CRRC CORPORATION LIMITED
2026 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" 2.0 campaign among Shanghai-listed companies. In order 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 Company has therefore formulated the 2026 Action Plan for "Enhancing Quality, Increasing Efficiency and Emphasizing Returns" (hereafter referred to as the "**Action Plan**"). The details are as follows:

I. OVERVIEW OF THE COMPANY'S OPERATIONS

CRRC is the world's leading and diverse rolling stock supplier and system solutions provider with advanced technology. It is also one of the key enterprises in China's new energy equipment sector. Its business scope includes railway equipment, urban rail transit vehicles and urban infrastructure, new industry and modern service. Revenue from the Company's rail transit equipment business has ranked first in the world, and wind power equipment, energy storage equipment and polymer composite materials and other businesses have entered the forefront in China.

During the "14th Five-Year Plan" period, the Company deeply promoted high-quality development and achieved breakthrough progress in various tasks. First, the continuous surge in its comprehensive strength. The Company's key economic and technical indicators remained at the forefront of international peers and its "one profit and five ratios" metrics were comprehensively optimized and improved. Its brand value continued to lead China's machinery equipment manufacturing industry. Second, the continuous upgrade in industry development. The Company has actively established a pattern of industrial development of "Two Tracks and Two Clusters". Its rail transportation equipment portfolio has undergone iterative upgrades, while the industries of wind energy, photovoltaic energy, hydrogen energy and energy storage have continued to be strengthened, thereby facilitating the promotion of value-oriented "Product+" and "System+" business models, with products and services reaching more than 110 countries and regions worldwide. Third, continuous breakthroughs in scientific and technological innovation. The Company has promoted high-level technological self-reliance and self-strengthening and successfully developed innovative products such as CR450 high-speed MUs, the maglev train with highest speed reaching 600 km/h, a series of new energy locomotives, Chinese standard subway trains, Chinese standard smart suburban trains, the "Qihang" 20MW offshore wind turbine, the "Lingfeng" 12MW onshore wind turbine, and new-type energy storage systems, while thoroughly implementing the "AI+" initiative. Fourth, the continuous growth in vitality and momentum. The Company has advanced strategic reorganization and specialized integration, deepened reforms of market-oriented operation mechanism, and achieved continuous improvements in its green transformation.

Over the past three accounting years (2023–2025), the Company's revenue amounted to RMB234.3 billion, RMB246.5 billion and RMB273.1 billion, respectively, representing a compound growth rate of 7.96% and showing a steady upward trend. Of which, revenue from the railway equipment business grew from RMB98.2 billion to RMB123.6 billion, while revenue from the new industry business increased from RMB80.6 billion to RMB103.1 billion. Net profit attributable to the parent company was RMB11.7 billion, RMB12.4 billion and RMB13.2 billion, respectively, with a compound growth rate of 6.09%, which generally aligned with the trend of revenue growth. Gross profit margins were 20.54%, 21.38%, and 21.38%, respectively, maintaining an overall trend of steady improvement amid stability. R&D investment percentage stood at 6.32%, 6.77%, and 6.65%, respectively, remaining at an industry-leading level. Total assets amounted to RMB471.8 billion, RMB512.8 billion and RMB550.8 billion, respectively, representing a compound growth rate of 8.05%, with the scale of assets expanding in tandem with revenue growth. Net assets were RMB196.5 billion, RMB210.2 billion and RMB216.1 billion, respectively, with a compound growth rate of 4.86%. In summary, the Company has driven growth through its dual-track industrial development strategy, delivered improved operating results amid stability, maintained a sound financial structure, generated solid profitability, and built a strong foundation for sustainable development.

Table 1 Financial position of the Company (Unit: RMB100 million)

Operating metrics	2023	2024	2025
Revenue	2,343	2,465	2,731
Net profit attributable to the parent company	117	124	132
Total assets	4,718	5,128	5,508
Net assets	1,965	2,102	2,161
Gross profit margin (%)	20.54	21.38	21.38
R&D investment percentage (%)	6.32	6.77	6.65
Selling expenses percentage (%)	2.20	2.24	2.15
Administrative expenses percentage (%)	5.96	6.32	5.86

II. MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY'S CURRENT PROGRESS IN ENHANCING QUALITY, INCREASING EFFICIENCY AND EMPHASIZING RETURNS

(I) ANALYSIS OF OPERATING METRICS

1. R&D Investment Percentage

R&D investment percentage (R&D investment as a percentage of operating revenue) serves as a structural indicator of resource allocation that reflects the intensity of innovation resource allocation and the relative level of investment, demonstrates the strategic importance an enterprise places on technological innovation, and serves as an important basis for investors to evaluate the core competitive advantages and long-term growth momentum of a company. CRRC has always regarded "serving the nation through industry and strengthening the country through advanced equipment manufacturing" as its mission. Rolling stock equipment represented by Chinese standard high-speed MUs of "China Fuxing" EMUs is the "golden name card" of China's high-end equipment going global. As a key pillar of the nation, innovation-driven technological capabilities represent a vital core competitive advantage for the Company. The Company has insisted on self-reliance in science and technology, accelerated the construction of sources of original technologies, continued to advance proprietary innovation capabilities, and seized the initiative of future development. From 2023 to 2025, R&D investment percentage stood at 6.32%, 6.77%, and 6.65% of its revenue, respectively.

