
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 proxy form and the reply slip to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).



中國鐵路通信信號股份有限公司

CHINA RAILWAY SIGNAL & COMMUNICATION CORPORATION LIMITED*

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

(Stock Code: 3969)

- (1) Report of the Board for 2015**
 - (2) Report of the Board of Supervisors for 2015**
 - (3) Final Financial Accounts for 2015**
 - (4) Audited Financial Statements for 2015**
 - (5) Profits Distribution Plan for 2015**
 - (6) Remuneration Plan for Independent Directors for 2016**
 - (7) Re-appointment of International Auditor and Domestic Auditor**
 - (8) Amendments to the Articles of Associations**
 - (9) General Authorization for the Issuance of Onshore and Offshore Debt Financing Instruments**
 - (10) General Mandate for the Issuance of Shares**
- And**
- Notice of 2015 Annual General Meeting**

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

A notice convening the AGM to be held at 9:30 a.m. on Tuesday, 24 May 2016 at Meeting Room 1, Building B, CRSC Building, 1 Compound, Automobile Museum, Nansihuan West Road, Fengtai District, Beijing, PRC is set out on pages 16 to 18 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

Whether or not you propose to attend the AGM, holders of H Shares of the Company are requested to complete and return the enclosed form of proxy in accordance with the instruction printed thereon and return it to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjournment thereof if they so wish. If you propose to attend the AGM in person or by proxy, you are requested to complete the enclosed reply slip in accordance with the instruction printed thereon and return the same on or before Wednesday, 4 May 2016.

* For identification purpose only

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company for the year 2015 to be convened and held
“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
“Company”	China Railway Signal & Communication Corporation Limited*
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“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, to be subscribed for and traded in HK dollars and listed on the Stock Exchange
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of this circular excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

* For identification purpose only

DEFINITIONS

“Share(s)”	Domestic Shares and H Shares
“State Council”	State Council of the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“%”	per cent

LETTER FROM THE BOARD

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)

Chairman of the Board and Executive Director:

Mr. ZHOU Zhiliang

Executive Directors:

Ms. LI Yanqing

Mr. YIN Gang

Independent non-executive Directors:

Mr. WANG Jiajie

Mr. SUN Patrick

Mr. CHEN Jin'en

Mr. GAO Shutang

Registered Address:

B 49 Xisihuan South Road

Fengtai District

Beijing, PRC

Principal place of business in the PRC:

CRSC Building

1 Compound, Automobile Museum

Nansihuan West Road

Fengtai District

Beijing, PRC

*Principal place of business
in Hong Kong:*

18th Floor, Tesbury Centre

28 Queen's Road East

Wan Chai

Hong Kong

To the Shareholders

- (1) Report of the Board for 2015**
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LETTER FROM THE BOARD

I. INTRODUCTION

The Company intends to hold the 2015 AGM at 9:30 a.m. on Tuesday, 24 May 2016 at Meeting Room 1, Building B, CRSC Building, 1 Compound, Automobile Museum, Nansihuan West Road, Fengtai District, Beijing, PRC. The notice to convene the AGM has been dispatched on 8 April 2016, and is set out on pages 16 to 18 of this circular.

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

II. MATTERS TO BE RESOLVED AT THE AGM

ORDINARY RESOLUTIONS

1. REPORT OF THE BOARD FOR 2015

An ordinary resolution will be proposed at the AGM to approve the report of the Board for 2015, the full text of which is included in the 2015 annual report of the Company to be published at the Company's website and the HKExnews website of the Stock Exchange in due course.

2. REPORT OF THE BOARD OF SUPERVISORS FOR 2015

An ordinary resolution will be proposed at the AGM to approve the report of the Board of Supervisors for 2015, the full text of which is included in the 2015 annual report of the Company to be published at the Company's website and the HKExnews website of the Stock Exchange in due course.

3. FINAL FINANCIAL ACCOUNTS FOR 2015

An ordinary resolution will be proposed to the AGM to approve the final financial accounts for 2015.

The final financial accounts for 2015 prepared by the Company according to China Accounting Standards is summarized as follows:

(1) Revenue and profit

In 2015, the Company's consolidated statements recorded operating income of RMB24,498.2 million; sales costs and tax of RMB18,473.8 million. The profit for the year was RMB2,658.8 million, of which RMB2,521.9 million was attributable to the equity holders of the Company.

LETTER FROM THE BOARD

(2) Cash flows

In 2015, the net cash from operating activities in the Company's consolidated statements was RMB2,763.3 million. The net cash from investing activities was RMB-3,018.3 million. The net cash from financing activities was RMB5,699.4 million.

