

**Terms of Reference of the Quality and Safety
Committee under the Board of Directors of
China Railway Signal & Communication
Corporation Limited**

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to conscientiously implement the relevant laws and regulations such as the *Production Safety Law of the People's Republic of China* (中華人民共和國安全生產法,) consistently implement the safety production principle of “safety-foremost with prevention-oriented and comprehensive treatment”, improve the quality and safety management system of China Railway Signal & Communication Corporation Limited (the “Company”) and strengthen the management and control over the quality and safety of the Company. Pursuant to the *Companies of the People's Republic of China* (中華人民共和國公司法), the *Articles of Association of China Railway Signal & Communication Corporation Limited* (the “Articles of Association”) and relevant requirements, the Board of Directors of the Company has established the Quality and Safety Committee and promulgated these terms of references.

Article 2 The Quality and Safety Committee is a special working authority under the Board of Directors and is accountable thereto. It is mainly responsible for studying major decisions related to the quality and safety of the Company; studying the construction of the Company's long-term quality and safety mechanism; and conducting review on annual major quality and safety works of the Company.

CHAPTER 2 COMPOSITION

Article 3 The Quality and Safety Committee shall comprise three directors, who shall be proposed by the Chairman of the Board of Directors after discussion with relevant Directors for consideration and approval by the Board of Directors.

Article 4 The Quality and Safety Committee shall have one officer, who is responsible for presiding over the works of the Quality and Safety Committee. The officer shall be nominated by the Chairman of the Board of Directors of the Company and appointed by the Board of Directors. The major duties and authorities of the officer are:

- (i) convening and presiding over regular meetings and provisional meetings of the Committee;
- (ii) determining the agenda of every meeting of the Committee;
- (iii) signing material documentation of the Committee;
- (iv) ensuring the arrival of a clear and express conclusion for every resolution discussed by the Committee, which shall include: passed, rejected or re-considered with supplementary materials;
- (v) other duties as stipulated in these terms of reference.

Article 5 The terms of office of the members of The Quality and Safety Committee shall be in conformity with that of their directorship. Members of the Committee may be re-elected or re-appointed at the expiry of their terms of office.

No members shall, before the expiration of his/her term of office, be removed from office without reason except for the circumstances that require dismissal as stipulated in the laws and regulations, the Articles of Association or these terms of reference.

If any member ceases to be a director of the Company or unable to continue to assume directorship due to other causes, he/she shall be automatically disqualified from acting as a committee member, and such vacancy shall be filled by the Board of Directors pursuant to above Article 3 of these terms of reference.

In the event of any change in member(s) of the Quality and Safety Committee, it shall be announced in accordance with the requirements made by the Company.

Article 6 The members of The Quality and Safety Committee may, with competency to perform their duties, simultaneously assume the positions of other specialized committees under the Board of Directors.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 7 The primary duties and authorities of the Quality and Safety Committee are as follows:

- (i) studying and advising on the Company's quality and safety management plans;
- (ii) studying, reviewing and advising on the targets and measures for the construction of long-term quality and safety mechanism of the Company;
- (iii) reviewing annual major quality and safety works of the Company;
- (iv) supervising and guiding the establishment, implementation and maintenance of the Company's quality and safety management system;
- (v) solving and handling severe quality and safety incidents, failures and quality issues, and expressing opinions and rectification suggestions;

(vi) other duties authorized by the Board.

Article 8 The safety and quality management department of the Company is the supporting and liaison department of the Quality and Safety Committee, which shall be responsible for routine works such as notification of meetings, preparation of meeting documents as well as compilation and submission of minutes and resolutions of meetings, and conducting analysis on quality and safety status on a semi-annual basis. The Board of Directors office shall be responsible for the maintenance of minutes and resolutions of meetings, and together with the supporting and liaison department of the Quality and Safety Committee, joint responsible for specific works such as the preparation and organization of meetings. The Secretary of the Board of Directors shall be responsible for coordinating the works of the supporting and liaison department of the Quality and Safety Committee and the Board of Directors office.