To continuously consolidate its technological advantages and ensure long-term development, the Company will continue to adhere to an innovation-driven approach, maintain a high level of R&D investment in line with business development needs, and enhance efficiency by lowering costs through the establishment of a “comprehensive research and innovation” system, striving to achieve an R&D investment percentage of not less than 6.65% in 2026. The Company will systematically advance its scientific and technological innovation efforts. First, we will serve national strategies from a high-level perspective, expedite the development of a “two-track” source of original technologies with global impact, and plan and implement a new round of iconic products and key R&D projects. The Company will strengthen the foundation of digital and intelligent technologies, unleash the potential of data as a key factor of development, deepen the application of artificial intelligence, and comprehensively support the Company’s digital and intelligent transformation and the development of digital and intelligent industries. We will accelerate the construction of a big innovation system, enhance innovation efficiency, and implement process control and dynamic traceability. Second, the Company will develop major products with high quality standards, promote the research, development, and application of CR450, a series of new energy locomotives, standard subway train 2.0, standard urban trains, equipment for the Sichuan Tibet railway, high-speed maglev and other high-end equipment. CRRC will promote the grid-forming upgrade and portfolio refinement of new energy power generation equipment, establish “power sources, networks, load and storage” system solutions adapted to the new type of power system, and expand into new businesses such as industrial artificial intelligence, industrial software and industrial robots. Meanwhile, we will drive in-depth quality and efficiency improvements across the entire product value chain by taking technology as the driving force and integration as the pathway. CRRC will promote the platformization, modularization and universalization of its products and equipment, as well as the cross-platform and cross-model sharing of materials, advance the unification of key components, thereby enhancing the core competitiveness of its products. Third, the Company will optimize science and technology management with high standards and continuously refine a standardization system that aligns with our strategy, leads the industry, and meets international standards. We will cultivate sufficient talented personnel with a reasonable structure and excellent qualities, and nurture more outstanding engineers and highly skilled talents to support the Company’s development.

2. *Debt-to-asset Ratio*

Debt-to-asset ratio is a measure of the degree to which a company's assets are financed through liabilities. It is used to determine debt-risk thresholds and the level of leverage returns and serves as a fundamental financial benchmark for financing pricing and internal risk management. It is also a key metric for investors to assess a company's financial health and long-term investment value. Over the past three years, the Company's debt-to-asset ratio stood at 58.35%, 59.01%, and 60.77%, respectively, showing a slow uptrend.

To further enhance financial soundness and mitigate debt risks, the Company will strengthen proactive management and curb the upward trend in its debt-to-asset ratio, thereby laying a solid foundation for high-quality development. The Company will strive to achieve a debt-to-asset ratio of less than 60.77% by the end of 2026, and continue its efforts to reduce liabilities and mitigate risks by launching a three-year special rectification campaign targeting subsidiaries with high liabilities and high risks. It will establish a system for addressing excessive liabilities characterized by "identifying root causes – five-pronged targeted action – two-tier coordination", requiring all subsidiaries to identify issues from both short- and long-term perspectives as well as internal and external factors, and to thoroughly investigate root causes at the levels of strategic decision-making, management mechanisms, and appraisals and incentives with a focus on implementing key initiatives: focus on its principal business, business optimization, management enhancement, and control over debt risk. These efforts aim to comprehensively prevent debt risk, achieve the debt-to-asset ratio within targeted control limits, and elevate the Company's level of high-quality development.

Table 2 Key Operating Metrics

	2025	**Target in 2026**
R&D investment percentage	6.65%	Not less than 6.65%
Debt-to-asset ratio	60.77%	Less than 60.77%

(II) ANALYSIS OF RETURN METRICS

1. Improving the Quality and Efficiency of Investor Returns

1.1 Maintaining a Steady Dividend Level and Delivering Long-Term Returns

The Company places great importance on investor returns and continuously enhances the sense of gain for investors. Since its establishment, CRRC has implemented annual cash dividends, distributing a cumulative total of over RMB57 billion (tax inclusive) in cash dividends to date. The average annual cash dividend distribution ratio was approximately 45%. Over the latest three accounting years, the Company has declared and distributed a cumulative total of approximately RMB18.367 billion (tax inclusive) in cash dividends, representing 147.80% of the average net profit for the latest three accounting years. To enhance the sense of gain for investors, the Company is actively exploring the implementation of interim cash dividend in addition to its annual cash dividend. In 2025, the Company made an interim dividend distribution for the first time, amounting to RMB3.157 billion (tax inclusive). Together with the final dividend of RMB3.444 billion (tax inclusive), the total cash dividends distributed in 2025 amounted to RMB6.601 billion, representing a total dividend payout ratio of 50.08%.

