>(5) to formulate the profit distribution plans and plans for making up losses of the Company;</p> <p>(6) to formulate plans for the increase or reduction of the registered capital of the Company;</p> <p>(7) to formulate plans for the issuance of corporate bonds, any class of shares, warrants and other similar securities <b>and listing;</b></p> <p>(8) to formulate plans for significant acquisition by the Company, repurchase of shares of the Company or merger, division, reorganization or dissolution of the Company and changes in the corporate form of the Company;</p>	<p>Article 107 of the Guidelines for the Articles of Association</p>

**APPENDIX VIII      COMPARISON TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE FOR THE BOARD OF DIRECTORS**

Before	After	Basis / description
<p>(9) to decide on the provision by the Company of any external guarantee other than those to be approved by the general meeting as required by Article 63 of these Articles of Association;</p> <p>(10) to decide on significant acquisition or disposal within one year by the Company of assets not more than 30% of the latest audited total assets of the Company;</p> <p>(11) to decide on related transactions other than those to be approved by the general meeting as required by laws and regulations and regulatory rules in the place where shares of the Company are listed;</p> <p>(12) to decide on significant investment projects of the Company with the single amount not more than 30% of the latest audited net assets of the Company;</p> <p>(13) to decide on entrusted wealth management and asset mortgages or pledges with the accumulated amount not more than 30% of the latest audited net assets of the Company;</p> <p>(14) to decide on extra costs and expenses with the single amount not more than 10% of the latest audited net assets of the Company;</p> <p>(15) to decide on plans of external donation and sponsorship of the Company with the single amount not more than RMB5 million;</p>	<p>(9) to decide on the provision by the Company of any external guarantee other than those to be approved by the general meeting as required by Article <del>643</del> of these Articles of Association;</p> <p>(10) to decide on significant acquisition or disposal within one year by the Company of assets not more than 30% of the latest audited total assets of the Company;</p> <p>(11) to decide on related transactions <del>other than those to be approved by</del> which are <b>subject to the approval</b> by the <del>general meeting</del> <b>Board of Directors</b> but not to the consideration of the general meeting as required by laws and regulations and <b>securities</b> regulatory rules in the place where shares of the Company are listed;</p> <p>(12) to decide on significant investment projects of the Company with the single amount not more than 30% of the latest audited net assets of the Company;</p> <p>(13) to decide on entrusted wealth management and asset mortgages or pledges with the accumulated amount not more than 30% of the latest audited net assets of the Company;</p> <p>(14) to decide on extra costs and expenses with the single amount not more than 10% of the latest audited net assets of the Company;</p> <p>(15) to decide on plans of external donation and sponsorship of the Company with the single amount not more than RMB5 million;</p>	

**APPENDIX VIII      COMPARISON TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE FOR THE BOARD OF DIRECTORS**

Before	After	Basis / description
<p>(16) to formulate amendments to these Articles of Association, the Rules of Procedure for General Meetings and the Rules of Procedure for the Board;</p> <p>(17) to engage or dismiss the Company’s President and Secretary to the Board; to engage or dismiss Vice Presidents and the Chief Accountant of the Company, as proposed by the President, and decide on matters relating to their remuneration, rewards and punishments;</p> <p>(18) to decide on the establishment of the Company’s internal management organization;</p> <p>(19) to decide on the establishment of special committees under the Board and to consider and approve resolutions proposed by each special committee under the Board;</p> <p>(20) to formulate the basic management systems of the Company;</p> <p>(21) to formulate development strategies, long and medium-term development plans and corporate culture development plans, and to monitor the implementation of such plans;</p> <p>(22) to decide on the Company’s risk management system, including risk evaluation, financial control, internal audit and legal risk control, and to monitor the implementation of such systems;</p> <p>(23) to propose to the general meeting the appointment, removal or termination of re-appointment of an accounting firm;</p>	<p>(16) to formulate amendments to these Articles of Association, the Rules of Procedure for General Meetings and the Rules of Procedure for the Board;</p> <p>(17) to engage or dismiss the Company’s President and Secretary to the Board; to engage or dismiss Vice Presidents—and, the Chief Accountant, <b>general counsel and other senior management members</b> of the Company, as proposed by the President, and decide on matters relating to their remuneration, rewards and punishments;</p> <p>(18) to decide on the establishment of the Company’s internal management organization;</p> <p>(19) to decide on the establishment of special committees under the Board and to consider and approve resolutions proposed by each special committee under the Board;</p> <p>(20) to formulate the basic management systems of the Company;</p> <p>(21) to formulate development strategies, long and medium-term development plans and corporate culture development plans, and to monitor the implementation of such plans;</p> <p>(22) to decide on the Company’s risk management system, including risk evaluation, financial control, internal audit and legal risk control, and to monitor the implementation of such systems;</p> <p>(23) to propose to the general meeting the appointment, removal or termination of re-appointment of an accounting firm;</p>	

**APPENDIX VIII      COMPARISON TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE FOR THE BOARD OF DIRECTORS**

Before	After	Basis / description
<p>(24) to listen to the work reports of the Company’s President and inspect the work of the President and other senior management members;</p> <p>(25) to perform duties of corporate governance and to evaluate and improve the corporate governance of the Company regularly in accordance with the regulatory rules in the place where shares of the Company are listed;</p> <p>(26) to formulate share option incentive scheme;</p> <p>(27) to manage the Company’s information disclosure matters; and</p> <p>(28) other functions and powers provided for in laws and regulations, regulatory rules in the place where shares of the Company are listed or these Articles of Association or granted by the general meeting.</p> <p>Resolutions by the Board on the matters referred to in the preceding paragraph shall, be passed by the affirmative vote of more than one half of all of the directors with the exception of resolutions on the matters referred to in items (6), (7), (8), (16) and (26), which shall require the affirmative vote of at least two-thirds of all of the directors for adoption. When considering matters referred to in item (9), in addition to the affirmative vote of more than one half of all of the directors, the affirmative vote of at least two-thirds of all the directors present at the meeting is required for adoption.</p>	<p>(24) to listen to the work reports of the Company’s President and inspect the work of the President and other seniormanagement members;</p> <p>(25) to perform duties of corporate governance and to evaluate and improve the corporate governance of the Company regularly in accordance with the <u>securities</u> regulatory rules in the places where shares of the Company are listed;</p> <p>(26) to formulate share option incentive scheme;</p> <p>(27) to manage the Company’s information disclosure matters; and</p> <p>(28) other functions and powers provided for in laws and regulations, <u>securities</u> regulatory rules in the places where shares of the Company are listed or these Articles of Association or granted by the general meeting.</p> <p>Resolutions by the Board on the matters referred to in the preceding paragraph shall, be passed by the affirmative vote of more than one half of all of the directors with the exception of resolutions on the matters referred to in items (6), (7), (8), (16) and (26), which shall require the affirmative vote of at least two-thirds of all of the directors for adoption. When considering matters referred to in item (9), in addition to the affirmative vote of more than one half of all of the directors, the affirmative vote of at least two-thirds of all the directors present at the meeting is required for adoption.</p>	

**APPENDIX VIII      COMPARISON TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE FOR THE BOARD OF DIRECTORS**

Before	After	Basis / description
<p>The abovementioned functions and powers of the Board as well as any transaction or arrangement of the Company shall be proposed to the general meeting for approval as prescribed by the regulatory rules in the place where shares of the Company are listed.</p>	<p>The abovementioned functions and powers of the Board as well as any transaction or arrangement of the Company shall be proposed to the general meeting for approval as prescribed by the regulatory rules in the places where shares of the Company are listed, <b><u>or which fall beyond the scope of authority granted by the general meeting.</u></b></p> <p><b><u>The Board of Directors shall act in strict compliance with the authority granted by the general meeting and the Articles of Association, and may not make a resolution beyond the authority.</u></b></p>	
<p>Article 10 The Board may under its terms of reference authorize the Chairman to exercise the power of decision on the following matters:</p> <p>(i) <u>Trusted wealth management with accumulated aggregate amount not exceeding five percent (5%) of the Company's latest audited net assets;</u></p> <p>(ii) <u>Asset mortgages or pledges with individual amount not exceeding five percent (5%) of the Company's latest audited net assets;</u></p> <p>(iii) <u>Major investments with individual amount not exceeding five percent (5%) of the Company's latest audited net assets;</u></p> <p>(iv) <u>Acquisition and disposal of assets by the Company in any single year with an aggregate amount not exceeding one percent (1%) of the Company's latest audited total assets;</u></p> <p>(v) <u>Expenses beyond the budget with individual amount not exceeding one percent (1%) of the Company's latest audited net assets.</u></p>	<p>Article 10 The Board may under its terms of reference authorize the Chairman to exercise the power of decision on the following matters:</p> <p>(i) <u>Trusted wealth management with accumulated aggregate amount not exceeding five percent (5%) of the Company's latest audited net assets;</u></p> <p>(ii) <u>Asset mortgages or pledges with individual amount not exceeding five percent (5%) of the Company's latest audited net assets;</u></p> <p>(iii) <u>Major investments with individual amount not exceeding five percent (5%) of the Company's latest audited net assets;</u></p> <p>(iv) <u>Acquisition and disposal of assets by the Company in any single year with an aggregate amount not exceeding one percent (1%) of the Company's latest audited total assets;</u></p> <p>(v) <u>Expenses beyond the budget with individual amount not exceeding one percent (1%) of the Company's latest audited net assets.</u></p>	<p>the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

**APPENDIX VIII      COMPARISON TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE FOR THE BOARD OF DIRECTORS**

Before	After	Basis / description
<p>In exercising the above power of decision, the Chairman can arrange for the convening of principal's office meetings, engage professional institutions to submit an analysis report, and organize review sessions of experts in order to provide a basis for the decision.</p>	<p>In exercising the above power of decision, the Chairman can arrange for the convening of principal's office meetings, engage professional institutions to submit an analysis report, and organize review sessions of experts in order to provide a basis for the decision.</p> <p><b><u>If the above matters are subject to the approval of the Company's Board of Directors or the general meetings in accordance with the laws, regulations, or the regulatory rules of the places where the Company's shares are listed, they are required to be submitted for approval.</u></b></p>	
<p>Article 13 The Board establishes the Strategy and Investment Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Quality and Safety Committee. The Board may establish other committees and adjust existing committees when necessary.</p> <p>All of the special committees under the Board shall be accountable to the Board. All members of the Board Committees shall be comprised of directors, of which independent non-executive directors shall account for the majority of the members of the Audit and Risk Management Committee, the Nomination Committee, and the Remuneration and Appraisal Committee and shall act as the chairmen of such committees (except chairman of the nomination committee may also be chaired by the Chairman of the Board). For the Audit and Risk Management Committee, there should be at least one independent non-executive director shall be an accounting professional.</p> <p>The Board shall formulate separate rules of procedures for each special committee in relation to its composition, duties and procedures.</p>	<p>Article 13 The Board establishes the Strategy and Investment Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Quality and Safety Committee. The Board may establish other committees and adjust existing committees when necessary.</p> <p>All of the special committees under the Board shall be accountable to the Board. All members of the Board Committees shall be comprised of directors, of which independent non-executive directors shall account for the majority of the members of the Audit and Risk Management Committee, the Nomination Committee, and the Remuneration and Appraisal Committee <del>and shall act as the chairmen of such committees (except chairman of the nomination committee may also be chaired by the Chairman of the Board)</del>. <b><u>For The chairman of the Audit and Risk Management Committee, there should be at least one independent non-executive director shall be an accounting professional.</u></b></p> <p>The Board shall formulate separate <b><u>work rules</u></b> <del>rules of procedures</del> for each special committee in relation to its composition, duties and procedures.</p>	<p>Article 38 of the Corporate Governance Standards</p>



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**APPENDIX VIII      COMPARISON TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE FOR THE BOARD OF DIRECTORS**

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Before	After	Basis / description
<p>Article 15 The Board of Directors has set up an office as the standing working organisation to deal with the normal affairs of the Board.</p>	<p>Article 15 <b><u>The Company shall establish a securities business representative to assist the secretary of the Board of Directors in performing his/her duties. When the secretary of the Board is unable to perform his/her duties or with authorization by the secretary of the Board, the representative shall perform the secretary's duties on his/her behalf. During this period, the secretary of the Board of Directors shall not be exempted from the responsibility for the disclosure of the Company's information.</u></b> The Board of Directors has set up an office as the standing working organisation to deal with the normal affairs of the Board.</p>	<p>Article 4.2.10 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>
<p>Article 16 Board meetings shall be in the form of either regular meetings or extraordinary meetings. At least four regular meetings of the Board shall be convened each year by the Chairman of the Board.</p>	<p>Article 16 Board meetings shall be in the form of either regular meetings or extraordinary meetings. At least four regular meetings of the Board shall be convened each year by the Chairman of the Board. <b><u>The Board shall at least hold one regular meeting in the first and the second half of each year respectively.</u></b></p>	<p>Article 3 of the Model Rules of Procedure for the Board of Directors of Listed Companies</p>

**APPENDIX VIII      COMPARISON TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE FOR THE BOARD OF DIRECTORS**

Before	After	Basis / description
<p>Article 17 In the event of any of the following circumstances, chairman of the Board shall convene extraordinary meetings:</p> <p>(1) when proposed by shareholders representing more than one tenth of the total number of shares carrying voting rights of the Company;</p> <p>(2) when proposed by more than one half of the independent non-executive directors;</p> <p>(3) when proposed by more than one third of the directors or the president of the Company in case of emergency;</p> <p>(4) when proposed by the Supervisory Committee; or</p> <p>(5) when the chairman of the Board thinks necessary.</p>	<p>Article 17 In the event of any of the following circumstances, chairman of the Board shall convene <b><u>and preside over</u></b> extraordinary meetings <b><u>within 10 days after receiving proposals:</u></b></p> <p>(1) when proposed by shareholders representing more than one tenth of the total number of shares carrying voting rights of the Company;</p> <p>(2) when proposed by more than one half of the independent non-executive directors;</p> <p>(3) when jointly proposed by more than one third of the directors or the president of the Company <del>in case of emergency;</del></p> <p>(4) when proposed by the Supervisory Committee; <del>or</del></p> <p>(5) when the chairman of the Board thinks necessary; <b><u>or</u></b></p> <p><b><u>(6) other circumstances that are required by the laws, administrative regulations, regulatory rules of the places where the Company's shares are listed and the Articles of Association.</u></b></p>	<p>Article 115 of the Guidelines for the Articles of Association</p>

**APPENDIX VIII      COMPARISON TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE FOR THE BOARD OF DIRECTORS**

Before	After	Basis / description
<p>Article 21 When the Board convenes a regular meeting or an extraordinary meeting, the office of the Board shall deliver a written meeting notice to all of the directors and supervisors of the Company by hand, mail, fax or other means permitted by the regulatory rules in the place where shares of the Company are listed 14 days prior to the date of a regular meeting or 5 days prior to an extraordinary meeting. If service is made indirectly, additional confirmation shall be made by telephone and the appropriate record thereof shall be made accordingly.</p> <p>In the event of emergencies where an extraordinary board meeting needs to be convened as soon as possible, such notice may be served via telephone or by other verbal means, provided that an explanation shall be made at the meeting by the convener and the same is entered into the meeting minutes.</p> <p>Regular board meetings shall not be convened by way of written resolution.</p>	<p>Article 21 When the Board convenes a regular meeting or an extraordinary meeting, the office of the Board shall deliver a written meeting notice to all of the directors and supervisors of the Company by hand, mail, fax or other means permitted by the regulatory rules in the places where shares of the Company are listed 14 days prior to the date of a regular meeting or 5 days prior to an extraordinary meeting. If service is made indirectly, additional confirmation shall be made by telephone and the record thereof shall be made accordingly.</p> <p>In the event of emergencies where an extraordinary board meeting needs to be convened as soon as possible, such notice may be served via telephone or by other verbal means, provided that an explanation shall be made at the meeting by the convener and the same is entered into the meeting minutes.</p> <p>Regular board meetings shall not be convened by way of written resolution.</p> <p><b><u>The Board shall notify all directors in advance based on the prescribed time limit and provide sufficient information. If two or more independent non-executive directors view that the information is incomplete or the argument is insufficient, they may postpone the meeting or to defer the consideration of the subject matters by jointly proposing to the Board in writing. The Board shall accept and the Company shall promptly disclose the relevant information.</u></b></p>	<p>Article 31 of the Corporate Governance Standards</p>

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**APPENDIX VIII      COMPARISON TABLE OF AMENDMENTS TO THE RULES  
OF PROCEDURE FOR THE BOARD OF DIRECTORS**

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Before	After	Basis / description
<p>Article 55 These rules are considered and approved at the general meeting and shall come into force on the date of the listing of the overseas shares issued by the Company on the Stock Exchange of Hong Kong Limited. From the effective date of these rules, the original Rules will automatically lapse.</p>	<p>Article 55 These rules are considered and approved at the general meeting and shall come into force on the date <b><u>on which</u></b> of the <b><u>initial public offering</u></b> listing of <del>the overseas shares of</del> <b><u>issued by</u></b> the Company <b><u>succeeds on Science and Technology Innovation Board of the Shanghai</u></b> <del>on the</del> Stock Exchange of <del>Hong Kong Limited</del>. From the effective date of these rules, the original Rules will automatically lapse.</p>	<p>Revision to the effective time</p>

**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

**MAIN AMENDMENTS TABLE  
OF THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE  
OF CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\***