(3) Assets and liabilities

As of 31 December 2015, the total assets in the consolidated statements of the Company were RMB41,992.2 million, total liabilities and total equity amounted to RMB22,256.9 million and RMB19,735.3 million respectively.

The final financial accounts for 2015 prepared by the Company according to International Financial Reporting Standards is summarized as follows. The full text of which is included in the 2015 annual report of the Company to be published at the Company's website and the HKExnews website of the Stock Exchange in due course.

(1) Revenue and profit

In 2015, the Company's consolidated statements recorded revenue of RMB 23,951.6 million; cost of sales of RMB 17,936.9 million. The profit for the year was RMB2,623.5 million, of which RMB2,496.4 million was attributable to equity owners of the Company.

(2) Cash flows

In 2015, the net cash from operating activities in the Company's consolidated statements was RMB 2,763.3 million. The net cash from investing activities was RMB -3,018.3 million. The net cash from financing activities was RMB5,699.4 million.

(3) Assets and liabilities

As of 31 December 2015, the total assets in the consolidated statements of the Company were RMB 41,992.2 million, total liabilities and total equity amounted to RMB 22,256.9 million and RMB19,735.3 million respectively.

4. AUDITED FINANCIAL STATEMENTS FOR 2015

An ordinary resolution will be proposed to the AGM to approve the Company's audited financial statements for 2015, the full text of which is included in the 2015 annual report of the Company to be published at the Company's website and the HKExnews website of the Stock Exchange in due course.

LETTER FROM THE BOARD

5. PROFITS DISTRIBUTION PLAN FOR 2015

Pursuant to the Articles of Association, an ordinary resolution will be proposed at the AGM to approve profits distribution plan of the Company.

The Board has proposed to distribute final dividend for the period from July 2015 to December 2015 to the Shareholders, whose names appear on the register of members of the Company on 2 June 2016, a cash dividend of RMB0.025 (tax inclusive) per share. The 2015 final dividend to be distributed will be denominated and announced in RMB, of which domestic shareholders will be paid in RMB and H shareholders will be paid in HK dollars. The exchange rate of HK dollars will be calculated in accordance with the average forex closing price published by the People's Bank of China for the three working days before the day the dividend distribution announcement is made (inclusive of the day of the dividend distribution announcement). Such final dividend will be distributed on or before 30 June 2016. The above dividend is subject to the approval of Shareholders on the AGM to be held on Tuesday, 24 May 2016.

In addition, the transfer of Shares will not be affected from Saturday, 28 May 2016 to Thursday, 2 June 2016, both days inclusive. To be qualified for entitlement of the final dividend mentioned above, the holder of H Shares of the Company shall lodge the instruments of transfer 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 not later than 4:30 p.m. on Friday, 27 May 2016.

Meanwhile, the resolution of authorizing the Board to implement the aforementioned distribution plan is proposed on the AGM.

Withholding and Payment of Final Dividend Income Tax

Final dividend income tax applicable to overseas shareholders

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 final 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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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號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other relevant laws, regulations and requirements under normative documents, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of the overseas individual H shareholders:

- For individual H shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual H shareholders in the distribution of the final 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 final 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 final 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 final dividend.

LETTER FROM THE BOARD

Final dividend income tax applicable to shareholders in Mainland China investing in H shares of the Company through Shanghai-Hong Kong Stock Connect

Withholding and Payment of Individual Income Tax on behalf of Domestic Individual Shareholders Investing through 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 final 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 final dividend.

No Withholding and Payment of Enterprise Income Tax on behalf of Domestic Enterprise Shareholders Investing through 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 final 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.

6. REMUNERATION PLAN FOR INDEPENDENT DIRECTORS FOR 2016

An ordinary resolution will be proposed at the AGM to approve the remuneration plan for the year ending 31 December 2016 for independent Directors, and authorize the remuneration committee of the Board to perform the details of such plan, together with the human resources department of the Company. According to the plan, the basic remuneration of each independent Director shall be RMB80,000 per year (before tax), and in case of director serving as chairman of the specialized committees, the basic remuneration shall be RMB100,000 per year (before tax). Independent Director shall receive RMB3,000 (before tax) for attending each board meeting, and shall receive RMB2,000 (before tax) for attending each meeting of the specialized committees.

