

Corporate Value and Return Enhancement Action Plan in 2025

March 28, 2025

To effectively implement the spirit of the China Securities Regulatory Commission's (CSRC) "Eight Provisions for Science and Technology" and the State-owned Assets Supervision and Administration Commission's (SASAC) "Several Opinions on Improving and Strengthening the Market Value Management of Listed Companies Controlled by Central Enterprises," and to further reinforce its investor-oriented approach, China Railway Signal & Communication Corporation Limited (hereinafter referred to as the "Company" or "CRSC") has diligently implemented the "Corporate Value and Return Enhancement" special action. This initiative focuses on elevating the listed company's development quality, bolstering investor returns, and striving to generate greater value for all shareholders.

I. IMPLEMENTATION AND EFFECTIVENESS OF THE 2024 ACTION PLAN

(I) Focusing on Core Business and Strengthening Advantages to Enhance the Company's Value Creation Ability

In 2024, CRSC focused on enhancing core functions and improving core competitiveness. We comprehensively deepened reforms, proactively adjusted our business structure, and leveraged our advantages in intelligent control technology. Despite an approximate 12% decline in operating income, we maintained strong profitability and achieved our goal of steady growth in economic benefits as scheduled. Our net profit reached RMB4.069 billion, a year-on-year increase of 1.35%. The structure of our operating income continued to optimize, providing important support for future increases in market valuation. Return on net assets was 7.34%, a year-on-year decrease of 0.2 percentage points. Per capita labor productivity reached RMB646,100, and the operating cash ratio was 16.04, representing a year-on-year increase.

First, we will maintain our leading edge by strengthening innovation and expanding our market presence.

In 2024, based on our assessment of the current market environment and competitive landscape for rail transit new construction, renovation and reconstruction, and operation and maintenance, we implemented seven major business measures. These included enhancing internal driving forces, constructing a large-scale operation pattern, optimizing our business layout, stabilizing and enhancing the new construction market, vigorously expanding within the existing market, prudently responding to downward markets, and actively laying out plans for emerging markets. The total value of new external contracts signed throughout the year reached RMB50.069 billion. Contracts within the rail transit field reached RMB41.562 billion, accounting for 83.01% of the total value of new contracts signed. This includes: RMB25.637 billion in the railway sector, representing a year-on-year increase of 2.09%; RMB10.006 billion in the urban rail transit sector, representing a year-on-year decrease of 24.09%; and RMB5.919 billion in overseas markets, representing a year-on-year increase of 58.27%.

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Second, we are accelerating the development of strategic emerging industries. Driven by specific scenarios and leveraging the unique characteristics of the rail transit industry and our own technological strengths, we are implementing "AI+" technology applications. Our integrated air-space-ground Global Intelligent Perception System has been successfully delivered and is operational in Dali, Liaocheng, Heze, Jinan, and Qingdao. We are also leveraging AI to empower intelligent systems in railway marshalling yards. This has led to breakthroughs in key technologies such as intelligent operation planning and automated control of global operations, propelling marshalling yard management towards new heights of intelligence and automation. Capitalizing on our core "intelligent control" technology and focusing on low-altitude airspace management, CRSC has successfully developed an Intelligent Low-altitude Airspace Management and Control System. This system has been selected as one of the National Development and Reform Commission's "Top 100 Projects." We have also proposed a "one tower, one city" communication technology solution and are exploring the development of an unmanned aerial vehicle detection and countermeasure system. Additionally, we have developed our air traffic control surveillance protection system; implemented demonstration projects such as the Nujiang high mountain agricultural transportation project, Hefei industrial inspection project, and Chongqing subway inspection project and have won the bid of the Nan'an low-altitude control project. These achievements demonstrate that the "three industries and one ecology" industrial structure of the low-altitude economy is beginning to take shape.

Third, we will strengthen the control of cost expenses and accounts receivable. This involves reinforcing strict budget constraints, rigorously controlling cost expenditures in accordance with the budget, and quantitatively analyzing general management expenses such as office, meeting, and business entertainment expenses, as well as non-production expenditures. We will continue to promote cost reduction and efficiency enhancement, increasing efforts to reduce costs and save expenditures across the entire industrial chain and value chain. By leveraging digital and intelligent means, we will strengthen cost benchmarking for all employees, elements, and throughout the entire life cycle, addressing management shortcomings. To further enhance efficiency, we have proposed 16 measures focused on reducing costs and expenses, and addressing long-term accounts receivable. These measures will ensure strict control over all cost expenditures.

