

**CRRC CORPORATION LIMITED**  
**ACTION PLAN FOR**  
**“ENHANCING QUALITY, INCREASING EFFICIENCY**  
**AND EMPHASIZING RETURNS”**

CRRC Corporation Limited (hereinafter referred to as “**CRRC**” or the “**Company**”) has actively responded to the Shanghai Stock Exchange’s initiative on the “Enhancing Quality, Increasing Efficiency and Emphasizing Returns” campaign among Shanghai-listed companies by formulating Action Plan for “Enhancing Quality, Increasing Efficiency and Emphasizing Returns” (hereafter referred to as the “**Action Plan**”), so as to earnestly fulfil its responsibilities of “Improving the Quality of the Company while Enhancing the Returns and the Sense of Gain for the Investors”. The details are as follows:

**I. CREATING AN INDUSTRIAL PATTERN OF “TWO TRACKS AND TWO CLUSTERS” TO ENHANCE THE OPERATIONAL QUALITY**

Since its establishment, CRRC has focused on its principal responsibilities and major businesses, strengthened strategic leadership, deeply grasped opportunities, and actively responded to challenges. It has developed into the world’s leading, diverse rolling stock supplier with advanced technology, and received great attention from leaders of the Party and the state. The series of rolling stock equipment represented by Chinese standard high-speed MUs of “China Fuxing” EMUs became the “golden card” of China’s high-end equipment going global. The Company strived to create an industrial pattern of “Two Tracks and Two Clusters” for the rail transit equipment business and clean energy equipment business. This will establish a system of graded layout, positive interaction, and cluster development, expediting the enhancement of system solution capabilities and solidifying the industrial foundation for high-quality development.

**(1) Mapping out strategies, optimising layouts, strengthening the construction of new business models, and broadening pathways for high-quality development**

Accelerating the upgrading of the rail transit industry. The Company closely follows the direction of railway market reform in the country, with the goals of achievement of speed, heavy load, and digital intelligence, to establish an equipment system that meets the development needs of the modern railway logistics system. We develop multi-mode, cost-effective solutions for medium-to-low-capacity urban transportation systems and promote the construction of a family-based vehicle platform. We accelerate the launch of “integration of vehicles and the electromechanical system on the ground” and full life cycle service plan based on the digital, intelligent and green electromechanical system, in order to enhance our capabilities in providing urban transportation system solutions.

Intensifying the improvement of quality for strategic and emerging industries. The Company strengthens the top-level design of its new energy industry layout, while deepening its focus on key areas, and coordinating the implementation of industrial base layout plans. We intensify the research on the technologies and equipment required for new power systems and develop the system solutions of “power sources, networks, load and storage.” Also, we continuously strengthen our simulation and testing capabilities, in order to support the continuous improvement of product performance and quality in strategic emerging industries.

Expediting the cultivation of future industries. The Company fully leverages CRRC’s extensive application scenarios to develop system solutions for the high-end equipment manufacturing industry, integrating “intelligent equipment + intelligent factories + intelligent services,” thereby fostering the development of a digital and intelligent industry that integrates automated operation, lean management, green production, and intelligent technology.

**(2) Exploring new markets, expanding incremented volume, strengthening and developing new models, as well as laying a solid foundation for high-quality development**

Precisely focusing on the market of rail transit equipment. The Company strengthens communication and coordination with key customers, and proactively promotes the implementation of order procurement. Also, we focus on the trends of digitalization, intelligence, and green development, and the Company will expedite the establishment of a modern logistics equipment system for railways. Besides, we continue to leverage our advantages in the regional markets of urban rail transit, consistently expand “Product+” and “System+” businesses, and speed up the research and formulation of value creation model samples, in order to strive to develop demonstrative and leading projects.

Thoroughly focusing on the market of clean energy equipment. The Company optimises its strategic cooperation governance mechanism, and promotes its strategic market development and the implementation of key cooperation projects. We seize opportunities in clean energy development, accelerate the construction of market advantages in wind, solar, hydrogen and storage, enhance our industry presence, and strengthen our industry status. Also, we strengthen our capabilities in improving system solutions, while proactively exploring and promoting the integration of transportation and energy, in order to exert certain demonstrative effects.

Deeply focusing on the market of international business. The Company consolidates and expands its market in those countries along the Belt and Road Initiative, provides its services and supports, and follows up the implementation of various overseas projects. We steer the implementation and particular monitoring of DLS projects to ensure their smooth progress and effective market expansion, strengthen our management capabilities and supply chain system construction for DLS projects, build up a value-oriented, digital, and green DLS 2.0 model and continue to strengthen the establishment of a team with talents specialized in comprehensive DLS businesses. Leveraging the layout in our advantageous regions, we promote the synergistic development of our “two-track” strategy for us to “going global”.