Before	After	Basis / description
<p>Article 4 The supervisory committee has set up an office as the standing entity to handle with the normal affairs of the committee. The office is responsible to the supervisory committee and report to it according to its requirements.</p>	<p>Article 4 <u>The supervisory committee has set up a</u><del>The supervisory committee has set up an office as the</del> standing entity to handle with the normal affairs of the committee. The <u>standing entity</u> is responsible to the supervisory committee and report to it according to its requirements.</p> <p><u>The chairman of the supervisory committee shall also take charge of the standing entity of the supervisory committee and keep the seal of the supervisory committee safe. The chairman of the supervisory committee may request the Company’s security business representative or other personnel to assist him in handling the daily affairs of the supervisory committee. The chairman of the supervisory committee exercises the following functions and powers:</u></p> <p>(1) <u>convening and presiding over the meetings of the supervisory committee;</u>  (2) <u>organizing the performance of the duties of the supervisory committee;</u>  (3) <u>validating and signing the reports of the supervisory committee and other important documents;</u>  (4) <u>reporting to the general meeting on behalf of the supervisory committee;</u>  (5) <u>other duties required in accordance with laws, regulations and the Articles of Association.</u></p> <p><u>If the chairman of the supervisory committee is unable to perform his or her duties or fails to perform his or her duties for any reason, a supervisor recommended by more than half of the supervisors shall perform his duties.</u></p>	<p>Article 2 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>

**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

Before	After	Basis / description
<p>Article 5 The supervisory committee shall be responsible to the general meeting and exercise the following powers in accordance with the laws:</p> <p>(1) to examine the financial affairs of the Company;</p> <p>(2) to supervise directors, the president and other members of senior management of the Company in performing their duties and to propose the removal of any director or senior management member violating any laws, administrative regulations, these Articles of Association and resolutions of the general meeting.</p> <p>(3) to demand rectification from a director, the president and any other members of senior management when the acts of such persons are harmful to the interests of the Company;</p> <p>(4) to propose the holding of extraordinary general meetings and, in the event that the Board fails to perform its duty of convening and presiding over a general meeting according to the laws, to convene and preside over such a meeting in accordance with the laws;</p> <p>(5) to submit proposals to the general meeting;</p> <p>(6) to review the regular reports of the Company prepared by the Board and to provide written review opinions thereon;</p> <p>(7) to initiate law suits against directors or the senior management members on behalf of the Company in accordance with the applicable laws;</p> <p>(8) to conduct investigation on any irregularities found in the operation of the Company. Professional organizations including accounting firms and law firms may be engaged when necessary;</p> <p>(9) to exercise other powers specified in these Articles of Association and other powers granted by the resolutions of the general meeting.</p> <p>The supervisors may attend board meetings as nonvoting attendees and may raise enquiry or give advice on the resolutions of the Board.</p>	<p>Article 5 The supervisory committee shall be responsible to the general meeting and exercise the following powers in accordance with the laws:</p> <p>(1) to examine the financial affairs of the Company;</p> <p>(2) to supervise directors, the president and other members of senior management of the Company in performing their duties and to propose the removal of any director or senior management member violating any laws, administrative regulations, these Articles of Association and resolutions of the general meeting. <b><u>If the supervisory committee finds that directors and senior management members contravene laws and regulations, relevant provisions of the stock exchanges of the places where the Company's share are listed, and the Articles of Association, it shall report to the Board of Directors or to the general meetings, and promptly disclose the same;</u></b></p> <p>(3) to demand rectification from a director, the president and any other members of senior management when the acts of such persons are harmful to the interests of the Company;</p> <p>(4) to propose the holding of extraordinary general meetings and, in the event that the Board fails to perform its duty of convening and presiding over a general meeting according to the laws, to convene and preside over such a meeting in accordance with the laws;</p> <p>(5) to submit proposals to the general meeting;</p> <p>(6) to review the regular reports of the Company prepared by the Board and to provide written review opinions thereon;</p> <p>(7) to initiate law suits against directors or the senior management members on behalf of the Company in accordance with the applicable laws;</p> <p>(8) to conduct investigation on any irregularities found in the operation of the Company. Professional organizations including accounting firms and law firms may be engaged when necessary <b><u>at the Company's cost;</u></b></p> <p>(9) to exercise other powers specified in these Articles of Association and other powers granted by the resolutions of the general meeting.</p> <p>The supervisors may attend board meetings as nonvoting attendees and may raise enquiry or give advice on the resolutions of the Board.</p>	<p>Articles 50 and 144 of the Corporate Governance Standards</p> <p>Article 4. 3.13 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

Before	After	Basis / description
<p>Article 6 The supervisory committee shall read out the special supervision report of the Company of the past year at the annual general meeting, including:</p> <p>(1) the inspection of the Company's financial affairs;</p> <p>(2) the enforcement by the Company's directors, the president and other senior management members of relevant laws and regulations, the Articles of Association and the resolutions of the general meeting;</p> <p>(3) other material events that the supervisory committee believes should be reported to the general meeting.</p> <p>When the supervisory committee deems it necessary, it may also issue opinions on the proposals considered by the general meeting and submit an independent report.</p>	<p>Article 6 The supervisory committee shall read out the special supervision report of the Company of the past year at the annual general meeting, including:</p> <p>(1) the inspection of the Company's financial affairs;</p> <p>(2) the enforcement by the Company's directors, the president and other senior management members of relevant laws and regulations, the Articles of Association and the resolutions of the general meeting;</p> <p>(3) <b><u>the evaluation by the supervisory committee on the integrity and diligence of the directors and senior management members in performing their duties;</u></b></p> <p><del>(4)</del> other material events that the supervisory committee believes should be reported to the general meeting.</p> <p>When the supervisory committee deems it necessary, it may also issue opinions on the proposals considered by the general meeting and submit an independent report.</p>	

**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

Before	After	Basis / description
None	<p><u>Article 11 The meetings of the supervisory committee are divided into regular meetings and extraordinary meetings. The regular meeting of the supervisory committee shall be held every six months. In any of the following circumstances, the supervisory committee shall convene an extraordinary meeting within ten days:</u></p> <p><u>(1) when any supervisor proposes to convene;</u></p> <p><u>(2) when the general meeting and the board meeting have passed resolutions that violate laws, regulations, rules, various regulations and requirements of the regulatory authorities, the Articles of Association, the resolutions of the general meeting, and resolutions made under other relevant regulations;</u></p> <p><u>(3) when the misconduct of directors and senior management members may cause significant damage to the Company or cause adverse effects in the market;</u></p>	Article 3 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies



**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

Before	After	Basis / description
	<p>(4) when the Company, directors, supervisors and senior management members are brought into action by the shareholders;</p> <p>(5) when the Company, directors, supervisors, and senior management members are punished by the securities regulatory authority or publicly condemned by the stock exchanges where the Company's shares are listed;</p> <p>(6) when the securities regulatory authority requests the convening;</p> <p>(7) other circumstances as stipulated by laws and regulations and the Articles of Association.</p>	
None	<p><b><u>Article 12 Where a supervisor proposes to convene an extraordinary meeting of the supervisory committee, he/she shall submit a written proposal signed by such him/her through the office of the supervisory committee or directly to the chairman of the supervisory committee. The written proposal shall contain the following:</u></b></p> <p>(1) <b><u>the name of the supervisor that proposes;</u></b></p> <p>(2) <b><u>the reasons for the proposal or the objective reasons on which the proposal is based;</u></b></p> <p>(3) <b><u>the time or time limit, location and form of the proposed meeting;</u></b></p> <p>(4) <b><u>clear and specific proposal;</u></b></p> <p>(5) <b><u>the contact information of the supervisor who proposes and date of proposal, etc.</u></b></p>	Article 5 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies

**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

Before	After	Basis / description
	<p><b><u>Within three days after the office of the supervisory committee or the chairman of the supervisory committee receives the written proposal of the supervisor, the office of the supervisory committee shall issue a notice of the extraordinary meeting of the supervisory committee. If the office of the supervisory committee fails to issue a notice, the supervisor is encouraged to report to the regulatory authorities in a timely manner.</u></b></p>	
<p>Article 13 Supervisory committee meeting shall be held at least once every six months, and shall be convened and presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to or fails to perform his or her duties, the meeting shall be convened and presided over by the supervisor jointly recommended by at least one half of the supervisors. Supervisors may propose to convene an extraordinary meeting of the supervisory committee. Any supervisor failing to attend two consecutive meetings of the supervisory committee and failing to appoint other supervisors to attend the meeting on his behalf shall be deemed to have failed to perform his or her duties and shall be removed at the general meeting or staff representative meeting.</p>	<p>Article 13 Supervisory committee meeting <del>shall be held at least once every six months, and</del> shall be convened and presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to or fails to perform his or her duties, the meeting shall be convened and presided over by the supervisor jointly recommended by at least one half of the supervisors. <del>Supervisors may propose to convene an extraordinary meeting of the supervisory committee.</del> Any supervisor failing to attend two consecutive meetings of the supervisory committee and failing to appoint other supervisors to attend the meeting on his behalf shall be deemed to have failed to perform his or her duties and shall be removed at the general meeting or staff representative meeting.</p>	

**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

Before	After	Basis / description
<p>Article 12 The supervisory committee meeting may not be held unless not less than a half of the supervisors are present. In the event that a quorum for holding a meeting cannot be satisfied due to the refusal or failure by a supervisor or supervisors to attend, the other supervisors shall promptly report the same to the general meeting or relevant regulatory authorities.</p>	<p>Article <u>14</u><del>2</del> The supervisory committee meeting may not be held unless not less than a half of the supervisors are present. In the event that a quorum for holding a meeting cannot be satisfied due to the refusal or failure by a supervisor or supervisors to attend, the other supervisors shall promptly report the same to regulatory authorities. <b><u>The secretary of the Board of Directors and the securities business representative may attend the meetings of the supervisory committee.</u></b></p>	<p>Article 10 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>
<p>Article 13 The supervisory committee meeting shall adopt voting by open ballot and each supervisor shall have one vote.</p> <p>If the supervisors participate in the on-site meeting by telephone conference or by means of similar communication equipment, as long as the on-site supervisors can hear their speeches and communicate with them, all supervisors attending the meeting should be deemed to have attended the meeting in person. As long as the supervisors can fully express their opinions, the supervisory committee meeting may conduct voting and make resolutions by means of communication, which should be signed by the attending supervisors.</p>	<p>Article <u>15</u><del>3</del> The supervisory committee meeting shall adopt voting by open ballot and each supervisor shall have one vote.</p> <p><b><u>The supervisory committee meeting shall be convened on site.</u></b> If the supervisors participate in the on-site meeting by telephone conference or by means of similar communication equipment, as long as the on-site supervisors can hear their speeches and communicate with them, all supervisors attending the meeting should be deemed to have attended the meeting in person. As long as the supervisors can fully express their opinions, the supervisory committee meeting may conduct voting and make resolutions by means of communication, <del>which should be signed by the attending supervisors.</del> <b><u>In voting via the communication means, the supervisors shall sign the written opinions and voting intentions in respect of the considered matters and circulate to the office of the supervisory committee by fax.</u></b></p>	<p>Article 9 and 12 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p> <p>Article 4.3.15 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange</p>

**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

Before	After	Basis / description
<p>The supervisors may vote for, against the resolutions or abstain from voting.</p> <p>A resolution of the supervisory committee shall be passed by votes of more than two-thirds of supervisors.</p>	<p>The supervisors may vote for, against the resolutions or abstain from voting. <u><b>If the supervisor objects to or abstains from voting for the proposal, he/she shall state the reasons therefor. The supervisors attending the meeting shall vote for one of the above choices. If no choice is made or two or more are voted at the same time, the chairman of the meeting shall require the supervisor to vote again, and if such supervisor refuses, he/she shall be deemed as abstaining; any supervisor who leaves and fails to return during the meeting shall be deemed as abstaining.</b></u></p> <p>A resolution of the supervisory committee shall be passed by votes of more than two-thirds of supervisors.</p>	
<p>None</p>	<p><u><b>Article 16 When the supervisory committee convenes a regular meeting or extraordinary meeting, the office of the supervisory committee shall deliver a written meeting notice chopped with the supervisory committee's seal to all of the supervisors of the Company by hand, fax, e-mail or other means 10 days prior to the date of a regular meeting or 5 days prior to an extraordinary meeting. If service is made indirectly, confirmation shall additionally be made by telephone and the appropriate record thereof shall be made.</b></u></p> <p><u><b>In the event of emergencies where an extraordinary supervisory committee meeting needs to be convened as soon as possible, such notice may be served via telephone or by other verbal means, provided that an explanation shall be made at the meeting by the convener.</b></u></p>	<p>Article 8 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>

**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

Before	After	Basis / description
<p>Article 14 The notice of supervisory committee meeting shall be served to all supervisors 5 days before the date of the meeting by fax, express mail, registered mail, personal delivery or e-mail and shall contain the following details:</p> <ol style="list-style-type: none"> <li>(1) the date, place and duration of the meeting;</li> <li>(2) the matters to be discussed and agenda of the meeting;</li> <li>(3) the date of the notice.</li> </ol> <p>Where an extraordinary meeting of the supervisory committee is required to be held as soon as practicable in case of emergency, a notice may be given through oral method or telephone, provided that the convener shall explain at the meeting.</p>	<p><b>Article 17 <u>The written notice of the meeting should contain the following:</u></b></p> <ol style="list-style-type: none"> <li><b><u>(1) the time and place of the meeting;</u></b></li> <li><b><u>(2) matters to be considered (proposals);</u></b></li> <li><b><u>(3) convener and chairman of the meeting, proponents of the extraordinary meeting and their written proposals;</u></b></li> <li><b><u>(4) materials necessary for voting by the supervisors;</u></b></li> <li><b><u>(5) requirements for attending in person by the supervisors;</u></b></li> <li><b><u>(6) the contact person and contact details.</u></b></li> </ol> <p><b><u>The oral meeting notice shall at least contain the contents set out in (1) and (2) above, and the explanation of convening an extraordinary meeting of the supervisory committee as soon as practicable in case of emergency.</u></b></p> <p><del>Article 14 The notice of supervisory committee meeting shall be served to all supervisors 5 days before the date of the meeting by fax, express mail, registered mail, personal delivery or e-mail and shall contain the following details:</del></p> <ol style="list-style-type: none"> <li><del>(1) the date, place and duration of the meeting;</del></li> <li><del>(2) the matters to be discussed and agenda of the meeting;</del></li> <li><del>(3) the date of the notice.</del></li> </ol> <p><del>Where an extraordinary meeting of the supervisory committee is required to be held as soon as practicable in case of emergency, a notice may be given through oral method or telephone, provided that the convener shall explain at the meeting.</del></p>	<p>Article 9 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>
<p>Article 17 If necessary, the supervisory committee may request the Company's directors, president, other senior management members, internal and external auditors to attend the meetings of supervisory committee and answer the questions of the concerns of the supervisory committee.</p>	<p><b>Article 20 <u>The chairman of the meeting shall, according to the recommendation of the supervisors, request the directors, senior management members, other employees of the Company or the business personnel of the relevant intermediary agencies to attend the meeting and answer to enquiries.</u></b> <del>Article 17 If necessary, the supervisory committee may request the Company's directors, presidents, other senior management members, internal and external auditors to attend the meetings of supervisory committee and answer the questions of the concerns of the supervisory committee.</del></p>	<p>Article 11 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>

**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

Before	After	Basis / description
<p>Article 18 The meeting of the supervisory committee shall generally make a resolution on the subject matters considered.</p> <p>The resolution of the meeting shall be read out before the end of the meeting and signed by all the supervisors present at the meeting.</p>	<p>Article <del>21</del><sup>18</sup> The meeting of the supervisory committee shall generally make a resolution on the subject matters considered. The resolution of the meeting shall be read out before the end of the meeting and signed by all the supervisors present at the meeting.</p> <p><b><u>The meeting of the supervisory committee may be recorded throughout the process if needed.</u></b></p>	<p>Article 13 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>
<p>Article 19 The supervisory committee shall record its decisions on all matters considered at the meeting into the meeting minutes, which shall contain the following:</p> <p>(1) the session, time, place and form of the meeting;</p> <p>(2) convener and chairman of the meeting;</p> <p>(3) attendees;</p> <p>(4) agenda of the meeting;</p> <p>(5) the proposal(s) for consideration at the meeting, highlights and main opinions of the supervisors' speeches on the relevant matters and voting intentions of the proposal(s);</p> <p>(6) the voting method and voting result of each proposal (the voting result shall indicate the number of votes for, against or abstained);</p> <p>(7) other matters that should be recorded in the opinion of the attending supervisors.</p>	<p>Article <del>22</del><sup>19</sup> The supervisory committee shall record its decisions on all matters considered at the meeting into the meeting minutes, which shall contain the following:</p> <p>(1) the session, time, place and form of the meeting;</p> <p>(2) convener and chairman of the meeting;</p> <p>(3) <b><u>issuance of the notice of meeting and</u></b> attendees;</p> <p>(4) agenda of the meeting;</p> <p>(5) the proposal(s) for consideration at the meeting, highlights of the supervisors' speeches on the relevant matters and voting intentions of the proposal(s);</p> <p>(6) the voting method and voting result of each proposal (the voting result shall indicate the number of votes for, against or abstained);</p> <p>(7) other matters that should be recorded in the opinion of the attending supervisors.</p>	<p>Article 14 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>