LETTER FROM THE BOARD

7. RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND DOMESTIC AUDITOR

An ordinary resolution will be proposed at the AGM to approve the re-appointment of Ernst & Young and Ernst & Young Hua Ming LLP as the international auditor and domestic auditor of the Company for 2016 respectively for a term of office until next annual general meeting, and authorize the management of the Company to determine their respective audit fees.

SPECIAL RESOLUTIONS

8. AMENDMENTS TO THE ARTICLES OF ASSOCIATIONS

A special resolution will be proposed at the AGM to approve amendments to the Articles of Associations.

Reference is made to the announcement dated 28 March 2016 of the Company in relation to the proposed amendments of the Articles of Associations as a result of a new requirement by the State Council to include general party building requirements into the articles of association of state-owned enterprises. Accordingly, the Board proposes to make such amendments which primarily cover specifications of establishment of party organization, allocation of personnel handling party affairs, the relationship between the party member organizations and the Board and Senior Management as follows (the “**Proposed Amendments**”):

Adding:

CHAPTER 14 PARTY ORGANIZATION

Article 204 According to the Constitution of the Communist Party and relevant provisions, the Company set up a Chinese communist party organization, established a work mechanism of the party and assigned personnel to handle party affairs, included the establishment of party organization and staffing of party members into the Company’s management organization and staffing, included the party organization’s work funding into the Company’s budget which is charged to the Company’s management costs. The party organization plays a core political role in the Company.

Article 205 For significant matters of the Company considered and decided by the Board, opinion from the Company’s party organization should be sought first. Significant operation and management matters involving the country’s macro adjustment, national development strategy and national security, the Board shall make decisions based on the discussion of the party organization.

LETTER FROM THE BOARD

Article 206 During the recruitment of senior management personnel, the Company's party organization shall vet and raise opinion on the candidates nominated by the Board or the General Manager. The Company's party organization may recommend nominees to the Board or the General Manager. The Company's party organization shall inspect the proposed personnel and raise opinion collectively.

The relevant authority may issue a template regarding the required articles mentioned above to state-owned enterprises for reference. In the event that the authority issues such a template 10 working days before the AGM is convened, and the amendments mentioned above are not consistent with such template, such template shall prevail for the amendments to the Articles of Association. An announcement will be published to inform the Shareholders should this arise.

After adding the Proposed Amendments to add Chapter 14, a total of three articles will be added. The number of the articles of the amended Articles of Association will increase from 258 to 261, and the numbering of the original Chapter 14 and articles that follow in subsequent order will be adjusted accordingly.

The revised Articles of Association shall become effective on the date of passing this resolution at the AGM. Prior to the passing of this resolution at the AGM, the prevailing Articles of Association of the Company shall remain valid.

9. GENERAL AUTHORIZATION FOR THE ISSUANCE OF ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS

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

To take advantage of the financing opportunities in domestic and overseas financial markets more effectively, expand the financing channels, improve financing structure, reduce financing cost and meet the funding requirements of domestic and overseas projects of the Company, after taking into consideration of the operating condition of the Company as well as the conditions of domestic and overseas bond markets, the Board proposes to obtain authorization for issuance of onshore and offshore debt financing instruments as follows:

Issuing entity:	the Company or its subsidiaries
Issuing size:	Up to an aggregate of RMB15 billion (inclusive of RMB15 billion, calculated based on the outstanding balance at the time of the issuance and, in the case where the instrument is denominated in a foreign currency, reference would be made to the median rate for the exchange rates as quoted by The People's Bank of China on the date of such issuance)
Issuing method:	One-off or multi-tranche issuance basis through public offerings or private placements

LETTER FROM THE BOARD

Targeting subscribers and subscription arrangement:	Onshore and offshore investors meeting the conditions for subscription (except for the case of the issuance of corporate bonds (if any), Shareholders)
Term of the instruments:	The term of the onshore and offshore corporate debt financing instruments shall be no longer than 10 years (inclusive) with a single term or hybrid type with multiple terms to be determined in accordance with the relevant regulations and the then prevailing market conditions
Use of proceeds:	to meet the business operation needs of the Company, repayment of the loan to financial institutions, supplement the working capital of the Company and/or make project investment
Validity of the mandate:	the earliest of: (i) the conclusion of the next annual general meeting of the Company after the passing of the resolution thereof; (ii) the expiry date of 12 months from the passing of the resolution thereof; (iii) the date on which the mandates mentioned in the resolution thereof are revoked or amended by a special resolution in the general meeting of the Company