Going forward, the Company will continue to maintain a stable dividend policy and balance shareholders' entitlement to dividends with the capital requirement for the Company's business development to ensure its sustainable development in the future. On 27 March 2026, the Company convened the eighth meeting of the fourth session of the board of directors, at which it was agreed to submit to the general meeting a resolution to authorize the board of directors to deal with matters relating to the 2026 interim profit distribution at its full discretion in accordance with the conditions specified in the resolution. The resolution was subsequently approved at the annual general meeting, authorizing the board of directors to explore and optimize the decision-making process for interim dividend distributions. On 19 August 2026, the Company convened the eleventh meeting of the fourth session of the board of directors, at which the relevant resolution regarding the implementation of the 2026 interim profit distribution was considered and approved, thereby continuing the practice of interim dividend distribution.

1.2 Actively Exploring Measures such as Shareholding Increase and Share Repurchases to Protect Shareholder Rights

The Company has always upheld the philosophy of better protecting shareholder rights and creating greater value for shareholders. It actively explores measures such as shareholding increase and share repurchases and has implemented such measures in a timely manner in light of the Company’ s development needs and capital market dynamics. During the period from 30 October 2023 to 29 April 2024, CRRC GROUP, our controlling shareholder, cumulatively increased its shareholding in the Company’s A shares by 29,188,800 shares through the trading system of the Shanghai Stock Exchange by way of centralized bidding, representing approximately 0.1% of the total number of issued shares of the Company. On 20 July 2026, CRRC GROUP made further announcement for the implementation of a shareholding increase plan, pursuant to which it intended to increase its shareholding in the Company’s A shares in a manner permitted under the system of the Shanghai Stock Exchange within 6 months from the date of disclosure of the shareholding increase plan. The aggregate amount of the proposed shareholding increase shall be no less than RMB150 million and no more than RMB300 million. On 28 July 2026, CRRC GROUP had, for the first time, implemented an increase in shareholding of 4,730,000 A shares through the Shanghai Stock Exchange trading system by way of centralized bidding, demonstrating to the capital market its recognition of the value of the Company and its confidence in the Company’s sustainable and stable development in the future.

1.3 Strengthening Investor Relations Management to Enhance Market Recognition

The Company attaches great importance to investor relations management and has established a long- term mechanism characterized by clear systems, open channels, and standardized operations. Various types of investor communication activities in multiple formats and with high quality were organized, delivering to investors in a timely and accurate manner information such as the Company’s operating and development status, and extensively listened to the opinions and suggestions of shareholders.

Going forward, the Company will continue to proactively strengthen multi-dimensional, multilevel and multi-form investor communication and value management. First, the Company will refine its daily management to solidify the foundation of investor relations. We will pay attention to daily communication with investors, continuously update our investor database, dynamically analyze investors' concerns and requests, and provide targeted responses through results briefing sessions, targeted communications, and other channels. Second, we will optimize our engagement activities to enhance our recognition in the capital market. We will continue to hold regular results briefing sessions and conference calls, constantly enriching the methods and content of these interactions. Drawing on daily communication, we will prepare thoroughly in advance for topics of concern to investors, thereby enhancing the effectiveness of these engagements. We will also continue to organize high-quality performance roadshows and reverse roadshows and engage in one-on-one communication with key investors to convey the Company's value.

2. *Improving the Quality and Efficiency of Social Responsibility*

The Company has established an ESG strategic system, forming a three-tier governance structure under which the board of directors provides overall coordination, management drives implementation, and headquarter departments and subsidiaries are responsible for execution. The Company has formulated the "Environmental, Social, and Corporate Governance (ESG) Management Regulations" and other institutional documents.

Going forward, the Company will further improve its report compilation and quality control mechanisms. It will strengthen a working framework under which the board of directors provides oversight, the management coordinates efforts and functional departments collaborate in implementation, with an aim to optimizing its ESG indicator system, data reporting standards, review procedures and allocation of responsibilities. We will enhance the quantitative disclosures of key indicators, strengthen year-on-year comparisons and trend analysis, and objectively present the performance of our practices, potential risks, and areas for improvement in the environmental, social, and governance domains. Drawing on stakeholder engagement and materiality assessments, the Company will enhance the relevance of its disclosures to its corporate strategy, operational management, and risk control. The Company will, where appropriate, introduce third-party assurance to continuously improve the truthfulness, comparability, and credibility of its ESG information, to faithfully reflect the Company's level of governance and performance in the area of sustainable development.