Fourth, we enhanced lean financial management to improve capital efficiency. By leveraging the finance company platform, we achieved an 85% concentration of funds across all categories, saving over RMB300 million in capital costs throughout the year. This accomplishment earned us the "Excellent Unit in Accounting Statement Submission in 2023" award from the People's Bank of China. We also improved our treasury system, strengthening full-process fund management, establishing a fund monitoring and risk early warning system, and adding a function for clearing "triangular debts." These efforts resulted in our treasury construction receiving the prestigious "Compass Award" for benchmark enterprises. Furthermore, we promoted the development of a financial sharing center and the integration of "industry, finance, taxation, capital, and bills" to create an intelligent financial system. Our financial sharing and industry-finance integration project was recognized as a "Typical Case of Financial Supervision Digital Transformation of the Year" and received both the "2024 Digital Economy Innovation Excellent Case" award from Xinhua News Agency and the "Dingxin Cup" National Digital Transformation Application Excellent Case award.

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(II) **Leveraging Innovation as the Primary Driver to Promote High-Level Self-Reliance and Self-Improvement in Science and Technology** CRSC continued to increase its R&D investment, reaching an intensity of 6.28% in 2024. By the end of 2024, CRSC held 5,248 authorized patents, including 3,091 invention patents.

First, enhance independent innovation capabilities. Leveraging its role as a national strategic force in science and technology, CRSC is dedicated to advancing major national scientific and technological projects and key R&D initiatives. The "Integrated Rail Transit Dispatching and Control and Intermodal Transportation Service Technology" project successfully completed key theoretical and technological research, along with the development of equipment prototypes adaptable to various transportation modes. The "High-Safety and High-Precision Positioning Technology and Application Demonstration for Group Train Operation Control" project achieved breakthroughs in algorithm research and developed equipment prototypes, promoting the application of Beidou technology in train operation control. CRSC spearheaded several major basic research projects, including completing the overall technical standards and specifications for the Western Railway operation control system, providing robust technical support for the project. The Company also released the CR450 on-board equipment, securing technical reserves for major national strategic projects. The deeply independent on-board system obtained a third-party engineering safety assessment for passenger operation on the main line of Beijing Metro Line 8, fulfilling the requirements for engineering application. Additionally, the deeply independent ATS (Automatic Train Supervision) subsystem secured its first commercial contract for the Dusi Mountain Rail Transit Project Signaling System. In 2024, CRSC carried out 835 R&D projects.

Secondly, we are strengthening the construction of our innovation capability system. This involves establishing a source of original technology for rail transit safety control systems, which will support the accelerated development of national rail transit safety control technology. We are also strengthening the construction of innovation platforms. Leveraging CRSC, we formed the Communication and Signaling Sub-Technical Committee of the Standardization Technical Committee within the China Urban Rail Transit Association. Additionally, we joined the Joint Fund for Basic Research on Railways of the National Natural Science Foundation of China to refine basic problems in industry applications. This collaboration resulted in the formulation of the second batch of guidelines for the joint fund in 2024 and guidelines for 2025, further enhancing our industry leadership and influence. In 2024, we will establish one new national enterprise technology center. We are steadily increasing investment in scientific and technological innovation, directing more scientific research funds towards original and leading technology research. As a result, R&D-oriented core subsidiaries now dedicate 18.08% of their research investment to basic, forward-looking, original, and leading research.

Third, accelerate the application of scientific and technological innovation achievements. The heavy-haul group operation control system completed test verification of all equipment, system testing, two stages of on-board trials, and external expert reviews. The intelligent freight yard system completed prototype development, field testing, and optimization of its automatic control system, intelligent monitoring system, shunting locomotive automatic driving system, and digital integrated management and control platform, obtaining the application certificate for the Mohan Port. The Train Autonomous Control System (TACS) completed expert witness testing on 30 trains. The Urban (C2+ATO) system completed passenger trial operation on the Shanghai Urban Railway Airport Connecting Line. The railway intelligent integrated operation and maintenance system completed on-site application in the Wuhan Bureau, with pilot programs being promoted in the Shenyang and Chengdu Bureaus. Finally, the urban rail fully automatic operation (FAO) system with flexible grouping functionality began operation on Beijing Line 12.