Focusing on nurturing the market of digital and intelligent industry. The Company promotes the business model featuring “Product +” and “System +” supported by industrial digitalisation and intelligentisation. We establish an organization and coordination mechanism for the digital and intelligent industry, accelerate the professional integration of internal digital and intelligent industry resources, and build up a synergistic market expansion system for the digital and intelligent industry.

## **II. ENHANCING TECHNOLOGICAL INNOVATION AND ACCELERATING THE DEVELOPMENT OF NEW QUALITY PRODUCTIVE FORCES**

The Company has insisted on self-reliance in science and technology, vigorously implemented the innovation-driven development strategy, deepened the reform of the science and innovation system, accelerated the construction of sources of original technologies, continued to advance proprietary innovation capabilities to achieve a major leap from falling behind and catching up to taking the lead.

The Company will continue to prioritize technological innovation among all the other tasks, adhered to the innovation-driven development strategy, focused on developing new quality productive forces, and empowered high-quality development through high-level technological self-reliance and self-strengthening. Focusing on the development of new quality productive forces, the Company will reinforce the deep integration of technological innovation and industrial innovation to build new industries, new business forms, and new models, expanding new space for development and cultivating new drivers for growth. The Company will focus on improving the innovation system, maintaining a high level of technological investment, coordinating innovation resources, and concentrating efforts on technical research and project breakthroughs. The Company will optimize the ecosystem for technological innovation, adhere to market orientation, leverage “thirst-quenching” policies, and continuously improve the efficiency of technological outputs. We will strive to enhance our innovative capacity, focus on the construction of source of original technologies, and increase the investment in original technology and research on the disruptive, frontier, common and basic technologies. The Company will strengthen collaboration with upstream and downstream of the industrial chain, enhance the coordination of scientific research projects, and deepen the modern industrial chain synergy actions for CRRC’s rail transit equipment and clean energy equipment. We will focus on translating innovation results into practice, accelerating the application of technological innovation achievements, as well as grasping the trend of digitalization, green development, intelligence, modularization and platformization, and accelerating the application of the results of key projects, and creating typical products. We

will build a high-quality team of talents, while adhering to a combination of talent introduction and independent training, and continuously optimising all aspects of talent selection, cultivation, management, deployment and training, in order to cultivate sufficient talented personnel with a reasonable structure and excellent qualities. We will strengthen the construction of teams of talents specialized in clean energy equipment, strategic emerging industries and international business to better support our corporate development.

### **III. STRENGTHENING INVESTOR COMMUNICATION TO ENHANCE MARKET RECOGNITION**

The Company strictly adheres to the principles of “Truthfulness, Accuracy, Completeness, Timeliness and Fairness” in the disclosure of information to ensure that all shareholders have fair and equal access to information and to safeguard the interests of all shareholders, in particular the interests of small and medium-sized shareholders. The Company sticks to proactive investor relations management and actively manages multi-dimensional interactions with investors, analysts, media, regulatory authorities and the public. With innovative models, the Company has diversified the promotion channels and deepened the roadshows and reverse roadshows to enhance mutual understanding and trust, and convey the Company’s value. The Company’s information disclosure and investor relations management have been widely recognized by the capital market, regulatory authorities and professional organizations.

The Company will continue to proactively strengthen multi-dimensional, multilevel and multi-form investor communication and value management to enable the capital market to fully recognize the Company’s intrinsic value. First, the Company will strengthen the value promotion to continuously enhance recognition in the capital market. The Company will hold regular performance briefings, actively organize exclusive presentations for investors and analysts on the annual results, hold regular investor teleconferences by arranging for the participation in person of the Company’s directors and senior management so as to truly and accurately interpret the Company’s operating results, share business achievements and overall strategy, exchange key information on development opportunities and business planning, and respond truthfully to investors’ questions and concerns. The Company will conduct high-quality performance roadshows, visit domestic and international investment institutions, and engage in one-on-one communication with key investors. The Company will organize reverse roadshows in an innovative way to further convey the Company’s value and strengthen recognition in the capital market. Second, the Company will refine daily management to solidify the foundation of investor relations. The Company will organize the compilation and publication of daily media monitoring information,

weekly capital market reports and public relations event analyses to provide timely and accurate information support to our directors and senior management. The Company will continue to update investor profiles, establish the capital market analyst database, and convey the Company's operation and management philosophy and strategic plans through visiting long-term shareholders and participating in brokers' strategy conferences, so as to enhance investors' trust and understanding on the Company. The Company will prioritize daily communication with investors, arrange for dedicated personnel responsible for answering investors' phone calls, receiving investors' e-mails, paying attention to investors' questions on the E-interaction platform, and responding patiently to questions raised by investors. The Company will participate in investment education activities to remind investors to make rational investments.