**APPENDIX IX COMPARISON TABLE OF AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**

Before	After	Basis / description
<p>Article 21 The minutes and notice of the supervisory committee meetings, materials used in the meetings, resolutions, the instrument(s) of appointment of supervisor proxies, audio information, and information related to the voting shall be kept as the Company's files in the office of the supervisory committee for a period of no less than 10 years.</p>	<p>Article <del>24</del> The minutes <b><u>confirmed and signed by the attending supervisors,</u></b> and notice of the supervisory committee meetings <b><u>register of attendees,</u></b> materials used in the meetings, resolutions, the instrument(s) of appointment of supervisor proxies, audio information, <del>and</del> the votes <b><u>and announcement on the resolution etc.</u></b> shall be kept as the Company's files in the <b><u>executive body of the supervisory committee</u></b> <del>office of the supervisory committee</del> for a period of no less than 10 years.</p>	<p>Article 18 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>
<p>None</p>	<p><b><u>Article 27 Supervisors shall monitor and urge relevant personnel to implement the resolutions of the supervisory committee meeting. The chairman of the supervisory committee shall inform the implementation of the resolutions already passed at the meeting of the supervisory committee at the next meeting.</u></b></p>	<p>Article 17 of the Model Rules of Procedure for the Supervisory Committee of Listed Companies</p>
<p>Article 24 These rules are considered and approved at the general meeting and shall come into force on the date of the listing of the overseas shares issued by the Company on the Stock Exchange of Hong Kong Limited. From the effective date of these rules, the original Rules of Procedure for the Supervisory Committee will automatically lapse.</p>	<p>Article <del>28</del><sup>4</sup> These rules are considered and approved at the general meeting and shall come into force on the date <b><u>on which</u></b> <del>of the listing</del> <b><u>initial public offering of A</u></b> <del>the overseas shares of issued by the Company</del> <b><u>succeed on Science and Technology Innovation Board of the Shanghai</u></b> <del>on the Stock Exchange of Hong Kong Limited.</del> From the effective date of these rules, the original Rules of Procedure for the Supervisory Committee will automatically lapse.</p>	<p>Revision to the effective time</p>

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Main Amendments Comparison Table  
of Working Rules of the Independent Non-executive Directors  
of China Railway Signal & Communication Corporation Limited\***

Before	After	Basis / description
<p>Article 2 The term “independent non-executive director of the Company” means a director who does not hold any position in the Company other than director and who has no relationship with the Company or its major shareholder(s) (meaning a shareholder who alone holds or shareholders who together hold at least 5% of the total voting shares of the Company) that could hinder his or her making independent and objective judgments, and who is in compliance with independence provisions of the regulatory rules in the place where shares of the Company are listed.</p>	<p>Article 2 The term “independent non-executive director of the Company” means a director who does not hold any position in the Company other than director <b><u>(including members of special committees of the Board of Directors)</u></b> and who has no relationship with the Company or its major shareholder (s) (meaning a shareholder who alone holds or shareholders who together hold at least 5% of the total voting shares of the Company) <b><u>or their respective related persons</u></b> that could hinder his or her making independent and objective judgments, and who is in compliance with independence provisions of the <b><u>securities supervision and administration regulatory</u></b> rules in the places where shares of the Company are listed.</p>	<p>Article 34 of the Corporate Governance Standards</p>
<p>Article 3 The independent non-executive director has a fiduciary duty and an obligation of diligence toward the Company and all its shareholders to safeguard the Company’s overall interests, in particular, to ensure the legal rights and interests of the small and medium shareholders are not harmed.</p>	<p>Article 3 The independent non-executive director has a fiduciary duty and an obligation of diligence toward the Company and all its shareholders to safeguard the Company’s overall interests, in particular, to ensure the legal rights and interests of the small and medium shareholders are not harmed. <b><u>The provisions of the Articles of Association regarding directors shall apply to independent non-executive directors, except as otherwise provided in the Articles of Association and these rules.</u></b></p>	<p>the Guidance on the Establishment of Independent Director System in Listed Companies</p>



**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
<p>Article 5 Independent non-executive directors shall, in principle, serve as independent non-executive directors in up to five listed companies and ensure that they have sufficient time and energy to effectively perform the duties of independent non-executive directors.</p>	<p>Article 5 <u>The independent non-executive directors of the Company and the person intending to serve as an independent non-executive director shall, in accordance with the requirements of the securities regulatory authorities of the places where the Company's shares are listed, such as the China Securities Regulatory Commission (hereinafter referred to as the "CSRC"), participate in the training organized by the securities regulatory authorities and their authorized agencies of the places where the Company's shares are listed.</u> Independent non-executive directors shall, in principle, serve as independent non-executive directors in up to five listed companies and ensure that they have sufficient time and energy to effectively perform the duties of independent non-executive directors.</p>	<p>Clause (5) of Article 1 of the Guidance on the Establishment of Independent Director System in Listed Companies</p>
<p>Article 6 At least one-third of the Company's Board of Directors and no less than three members are independent non-executive directors, at least one of whom is an accounting professional and at least one resident in Hong Kong.</p>	<p>Article 6 At least one-third of the Company's Board of Directors and no less than three members are independent non-executive directors, at least one of whom is an accounting professional and at least one resident in Hong Kong. <u>A candidate who is nominated as an independent non-executive director in the capacity of an accounting professional should have extensive accounting expertise and experience and meet at least one of the following conditions:</u></p> <p>(1) <u>qualified as a certified public accountant;</u></p> <p>(2) <u>having a senior professional title, associate professor title or doctoral degree in accounting, auditing or financial management;</u></p>	<p>Article 16 of the Guidelines for the Filing and Training of Independent Directors of Listed Companies on the Shanghai Stock Exchange</p>

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
	(3) <u>having senior professional titles in economic management, and having more than five years of full-time work experience in professional positions such as accounting, auditing or financial management.</u>	
<p>Article 7 Independent non-executive directors shall satisfy the following basic conditions:</p> <ol style="list-style-type: none"> <li>1. being qualified as a director of a listed company in accordance with laws, regulations and other relevant regulations;</li> <li>2. being independent as required under the laws, regulations and relevant regulations;</li> <li>3. having the basic knowledge of the operation of listed companies, being familiar with relevant laws, administrative regulations, rules and regulations;</li> <li>4. having more than five years of legal, economic or other work experience necessary to perform the duties of an independent director;</li> <li>5. other conditions required by laws, regulations and related regulations and the Articles of Association.</li> </ol>	<p>Article 7 Independent non-executive directors shall satisfy the following basic conditions:</p> <ol style="list-style-type: none"> <li>1. being qualified as a director of a listed company in accordance with laws, regulations, <b><u>the listing rules of the places where the Company's shares are listed</u></b> and other relevant regulations;</li> <li>2. being independent as required under the laws, regulations, <b><u>the listing rules of the places where the Company's shares are listed</u></b> and relevant regulations;</li> <li>3. having the basic knowledge of the operation of listed companies, being familiar with relevant laws, administrative regulations, rules and regulations;</li> <li>4. having more than five years of legal, economic or other work experience necessary to perform the duties of an independent <b><u>non-executive</u></b> director;</li> <li>5. <b><u>ensuring that he or she will devote sufficient time and effort to effectively perform the duties of an independent non-executive director;</u></b></li> <li>6. other conditions required by laws, regulations, <b><u>the listing rules of the places where the Company's shares are listed</u></b> and related regulations and the Articles of Association.</li> </ol>	<p>Clause (2) of Article 1 of the Guidance on the Establishment of Independent Director System in Listed Companies</p>

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
<p>Article 8 Independent non-executive directors must be independent, and the following persons shall not serve as independent non-executive directors:</p> <ol style="list-style-type: none"> <li>1. persons serving in the Company or the Company’s subsidiaries and their immediate family members, major social relations (immediate family members refer to spouses, parents, children, etc.; major social relations refer to siblings, parent-in-law, daughter-in-law, son-in-law, spouses of brothers and sisters, spouse’s brothers and sisters, etc., the same below);</li> <li>2. nature person shareholders directly or indirectly holding more than 1% of the Company’s issued shares or natural person shareholders among the Company’s top ten shareholders and their immediate family members;</li> <li>3. shareholder entities which persons who directly or indirectly hold more than 5% of the issued shares of the Company or persons who are employed by the top five shareholder entities of the Company and their immediate family members;</li> <li>4. persons who fall into the preceding three circumstances in the past year;</li> <li>5. personnel providing financial, legal, consulting and other services to the Company or its subsidiaries;</li> <li>6. persons having a material interest in any of the major business activities of the Company, its holding company or their respective subsidiaries; or being revolved in the major commercial transactions between the Company, its holding company or their respective subsidiaries or between any of the core connected persons of the Company;</li> </ol>	<p>Article 8 Independent non-executive directors must be independent, and the following persons shall not serve as independent non-executive directors:</p> <ol style="list-style-type: none"> <li>1. persons serving in the Company or the Company’s subsidiaries <b><u>(excluding independent non-executive directors)</u></b> and their immediate family members, major social relations (immediate family members refer to spouses, parents, children, etc.; major social relations refer to siblings, parent-in-law, daughter-in-law, son-in-law, spouses of brothers and sisters, spouse’s brothers and sisters, etc., the same below);</li> <li>2. nature person shareholders directly or indirectly holding more than 1% of the Company’s issued shares or natural person shareholders among the Company’s top ten shareholders and their immediate family members;</li> <li>3. shareholder entities which directly or indirectly hold more than 5% of the issued shares of the Company or persons who are employed by the top five shareholder entities of the Company and their immediate family members;</li> <li>4. persons <del>serving who fall into the preceding three circumstances</del> in the <b><u>de facto controller and the subsidiaries of the Company</u></b> past year;</li> <li>5. <b><u>persons acting as directors, supervisors or senior management in any entity which has substantial business relationship with the Company and its controlling shareholders or their respective subsidiaries, or acting as directors, supervisors or senior management in any controlling shareholder entity of such entity with which there is any business relationship</u></b> providing financial, legal, consulting and other services to the Company or its subsidiaries;</li> </ol>	<p>Articles 12, 13 of the Guidelines for the Filing and Training of Independent Directors of Listed Companies on the Shanghai Stock Exchange</p>

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
<p>7. the person acting as a member of the Board of Directors for the purpose of safeguarding an entity whose interests are different from those of the shareholders as a whole;</p> <p>8. the person connected with the Company's directors, chief executive or substantial shareholders within two years from the date of the appointment or proposed appointment as an independent non-executive director;</p> <p>9. the person being the executive officer or director (other than the independent non-executive director) of the Company, its holding companies or any of their respective subsidiaries or any of the core connected persons of the Company at the time of the appointment of director (or within two years prior to the date of the proposed appointment of director) ;</p> <p>10. the person financially relying on the Company, its holding companies or any of their respective subsidiaries or core connected persons of the Company;</p> <p>11. other persons as provided under the laws and regulations and the Articles of Association;</p> <p>12. other persons as identified by the CSRC and the regulatory authority of the place where the Company's shares are listed.</p>	<p>6. persons having a material interest in any of the major business activities of the Company, its holding company or their respective subsidiaries; or being revolved in the major commercial transactions between the Company, its holding company or their respective subsidiaries or between any of the core connected persons of the Company;</p> <p><u>7. persons who have fall within the first six cases as listed above in the past year;</u></p> <p><u>8. persons who, within two years of being or being recommended to be an independent non-executive director, provide financial, legal, consulting and other services to the Company and its controlling shareholders or their respective subsidiaries or their directors, supervisors, chief executive, substantial shareholders or any close associates of such persons, including all project team members of the intermediary providing services, review personnel at all levels, personnel signing the report, partners, principal responsible persons and directors;</u></p> <p><u>9.</u> <del>7.</del> the person acting as a member of the Board of Directors for the purpose of safeguarding an entity whose interests are different from those of the shareholders as a whole;</p> <p><u>10.</u> <del>8.</del> the person was <u>related to</u> <del>connected</del> with the Company's directors, chief executive or substantial shareholders within two years from the date of the appointment or proposed appointment as an independent non-executivedirector;</p>	

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
	<p><del>11. 9.</del> the person being the executive officer or director (other than the independent non-executive director) of the Company, its holding companies or any of their respective subsidiaries or any of the core <del>related</del><del>connected</del> persons of the Company at the time of the appointment of director (or within two years prior to the date of the proposed appointment of director);</p> <p><del>12. 10.</del> the person financially relying on the Company, its holding companies or any of their respective subsidiaries or core related persons of the Company, <del>as provided under the laws and regulations,</del> <u>he securities regulatory rules of the places where the Company's shares are listed</u> and the Articles of Association.;</p> <p><del>12.</del> other persons as identified by the <del>China Securities Regulatory Commission</del> and the regulatory authority of the place where the Company's shares are listed.</p> <p><b><u>Candidates for independent non-executive directors should be free from the following bad records:</u></b></p> <ol style="list-style-type: none"> <li><b><u>1. In the past three years, he was administratively punished by the CSRC;</u></b></li> <li><b><u>2. During the period as determined by the stock exchanges as unsuitable for serving as a director of the listed company;</u></b></li> <li><b><u>3. In the past three years, he has been publicly condemned by the stock exchanges or more than twice notified and criticized;</u></b></li> <li><b><u>4. During the period of serving as an independent non-executive director, the number of times that he did not attend two consecutive meetings of the Board of Directors, or did not attend the board meetings in person, and the number of such absence accounted for more than one third of the number of meetings of the Board of Directors in that year;</u></b></li> <li><b><u>5. During the period of serving as an independent non-executive director, the independent opinions expressed were obviously inconsistent with the facts.</u></b></li> </ol>	

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
None	<p><u>Article 11 If the Board of Directors, the supervisory committee of the Company or a shareholder of the Company who has the power to nominate independent non-executive directors proposes to nominate candidates for independent non-executive directors, the Company shall, in accordance with the relevant provisions of the stock exchanges, within two trading days from the date of nomination submit relevant materials for candidates for independent non-executive directors. If the Board of Directors of the Company disagrees with the relevant circumstances of the nominee, it shall submit the written opinion of the Board of Directors at the same time. A nominee who was objected by a stock exchange may not be a candidate for an independent non-executive director, but may be elected as a director.</u></p> <p><u>When convening a shareholders' general meeting to elect independent non-executive directors, the Board of Directors of the Company shall explain whether the candidates for the independent non-executive director are challenged by the stock exchanges.</u></p>	Article 2, 3 and 8 of the Guidelines for the Filing and Training of Independent Directors of Listed Companies on the Shanghai Stock Exchange

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
<p>Article 13 An independent non-executive director may resign before the expiration of his term of office. The resignation of an independent non-executive director shall submit a written resignation report to the Board of Directors stating any circumstances relating to his resignation or whether he deems it necessary to draw the attention of the Company's shareholders and creditors. If the number of independent non-executive directors of the Board of Directors of the Company does not comply with the relevant laws and regulations due to the resignation of the independent non-executive director, the resignation report of such independent non-executive director shall be effective after the new independent non-executive director fills the vacancy.</p>	<p>Article 14<del>13</del> An independent non-executive director may resign before the expiration of his term of office. The resignation of an independent non-executive director shall submit a written resignation report to the Board of Directors stating any circumstances relating to his resignation or whether he deems it necessary to draw the attention of the Company's shareholders and creditors.</p> <p><b><u>If an independent non-executive director of the Company fails to meet the qualifications of an independent non-executive director after his appointment, he shall resign as an independent non-executive director within 30 days from the date of occurrence of such circumstances. If such person fails to resign as required, the Board of Directors of the Company shall initiate the decision-making process within 2 days to remove his/her independent non-executive directorship.</u></b></p> <p>If the number of independent non-executive directors on the Board of Directors of the Company is less than three or less than one-third of all members of the Board of Directors does not comply with the relevant laws and regulations due to the resignation of the independent non-executive director, <b><u>the independent non-executive director should continue to perform his duties to the date when the new independent non-executive director is elected, and the resignation report of such independent non-executive director shall be effective after the new independent non-executive director fills the vacancy. The original nominee of the independent non-executive director or the Board of Directors of the Company shall nominate a new independent non-executive director candidate within 90 days from the date of the resignation of the independent non-executive director.</u></b></p>	<p>Article 17 and 18 of the Guidelines for the Filing and Training of Independent Directors of Listed Companies on the Shanghai Stock Exchange</p>
<p>None</p>	<p><b><u>Article 15 When the independent non-executive directors are not eligible for independence or other circumstances that are not suitable for the performance of the duties of independent non-executive directors., as a result of which, the Company's independent non-executive directors fail to meet the number as required by the listing rules of the places where the Company's shares are listed, the Company should make up the number of independent non-executive directors, make announcements and engage independent non-executive directors.</u></b></p>	<p>Article 17 of the Guidelines for the Filing and Training of Independent Directors of Listed Companies on the Shanghai Stock Exchange</p>