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Fourth, we will optimize the ecosystem for scientific and technological innovation. This includes strengthening international exchanges in this area, actively participating in the activities and standard-setting processes of international organizations related to rail transit control, organizing meetings for international standard working groups, participating in the General Assembly of the International Union of Railways, and becoming a full member of the Standards Association entity under the Institute of Electrical and Electronics Engineers (IEEE). Notably, an international standard spearheaded by CRSC was officially released by IEC/TC46, and proposals for "Switch Machine" and "Security Data Configuration" were incorporated into the work plan of the International Standard Working Group. We will continue optimizing the management system for scientific research projects and further developing innovation studios. This involves adapting relevant scientific research management processes and information system processes, adjusting permissions accordingly, and establishing differentiated and customized assessment methods tailored to the specific characteristics of each studio. We are committed to earnestly and comprehensively implementing the responsibilities, rights, and obligations of studio leaders. Furthermore, we will optimize the incentive mechanism by strengthening the system for distributing income generated after the successful implementation of research outcomes. The pilot reform program for empowering job-related technological achievements has received approval from the State-owned Assets Supervision and Administration Commission (SASAC). We are establishing a specialized milestone assessment and evaluation mechanism, along with a special salary package incentive mechanism, for major scientific research projects. This includes having the heads of project-leading enterprises and project leaders sign a "Letter of Responsibility," signifying their commitment to achieving project goals. In 2024, the assessment and evaluation of scientific and technological innovation within subsidiaries will be integrated into the performance evaluations of enterprise leaders.

(III) Drive Value Realization and Enhance Investor Returns

In 2024, the Company closely monitored changes in the capital market and investor behavior, analyzing and evaluating implementation strategies and opportune timing. A series of measures were launched to bolster investor confidence and maintain market value stability.

Firstly, the Company upholds a policy of distributing a high proportion of cash dividends. Committed to providing stable returns for shareholders, CRSC actively distributed dividends, totaling RMB1.8 billion in 2023, with a dividend payout ratio of 51.77%. Over the past three years, cumulative cash dividends have reached RMB5.4 billion, maintaining a high payout ratio of 50% and above. This demonstrates steadfast support for shareholder returns and market value enhancement.

Second, we facilitated the Controlling Shareholder's completion of the shareholding increase plan. From October 2023 to April 2024, China Railway Signal & Communication Group Co., Ltd., the Company's Controlling Shareholder, increased its holdings of CRSC A shares by approximately RMB50.15 million using its own funds.

Third, we strengthened the activation mechanism for market value maintenance measures. the Company's Party Committee and Board of Directors actively monitor market conditions and, in conjunction with capital market performance, timely implement measures such as extending the controlling shareholder's lock-up period, increasing the controlling shareholder's stake, and repurchasing shares. These actions aim to bolster market confidence, guide the listed company's value toward a reasonable return to its intrinsic value, and support the Company's healthy development.

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CRSC has received an "A" rating for information disclosure on the Shanghai Stock Exchange's Science and Technology Innovation Board (STAR Market) for two consecutive years (since the evaluation's inception). the Company was also newly included in the CSI 300 Index and the CSI A500 Index, and maintains its inclusion in other important indexes such as the Hang Seng Composite Index, the STAR 50 Index, the CSI Central Enterprise Dividend Index, the CSI 300 ESG Benchmark Index, and the CSI Central Enterprise ESG50 Index.

(IV) Prioritizing Shareholder Needs and Strengthening Investor Communication

Adhering to the principle of communication-driven value creation, CRSC prioritizes respect for its investors and actively engages in communication and dialogue with them. the Company values investor feedback and is committed to protecting the legitimate rights and interests of all investors, particularly those of small and medium-sized shareholders.

First, the Company has normalized the practice of holding result briefings. In 2024, three result briefings were held, with invitations extended to a wide range of stakeholders, including investors (particularly retail investors), industry analysts, and media representatives. The Chairman, President, and Independent Directors were all present at the annual result briefing. These briefings adopted a flexible format, combining online and offline elements, and leveraged digital technology to facilitate communication and interaction with investors through various channels, such as live streaming, video conferencing, and teleconferencing. This approach ensured the protection of the legitimate rights and interests of all investor groups.