Table 3 Key Return Metrics

	2025	Target in 2026
Dividend distribution ratio	50.08%	Remaining stable
Interim dividend	Implemented for the first time	Continuing the implementation
Shareholding increase by the controlling shareholder	Not yet implemented	Promoting the implementation

(III) ANALYSIS OF COMPLIANCE METRICS

1. Improving the Quality and Efficiency of Corporate Governance

The Company has established a corporate governance mechanism that is legally defined, transparent, coordinated, and effectively balanced. First, the Company has improved the governance system centered on the Articles of Association, strictly standardizing decision-making processes for major investments, related party transactions, external guarantees, and other matters. Second, we have continuously optimized the composition of the board of directors, ensuring that each of its specialized committees performs its duties in compliance with applicable regulations, while giving full play to the role of independent directors in providing independent oversight and professional advice. Third, the Company has maintained 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.

Going forward, the Company will closely align with the China Securities Regulatory Commission's (CSRC) Special Initiative on Corporate Governance of Listed Companies. First, we will continue to reinforce the development of the board of directors, give full play to the supervisory functions of the audit and risk management committee, and enhance the professional competence of the secretary to the board of directors in discharging his duties. Second, we will continue to strengthen the audit and risk management committee's review of matters such as annual report audits and internal control reports and continuously improve the quality of information disclosure and the transparency of corporate governance, thereby laying a solid foundation for the Company's long-term, compliant operations. Third, the Company will continue to enhance the sense of responsibility among the "Key Minorities", organize regular learning and training sessions for directors and senior management, and enhance the understanding of capital market laws and regulations and professional business knowledge among the "Key Minorities", thereby continuously improving their self-discipline awareness.

2. *Improving the Quality and Efficiency of Information Disclosure*

To perform the obligation of information disclosure in accordance with the laws and regulations, strictly ensure standardized operations and effectively safeguard shareholder rights, the Company has formulated the "Information Disclosure Management Regulations of CRRC Corporation Limited" (《中国中车股份有限公司信息披露管理规定》) and its implementing measures. The Company closely monitors amendments to relevant regulatory rules and makes prompt revisions to its relevant systems, while establishing and continuously refining the internal reporting system for material information and the internal review and approval mechanism for information disclosure.

Going forward, the Company will continue to strictly adhere to the principles of "Truthfulness, Accuracy, Completeness, Timeliness and Fairness", continuously refine the development of its information disclosure management system and operational mechanisms, and carry out information disclosure efficiently and to a high standard in order to better safeguard the legitimate rights of our shareholders. The Company will continue to enhance the readability of its announcements through various measures. First, we will place greater emphasis on precise and concise wording on the text of announcements to convey the Company's material information to the capital markets and investors more accurately and efficiently. Second, the Company will timely monitor updates on formatting standards and guidelines, as well as the announcement templates of the stock exchanges to ensure that all statutory disclosure requirements are fully addressed and guarantee that investors have a complete understanding of the disclosed matters. Third, we will continuously improve the quality of Performance Highlights on Wechat to help investors gain a more intuitive understanding of the Company's periodic results and to concretely showcase them the achievements of the Company's high-quality development.

III. SUMMARY OF OBJECTIVES FOR THE ACTION PLAN FOR ENHANCING QUALITY , INCREASING EFFICIENCY AND EMPHASIZING RETURNS

Table 4 Summary of Key Operating and Return Metrics

	2025	**Target in 2026**
R&D investment percentage	6.65%	Not less than 6.65%
Debt-to-asset ratio	60.77%	Less than 60.77%
Dividend distribution ratio	50.08%	Remaining stable
Interim dividend	Implemented for the first time	Continuing the implementation
Shareholding increase by the controlling shareholder	Not yet implemented	Promoting the implementation

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 there may be risk factors that cannot currently be foreseen, which could prevent the implementation of the Action Plan from achieving the expected results. Investors shall pay attention to the investment risks.

IV. INVESTOR COMMUNICATION CHANNELS

During the implementation of the Action Plan, investors may communicate and interact with the Company via telephone, email, online results briefing sessions, and other means. The Company will extensively listen to investors' opinions and suggestions regarding its business operations and development, as well as the Action Plan, to support the Company's high-quality development.

Contact person: Ms. Chen
Telephone: 010-51862188
Email address: crrc@crrcgc.cc

The Board of Directors of CRRC Corporation Limited
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