The Board seeks the approval at the AGM for the general authorization of the Board and agreeing the Board in turn to authorize the management to deal with all matters in connection with the issuance of the onshore and offshore corporate debt financing instruments in their sole discretion in accordance with the applicable laws, regulations and relevant provisions from the regulatory authorities as well as resolutions passed at the AGM for such purposes, including but not limited to:

1. determining the type(s), specific category(ies), specific terms and conditions as well as other matters of the debt financing instruments, including but not limited to all the matters in relation to the issue such as the size of issue, actual total amount, currency, issue price, interest rate or the determination method thereof, appropriate issuing entity, place of issue, timing of issue, term(s), whether to issue in tranches and the number of tranches, whether to adopt any terms for repurchase and redemption, rating arrangements, guarantee matters, term of repayment of the principal and interests, use of proceeds, as well as listing and underwriting arrangements;
2. carrying out all necessary and incidental actions and procedures for the issuance of the debt financing instruments, including but not limited to, engaging intermediary agencies to handle, on behalf of the Company, the approval, registration and filing procedures with relevant regulatory authorities relating to the application for the issue, executing all necessary legal documents relating to the issue and dealing with other matters relating to the issue and trading of the debt financing instruments; approving, confirming and ratifying any of the aforesaid actions or procedures relating to the issue of the debt financing instruments to the extent already taken by the Company;

LETTER FROM THE BOARD

3. executing and publishing/dispatching relevant announcement(s) and circular(s) in relation to the issuance of the debt financing instruments and to comply with, if necessary, any relevant information disclosure and/or approval procedures, pursuant to the relevant laws and regulations and requirements of the Listing Rules;
4. making relevant adjustments to the relevant matters of the issue of the debt financing instruments and determining whether to proceed with the issue with reference to the opinions from relevant domestic regulatory authorities and the changes in policies and market conditions, provided that such adjustments and decision shall be within the scope of the authorisation of the Company's general meeting and shall be subject to re-voting at a general meeting of the Company if otherwise required by the relevant laws and regulations and the Articles of Association;
5. if necessary, determining and dealing with the listing of the debt financing instruments and relevant matters upon completion of issuance; and
6. dealing with other specific matters in relation to the issue of the debt financing instruments and to execute all the required documents.

10. GENERAL MANDATE FOR THE ISSUANCE OF SHARES

A special resolution will be proposed at the AGM to approve the general mandate for the issuance of shares.

To guarantee the flexibility and the rights to handle the issuance of new shares for the Board, the Company proposed to grant general mandate to the Board to allot, issue and deal with the new Domestic Shares and H Shares which, each of them, shall not exceed 20% of the respective aggregate number of the domestic shares and H Shares in issue of the Company at the date of the passing of this resolution. As at the date of this circular, issued share capital of the Company comprises 6,821,018,000 Domestic Shares and 1,968,801,000 H Shares. Upon the passing of the resolution of general mandate to issue Shares, and on the basis that no further Shares are issued before the AGM, the Company may issue a maximum of 1,364,203,600 Domestic Shares and 393,760,200 H Shares.

Details of the general mandate proposed to be granted to the Board of Directors are as follows:

- (1) the Board be granted an unconditional general mandate to allot, issue and deal with additional shares in the capital of the Company, whether Domestic Shares or H Shares, and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:
 - (a) such mandate shall not exceed beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers, agreements, or options which might require the exercise of such powers after the end of the Relevant Period;

LETTER FROM THE BOARD

- (b) the aggregate number of shares allotted or granted conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board shall not exceed:
 - (i) 20% of the aggregate number of Domestic Shares of the Company in issue as at the date of the passing of this resolution at the AGM; and
 - (ii) 20% of the aggregate number of H Shares of the Company in issue as at the date of the passing of this resolution at the AGM; and
- (c) The Board will only exercise its power under such mandate in accordance with the Company Law of the People's Republic of China (the "PRC") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (as the same may be amended from time to time) and only if all necessary approvals from relevant government authorities are obtained;

For the purpose of this resolution:

"Domestic Shares" means ordinary shares of the Company with a nominal value of RMB1.00 each issued in the PRC, which are subscribed for in Renminbi;

"H Shares" means the overseas-listed foreign invested shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars;

"Relevant Period" means the period from the passing of the resolution until the earliest of:

- (A) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
 - (B) the expiration of the 12-month period from the passing of this resolution; or
 - (C) the date on which the authority set out in this resolution is revoked or amended by a special resolution of the shareholders of the Company in a general meeting; and
- (2) subject to the Board resolving to issue shares pursuant to subparagraph (1) of this resolution, the Board be authorised to:
- (a) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of such new shares including, without limitation, the time and place of issuance, agreement for the engagement of any professional parties, making all necessary applications to the relevant authorities, entering into an underwriting agreement (or any other agreement);