#### **IV. EMPHASIZING INVESTOR RETURNS AND SHARING OPERATIONAL ACHIEVEMENTS**

Since its establishment, CRRC has implemented annual cash dividends, distributing a cumulative total of over RMB50 billion (tax inclusive) in cash dividends to date. The average annual cash dividend distribution ratio exceeded 40%, higher than the average level of the A-share capital market. The Company has increased the cash dividend to all shareholders per 10 shares from RMB1.5 (tax inclusive) to RMB2.1 (tax inclusive), with the annual total cash dividend amount rising from RMB4.093 billion (tax inclusive) to RMB6.027 billion (tax inclusive), the proportion of which to the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements increased to 49%.

The Company will adhere to the Articles of Association and relevant provisions of the “CRRC Corporation Limited Medium and Long-Term Shareholders’ Return Plan”, emphasizing investor returns, conducting timely research on measures such as the promotion of interim dividends to enhance the stability and sustainability of dividend distributions, as well as sharing operational achievements with shareholders. The Company will continuously uphold the philosophy of better protecting shareholder rights and creating greater value for shareholders. The Company will scientifically manage its market capitalisation, improve its market capitalisation management system and mechanisms, enhance the quality of information disclosure, actively strengthen investor relations, and stabilise investors’ expectation on returns. It will earnestly fulfil its primary responsibility for market capitalisation management and maintain market stability.

## **V. OPTIMIZING CORPORATE GOVERNANCE AND ADHERING TO STANDARDIZED OPERATIONS**

Focusing on the development of a modern enterprise system with Chinese characteristics, the Company has improved its corporate governance system, forming a basic system that includes the Articles of Association, Rules of Procedure for Board of Directors, Information Disclosure Management Measures, and Investor Relations Management Measures, supplemented by specialized systems such as the Terms of Reference of Special Committees of the Board of Directors, Information Disclosure Implementation Rules, and Market Capitalization Management Measures, thereby establishing a corporate governance mechanism that is legally defined, transparent, coordinated, and effectively balanced. The Company precisely manages the regulated operations, refines the governance bodies’ authority and responsibility, details the list of authority and responsibility, promotes the reciprocity of authority and responsibility, and ensures effective performance of duties; the Company accurately controls the quality of board proposals, establishes a proposal quality control procedure, and for important proposals, the Company establishes a joint mechanism with relevant departments at headquarters to intervene in advance and provide advice and recommendations on decision-making procedures and information disclosure compliance.



The Company will continue to adhere to its compliance-oriented and efficient and standardized operations, and will continue to improve its corporate governance standards and effectively protect the interests of investors. The Company will firmly refrain from touching the regulatory red line and comply with the relevant requirements of the Central Committee of the Communist Party of China, the State Council, the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter referred to as the “SASAC”) and the rules governing the listing of stocks in the listing places, focusing on matters such as related party transactions, major investment and financing projects, external guarantees and other matters. The Company will strictly adhere to the bottom line of compliance, follow rules and exercise the functions and roles of each governance body, especially the board of directors, in accordance with the rules, powers and responsibilities. The Company will further improve its mechanism and system, continuously refine its corporate governance system, especially in aspects such as board building, information disclosure and market capitalization management, and strengthen the institutional support to ensure that compliance is integrated into the process and mechanism, and that the system is adequately safeguarded and functioning. The Company will continue to optimize the relationship among the governance bodies, and persistently improve the corporate governance mechanism that is legally defined, transparent, coordinated, and effectively balanced. The Company will comprehensively refine the management of the meeting process, focusing on the communication with external directors, and optimizing the efficiency of the operation of the board of directors.

## **VI. STRENGTHENING THE RESPONSIBILITY OF THE “KEY MINORITIES”**

The Company maintains close communication with its actual controller, the controlling shareholder, shareholders holding more than 5%, directors and senior management of the Company and others in order to convey regulatory requirements in a timely manner. The Company organizes the participation of its directors and senior management in trainings hosted by the SASAC, securities regulatory authorities, and listed company associations to study and understand important policy documents and meeting spirits of the Central Committee of the Communist Party of China and the State Council, grasp new regulatory requirements and corporate governance demands, and continuously improve policy comprehension, strategic insight, risk identification, and scientific decision-making abilities.



The Company will continue to enhance the sense of the responsibility among the “Key Minorities” and work together to promote their diligence. The Company will organize its directors and senior management to participate in work meetings, training courses, and other activities organized by regulatory authorities and professional associations in strict accordance with regulatory requirements and actual needs, enhancing the “Key Minorities” understanding of capital market laws and regulations and professional business knowledge, and continuously improving self-discipline awareness to promote high-quality development of the listed company.

The Company will continue to evaluate the specific measures of the Action Plan and fulfil its information disclosure obligations in a timely manner. Investors should be aware that the forward-looking statements included in the Action Plan in relation to future plans and development strategies, among others, do not constitute any substantive commitment to investors by the Company, and investors shall pay attention to the investment risks.