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
<p>Article 14 In addition to the duties conferred by relevant laws and regulations such as the Company Law and the Articles of Association, independent non-executive directors also exercise the following special powers:</p> <ol style="list-style-type: none"> <li>1. major related party transactions subject to the approval of the general meeting shall be approved by more than one-half of the independent non-executive directors before they are submitted to the Board of Directors for discussion; the independent non-executive directors shall express independent opinions on major related party transactions to the shareholders of the Company after considering the recommendations of the independent financial adviser employed by the Company;</li> <li>2. proposing to the Board of Directors to convene an extraordinary general meeting with the consent of more than one-half of all independent non-executive directors;</li> <li>3. proposing to convene a meeting of the Board of Directors with the consent of more than one-half of all independent non-executive directors;</li> <li>4. soliciting the voting rights among the shareholders before the general meeting with the consent of more than one-half of all independent non-executive directors;</li> </ol>	<p>Article <del>16</del><sup>16+4</sup> <u>Independent non-executive directors shall attend the meeting of the Board of Directors on time to get information on the Company's production and operation, actively investigate and obtain the information and materials needed for decision-making. Independent non-executive directors shall report their performance of their duties at the Company's annual general meeting.</u></p> <p>In addition to the duties of directors conferred by relevant laws and regulations such as the Company Law and the Articles of Association, independent non-executive directors also exercise the following special powers:</p> <ol style="list-style-type: none"> <li><u>1. According to the A-share regulatory rules, the major related party transactions that need to be submitted to the shareholders' general meeting for approval shall not submit to the board meetings for discussion until the recognition opinions are issued by the independent non-executive directors. According to the securities regulatory rules where the Company's shares are listed, the related party transactions that need to be submitted to the shareholders' general meeting for approval shall be made by the independent non-executive directors who have no significant interest in the relevant transactions. The independent non-executive directors need to confirm the terms of the transactions are considered to be fair and reasonable, and the transactions are on normal commercial terms or the terms are in compliance with the Company and the interests of the shareholders as a whole and are submitted to the meetings of the Board of Directors for discussion. An independent non-executive director may, before making a judgment, appoint an independent financial adviser to issue a report as the basis for the judgment of the independent non-executive director.</u></li> </ol>	<p>Clause (5) of Article 2 of the Several Provisions on Strengthening the Protection of the Rights and Interests of Public Shareholders</p> <p>Article 5 of the Guidance on the Establishment of Independent Director System in Listed Companies</p>



**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
<p>5. independently engaging external audit institutions and consulting agencies to conduct audits and provide consultancy services at the Company's cost with the consent of all independent non-executive directors;</p> <p>6. proposing to convene a meeting of the Board of Directors which only independent non-executive directors are allowed to attend with the consent of more than one-half of all independent non-executive directors;</p> <p>7. the appointment or dismissal of an accounting firm shall be submitted to the Board of Directors for discussion after approval by more than one-half of the independent non-executive directors;</p> <p>8. providing independent opinions on major issues of the Company.</p> <p>If the above proposal is not adopted or the above duties cannot be exercised normally, the Company shall disclose the relevant information. Independent non-executive directors shall also perform the duties of members of the special committee of the Company's Board of Directors.</p>	<p><b><u>2. Proposing to appoint or dismiss an accounting firm to the Board of Directors;</u></b></p> <p><b><u>3. Proposing to the Board of Directors to convene an extraordinary general meeting;</u></b></p> <p><b><u>4. Proposing to convene a meeting of Board of Directors;</u></b></p> <p><b><u>5. Independently engaging external audit institutions and consulting agencies;</u></b></p> <p><b><u>6. Soliciting voting rights from shareholders before the general meeting.</u></b></p> <p><b><u>The independent non-executive directors shall obtain consent of more than one-half of all independent non-executive directors in performing the duties set out in the above 1 to 6. The expenses incurred by independent non-executive directors in hiring intermediaries and other expenses incurred in performing their duties shall be borne by the Company.</u></b></p> <p><del>1. major related party transactions subject to the approval of the general meeting shall be approved by more than one-half of the independent non-executive directors before they are submitted to the Board of Directors for discussion; the independent non-executive directors shall be materially related after considering the recommendations of the independent financial adviser employed by the Company. Transaction matters to the Company's shareholders to express independent opinions;</del></p> <p><del>2. proposing to the Board of Directors to convene an extraordinary general meeting with the consent of more than one-half of all independent non-executive directors;</del></p> <p><del>3. proposing to convene a meeting of the Board of Directors with the consent of more than one-half of all independent non-executive directors;</del></p> <p><del>4. soliciting the voting rights among the shareholders before the general meeting with the consent of more than one-half of all independent non-executive directors;</del></p> <p><del>5. independently engaging external audit institutions and consulting agencies to conduct audits and provide consultancy services at the Company's cost with the consent of all independent non-executive directors;</del></p> <p><del>6. proposing to convene a meeting of the Board of Directors which only independent non-executive directors are allowed to attend with the consent of more than one-half of all independent non-executive directors;</del></p> <p><del>7. the appointment or dismissal of an accounting firm shall be submitted to the Board of Directors for discussion after approval by more than one-half of the independent non-executive directors;</del></p> <p><del>8. providing independent opinions on major issues of the Company.</del></p> <p>If the above proposal is not adopted or the above duties cannot be exercised normally, the Company shall disclose the relevant information.</p>	

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
None	<p><b>Article 17</b> Independent non-executive directors shall also perform the duties of the members of the special committee of the Company's Board of Directors.</p> <p><b><u>Independent non-executive directors shall take up a majority of the members of the Audit and Risk Management Committee, the Nomination Committee, and the Remuneration and Appraisal Committee under the Board of Directors of the Company.</u></b></p>	Article 38 of the Corporate Governance Standards
<p>Article 15 In addition to performing the above duties, independent non-executive directors shall also express independent opinions or make recommendations to the Board of Directors or general meeting on the following matters:</p> <ol style="list-style-type: none"> <li>1. nomination, appointment and removal of directors;</li> <li>2. appointment or dismissal of senior management members;</li> <li>3. the remuneration of the Company's directors and senior management members;</li> <li>4. matters that the independent non-executive directors believe may damage the interests of minority shareholders;</li> <li>5. other matters as stipulated in laws and regulations or the Articles of Association.</li> </ol>	<p>Article <del>18</del><sup>5</sup> In addition to performing the above duties, independent non-executive directors shall also express independent opinions or make recommendations to the Board of Directors or general meeting on the following matters:</p> <ol style="list-style-type: none"> <li>1. nomination, appointment and removal of directors;</li> <li>2. appointment or dismissal of senior management members;</li> <li>3. <b><u>determining or adjusting</u></b> the remuneration of the Company's directors and senior management members;</li> <li>4. matters that the independent non-executive directors believe may damage the interests of minority shareholders;</li> <li>5. <b><u>The Company's shareholders, actual controllers and their affiliates have borrowed from the Company of more than RMB3 million or more than 5% of the Company's most recent audited net asset value or other funds, and whether the Company has taken effective measures to recover defaulted amount;</u></b></li> </ol>	Article 5 of the Guidance on the Establishment of Independent Director System in Listed Companies

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
	<p><u>5-6. other matters as stipulated in laws and regulations as stipulated in laws and regulations or the Articles of Association and the provisions of the securities supervision and administration rules of the places where the Company's shares are listed or as designated by the regulatory authorities.</u></p>	
None	<p><u>Article 20 When formulating a specific plan for cash dividends, the Board of Directors shall carefully study and demonstrate the timing, conditions and minimum proportion of the Company's cash dividends, the conditions for adjustment and the requirements for decision-making procedures. Independent non-executive directors shall issue clear opinions. Independent non-executive directors may collect opinions from minority shareholders, propose dividends distribution proposal, and submit them directly to the Board of Directors for consideration.</u></p> <p><u>If the Company needs to adjust or change the profit distribution policy and shareholder dividend return plan according to the needs of production and operation, investment planning and long-term development, it shall take the protection of shareholders' rights as the starting point and fully listen to the opinions of independent non-executive directors. Independent non-executive directors shall express their opinions on whether the profit distribution policy, especially the cash dividend policy adjustment or change proposal, will be detrimental to the legitimate rights and interests of minority shareholders.</u></p>	<p>Notice on Further Implementing the Relevant Issues Concerning Cash Dividends of Listed Companies</p>
None	<p><u>Article 21 Independent non-executive directors shall give one of the following types of opinions on the above matters: consent; reservations and reasons; objections and reasons; failure to express opinions and obstacles.</u></p>	

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
<p>Article 21 The Company shall provide the necessary conditions for the independent non-executive directors to perform their duties:</p> <p>1. Independent non-executive directors have the same right to know as other directors. The Company shall promptly provide relevant materials and information to independent non-executive directors, regularly report the operation of the Company, and organise on-site inspections of independent non-executive directors when necessary. In respect of any material matter subject to the decision of the Board of Directors, the Company must notify the independent non-executive directors in advance of the statutory period of time and provide sufficient information, and if the independent non-executive directors believe that the relevant contents of the matters for consideration are not clear, specific or the relevant information is insufficient, the independent non-executive directors may demand the Company to give supplementary information or make further explanations. When two or more independent non-executive directors believe that the information on the matters for consideration is insufficient or the argument is not clear, they may adjourn the meeting or defer the consideration of the subject matters by jointly proposing to the Board of Directors in writing. In this case, the Board shall accept. The Company and independent non-executive directors shall keep the information provided by the Company to independent non-executive directors for at least 5 years;</p>	<p>Article <del>21</del><u>25</u> The Company shall provide the necessary conditions for the independent non-executive directors to perform their duties:</p> <p>1. Independent non-executive directors have the same right to know as other directors. The Company shall promptly provide relevant materials and information to independent non-executive directors, regularly report the operation of the Company, and organise on-site inspections of independent non-executive directors when necessary. In respect of any material matter subject to the decision of the Board of Directors, the Company must notify the independent non-executive directors in advance of the statutory period of time and provide sufficient information, and if the independent non-executive directors believe that the relevant contents of the matters for consideration are not clear, specific or the relevant information is insufficient, the independent non-executive directors may demand the Company to give supplementary information or make further explanations. When two or more independent non-executive directors believe that the information on the matters for consideration is insufficient or the argument is not clear, they may adjourn the meeting or defer the consideration of the subject matters by jointly proposing to the Board of Directors in writing. In this case, the Board shall accept. The Company and independent non-executive directors shall keep the information provided by the Company <b>and related parties</b> to independent non-executive directors for at least 5 years;</p>	<p>Articles 5 and 7 of the Guidance on the Establishment of Independent Director System in Listed Companies</p>

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
<p>2. The Company shall provide the working conditions necessary for the independent non-executive directors to perform their duties and provide assistance to the independent non-executive directors in performing their duties. If the independent opinions, proposals and written explanations issued by the independent non-executive directors should be announced, the Company shall make a timely announcement. Independent non-executive directors have the right to request the Company to disclose the details of the proposal it has made and the reasons why it's not adopted;</p> <p>3. When an independent non-executive director performs his duties, the relevant personnel of the Company shall actively cooperate with him, and shall not refuse, prevent or conceal, and shall not interfere in the independent performance of his duties. When an independent non-executive director encounters difficulty in performing his duties, he may explain the situation to the Company's Board of Directors and request the secretary of the Board of Directors or other senior management to cooperate. The secretary of the Board of Directors and other senior management members shall actively cooperate with the independent non-executive director in performing his duties;</p> <p>4. The expenses incurred by an independent non-executive director in hiring an intermediary agency and other expenses incurred in performing his duties shall be borne by the Company;</p>	<p>2. The Company shall provide the working conditions necessary for the independent non-executive directors to perform their duties and provide assistance to the independent non-executive directors in performing their duties. If the independent opinions, proposals and written explanations issued by the independent non-executive directors should be announced, the Company shall make a timely announcement <b><u>and the secretary of the Board of Directors shall deal with the matters related to the announcement.</u></b> Independent non-executive directors have the right to request the Company to disclose the details of the proposal it has made and the reasons why it's not adopted;</p> <p>3. When an independent non-executive director performs his duties, the relevant personnel of the Company shall actively cooperate with him, and shall not refuse, prevent or conceal, and shall not interfere in the independent performance of his duties. When an independent non-executive director encounters difficulty in performing his duties, he may explain the situation to the Company's Board of Directors and request the secretary of the Board of Directors or other senior management to cooperate. The secretary of the Board of Directors and other senior management members shall actively cooperate with the independent non-executive director in performing his duties;</p>	

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
<p>5. The Company grants appropriate allowances to independent non-executive directors. The standard of allowances shall be formulated by the Board of Directors, reviewed and approved by the general meeting, and disclosed in the Company's annual report;</p> <p>6. The Company may purchase liability insurance for independent non-executive directors to mitigate the risks that may arise from the normal performance of duties by the independent non-executive directors.</p>	<p>4. <b><u>When an independent non-executive director needs to engage an intermediary agency to issue professional opinions when considering major related party transactions and considering special matters, the Company may provide a list of independent intermediaries for the independent non-executive director.</u></b> The expenses incurred by an independent non-executive director in hiring an intermediary agency and other expenses incurred in performing his duties shall be borne by the Company;</p> <p>5. The Company grants appropriate allowances to independent non-executive directors. The standard of allowances shall be formulated by the Board of Directors, reviewed and approved by the general meeting, and disclosed in the Company's annual report; <b><u>Apart from the above allowances, independent non-executive directors should not obtain other additional and undisclosed benefits from the Company and its major shareholders or interested institutions and personnel;</u></b></p> <p>6. The Company may purchase liability insurance for independent non-executive directors to mitigate the risks that may arise from the normal performance of duties by the independent non-executive directors.</p> <p>7. <b><u>The transportation expenses paid by the independent non-executive directors due to attending the board meeting (from the place where the independent non-executive directors are located to the meeting place) and the room and board expenses during the meeting will be paid by the Company, and other expenses will be paid by the person himself/herself.</u></b></p>	

**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
<p>Article 22 The Company shall conduct assessments on the performance of statutory powers, independence, attendance at meetings, actual working hours, and participation in training by independent non-executive directors, and take measures against dereliction of duty or misconduct arising from unfaithful and undiligent performance of duties in accordance with the law, and take accountability measures such as reducing remuneration, discontinued re-election, and requesting the general meeting for a dismissal.</p> <p>Article 23 If the Company's independent non-executive directors violate the regulatory rules of the place where the Company's shares are listed due to failure to perform their duties, part or all of the salaries shall be deducted according to the circumstances and such independent non-executive directors shall be dismissed.</p> <p>Article 24 If an independent non-executive director of the Company fails to perform the duties of a member of the special committee of the Board of Directors, part of the remuneration for the year shall be withheld based on the circumstances until his duty as a member of special committee is removed.</p> <p>Article 25 If the Company's independent non-executive directors perform their duties and actively fulfill their obligations of integrity and diligence to safeguard the overall interests of the Company, the Board of Directors of the Company may request the general meeting to approve the improvement of its salary standards.</p>	<p><del>Article 22 The Company shall conduct assessments on the performance of statutory powers, independence, attendance at meetings, actual working hours, and participation in training by independent non-executive directors, and take measures against dereliction of duty or misconduct arising from unfaithful and undiligent performance of duties in accordance with the law, and take accountability measures such as reducing remuneration, discontinued re-election, and requesting the general meeting for a dismissal.</del></p> <p><del>Article 23 If the Company's independent non-executive directors violate the regulatory rules of the place where the Company's shares are listed due to failure to perform their duties, part or all of the salaries shall be deducted according to the circumstances and such independent non-executive directors shall be dismissed.</del>Article 24 If an independent non-executive director of the Company fails to perform the duties of a member of the special committee of the Board of Directors, part of the remuneration for the year shall be withheld based on the circumstances until his duty as a member of special committee is removed.</p> <p><del>Article 25 If the Company's independent non-executive directors perform their duties and actively fulfill their obligations of integrity and diligence to safeguard the overall interests of the Company, the Board of Directors of the Company may request the general meeting to approve the improvement of its salary standards.</del></p> <p><b><u>Article 26 When the interests of an independent non-executive director conflict with the interests of the Company and the interests of the shareholders, the independent non-executive director shall use the best interests of the Company and all shareholders as the code of conduct, especially the legitimate rights and interests of the minority shareholders.</u></b></p> <p><b><u>Article 27 Independent non-executive directors shall independently exercise their powers and perform their duties, and shall not be affected by the Company's major shareholders, actual controllers, other members of the Board of Directors, senior management members and other institutions and personnel that have an interest in the Company.</u></b></p>	<p>the Guidance on the Establishment of Independent Director System in Listed Companies</p> <p>the Corporate Governance Standards</p>

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**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

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Before	After	Basis / description
	<p><u>Article 28 Independent non-executive directors shall be faithful to the Company and shareholders. Independent non-executive directors shall faithfully perform their duties in accordance with the provisions of laws, administrative regulations and the Company's Articles of Association.</u></p> <p><u>Article 29 If an independent non-executive director fails to perform his duties conscientiously and causes damage to the interests of the Company's shareholders, the Company's interests and the employees' legitimate rights and interests, he shall be investigated for his liability according to his fault degree; the shareholders' meeting may be replaced according to the prescribed procedures.</u></p>	



**APPENDIX X      COMPARISON TABLE OF AMENDMENTS TO THE WORKING RULES  
OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Before	After	Basis / description
None	<p><u>Article 30 When an independent non-executive director violates laws, administrative regulations, the provisions of the Articles of Association and the contract of employment in the performance of his duties, the Company will require the independent non-executive director to bear the corresponding legal and economic liabilities based on the circumstances and the degree of harm to the Company.</u></p> <p><u>Article 31 An independent non-executive director who has not completed his term of office shall be liable for compensation for losses caused by his arbitrarily leaving the Company.</u></p> <p><u>Article 32 If an independent non-executive director resigns or the term of office expires, his obligations to the Company and the shareholders shall not be discharged before the resignation report becomes effective or within a reasonable period after it has become effective, and within a reasonable period after the end of the term of office. The obligation to keep the Company's trade secrets confidential remains valid after the end of their employment until the secret becomes public information. The duration of other obligations shall be determined on the basis of fairness, depending on the length of time between the occurrence of the event and departure and the circumstances and conditions under which the relationship with the Company ends.</u></p>	
Article 27 These rules are considered and approved at the board meeting and shall come into force on the date of the listing of the overseas shares issued by the Company on the Stock Exchange of Hong Kong Limited.	Article <u>35</u> These rules are considered and approved at the <u>general</u> meeting and shall come into force on the date <u>on which</u> of the <u>initial public offering</u> listing of <u>A</u> the overseas shares <u>of</u> issued by the Company <u>succeeds on Science and Technology Innovation Board of the Shanghai</u> <del>on</del> the Stock Exchange of Hong Kong Limited.	Revision to the effective time

**CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\*****POLICY FOR THE MANAGEMENT OF TRANSACTIONS WITH RELATED PARTIES  
UNDER THE A SHARES****Chapter 1 General Provisions**

**Article 1** The Policy is enacted pursuant to relevant requirement of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Corporate Governance Standards for Listed Companies, Notice on Certain Issues relating to the Regulation of Financial Transactions between Listed Companies and Their Related Parties and the Provision of External Guarantee by Listed Companies, Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (hereinafter referred to as "**SSE Listing Rules**"), Guidance issued by Shanghai Stock Exchange on Implementation of Transactions with Related Parties by Listed Companies and the articles of association of China Railway Signal & Communication Corporation Limited\* (the "**Company**") (the "**Articles of Association**"), to regulate transactions with related parties of the Company, control the risks of transactions with related parties, protect the overall interests of the Company and shareholders and promote safe and stable operation of business activities.