Second, the Company has been actively engaged in investor exchange activities. Through platforms like the Shanghai Stock Exchange (SSE) Roadshow Center, as well as online and on-site meetings, the Company has maintained proactive communication with investors and valued their feedback. Investors have been invited to visit CRSC to gain a deeper understanding of the Company's strategic plans, business operations, technological capabilities, products, and corporate culture. These initiatives have showcased CRSC's technological prowess and its commitment to sustainable value creation. Furthermore, the Company has actively participated in initiatives promoting capital market regulation and communication among listed companies. This includes engagement in events organized by the China Securities Regulatory Commission (CSRC), stock exchanges, and the Listed Companies Association, focusing on themes such as "hard technology" enterprises, high-quality companies, and "5.15 Investor Protection Publicity Day." the Company has also cultivated strong relationships with media outlets like CCTV News, People's Daily, China Securities Journal, and Shanghai Securities News, contributing to the maintenance of a positive brand image within the capital market.

Third, strengthen the mechanism for soliciting and responding to investor opinions. We actively maintained investor relations, understood investor demands, and promptly reported investor opinions and suggestions to management and relevant business lines. We also studied and formulated relevant measures and actively respond through compliant methods such as information disclosure. We have built sound communication channels and promote communication between state-owned shareholders and small and medium shareholders of listed companies. Major shareholders should actively respond to the reasonable demands of small and medium shareholders and, in accordance with the principles of equality and mutual benefit, legally protect the legitimate rights and interests of all shareholders.

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(V) Improve Corporate Governance and Effectively Enhance Governance Effectiveness

CRSC is committed to deeply integrating the strengthening of Party leadership with the improvement of corporate governance. the Company continues to enhance its corporate governance mechanism, ensuring statutory power and responsibility, transparency in power and responsibility, coordinated operations, and effective checks and balances.

Firstly, CRSC aims to improve the performance of its Independent Directors. In line with the reform of the Independent Director system, the Company will revise the working system for Independent Non-Executive Directors and establish a dedicated meeting mechanism for them. CRSC will further adjust the responsibilities of the Audit and Risk, Remuneration and Assessment, and Nomination Committees to guarantee that Independent Directors can effectively exercise their rights and fulfill their duties. Independent Directors are expected to conscientiously perform their duties, express their opinions fairly and objectively, contribute suggestions for the Company's development, and safeguard the overall interests of the Company. They should focus on matters closely related to the interests of small and medium shareholders, including connected transactions, external guarantees, the use of raised funds, mergers and acquisitions, major investment and financing activities, senior management remuneration, and profit distribution. The "Report on the Performance of Independent Directors" will be published alongside the annual report to fully disclose the annual work performance of Independent Directors. This information will also be presented at the annual general meeting of shareholders.

Secondly, we are continuously strengthening the structure of our Board of Directors. The members of our Board of Directors possess rich experience, complementary expertise, and a diverse structure. Our five specialized committees conduct in-depth and meticulous preliminary research on matters within their respective fields, assisting the Board in improving decision-making efficiency and operational quality. In 2024, we formulated the "Several Measures on Further Strengthening and Improving the Construction of CRSC's Board of Directors," clarifying the requirements of "20 measures" and accelerating the development of a scientific, rational, and efficient Board. We dynamically adjusted the list of matters authorized for decision-making by the Board, re-categorized investment levels based on recent investment project approvals, appropriately adjusted the decision-making authority for investment projects, and improved the Board's ability to oversee major investment projects. In 2024, the Company held eight Board of Directors meetings, reviewing and approving 39 proposals and hearing three reports. Additionally, we held eight specialized committee meetings, reviewing and approving 22 proposals and hearing six reports.