Article 9 The Quality and Safety Committee shall be accountable to the Board. Any proposal passed by the Committee shall be submitted to the Board of Directors for consideration and approval.

Article 10 The Quality and Safety Committee shall be given sufficient resources for the performance of its duties, and may require relevant departments or personnel of the Company to provide working support based on working needs. If necessary, the Committee may engage intermediary to provide independent professional opinions on its decisions making with reasonable expenses incurred to be borne by the Company.

CHAPTER 4 RULES OF PROCEDURES

Article 11 The meetings of the Quality and Safety Committee are categorized into

regular meetings and provisional meetings, and regular meetings shall be convened at least once a year.

Article 12 Upon the proposal by the officer of the Committee, two or more members of the Committee or the Board of Directors and the Chairman of the Board of Directors, the Quality and Safety Committee shall convene a provisional meeting.

Article 13 For convening a meeting of the Quality and Safety Committee, a notice shall be given to all members by the supporting and liaison department three days prior to convening the meeting. In case of emergency that requires the Committee to convene a meeting as soon as possible, the Committee may give a notice of the meeting on that day by phone, fax or e-mail, but the officer of the Committee must give an explanation at the meeting.

Article 14 The meeting is chaired by the officer of the Quality and Safety Committee or, if he/she is unable to attend, another member of the Committee authorized by him/her.

Article 15 A meeting of the Quality and Safety Committee shall not be held unless attended by more than two-thirds of its members. Members of the Quality and Safety Committee shall attend the meeting in person or in a manner of teleconference or by aid of similar communication equipment. If a member is unable to attend the meeting for certain reason, he/she may authorize another committee member in writing to attend the meeting on his/her behalf. The power of attorney shall set forth the scope of authorization.

Article 16 If a meeting of the Quality and Safety Committee is held, the relevant

personnel of the Company may be invited to attend the meeting when necessary.

Article 17 The voting of the Quality and Safety Committee shall be taken by poll or show of hands. Each member shall have one vote. To be valid, resolutions passed at the meeting must be approved by a majority of all members of the Committee.

Article 18 A meeting of the Quality and Safety Committee may be held by way of written signature. Written resolutions shall be dispatched by facsimile, courier or by hand or otherwise to all members, and shall be returned in original copies to the Company for filing after deliberation by the members. A proposal signed by consenting members satisfying the threshold hereunder shall become a valid resolution of the Committee.

Article 19 The procedures for convening meetings of the Quality and Safety Committee, the voting method and the resolutions passed at such meeting shall be in compliance with the provisions of the relevant laws, regulations, the Articles of Association and these terms of reference.

Article 20 Resolutions passed at the meeting of the Quality and Safety Committee and any vote results shall be reported to the Board of Directors of the Company in writing.

Article 21 Persons participating in a meeting of the Quality and Safety Committee shall undertake confidentiality obligations for all items discussed at the meeting and shall not disclose any information in relation to the meeting unless authorized by the chairman of the Board of Directors or the Board of Directors of the Company.

Article 22 The supporting and liaison department of the Quality and Safety Committee shall compile complete minutes, which would be signed by members of

the Committee who have attended the meeting. The supporting and liaison department under the Committee shall submit the minutes to the Board of Directors office of the Company for archival and filing in accordance with the requirements of the Company for the inspection of directors at any time.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 23 Unless specifically stated, the terms used in these terms of reference shall have the same meaning as ascribed to them in the Articles of Association.

Article 24 Should there be any matter not expressly set out in these terms of reference or in conflict with the laws and regulations as promulgated or revised or the Articles of Association as formulated or revised through legal procedures from time to time after these terms of reference become effective, such laws, regulations or the Articles of Association shall prevail and these terms of reference shall be amended forthwith and submitted to the Board of Directors of the Company for consideration and approval.

Article 25 These terms of reference shall become effective from the date on which they were considered and approved by the Board of Directors of the Company.

Article 26 Interpretation of these terms of reference shall be vested in the Board of Directors of the Company.