**Article 2** The Policy only applies to the transactions with related parties conducted by the Company in accordance with the securities regulatory rules of the place where the Company's A shares are listed. The Company has formulated the Rules on the Management of Transactions with Related Parties of China Railway Signal & Communication Corporation Limited\* (CRSC Cai Wu 2015 No. 320) (hereinafter "**Rules for Transactions with Related Parties under H Shares**", which only applies to the transactions with related parties conducted by the Company in accordance with the securities regulatory rules of the place where the Company's H shares are listed) in accordance with the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**HKEX Listing Rules**").

**Article 3** The disclosure and decision-making procedures for the transactions with related parties of the Company shall comply with the SSE Listing Rules, the Policy and regulations of HKEX Listing Rules and Rules for Transactions with Related Parties under H Shares at the same time. Where there are inconsistencies between the laws of Hong Kong or the PRC or listing rules of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, the strictest laws or rules shall prevail.

**Article 4** This Policy applies to the Company and subsidiaries included in the consolidated financial statements of the Company (hereinafter referred to as "**Subsidiaries**"). The audit and risk management committee of the Board of Directors shall be responsible for the control over and daily administration of transactions with related parties.

**Article 5** During the course of transactions with related parties, the Company shall guarantee the legality, necessity, rationality and fairness of the transaction with related parties, maintain the independence of the Company, and shall not adjust financial indicators through transactions with related parties or prejudice the Company's interests.

**Chapter 2 Identification of Related Parties**

**Article 6** Related parties of the Company shall include following natural persons, legal persons or other entities:

- (i) natural persons, legal persons or other entities which directly or indirectly control the Company;
- (ii) natural persons who directly or indirectly hold over 5% of the shares in the Company;
- (iii) directors, supervisors and senior management of the Company;
- (iv) family members who have a close relationship with any related natural persons as set forth in item (i), item (ii) and item (iii) of this article, including spouse, children over age of 18 and their spouses, parents and spouses' parents, siblings and their spouses, spouses' siblings, and parents of children's spouses;
- (v) legal persons or other entities which directly hold over 5% of the shares in the Company;
- (vi) directors, supervisors, senior management or other principal persons in charge of the legal persons or other entities which directly or indirectly control the Company;
- (vii) legal persons or other entities which are controlled, directly or indirectly, by the related legal persons or related natural persons as listed in item (i) to (vi) of this article, or any foregoing related natural person (other than independent non-executive directors) serves as a director or senior management in (other than the Company and its subsidiaries);
- (viii) legal persons or other entities which indirectly hold over 5% of the shares in the Company;
- (ix) other natural persons, legal persons or organizations who may obtain beneficial interests from the Company due to their special relations with the Company and are identified by China Securities Regulatory Commission (hereinafter referred to as the "CSRC"), the stock exchanges or the Company based on the substance over form principle.

**Article 7** Within 12 months preceding the date of transaction or 12 months upon effect or implementation of related transaction agreement, legal persons, other entities and natural persons falling within any one of the foregoing article are considered related parties of the Company.

Any legal person or other entity under direct or indirect control of legal persons or other entities set forth under item (i) of Article 6 herein that is under common control with the Company by the same state-owned asset administration agency shall not be deemed to be a related party of the Company due to the existence of such common control only, except to the extent that the legal representative, president or more than half of directors of such entity concurrently serve as the director, supervisor or senior management of the Company.

**Chapter 3 Identification of Transaction with Related Parties**

**Article 8** A transaction with related parties of the Company shall refer to any arrangement between the Company or any of its subsidiaries and a related party of the Company that is likely to result in any transfer of resources or obligations, including:

- (i) purchase or sale of assets;
- (ii) investments on a third party (other than purchase of wealth management products from banks);
- (iii) transferring or being transferred with research and development programs;
- (iv) entering into license agreements;
- (v) provision of guarantee;
- (vi) hiring or leasing assets;
- (vii) entrusting or being entrusted with the management of assets and business;
- (viii) donating or receiving donation of assets;
- (ix) reorganization of claims or obligations;
- (x) provision of financial funding;
- (xi) transactions between the listed companies and related parties as may be identified as transactions with related parties by the stock exchanges based on the principle that substance over form.

**Article 9** The Company shall take effective measures to prevent any shareholder and other related parties from embezzlement or transfer in any form of any fund, asset or other resource of the Company and from infringement upon the interests of the Company and shareholders.

**Chapter 3 Filings on Related Parties**

**Article 10** Directors, supervisors, senior management of the Company, shareholders holding over 5% of the shares of the Company, de facto controllers and any parties acting in concert with them shall notify the Company of any related relationship with the Company in a timely manner.

**Article 11** The audit and risk management committee of the Company shall review the list of related parties of the Company, and shall report the same to the Board of Directors and the Board of Supervisors in a timely manner.

**Article 12** The Company shall, in accordance with the requirements of regulatory authorities, report and update the list of related parties and related relationship in a timely manner.

**Chapter 4 Management of Transactions with Related Parties**

**Article 13** The financial department of the Company shall be responsible for the daily operation of transactions with related parties of the Company. The main documents or central database on related parties established and managed by the financial department of the Company shall include at least the signed framework agreement for transactions with related parties (including supplementary agreements and revised agreements). In the case of a continuing transaction with related parties, it shall also include information such as the approved annual trading cap and the actual accumulated annual transaction amount. The financial department of the Company shall be responsible for reporting transactions with related parties to the Secretary to the Board, and cooperating with the Secretary to the Board to fulfill the disclosure obligation that the Company shall comply with. The financial department and the Secretary to the Board of the Company are responsible for communicating with external compliance advisors regarding compliance of transactions with related parties.

**Article 14** The financial department of the Company shall be responsible for organizing the identification of related parties of the Company and its subsidiaries and preparing and updating the list of related parties; monitoring the amount of continuing transactions with related parties of the Company and its subsidiaries; and reporting to the Secretary to the Board in advance the transactions with related parties that may exceed the annual cap of the framework agreement due to business needs. The financial department of the Company shall take charge in the collection of information on transactions with related parties in accordance with the requirements of the relevant accounting standards and the preparation of test table on scale of transactions with related parties, and assist the Board of the Company to handle information disclosure of transactions with related parties so as to comply with the relevant accounting principles in ensuring the accuracy and consistency of information disclosure.

Financial departments at all levels of subsidiaries shall perform their relevant duties in the management of transactions with related parties under the guidance of the Company's financial department.

**Article 15** Each department of the Company and the subsidiaries has the responsibility for the following tasks in transactions with related parties within their business scope in compliance with the Policy:

- (1) Fill in the report on transaction with related parties and timely seek the opinion of the financial department of the Company with regards to the approval and disclosure procedures of intended transactions with related parties;
- (2) Timely notify the financial department of the Company on data and information of transactions with related parties after the transaction approval procedures have been fulfilled as the basis of the Company's obligation in information disclosure.

**Article 16** Management of disclosed continuing transactions with related parties:

A disclosed continuing transaction with related parties refers to the continuing transaction with related parties, having fulfilled the appropriate announcement and/or approval procedures and/or exempted by the stock exchanges where the Company's shares are listed, which is disclosed in the prospectus, announcement or circular of the Company to trade within the scope of the approved annual cap.

## Management process of disclosed continuing transactions with related parties:

- (1) The Company's financial department is responsible for providing statistical reports on disclosed continuing transactions with related parties to the financial department of its subsidiaries, explains the applicable scope of various continuing transactions with related parties, proposes reporting requirements, and is responsible for coordinating and monitoring its subsidiaries in complying with the annual amount of transactions with related parties;
- (2) The Company's financial department and its subsidiaries' financial departments are respectively responsible for taking count of the amount of continuing transactions with related parties actually occurred in the various business departments of the Company and its subsidiaries; the subsidiaries' financial departments shall submit monthly report on transactions with related parties to the Company's financial department (report a zero amount if there is no transaction);
- (3) The Company's financial department is responsible for verifying, summarizing, analyzing and predicting the aggregated amount of continuing transactions with related parties of the Company's business departments and subsidiaries,
- (4) When the statistical data indicates that certain transactions with related parties may exceed the annual cap, the financial department of the Company should propose a handling plan as soon as possible and forecast a new cap amount, and, if necessary, seek the opinion of the stock exchanges where the Company's shares are listed, and apply for the approval formalities with regards to expanding the annual cap of transactions with related parties according to the relevant procedures and prepare the related announcement.

**Article 17** Management of new transactions with related parties:

If the Company and its subsidiary intend to carry out transactions with related parties after the approved annual cap of the continuing transaction with related parties is exceeded, the Company should firstly fulfill the approval and disclosure procedures according to the amount of the transactions with related parties. Before the new transactions with related parties occurred in a subsidiary, the financial department of the subsidiary should as far as practicable notify the Company in writing in advance. The financial department of the Company shall fulfill the approval and disclosure procedures according to the amount of the intended new transactions with related parties, after which the Company shall notify the subsidiaries to carry out the relevant transactions with related parties. New transactions with related parties in the Company shall be handled by the relevant department in conjunction with the Company's financial department.

Management process for confirmation of new transactions with related parties in subsidiaries:

- (1) Before a subsidiary enters into a new contract or carries out a new transaction, which the subsidiary's financial department confirms as belonging to a transaction with related parties, the subsidiary should report to the Company in writing for the Company to fulfill the relevant approval and disclosure procedures; if it is difficult for the subsidiary's financial department to confirm the nature of the transaction, the subsidiary may submit the relevant information of the transaction to the Company's financial department to confirm the nature of the transaction. The Company's financial department is responsible for notifying the subsidiary of the confirmation results, pursuant to which the subsidiary fulfills the relevant obligation of written report;
- (2) After the Company receives its subsidiary's report on transactions with related parties, the Company's financial department shall review whether the transaction constitutes a transaction with related parties;
- (3) After reviewing by the Company's financial department, if the transaction does not constitute a transaction with related parties, the relevant companies or departments shall be notified in writing; if the transaction constitutes a transaction with related parties, the relevant companies or departments should cooperate with the Company's financial department in fulfilling the relevant approval and disclosure procedures.

After fulfilling the relevant approval and disclosure procedures for the new transactions with related parties, the relevant departments of the Company or the subsidiary shall proceed with the transactions with related parties.

#### **Chapter 5 Decision-making and Disclosure Procedures on Transactions with Related Parties**

**Article 18** Any proposed transaction with related parties between the Company or any of its subsidiaries and a related party of the Company shall be conducted after implementation of decision-making procedures in accordance with the rules of this Policy. The proposal on the transaction with related parties submitted to the meeting for consideration and approval shall detail the specific contents, pricing policies, necessity and feasibility of the transaction and the impact on the interest of the Company and the shareholders, and the specific terms shall be prepared by the functions of the Company that are in charge of such transaction with related parties.

**Article 19** Any of the following transactions (other than provision of securities) between the Company and related parties shall be subject to the approval of the Board of Directors and be disclosed in a timely manner:

- (i) any transaction with related natural persons that involves an amount of over RMB0.3 million;
- (ii) any transaction with its related legal persons that involves an amount of over RMB3 million accounting for over 0.1% of the most recently audited total assets or market value of the Company;

**Article 20** Transactions (other than provision of securities) between the Company and related parties involving an amount of over RMB30 million and accounting for over 1% of the most recently audited total assets or market value of the Company, shall be provided with an appraisal report or an audit report and submitted to the general meeting for consideration. Transactions with related parties relating to daily operation are exempt from auditing or evaluation.

**Article 21** The Company shall exercise caution when conducting a transaction with related parties in the form of “provision of financial funding” or “entrusted wealth management”, and if necessary, the price of the transaction with related parties shall be computed on an aggregate basis for consecutive 12 months, and Article 19 and Article 20 shall apply. Any party who has fulfilled such obligations based on Article 19 or Article 20 will not be included in the computation on the accumulative basis.

**Article 22** Where listed companies conduct any of the following transactions, an aggregate basis for consecutive 12 months shall be adopted, and Article 19 and Article 20 shall apply respectively:

- (i) transaction with the same related party;
- (ii) any transaction with the same type of subject matter with different related parties.

The “same related party” referred to above shall include parties who are under the common control, of the same de facto controller, or who has a cross shareholding relationship with each other; and a legal person or other entity in which the same natural person serves as the director or senior management. Any party who has fulfilled such obligations based on this Chapter will not be included in the computation on the accumulative basis.

**Article 23** Where the Company enters into a transaction with related parties with a related party in daily course of business, the obligation to disclose and the consideration procedures shall be observed under the following circumstances:

- (i) the Company may conduct a reasonable estimation of the annual amount of daily transactions with related parties by type to fulfill the consideration procedures and obligation to disclose; the Company shall re-submit such transactions based on any amount in excess of the estimated total amount for consideration and disclose the same.
- (ii) the Company shall group and disclose daily transactions with related parties by types in the annual reports and interim reports;
- (iii) Where the term of daily transaction with related parties agreement entered into between the Company and the related party is longer than three years, the Company shall go through again the relevant consideration procedures and disclose such transaction every three years.

**Article 24** Where the Company proposes to enter into a transaction with related parties that shall be subject to approval by a general meeting, the Company shall obtain approval in advance from independent non-executive directors before submitting the transaction to the Board of Directors for its consideration. Prior approval of the independent non-executive directors shall be agreed by more than half of all the independent non-executive directors and such transaction shall be disclosed in the announcement of the transaction with related parties.

**Article 25** The affiliated directors shall refrain from the voting on the transaction with related parties when such transaction is reviewed and considered by the Board of Directors, and they shall not exercise the voting rights on behalf of other directors. Such board meetings may be held if more than half of the unaffiliated directors are present. Resolutions by the Board of Directors shall be passed by the affirmative vote of more than half of unaffiliated directors, unless otherwise provided in the Articles of Association. Where the number of unaffiliated directors present at the board meeting is less than three, the Company shall submit the transaction to the general meeting for its consideration.

Affiliated shareholders shall refrain from voting on the transaction with related parties that is considered at the general meeting, the number of shares with voting rights represented by them shall not be included in the total number of valid votes, and they shall not exercise the voting right on behalf of other shareholders.



**Article 26** When the Company and its related parties enter into the following transactions with related parties, the review and disclosure in the manner of transactions with related parties can be exempted in the following circumstances:

- (i) One party subscribes for the shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivative products of the other party in cash;
- (ii) One party, as a member of the underwriters, underwrites the shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivative products of the other party;
- (iii) One party receives dividends, bonuses or remuneration in accordance with the resolution of the general meeting of the other party;
- (iv) One party participates another party's public tenders or auctions, other than public tenders or auctions the fair value of which are difficult to form;
- (v) Transactions from which the Company unilaterally benefited, including cash grants, debt relief, acceptance of guarantees and aids, etc.
- (vi) The pricing of the transactions with related parties are regulated by the state;
- (vii) Where a related party offers loan to the Company, the interest rate of such loan is not higher than the loan interest rate of the same period stipulated by the People's Bank of China, and no guarantee is offered by the Company for such financial aids;
- (viii) The Company offers products and services to directors, supervisors and senior management in same trading conditions as those with non-related parties;
- (ix) Other transactions as recognized by the stock exchanges.

**Article 27** The Board of Supervisors of the Company shall supervise the consideration, voting, disclosure and implementation of the transactions with related parties and shall issue its opinion in the annual report.

**Chapter 6 Pricing of Transactions with Related Parties**

**Article 28** A written agreement shall be entered into for any transaction with related parties by the Company or any of its subsidiaries, setting forth the pricing policies for the transactions with related parties. The agreement shall be entered into upon the principles of equality, free will, equal value and compensation. In case of any material change to any major clause of such transaction such as transaction price during the implementation of the transaction with related parties, the Company or its subsidiary shall go through the approval procedures for a second time based on the changed transaction price.