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Third, we strengthened support for external directors in fulfilling their duties. We adhered to "zero temperature difference" in information communication by establishing a multi-channel and regular communication mechanism. The chairman, senior management, and business departments communicated with external directors on major issues, including corporate development strategy, innovation and development, and risk prevention and control. Production and operation information was reported to external directors monthly, and they were actively invited to participate in important company-wide meetings, such as the annual work conference. This ensured that external directors were kept informed of the Company's business development in a timely manner. We meticulously planned and organized research. In 2024, three collective research projects and several individual research projects were conducted for external directors, achieving full coverage of all business segments and important subsidiaries. On-site research was conducted on the three major tasks, focusing on key concerns. After repeated communication and discussion, the "Report and Suggestions on CRSC Focusing on the 'Two Tracks' of Rail Transit and Low-altitude Economy" was compiled. This report provides valuable suggestions for the Company's high-quality and sustainable development, acting as a guiding force.

Fourth, we enhanced our environmental, social, and governance (ESG) working mechanisms. The Board of Directors places great importance on ESG and has established a three-tier governance structure: decision-making, management, and execution. This structure ensures the smooth development and implementation of ESG initiatives. As the highest decision-making body for ESG, the Board is responsible for overall planning and coordination, integrating ESG principles into daily operations from the top down. Management formulates ESG policies and strategies, reviews material ESG issues, and promotes implementation. Headquarters departments and subsidiaries, as the execution level, carry out comprehensive ESG practices within their respective areas. In 2024, we accelerated the phasing out of high-energy-consuming and high-polluting equipment, promoted the demonstration and application of energy-saving and low-carbon technologies, processes, and products, and advanced green manufacturing and construction. These efforts led to improvements in energy conservation and resource recycling. CRSC's total energy consumption in 2024 was 18,307 tons of standard coal, with an intensity of 0.0056 tons per ten thousand yuan of revenue. Carbon dioxide emissions reached 57,415 tons, with an intensity of 0.0181 tons of CO₂ equivalent per ten thousand yuan of revenue, marking a further decrease from 0.0183 tons in 2023.

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Fifth, strengthen compliance management. Adhering to the compliance concept of "compliance starts at the top, all employees take the initiative to comply, and compliance creates value," CRSC will focus on building a value system in which senior management leads compliance and all employees practice it. We will continue to strengthen the coordinated operation of legal, compliance, risk, internal control, and institutional management, improving the large-scale supervision system to provide a solid legal guarantee for the Company's reform and development. CRSC will improve the "one-stop" review mechanism for legal compliance. On the basis of ensuring 100% review of economic contracts, rules and regulations, and major decisions, we will promote the "one-stop" review mechanism for legal, compliance, internal control, and risk. CRSC was selected as one of 26 pilot units for the construction of world-class rule of law enterprises. The Chief Compliance Officer is deeply involved in the review and approval of major contracts and important decisions and takes the lead in organizing the development of a compliance management system, conducting effectiveness evaluations of the compliance system, and other related work. In 2024, the Company carried out enterprise self-evaluations, compliance evaluations of subordinate enterprises, on-site inspections, and other measures to continuously enhance the effectiveness of the compliance management system.

(VI) Strengthening the Responsibilities of Key Personnel

CRSC maintains close communication with key personnel, including the Controller, Controlling Shareholder, shareholders holding more than 5% of shares, and Senior Management. We actively track the fulfillment of commitments by these stakeholders and continuously work to strengthen their awareness of their responsibilities and contractual obligations. In accordance with the requirements of China's new National Nine Articles, the Company Law, and the reformed independent director system, we actively participate in relevant training programs organized by stock exchanges, listed companies associations, and CRSC. These programs focus on regulatory policies and regulations related to the "A+H" securities market. Additionally, we conduct specialized training for directors on their responsibilities concerning information disclosure, insider information management, and compliance in transactions. By strengthening the "key minority's" understanding of capital market laws, regulations, and professional knowledge, we aim to ensure diligent performance of duties in accordance with all applicable laws, regulations, and the Company's Articles of Association. This commitment to robust corporate governance fosters the high-quality development of CRSC. Senior Management actively participates in training related to corporate governance, laws, and regulations for a minimum of 15 hours per person annually.

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II. ENHANCEMENT MEASURES FOR THE 2025 ANNUAL ACTION PLAN

In 2025, the Company will actively implement the "Eight Provisions for Science and Technology" issued by the China Securities Regulatory Commission (CSRC). We will strengthen our investor-oriented approach, further promoting the continuous improvement of listed company quality. We will deeply implement the "Corporate Value and Return Enhancement" initiative. Based on a comprehensive assessment of the 2024 initiative's implementation and effectiveness, we propose the following optimization goals and measures.