LETTER FROM THE BOARD

- (b) determine the use of funds raised and make all necessary filings and registrations with the relevant PRC and Hong Kong authorities; and
- (c) increase the registered capital of the Company in accordance with the actual increase of capital by issuing shares pursuant to sub-paragraph (1) of this resolution, to register the increase of capital with the relevant authorities and to make such amendments to the Articles of Association of the Company as it thinks fit so as to reflect the increase and any other changes in the registered capital of the Company.

III. THE AGM AND VOTING METHOD

A notice convening the AGM to be held at 9:30 a.m. on Tuesday, 24 May 2016 at Meeting Room 1, Building B, CRSC Building, 1 Compound, Automobile Museum, Nansihuan West Road, Fengtai District, Beijing, PRC is set out on pages 16 to 18 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange and the Company.

Whether or not you propose to attend the AGM, holders of H Shares of the Company are requested to complete and return the enclosed form of proxy in accordance with the instruction printed thereon and return it to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjournment thereof if they so wish. H Shareholders who wish to attend the AGM in person or by proxy are requested to complete the reply slip and return the same, by hand or by fax or by post, to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Wednesday, 4 May 2016.

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

IV. CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements of the Shareholders to attend the AGM, the register of members of the Company will be closed from Saturday, 23 April 2016 to Tuesday, 24 May 2016 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to attend and vote at the AGM, all transfer documents must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares no later than 4:30 p.m. on Friday, 22 April 2016.

In order to ascertain the entitlements of the Shareholders to receive the proposed final dividend, the register of members of the Company will be closed from Saturday, 28 May 2016 to Thursday, 2 June 2016 (both days inclusive), during which period no transfer of shares of the Company will be

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effected. To be eligible to receive the proposed final 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 Friday, 27 May 2016.

V. RECOMMENDATION

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

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

8 April 2016

* *For identification purpose only*

NOTICE OF 2015 AGM

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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of China Railway Signal & Communication Corporation Limited* (the “**Company**”) will be held at 9:30 a.m. on Tuesday, 24 May 2016 at Meeting Room 1, Building B, CRSC Building, 1 Compound, Automobile Museum, Nansihuan West Road, Fengtai District, Beijing, PRC for the purpose of considering, among others, and if thought fit, passing the following resolutions (with or without modifications). Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 8 April 2016.

Ordinary Resolutions

1. Report of the Board for 2015
2. Report of the Board of Supervisors for 2015
3. Final Financial Accounts for 2015
4. Audited Financial Statements for 2015
5. Profits Distribution Plan for 2015
6. Remuneration Plan for Independent Directors for 2016
7. Re-appointment of International Auditor and Domestic Auditor

* *For identification purpose only*

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Special Resolutions

8. Amendments to the Articles of Associations.
9. General Authorization for the Issuance of Onshore and Offshore Debt Financing Instruments.
10. General Mandate for the Issuance of Shares

Details of the above resolutions are set out in the circular of the Company dated 8 April 2016.

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

Beijing, the PRC, 8 April 2016

Notes:

- (A) The register of members will be closed from Saturday, 23 April 2016 to Tuesday, 24 May 2016 (both days inclusive), during which period no transfer of the H Shares will be effected. Holders of H Shares of the Company whose names appear on the register of H Shares of the Company kept at Computershare Hong Kong Investor Services Limited on Tuesday, 24 May 2016 are entitled to attend and vote at the AGM following completion of the registration procedures. To qualify for attendance and voting at the AGM, documents on transfers of H Shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than Friday, 22 April 2016.
- (B) Holders of H Shares intending to attend the AGM should complete and return the reply slip for attending the AGM personally, by facsimile or by post to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares on or before Wednesday, 4 May 2016.
- (C) Each shareholder entitled to attend and vote at the AGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the AGM on its behalf. A proxy need not be a Shareholder of the Company. With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (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.

* For identification purpose only

NOTICE OF 2015 AGM

- (E) To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in Note (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 AGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the meeting if he so desires.
- (F) A Shareholder or his proxy should produce proof of identity when attending the AGM. Where a Shareholder is a legal person, the legal representative of that Shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the authorization documents of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.
- (G) The AGM is expected to last for not more than half a day. Shareholders who attend the AGM shall bear their own travelling and accommodation expenses.