**Article 29** The pricing of the transaction with related parties shall be fair and equitable, and shall be conducted with reference to the following principles:

- (i) Where the government pricing applies to the transaction, such price determined under the government pricing may be applied;
- (ii) Where the government-guided price applies to the transaction, the transaction price may be determined reasonably within the range of the government-guided prices;
- (iii) Except where the government pricing or government-guided price applies, if a comparable independent third party market price or charging rate exists, the transaction price may be determined by reference to such price or rate;
- (iv) Where no comparable independent third party market price exists for the transaction with related parties, the transaction price may be determined by reference to the price in an arm's length transaction between the related party and a third party independent of such related party;
- (v) If no independent third party market price or price in an arm's length transaction exists, the pricing may be based on the reasonable price composition which shall be reasonable costs or expenses plus reasonable profits.

**Article 30** Where a transaction with related parties price cannot be determined by applying the above principles and methods, the principle and method of determining the transaction price thereof shall be disclosed, and the statement for the fairness of such pricing shall be given.

**Chapter 7 Items Required to be Disclosed for Transactions with Related Parties**

**Article 31** The Company shall truthfully disclose related information on related parties and transactions with related parties, etc. in accordance with the requirements of applicable laws, regulations and regulatory rules.

**Article 32** In connection with any disclosure of a transaction with related parties by the Company, the following documents shall be filed with Shanghai Stock Exchange:

- (i) Text of the publication;
- (ii) Agreement or letter of intent related to the transaction; board resolution, text of the announcement for the resolution; approval from a competent authority for the transaction (if applicable); professional report issued by a securities service agency (if applicable);
- (iii) Prior written consent to such transaction issued by independent unaffiliated directors;
- (iv) Opinion of independent unaffiliated directors (if applicable);
- (v) Opinion of audit and risk management committee of the Board of Directors (if applicable);
- (vi) Other documents required by Shanghai Stock Exchange.

**Article 33** The announcement regarding the transaction with related parties disclosed by the Company shall contain the following items:

- (i) Summary of the transaction with related parties;
- (ii) Description on related relationship between parties of the transaction and basic information on the related party;
- (iii) Basic information on the subject matter of the transaction with related parties;
- (iv) Major terms and pricing policy for the transaction with related parties;
- (v) Purpose and impact of the transaction with related parties on the Company;
- (vi) Prior consent and independent opinion issued by the independent unaffiliated directors;
- (vii) Opinion of independent financial advisor (if applicable);
- (viii) Opinion of audit and risk management committee of the Board of Directors( if applicable);
- (ix) Previous transactions with related parties;

- (x) Undertaking by controlling shareholders (if any);
- (xi) Voting of the Board of Directors;
- (xii) Other items required by the CSRC and Shanghai Stock Exchange to be disclosed.

#### **Chapter 8 Fund Transfer with Controlling Shareholders and Other Related Parties**

**Article 34** The operation funds transfer between the Company and any controlling shareholder and other related party shall be strictly limited to the capital of listed companies. The controlling shareholders and other related parties are not allowed to request the Company to advance salaries, welfare, insurance premiums, advertisement expenses and other expenses for them, nor to bear costs and other expenditures on behalf of each other.

**Article 35** The Company shall not provide funds, directly or indirectly, to any controlling shareholder or other related parties in any of the following manners:

- (i) offering any capital of the Company to any controlling shareholder or other related party with or without compensation;
- (ii) providing entrusted loans to any related party through a bank or non-banking institute;
- (iii) entrusting any controlling shareholder or other related party with investment activities;
- (iv) issuing to any controlling shareholder or other related party any commercial acceptance invoices without true transactions;
- (v) repaying the obligations of any controlling shareholder or other related party;
- (vi) any other manner as recognized by the CSRC.

**Article 36** When conducting the audit of annual financial statements of the Company, the certified public accountants shall issue special statements for any capital of the Company used by any controlling shareholder or other related party, and the Company shall make public announcement on such special statement.

**Chapter 9 Liabilities**

**Article 37** None of the controlling shareholders, de facto controllers or other related parties of the Company may take advantage of any related relationship to the detriment of interests of the Company. In case of any loss to the Company as a result of any violation of this Policy, the above parties shall also be liable for such losses.

Where any controlling shareholder or other related party of the Company embezzles any assets of the Company or acts in a manner prejudicial to the interests of the Company or its shareholders, the Company is entitled to take effective measures to request the controlling shareholders and other related parties to cease such infringing act, and may also petition to the people's court for the freezing of corporate assets embezzled and shares in the Company held by such controlling shareholders or other related parties.

**Article 38** Where any director, supervisor, senior management of the Company, in violation of applicable laws, regulations and this Policy, aids, abets or condones any embezzlement by any controlling shareholder or other related party of any assets of the Company or infringement by them upon interests of the Company, the Board of Directors of the Company will, according to the severity of such violation, impose disciplinary measures on the party directly responsible for the violation and dismiss the director that committed a material breach, and may hold them liable for reasonable losses according to the severity of losses caused to the Company; in case any violation amounts to a crime, the liable party will be transferred to the judicial authorities.

In case of any adverse effect or losses caused to the Company as a result of any negligence or dereliction by the management bodies and the personnel responsible for any transaction with related parties of the Company when handling such transaction with related parties, the Company may impose the penalties such as public criticism, warning and dismissal according to the severity of the violation.

**Article 39** In case that any shareholder of the Company brings civil lawsuit for damages as a result of any economic loss arising from any act of a controlling shareholder or other related party prejudicial to the interests of the Company or other shareholders, the Company is obligated to offer assistance such as providing relevant information subject to the applicable laws, regulations and the Articles of Association.

**Chapter 12 Supplementary Provisions**

**Article 40** The “affiliated director” referred to herein shall mean a director who:

1. is a counterparty to a transaction; or
2. is a direct or indirect controller of the counterparty; or
3. takes office at the counterparty, or at a legal person or other entity directly or indirectly controlling or controlled by the counterparty; or
4. is a close family member of the natural persons set forth in item 1 and item 2 of this article;  
or

5. is a close family member of a director, supervisor or senior management of the legal person or entity set forth in item 1 and item 2 of this article; or
6. is deemed by the CSRC, Shanghai Stock Exchange or the listed company based on the substance over form principle that may affect his independent commercial judgment.

**Article 41** The “affiliated shareholder” referred to herein shall mean a shareholder who:

1. is a counterparty to a transaction; or
2. is the direct or indirect controller of the counterparty to a transaction; or
3. is directly or indirectly controlled by the counterparty; or
4. is under the common control, directly or indirectly, with the counterparty by the same natural person, legal person, or other entity; or
5. has a share transfer agreement or other agreement with the counterparty to the transaction or its related party that is not fully fulfilled and may impose restrictions or influence on his voting rights; or
6. is regarded by the CSRC or Shanghai Stock Exchange as likely to be treated favorably by the listed company.

**Article 42** Any issues which this Policy may not apply to shall be subject to applicable state laws, regulations, regulatory rules, rules of the places where the Company’s shares is listed and the Articles of Association.

**Article 43** Upon consideration and approval by the general meeting, this Policy shall come into effect as of the date when A shares of the Company under initial public offering are listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange.

**Article 44** Unless otherwise specified, terms and definition in this Policy shall have the same meaning as those in the Articles of Association.

**Article 45** This Policy shall be interpreted by the Board of Directors of the Company.

CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\*

RULES FOR THE MANAGEMENT OF EXTENRAL GUARANTEES

Chapter 1 General Provisions

**Article 1** These Rules are formulated pursuant to relevant requirement of the Company Law of the People’s Republic of China (the “**Company Law**”), Guaranty Law of The People’s Republic of China (the “**Guaranty Law**”), the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the articles of association (the “**Articles of Association**”) of China Railway Signal & Communication Corporation Limited\* (the “**Company**”), to protect investors’ interests, regulate the provision of guarantees by the Company, control the asset operational risk and promote the healthy and stable development of the Company

**Article 2** The guarantees as mentioned herein refers to warranties, mortgage or pledge provided by the Company as a third party to others including guarantees to Subsidiaries. The specific categories of such guarantees include loan guarantee, guarantee for bank’s issuance of letter of credit, guarantee for banker’s acceptance, as well as for issuance of letters of guarantee.

**Article 3** The “subsidiaries” referred to herein shall mean wholly-owned subsidiaries, holding subsidiaries and entities under the de facto control of the Company.

**Article 4** All external guarantees shall be centrally managed by the Company, without approval by the Board of Directors or the shareholders’ general meeting, the Company and its subsidiaries shall not provide any external guarantees, provide guarantee to each other, and shall not engage any other entity to provide guarantee for its subsidiaries.

**Article 5** The Company shall take necessary measures such as counter-guarantee for risk control upon provision of guarantee to others.

**Article 6** The Board of Directors is the consulting and decision-making body of the Company’s guarantees. All guarantees of the Company are subject to approval by the Company’s Board of Directors or shareholders’ general meeting according to procedures. When the general meeting or the Board votes on the guarantees, the shareholders or directors who have an interest therein shall abstain from voting. The independent non-executive Directors of the Company shall make a specific statement in the annual reports on the accrual and current external guarantees of the Company and the implementation of relevant provisions and express their independent opinions therein.

**Chapter 2 Guarantee and Management**

**Section I Guaranteed Party**

**Article 7** The Company may provide guarantee for any legal entity that has an independent legal personality whom meets any of the following conditions:

- (i) a mutually guaranteed entity due to business needs of the Company;
- (ii) an entity with established important business relationship with the Company;
- (iii) any subsidiary of the Company or other entities having controlling relationship with the Company;
- (iv) an applicant for the guarantee that, although not meeting any of the above conditions, if the Company believes it is necessary for the Company to have a business relationship and cooperation relationship with, and the risk of such guarantee is low, a guarantee may be provided to such party subject to the approval of the Board or by the shareholder's general meeting.

The entities above shall also have relatively strong capability of debt repayment and shall meet other relevant provisions hereof.

**Section II Functional Management Department and Approval Procedures of Guarantee**

**Article 8** Where the Company provides guarantee for others, the Company's fund management department is the functional management department. Where a subsidiary of the Company is required to provide guarantee to others due to business needs, the financial department or the fund management department of the subsidiary is the functional management department.

**Article 9** Prior to provision of a guarantee, the functional management department should understand the credit conditions of the guaranteed party, and conduct sufficient analysis of the benefits and risks of such guarantee and provide explicit opinion.

Credit conditions of the applicant for guarantee shall at least include the following:

- (1) basic information about the enterprise (including its name, registered address, legal representative, business scope, affiliated relationship and other relationships with the Company);
- (2) latest audited financial reports and loan repayment ability analysis;
- (3) name of the creditor;
- (4) guarantee application, including but not limited to such content as method, term and amount of guarantee;



- (5) photocopy of the main contract relating to the loan;
- (6) other important information.

**Article 10** Where the Company provides guarantee for others, the fund management department of the Company, as the functional management department, shall first conduct an investigation and analysis of the basic information of the guaranteed party and submit an application report, setting forth its opinion of approval or disapproval. After obtaining the consent and signed by the chief accountant of the Company, the application report shall be submitted to the president of the Company for approval and thereafter submitted to the Board office for approval by the Board or the shareholders at the general meeting.

**Article 11** Subsidiaries shall not, in principle, provide guarantees for others. Where the subsidiary of the Company is required to provide guarantee to others due to business needs, the subsidiary shall conduct a review and submit an application report, setting forth its opinion of approval or disapproval. After obtaining the consent and signed by the legal representative of such subsidiary, the application report shall be submitted to the fund management center of the Company for review and to the chief accountant to sign the opinion and thereafter submitted to the Board office for approval by the Board or the shareholders at the general meeting upon approval of the president of the Company.

### **Section III Review and Resolution Permission on Guarantee**

**Article 12** The Board of Directors shall carefully review the financial status, industry prospects, operating conditions, credit and reputation of the applicant for guarantee based on the information provided by the functional management department. No guarantee shall be provided to an applicant for guarantee in case of any of the following circumstances or if the information provided is insufficient:

- (i) incompliance with Article 7 herein;
- (ii) the property rights are unclear or the use of capital does not comply with the relevant national laws, regulations or industry policy;
- (iii) entered into restructuring, custody, merger and acquisition or bankruptcy;
- (iv) financial condition deteriorated, being insolvent and with disordered management and significant operation risk;
- (v) provided false financial statements and other information in order to obtain guarantees of the Company by cheating;
- (vi) there has been overdue of loan repayments or default of interest payments on bank loans for which the Company has provided guarantee(s)
- (vii) there is large economic disputes with other enterprise, subject to legal proceedings and may assume great liability for damage;

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**APPENDIX XII      RULES FOR THE MANAGEMENT OF THE EXTERNAL GUARANTEE**

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(viii) there has been a guarantee dispute with the Company and not yet properly resolved;

(ix) other circumstances the Board of Directors deem that a guarantee should not be provided.

Where the Company provides a guarantee for any of its subsidiaries, it may not be subject to the requirements of item (i) of this article.

**Article 13** The following external guarantees of the Company shall be submitted to the general meeting for review after being reviewed and approved by the Board of Directors:

- (i) The amount of a single guarantee in excess of 10% of the latest audited net assets;
- (ii) Any guarantee to be provided after the aggregate amount of external securities provided by the Company and its holding subsidiaries exceeds 50% of the latest audited net assets;
- (iii) Any guarantee to be provided to a guaranteed party that has liability/asset ratio is over 70%;
- (iv) The guarantee that exceeds 30% of the audited total assets for the latest period of the Company when determined based on the principle of accumulation of guarantee amounts for consecutive 12 months;
- (v) Guarantees provided to shareholders, de facto controllers and their related parties;
- (vi) Other guarantees required to be approved by the shareholders at the general meeting under the securities regulatory rules of the places where the Company's shares are listed or the Articles of Association.

**Article 14** The guarantee within the authority of the Board requires not only the approval of more than half of all the Directors, but also the approval of more than two-thirds of the Directors attending the Board meeting; the guarantee in item (4) of Article 13 herein shall be approved by shareholders holding two-thirds of voting rights who present at the general meeting.

**Article 15** Where the Company provides guarantees for a wholly-owned subsidiary or for a holding subsidiary and other shareholders of such holding subsidiary provide equal guarantee in proportion to their respective shareholdings without prejudice the interest of the Company, the provisions under item (i) to item (iii) of Article 13 herein may be exempted. The Company shall group and disclose the foregoing guarantees in its annual report and interim report.

**Article 16** When the shareholders are considering the proposed guarantee to be provided to any shareholder, de facto controller and its related party at the general meeting, such shareholder or any shareholder controlled by such de facto controller shall refrain from the voting on such resolution, and such resolution shall deem to be passed by more than half of the voting rights held by the unaffiliated shareholders attending the general meeting.

**Article 17** Where the Company provides guarantees for a related party, it shall have reasonable logic and shall be disclosed according to relevant requirements upon consideration and approval by the Board, and proposed to the general meeting for review. Where the Company provides guarantees for controlling shareholders, de facto controllers and their related parties, such controlling shareholders, de facto controllers and their related parties shall provide counter-guarantee.

#### **Section IV Conclusion of Contract of Guarantee**

**Article 18** Subject to the approval by the Board at the board meeting or by the shareholders at the general meeting of the Company, the chairman of the Board or any person authorized by the chairman will enter into a contract of guarantee.

**Article 19** The contract of guarantee shall be in consistent with relevant laws and regulations and shall be express. Any contract of guarantee shall be reviewed by the fund management center, the financial department, the legal compliance department and the operation management department of the Company and where necessary, shall be submitted to the law firm engaged by the Company to review or issue legal opinion.

**Article 20** If the contract of guarantee is in a standard form, a strict review shall be conducted over all obligation clauses based on the credit of the guaranteed party. Where any mandatory obligation clauses in any such standard form contract may result in any unanticipated risk being imposed to the Company, the guaranteed party shall provide the corresponding counter-guarantee or be refused to obtain the guarantee, and the same shall be reported to the Board of Directors.

**Article 21** The contract of guarantees shall provide for the following clauses (taking warrantee contract as an example):

- (1) Creditor, debtor;
- (2) the type and amount of the debt of the guarantee;
- (3) term agreed by the debtor and the creditor to settle debts;
- (4) method of guarantee;
- (5) scope of guarantee;
- (6) term of guarantee;
- (7) other matters deemed as necessary to be agreed upon by both parties.

Mortgage contract and pledge contract shall also provide for their main clauses pursuant to requirements of the Guaranty Law.

**Article 22** Where the Company accepts any counter-guarantee in the form of mortgage or pledge, the fund management center of the Company shall, together with the legal compliance department of the Company (or a law firm engaged by the Company), prepare the complete set of documents, and timely handle the pledge or mortgage registration in particular, if it is required by the relevant laws, and take necessary actions to reduce the guarantee risks before the counter-guarantee approval and registration.

**Article 23** Contracts of guarantee shall be kept properly by the Company pursuant to the internal regulations of the Company, and shall notify Board of Supervisors, the secretaries of the Board and the financial department.

### **Section V Information Disclosure**

**Article 24** For any external guarantee reviewed and approved by the Board of Directors at the Board meeting or by shareholders at general meeting of the Company, the applicable information shall be disclosed in a timely manner on newspapers designated by China Securities Regulatory Commission in accordance with requirements of the securities regulatory rules of the places where the Company's shares are listed.

**Article 25** Where the Company provides guarantee and the guaranteed party fails to repay debts within 15 trading days following maturity or becomes bankrupt or goes into liquidation or faces other situations that substantially affect its solvency, the Company shall make relevant disclosure in a timely manner.

### **Chapter 3 Risk Management of Guarantee**

**Article 26** After signing the contract of guarantee, the fund management center of the Company shall be responsible for keeping the contract of guarantee and the related information, and monitoring and dealing with the subsequent matters of the external guarantee.

**Article 27** The fund management center of the Company shall establish the guarantee account, and after the debt of external guarantee expires, the department responsible for handling the guarantee shall actively supervise the guaranteed entity to fulfill obligation.

**Article 28** The department responsible for handling the guarantee shall pay close attention to the merger, division, bankruptcy, dissolution, proceedings of significance, arbitration of the guaranteed party and production, operation, assets and liabilities, goodwill and any change to actual control over enterprise, etc.

**Article 29** The Company shall take corresponding measures on a case-by-case basis and, if necessary, require the creditor to release the contract of guarantee or require the guaranteed entity to provide further counter-guarantee.

**Article 30** The Company must take effective measures to recover from the debtor after fulfilling the guarantee liability to the creditor.

**Chapter 4 Accountability**

**Article 31** Where the directors, president or other senior management of the Company sign external guarantee contract in the name of the Company without authorization and cause damages to the Company, they shall held accountable according to relevant management regulations of the Company.

**Article 32** Any functional department officers who breach the requirements of the laws or these Rules, neglect the risks and provide guarantees without authorisation, causing losses to the Company, shall held accountable according to relevant management regulations of the Company.

**Article 33** Any functional department officers who fail to fulfill their duties and cause losses to the Company, shall be held accountable according to relevant management regulations of the Company.

**Article 34** Where the guarantor is free from guarantee liability according to the laws, but the Company's responsible department officers act without prior authorization of the Board of Directors of the Company, they shall be held accountable according to relevant management regulations of the Company.

**Article 35** The Board of Directors of the Company shall impose corresponding penalty on the responsible staff with reference to the size of the loss and risk, and the significance of the misconduct.

**Chapter 5 Supplementary Provisions**

**Article 36** Unless otherwise specified, term used in these rules shall have the same meaning as those in the Articles of Association. Any matters not covered herein or contents herein are in conflict with the securities regulatory rules of the places where the Company's shares are listed, the Company Law and applicable laws and rules and the Articles of Association, such laws and rules, and provisions of the Articles of Association shall prevail.

**Article 37** These Rules shall come into effect after the consideration and approval at the shareholders' general meeting and upon the Company's A shares are issued and listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange.

**Article 38** In case of any discrepancy between these Rules and other internal control system of the Company, these Rules shall prevail.

**Article 39** These Rules shall be interpreted by the Board of Directors.

## CHINA RAILWAY SIGNAL &amp; COMMUNICATION CORPORATION LIMITED\*

RULES FOR THE MANAGEMENT OF PROCEEDS TO BE RAISED FROM  
A SHARE OFFERING

## Chapter 1 General Provisions

**Article 1** In order to regulate the management and use of the proceeds raised by China Railway Signal & Communication Corporation Limited\* (the “**Company**”) and protect the interests of investors, the Rules are formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for the Issuance of Securities by Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, Guidelines for the Supervision and Administration on Listed Companies No. 2 — Supervision and Administration Requirements for the Management and Use of Funds Raised by Listed Companies, the Regulations for the Management of Proceeds by Listed Companies on Shanghai Stock Exchange and other laws and regulations and the articles of association of China Railway Signal of Communication Corporation Limited (the “**Articles of Association**”) based on the actual circumstances of the Company.

**Article 2** The proceeds referred to in the Rules means the proceeds raised by the Company from investors through public offering of securities (including IPO, allotment of shares, additional issuance, issuance of detachable convertible corporate bonds and issuance of convertible corporate bonds cum warrants, etc.) and non-public offering of securities, excluding the proceeds raised by the Company for implementing stock incentive plan.

The controlling shareholder(s) and de facto controller(s) of the Company shall neither, directly or indirectly, occupy or encroach the proceeds raised of the Company, nor utilize the proceeds and make use of the proceeds investment project (hereinafter referred to as the “**investment project(s)**”) for inappropriate gains.

In the event that the amount of actual proceeds of the Company exceeds the amount of planned proceeds, the Rules are also applicable to the use and management of the excessive portion of the proceeds (hereinafter referred to as the “**Surplus Proceeds**”).

The Rules are only applicable to the management of proceeds raised from the public offering of securities and non-public offering of securities by the Company within the PRC. The Company’s management of the proceeds raised from the H share market shall be conducted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relevant requirements of other internal management regulation of the Company.

**Article 3** In the event of the use of proceeds being involved in the matter of information disclosure, it shall be implemented in accordance with the requirements of the stock exchanges of the places where the shares are listed and the Information Disclosure Management Rules of China Railway Signal & Communication Corporation Limited\*. The Company shall establish and improve systems on the deposit, use, change, decision-making, supervision and accountability of proceeds, and disclose the specific arrangements for proceeds to be invested in the field of scientific and technological innovation and continuously disclose the use of proceeds.

## Chapter 2 Deposit of Proceeds

**Article 4** The proceeds of the Company shall be deposited according to the principles of concentrated management, standardized use, truthful disclosure and strict management.

Proceeds shall be deposited in the special account (hereinafter referred to as the “**Special Account for Proceeds**”) opened with the approval of the Board for concentrated management. The Special Account for Proceeds shall not keep funds other than proceeds or be used for other purposes. If it is deemed by the Company that there is the need to open a special account at more than one bank given the relatively big amount of proceeds and based on the credit arrangements of investment projects, under the principles of adhering to centralized deposit and facilitating supervision, the Company may open a special account for proceeds at more than one bank upon approval of the Board of Directors.

When the proceeds is in place, the Company shall carry out the capital verification formality timely and engage an accounting firm with a practitioner qualification in securities for the verification report.

**Article 5** Upon receipt of the proceeds, the proceeds management department of the Company shall carry out the capital verification procedures and ensure that the proceeds are deposited into the designated account. A tri-party regulatory agreement with respect to the deposit at the designated account for proceeds shall be signed between the Company, the sponsor(s) and the commercial bank (the “**commercial bank**”) in which the proceeds are deposited within 1 month upon receipt of the proceeds. The agreement shall at least include the following details:

- (1) The Company shall deposit the proceeds into the Special Account for Proceeds;
- (2) Account of the Special Account for Proceeds, fund raising projects related and the amount;
- (3) The commercial bank shall provide the Company with bank statements of the Special Account for Proceeds on a monthly basis and make copies to the sponsor(s);
- (4) If the Company withdraws an amount of more than 50 million from the Special Account for Proceeds once or at multiple times within 12 months and that the amount reaches 20% of the total amount of proceeds net of issuance expenses (hereinafter referred to as “Net Proceeds”), the Company shall notify the sponsor(s) promptly;
- (5) The sponsor(s) may make inquiries to the commercial bank on the Special Account for Proceeds at any time;
- (6) The liabilities for the breach of contract by the Company, the commercial bank and the sponsor(s).

The Company shall, within two trading days upon the signing of the above agreement, file with the Shanghai Stock Exchange and make an announcement thereon. Should the above agreement terminate before the period of validity due to reasons such as change of sponsor or the commercial bank, the Company shall enter into new agreement(s) with related parties within two weeks from the date of termination of the agreement and shall, within two trading days upon the signing of the new agreement, file with the Shanghai Stock Exchange and make an announcement thereon.

### Chapter 3 Use of Proceeds

**Article 6** The use of proceeds shall be in strict compliance with relevant approval and resolution procedures as specified in these Rules, relevant regulations of the Company and information disclosure obligations as specified in relevant regulations.

**Article 7** The Company's Proceeds-Financed Projects shall be organized and implemented in accordance with the proposed schedule committed in the Company's offering application documents to ensure that all tasks can be accomplished as scheduled and shall be reported to the Board of Directors on a regular basis. The progress of implementation of Proceeds-Financed Projects shall be disclosed to the public.

The spending of proceeds shall be initiated by the entity which is to utilize proceeds under the Proceeds-Financed Projects. Such use of proceeds shall be in accordance with the plan of use of proceeds, the implementation progress of the Proceeds-Financed Projects and the amount of proceeds used, and shall be subject to approval by a competent body of the Company, after which the payment procedures shall be implemented.

**Article 8** The proceeds invested in Proceeds-Financed Projects shall be in strict compliance with the schedule committed in the Company's offering application documents. If there is an event that seriously affects the normal progress of schedule, the Company shall file with the Shanghai Stock Exchange promptly and make an announcement to the public thereon.

**Article 9** If any of the following events occurs to the Proceeds-Financed Projects, the Company shall assess the feasibility and estimated profitability of such project to decide if it should proceed with its implementation, and disclose the progress of the project, reasons for the abnormalities and the adjusted project (if any) in accordance with the listing rules on the places where the Company's shares are listed:

- (1) Any material change in the market environment in which the Proceeds-Financed Projects are involved;
- (2) Suspension of the Proceeds-Financed Projects for over 1 year;
- (3) Failure to meet the deadline specified in the previous plan of the Proceeds-Financed Projects and less than 50% of the proposed investment amount has been actually contributed;
- (4) Other abnormalities of the Proceeds-Financed Projects.



**Article 10** The Company shall not conduct the following acts with the proceeds:

- (1) Proceeds-Financed Projects qualify as financial investments such as holding of transactional financial assets and available-for-sale financial assets, lending to others and entrusted financial management, and is invested, directly or indirectly, in companies principally engaged in the trading of marketable securities;
- (2) Change the application of proceeds in a disguised way through pledge, entrusted loan or other means;
- (3) Provide, directly or indirectly, the proceeds to related persons such as the controlling Shareholder(s) or de facto controller(s) to generate improper benefits from the Proceeds-financed Project for related persons;
- (4) Other acts that led to the breach of any provision of proceeds management.

**Article 11** If the Company has deployed self-financing fund in the Proceeds-Financed Projects, the Company shall rebate the self-financing fund with the proceeds within 6 months upon the proceeds from the fund raising has reached the account. The replacement shall be subject to the consideration and approval by the Board, with a verification report issued by an accounting firm, and the opinions on explicit consent given and disclosed by independent non-executive Directors, the Board of Supervisors and the sponsor(s). The Company shall report to the Shanghai Stock Exchange and make an announcement within two trading days upon the Board meeting.

**Article 12** The temporarily idle proceeds may be used for cash management, and the invested products shall comply with the following criteria:

- (1) High safety to satisfy the requirement of principal guarantee and the issuer of the products shall undertake to guarantee the principal;
- (2) High liquidity and the normal implementation of investment plan for the proceeds shall not be affected.

The investment products shall not be pledged, and the designated settlement account for such products (if applicable) shall not be used for the deposit of non-proceeds or any other purposes. In case of opening or cancelling a designated settlement account for such products, the Company shall file with the Shanghai Stock Exchange and make an announcement within two trading days.

**Article 13** The investment products funded by idle proceeds shall be subject to the consideration and approval by the Board of Directors of the Company, with the explicit consent given by the independent non-executive Directors, the Board of Supervisors and the sponsor(s). The Company shall, within two trading days after the Board meeting, announce the followings:

- (1) The basic information on the proceeds, including when the proceeds are raised, the amount of the proceeds, Net Proceeds and investment plans, etc.;
- (2) The use of proceeds;

- (3) The amount and term of the investment products funded by idle proceeds, whether there is any changes in the purposes of the proceeds in a disguised way and the measures for ensuring the smooth progress of the projects financed by the proceeds;
- (4) The income distribution method, scope of investment and safety of the investment products;
- (5) Opinions issued by independent non-executive Directors, the Board of Supervisors and the sponsor(s).

**Article 14** The idle proceeds may be used to temporarily replenish working capital by the Company, which shall meet the following requirements:

- (1) Shall not change the purpose of use of the proceeds in disguised form and shall not affect the normal implementation of the investment plan for the proceeds;
- (2) Shall be limited to the use in production and operation related to the main business and shall not be used, directly or indirectly, for the allotment or subscription of new shares, or the transactions of stocks and derivatives thereof or convertible corporate bonds, etc.;
- (3) The replenishment of working capital shall be no more than 12 months each time;
- (4) The proceeds (if applicable) due previously used for temporarily replenishing working capital shall have been paid back.

The temporary use of idle proceeds to replenish working capital by the Company shall be subject to the consideration and approval by the Board of Directors of the Company, with the opinions on explicit consent given by independent non-executive Directors, the sponsor and the Board of Supervisors. The Company shall report to the Shanghai Stock Exchange and make announcement within two trading days.

Before the expiration date of replenishing working capital, the Company shall return certain proceeds to the Special Account for Proceeds, and report to the Shanghai Stock Exchange and make an announcement within two trading days after the proceeds are fully paid back.

**Article 15** The Surplus Proceeds may be used to permanently replenish working capital and repay bank loans, and the cumulative amount of every 12 months shall not exceed 30% of the total amount of the Surplus Proceeds and the Company shall undertake that it will not make high-risk investments and provide financial assistance for others within 12 months after replenishing the working capital.

Where the Surplus Proceeds are used for permanently supplementing working capital and repaying bank loans, it will be subject to the consideration and approval by the Board of Directors and the shareholders general meeting. Online voting shall be available for the Shareholders, and independent non-executive Directors, Supervisors and sponsor shall express affirmative opinion. The Company shall report to the Shanghai Stock Exchange for record and announce the followings within 2 trading days after the Board meeting:

- (1) The basic information of the proceeds, including the time for raising the proceeds, the total amount of the proceeds, Net Proceeds, Surplus Proceeds and investment plan, etc.;

- (2) The information of use of proceeds;
- (3) The necessity and detailed use plan of the Surplus Proceeds used for permanently supplementing working capital and repaying bank loans;
- (4) The undertaking of not making high-risk investment nor providing financial support for others within 12 months after supplementing working capital;
- (5) The impact on the Company for applying the Surplus Proceeds in permanently supplementing working capital and repaying bank loans;
- (6) Opinions of the independent non-executive Directors, Board of Supervisors and the sponsor.

**Article 16** Where the Company applies the Surplus Proceeds in projects under construction and new projects (including asset acquisition, etc.), such projects shall fall within the Company's principal businesses, and the Company shall scientifically and prudently conduct feasibility analysis on the Proceeds-Financed Projects and perform its information disclosure obligations in a timely manner, under the relevant applicable provisions under Articles 20 to 23 of the Rules.

**Article 17** After a single Proceeds-Financed Project is completed, the Company's applying the remaining proceeds of such project (including interest income) for other Proceeds-Financed Projects shall be subject to the consideration and approval of the Board of Directors and subject to the independent non-executive Directors, sponsors and Board of Supervisors expressing affirmative consents. The Company shall report to the Shanghai Stock Exchange and make an announcement within two trading days upon the Board meeting.

Where the remaining proceeds (including interest income) is less than 1 million or less than 5% of the committed investment amount of the proceeds of such Proceeds-Financed Project, the Company may be exempted from the procedures stated in the preceding paragraph, and such use shall be disclosed in the annual reports.

Where the remaining proceeds (including interest income) of a single Proceeds-Financed Project is used for other projects than the Proceeds-Financed Project (including supplementing working capital), it shall conduct relevant procedures and perform disclosure obligations by reference to the change of Proceeds-Financed Project.

**Article 18** If the Proceeds-Financed Projects are finished and the remaining proceeds (including interest income) are more than 10% of the Net Proceeds Amount, the use of the remaining proceeds shall be subject to the consideration and approval by the Board of Directors and the shareholders general meeting(s), and the issuance of the opinions with explicit consent by the independent non-executive Directors, the sponsor(s) and the Board of Supervisors. The Company shall report to the Shanghai Stock Exchange for record and announce within 2 trading days after the Board meeting.

If the remaining proceeds (including interest income) are less than 10% of the Net Proceeds Amount, the use of the remaining proceeds shall be subject to the consideration and approval by the Board of Directors, and the issuance of opinions with explicit consents by the independent non-executive Directors, the sponsor(s) and the Board of Supervisors. The Company shall report to the Shanghai Stock Exchange for record and announce within 2 trading days after the Board meeting.

If the remaining proceeds (including interest income) are less than 5 million or less than 5% of the Net Proceeds Amount, the Company may be exempted from performing the procedures stated in the preceding paragraph, and such use shall be disclosed in the latest periodic report.

**Article 19** When the Company invests in a Proceeds-Financed Project, the capital expenditure incurred shall undergo review and approval procedures in strict compliance with the Company's relevant provisions governing the use of monetary funds. All expenses involving the proceeds shall be applied by the department concerned based on the proposed use of funds and the progress of investment projects, and shall be subject to approval by a competent body of the Company, after which the payment procedures shall be implemented by the financial department.

#### Chapter 4 Change in Use of Proceeds

**Article 20** The Company shall use the proceeds according to the purposes specified in the prospectus or offering document. Changes of the Company's Proceeds-Financed Projects shall be considered and approved by the Board of Directors and at the shareholders general meeting(s), subject to the explicit consent of the independent non-executive Directors, the sponsor(s) and the Board of Supervisors.

After the Board of Directors of the Company has resolved to the amendments to the Proceeds-Financed Projects, such resolution shall be disclosed in a timely manner and submitted to the shareholders general meeting(s) for consideration. The Board of Directors shall state the reasons for amending the use of proceeds, a general description of the new Proceeds-Financed Project and its effects on the prospects of the Company in the notice of the shareholders general meeting. The Company shall not make any amendments to the Proceeds-Financed Projects without the prior consideration and approval by the shareholders general meeting and opinions with explicit consents given by the independent non-executive Directors, the sponsor(s) and the Board of Supervisors.

In case the Company merely changes the venue of implementation of the Proceeds-Financed Projects, such changes can be exempted from implementing the procedures of the previous clause but shall be subject to the consideration and approval by the Board of Directors of the Company. A report shall be filed within two trading days with the Shanghai Stock Exchange, and the reasons for the changes and the opinion of the sponsor(s) shall be announced.

**Article 21** The Company shall scientifically and prudently carry out the feasibility analysis of the new Proceeds-Financed Projects, ensure that such Proceeds-Financed Projects have good market prospects and profitability, effectively prevent investment risks and improve the efficiency of the utilization of the proceeds.

**Article 22** If the Company intends to change the purpose of the Proceeds-Financed Projects, the Company shall report to the Shanghai Stock Exchange and make an announcement containing the following information within 2 trading days upon submission to the Board of Directors for consideration:

- (1) The basic status of the original Proceeds-Financed Project and specific reasons for such change;
- (2) An overview, a feasibility analysis and a risk warning regarding the new Proceeds-Financed Projects;
- (3) Investment plan of the new Proceeds-Financed Projects;
- (4) Explanations on approvals obtained or to be obtained from relevant authorities for the new Proceeds-Financed Projects (if applicable);

- (5) The opinions of the independent non-executive Directors, Board of Supervisors and the sponsor(s) in respect of the changes in the Proceeds-financed projects;
- (6) A statement specifying that the changes in the Proceeds-Financed Projects are subject to the consideration of the shareholders general meeting;
- (7) Such other information as required by the Shanghai Stock Exchange.

If the new Proceeds-Financed Projects involve connected transactions, purchase of assets and foreign investment, the Company shall disclose the matter in accordance with regulations of relevant rules.

**Article 23** If a Proceeds-Financed Project is reoriented to acquire assets (including equity) of the Company's controlling Shareholder(s) or de facto controller(s), the Company shall ensure that it can effectively avoid peer competition after an acquisition and can reduce connected transactions.

**Article 24** Any proposed external transfer or replacement of Proceeds-Financed Projects by the Company (excluding the complete external transfer or replacement of Proceeds-Financed Projects during a substantial reorganization of the company's assets) shall be reported to the Shanghai Stock Exchange and an announcement containing the following information shall be made within 2 trading days after such proposal is submitted to the Board of Directors for consideration:

- (1) Specific reasons for the external transfer or replacement of Proceeds-Financed Projects;
- (2) The amount of proceeds already invested in the project;
- (3) The progress and realized benefits of the project;
- (4) An overview, a feasibility analysis and a risk warning regarding the substitute project (if applicable);
- (5) The basis for pricing of the transfer or replacement, and the underlying benefits;
- (6) The opinions of the independent non-executive Directors, Board of Supervisors and the sponsor(s) in respect of the transfer or replacement of Proceeds-Financed Projects;
- (7) A statement specifying that the transfer or replacement of Proceeds-Financed Projects is subject to the consideration of the general meeting;
- (8) Such other information as required by the Shanghai Stock Exchange.

The proceeds management department of the Company shall closely keep track of the collection and use of the transfer price, the changes in the ownership of the substitute assets and the continued operation of the substitute assets, and perform necessary information disclosure obligations.

**Chapter 5 Management and Supervision of the Use of Proceeds**

**Article 25** The proceeds management department of the Company is responsible for daily management and supervision of the use of proceeds, establishing and optimizing relevant accounting records and ledgers for the activities involving the use of proceeds, establishing a special file for recording the actual deposit and application of the proceeds, and conducting independent auditing on the Proceeds-Financed Projects. The financial department of the entity which utilizes proceeds under the Proceeds-Financed Project shall verify the application of proceeds quarterly and report to the proceeds management department of the Company for auditing.

**Article 26** The Board of Directors of the Company shall conduct a thorough auditing on the progress of the Proceeds-Financed Projects on a semi-annual basis, and a special report of the deposit and actual use of proceeds shall be issued in respect of the status of the deposit and use of proceeds (hereinafter referred to as “Special Report of Proceeds”).

When the actual progress of Proceeds-Financed Project differs from the investment plan, the Company shall explain specific reasons in the Special Report of Proceeds. When idle proceeds were used in investment products in the current period, the Company shall disclose returns for the reporting period and investment share, parties, product name, term and other information as at the end of the period in the Special Report of Proceeds.

The proceeds management department of the Company shall prepare the Special Report of Proceeds once for every half year, and the Report shall be considered and approved by the Board of Directors and the Board of Supervisors, and report to the Shanghai Stock Exchange and an announcement thereon shall be released within two trading days upon submission to the Board of Directors for consideration. In annual auditing, the Company shall engage certified public accountants to issue an attestation report on the deposit and use of proceeds of the Company, which shall be submitted to the Shanghai Stock Exchange when the Company discloses its annual reports, meanwhile such reports shall be disclosed on the website of the Shanghai Stock Exchange.

**Article 27** Sponsor(s) shall implement an onsite inspection in respect of the deposit and use of proceeds of the Company at least on a semi-annual basis.

After the close of each fiscal year, sponsor(s) shall issue a special audit report in respect of the Company’s deposit and use of proceeds during the year, and shall submit it to the Shanghai Stock Exchange when the annual report is issued by the Company. The audit report shall include the following information:

- (1) The deposit and use of proceeds and the status of the remaining amount in the designated account;
- (2) The progress of the Proceeds-Financed Projects, including deviations from with the proposed schedule on the investment of proceeds;
- (3) Status of the use of proceeds for replacement of self-financing funds already applied to the Proceeds-Financed Projects, if applicable;
- (4) Status and effect of the use of idle proceeds for replenishment of working capital, if applicable;
- (5) The use of the Surplus Proceeds, if applicable;

- (6) Status of the changes in the use of proceeds, if applicable;
- (7) A conclusive opinion on whether the deposit and use of proceeds of the Company is compliant;
- (8) Such other information as required by the Shanghai Stock Exchange.

At the end of each fiscal year, the Board of Directors shall disclose in the Special Report of Proceeds a conclusive opinion of the special audit report by the sponsor(s) and accounting firm's verification report.

**Article 28** The independent non-executive Directors, the audit and risk management committee of the Board of Directors and the Board of Supervisors shall pay attention to the actual management and use of proceeds.

The audit and risk management committee of the Board of Directors, the Board of Supervisors or more than half of the independent non-executive Directors may engage certified public accountants to have a special audit and issue an attestation report on the deposit and use of proceeds. The Company shall be cooperative and shall bear the necessary fees.

The Board of Directors shall report to the Shanghai Stock Exchange and release an announcement within two trading days upon the receipt of the attestation report mentioned in the preceding article. If the attestation report identifies any non-compliance in management or use of proceeds of the Company, the Board of Directors shall also announce the incompliance, the consequences of such incompliance that have occurred or may occur and measures that have taken or to be taken.

**Article 29** Directors, senior management of the Company and other agencies, departments or staff with authorization shall exercise its powers and conduct management work in accordance with the law and in the scope of authorization. If there are violations of laws, regulations, rules, other regulatory documents, the securities regulatory rules of stock exchanges, the Articles of Association and the Rules and acts beyond authority and thus affect the Company's reputation or cause damage to the Company, the Company will pursue liability on the person with direct responsibilities or the relevant agency or head of relevant department in accordance with the Work Manual on Accountability for Illegal Pperation and Investment of China Railway Signal & Communication Corporation Limited\* (Zhong Guo Tong Hao Shen Ji [2019] No. 34). The following behaviors are considered violation of the Rules:

- (i) the actual use of proceeds are not in conformity with the planned use of proceeds;
- (ii) the actual proceeds use unit changes the use of proceeds in private;
- (iii) the disclosure obligations are not fulfilled in accordance with the Rules and relevant regulations;
- (iv) other violations of the Rules as determined by the Company.

**Chapter 6 Supplementary Provisions**

**Article 30** As to the Proceeds-Financed Projects which are implemented through the Company's subsidiaries or other entities controlled by the Company, these Rules shall apply.

**Article 31** In the event of any matters not addressed in these Rules, performance shall be carried out in accordance with the relevant requirements of the laws and regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association of the Company. In case of conflicts between provisions of these Rules and PRC laws and regulations to be promulgated subsequently, and, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association of the Company as duly and legally amended in future, performance shall be carried out in accordance with relevant PRC laws and regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association of the Company.

**Article 32** These Rules are subject to the consideration and approval by the shareholders' general meeting and are effective from the date of the initial public offering and listing of the A shares of the Company on the Science and Technology Innovation Board of the Shanghai Stock Exchange.

**Article 33** These Rules shall be amended and interpreted by the Board of Directors of the Company.



CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED\*  
REPORT ON USE OF PROCEEDS RAISED IN PREVIOUS ISSUANCE**I. STATUS OF PREVIOUSLY RAISED PROCEEDS**

Pursuant to the approval by China Securities Regulatory Commission (Zheng Jian Xu Ke [2015] No. 1630), China Railway Signal & Communication Corporation Limited\* (hereinafter referred to as the “**Company**”) made its initial public offering of H Shares outside China and applied for listing on the Hong Kong Stock Exchange after completion of the issue. The Company issued 1,789,819,000 H Shares (including over-allotment) through Hong Kong Stock Exchange on 7 August 2015 and 4 September 2015, respectively, at a par value of RMB1 per share and an issue price of HK\$6.30 per share. The subscription amount received from the issuance totalled HK\$11,275,859,700.00, equivalent to RMB8,906,860,727.73; after deducting of underwriters’ underwriting fees and other issuance expenses, the actual net proceeds of H Shares amounted to RMB8,698,241,773.48, of which, RMB57,253,749.04 was settled by the Company’s own fund; HK\$10,000,000,000.00 of the above net proceeds of H Shares was settled by the Company into RMB 8,247,400,000.00 on 14 August 2015, and the Company obtained foreign exchange gain amounting to RMB 348,347,542.18. The net amount of proceeds of H Shares which can be utilized by the Company was equivalent to RMB9,103,843,064.70.

According to the capital verification report issued by Ernst & Young Hua Ming LLP, namely Ernst & Young Hua Ming (2016) Yan Zi No. 61172338\_A01, the said proceeds raised were remitted on 7 August 2015 and 4 September 2015, respectively, to a designated deposit account numbered 012-875-1-246139-0 opened by the Company with the Bank of China (Hong Kong) Limited. As of 31 December 2018, the remaining balance of the overseas designated account for proceeds from issuance of H Shares was HK\$1,108,940,768.3 (equivalent to RMB971,653,901.22), and that of the domestic designated account amounted to RMB2,757,443,794.88.

**II. ACTUAL INVESTMENT PROJECTS AND/OR CHANGE IN TOTAL INVESTMENT OF PREVIOUSLY RAISED PROCEEDS**

Actual investment projects are in conformity with the utilization plan for the proceeds disclosed in the Prospectus with regards to the previous issuance and there are no changes in actual investment projects.

**III. ACTUAL USE OF PREVIOUSLY RAISED PROCEEDS**

According to the utilization plan for the proceeds from issuance of H Shares disclosed in the prospectus issued by the Company in relation to the initial public offering of H shares, after deducting issue expenses, 30% of the total net proceeds from issue of H Shares is used for long-term R&D, including the R&D investment for railway and urban transit control systems and the establishment of relevant research centers, the R&D of communication information technology, the R&D of modern tram technologies and others; 20% of the total net proceeds is used for fixed asset investments, including relocating our current production bases and upgrading our equipment and further expanding our business into fields such as Smart Cities and electronic information; 20% of the total net proceeds is used for is used for general domestic and overseas acquisitions; 20% of the total net proceeds is used for investment in rail transportation PPP projects that are in compliance with the government policies and 10% of the total net proceeds is used to supplement working capital.

For the actual use of previously raised proceeds as of 31 December 2018, please refer to the following “Comparison Table for Use of Previously Raised Proceeds” and “Comparison Table for Realization of Efficiency for Projects Invested by Previously Raised Proceeds”.

## Comparison Table for Use of Previously Raised Proceeds

Investment projects		Total amount of investment from proceeds				Total accumulated amount of investment from proceeds as of 31 December 2018				Difference between actual investment amount and committed investment amount after fund-raising	Scheduled date when projects achieve the intended use
No.	Committed investment projects	Actual investment projects	Committed investment amount before fund-raising	Committed investment amount after fund-raising	Actual investment amount	Committed investment amount before fund-raising	Committed investment amount after fund-raising	Actual investment amount	Actual investment amount	Investment amount after fund-raising	
1	Long-term R&D	Long-term R&D	2,731,152,919.41	2,731,152,919.41	2,518,563,249.74	2,731,152,919.41	2,731,152,919.41	2,518,563,249.74	2,518,563,249.74	212,589,669.67	N/A
	Fixed asset investments	Fixed asset investments	1,820,768,612.94	1,820,768,612.94	1,377,812,453.58	1,820,768,612.94	1,820,768,612.94	1,377,812,453.58	1,377,812,453.58	442,956,159.36	N/A
2	General acquisitions	General acquisitions	1,820,768,612.94	1,820,768,612.94	107,971,948.05	1,820,768,612.94	1,820,768,612.94	107,971,948.05	107,971,948.05	1,712,796,664.89	N/A
3	PPP projects	PPP projects	1,820,768,612.94	1,820,768,612.94	593,037,048.63	1,820,768,612.94	1,820,768,612.94	593,037,048.63	593,037,048.63	1,227,731,564.31	N/A
4	Supplement working capital	Supplement working capital	910,384,306.47	910,384,306.47	900,000,000.00	910,384,306.47	910,384,306.47	900,000,000.00	900,000,000.00	10,384,306.47	N/A
5	Total	Total	9,103,843,064.70	9,103,843,064.70	5,497,384,700.00	9,103,843,064.70	9,103,843,064.70	5,497,384,700.00	5,497,384,700.00	3,606,458,364.70	N/A

Unit: RMB

Net proceeds (after deducting brokers' underwriting commission and Total accumulated use of other issue expenses): RMB 9,103,843,064.70

Interest income and exchange gains:  
RMB122,639,331.40

Total amount of proceeds with change of use: N/A

Proportions of amount of proceeds with change of use: N/A  
2015: RMB1,228,059,095.26  
2016: RMB696,411,834.55  
2017: RMB1,408,178,434.75  
2018: RMB2,164,735,335.44

**Comparison Table for Realization of Efficiency for Investment  
Projects by Previously Raised Proceeds**

Actual investment projects No.	Name of project	Accumulated utilization rate of production capacity of investment projects as of 31 December 2018 (Note 1)	Committed Benefits (Note 2)	Actual efficiency during 2015, 2016, 2017 and 2018-			Accumulated efficiency generated as of 31 December 2018 (Note 3)	Whether the estimated efficiency was achieved
				2015	2016	2017		
1	Long-term R&D	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Fixed asset investments	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	General acquisitions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	PPP projects	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	Supplement working capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note 1: The Company's projects invested by proceeds are not applicable to the index of utilization rate of production capacity.

Note 2: No commitment was made by the Company in respect of the economic benefits to be generated from the projects in vested by proceeds.

Note 3: Fund-raising projects have positive effects on the financial condition and operating performance of the Company.

**IV. COMPARISON BETWEEN THE ACTUAL USE OF PREVIOUSLY RAISED PROCEEDS AND RELEVANT DISCLOSURES IN THE COMPANY'S PERIODIC REPORTS**

The aforementioned actual use of previously raised proceeds and that disclosed in the Company's annual reports for 2015, 2016 and 2017 are compared as follows:

Unit: RMB million

Actual investment	Actual use of proceeds as of the end of reporting period			Investment amount of proceeds disclosed in the Company's annual report			Difference of actual use of proceeds as of the end of reporting period		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
<b>Non-projects</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
1 Long-term R&D	67.9	360.7	1,311.9	1,130.7	2,298.7	2,486.6	Not disclosed	(1,938.0)	(1,174.7)
2 Fixed asset investments	260.2	663.8	1,098.0	665.6	665.6	1,377.8	Not disclosed	(1.8)	(279.8)
3 General acquisitions	—	—	—	—	—	—	Not disclosed	—	—
4 PPP projects	—	—	22.7	—	625.0	625.0	Not disclosed	—	(602.3)
5 Supplement working capital	900.0	900.0	900.0	900.0	900.0	900.0	Not disclosed	—	—
Total	1,228.1	1,924.5	3,332.6	2,696.3	4,489.3	5,389.4	Not disclosed	(1,468.2)	(2,056.8)

There exists difference between the Company's actual use of previously raised proceeds and the relevant disclosures in the Company's annual reports for 2015, 2016 and 2017. The reason for the difference is that the investment amount of proceeds disclosed in the Company's annual reports refers to the amount drawn from the special account of proceeds raised to the special accounts of projects.

**V. CONCLUSION**

In the opinion of the Board of Directors, the Company has utilized the previously raised proceeds based on the utilization plan for the proceeds from issue of H Shares as disclosed in the previous prospectus for H Shares. The Company has duly fulfilled its disclosure obligation on the investment direction and progress of the previously raised proceeds in accordance with the Provisions regarding the Report on Use of Previously Raised Proceeds (Zheng Jian Fa Xing Zi [2007] No. 500) promulgated by the China Securities Regulatory Commission.

All directors of the Company undertake that there is no false representation, misleading statement or material omission in this report, and assume individual and joint liability for its truthfulness, accuracy and completeness.