- (I) Adhering to the Principle of Seeking Progress While Maintaining Stability. We will completely, accurately, and comprehensively implement the new development concept, focusing on high-quality development. We will center our efforts on enhancing core functions and improving core competitiveness, emphasizing the enhancement of "five values." We will earnestly implement the objectives of "one increase, one stabilization, and four enhancements." We will continue to promote the Company's growth in strength, quality, and scale, better leveraging the roles of scientific and technological innovation, industrial control, and safety support. We will complete the "14th Five-Year Plan" goals and tasks with high quality, laying a solid foundation for a successful start to the "15th Five-Year Plan."
- (II) Vigorously Develop Strategic Emerging Industries and Cultivate New-Quality Productivity. In low-altitude airspace management and control, CRSC will develop an intelligent management and control system, conduct research on low-altitude communication private networks, and deepen research on multi-source fusion perception and countermeasure technology. We will actively apply for national-level innovation platforms and scientific research projects at national, provincial, and ministerial levels. CRSC will accelerate the construction of a standardized low-altitude platform, striving to become a source of original technology for the low-altitude economy. We will accelerate research on technologies such as autonomous and controllable flight control systems, as well as the industrial layout of new aircraft. Adhering to market-oriented and order-driven principles, we will strengthen cooperation between central and local governments. CRSC will strive to accelerate the acquisition of manned and cargo operation qualifications and air route layout. We will participate in the construction of demonstration zones such as Xiong'an, Qingdao, and Zhoushan, expanding "low-altitude + X" service operations.

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- (III) Increase Market Development and Maintain Industry Leadership. According to internal judgement, projects that over 10,000 kilometers of domestic high-speed railways will undergo major renovations. Concurrently, new conventional railway construction is increasing, with a focus on electrification, standard upgrades, and capacity expansions of existing lines. In urban rail transit, national operating mileage is expected to exceed 13,000 kilometers by 2025, with Shanghai and Beijing each exceeding 1,000 kilometers. High investment levels are anticipated throughout the 14th Five-Year Plan period. CRSC will capitalize on these opportunities by enhancing the safety and intelligence of train control systems, promoting a comprehensive "system, product, construction, operation, and maintenance" model, and leveraging technology to improve product lifecycle services. We will align with major regional strategies such as the coordinated development of Beijing, Tianjin, and Hebei, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Yangtze River Delta. CRSC will target opportunities in metropolitan areas like Chengdu, Chongqing, and Guangzhou to drive economic growth. We will implement the Belt and Road Initiative and capitalize on frameworks like RCEP. The completion of projects like the Jakarta-Bandung High-speed Railway, China-Laos Railway, and China-Thailand Railway presents opportunities to establish Southeast Asia as a showcase for Chinese high-speed rail. The Hungary-Serbia Railway offers a chance to create a flagship ETCS-compliant project in Europe. CRSC is committed to actively expanding into overseas markets.
- (IV) Strengthen Innovation-Driven Leadership and Enhance Technological Power. We will promote the development of original technologies, facilitate the transformation of scientific and technological achievements, cultivate a high-level innovation ecosystem, and foster a high-quality talent pool. We will also drive the digital and intelligent upgrading of rail transit equipment, focusing on the development of key platforms, systems, and equipment. We support the digital transformation of railways, ensuring the development of future rail transit signaling systems and meeting the demands of multi-standard operations. This effort will support the implementation of national strategic projects. Digital urban rail transit solutions will be released, creating a subway control system based on trackside digital intelligence to guarantee safe operation in complex and challenging environments. We support the upgrade of safety equipment for heavy-haul railway transportation, expand the application of dedicated lines for local railways, and promote the implementation of cloud-based two-layer train control systems. In 2025, CRSC will further increase investment in research and development, planning to undertake no fewer than 800 R&D projects and striving to achieve an R&D investment intensity exceeding 5.5%.
- (V) Strengthening Market Value Management to Enhance Investor Returns. Focusing on improving the development quality of the listed company, CRSC will make every effort to enhance its investment value in accordance with laws and regulations. This includes building a long-term mechanism for market value management, formulating relevant systems, and implementing plans to maintain stable stock prices. These actions will promote the Company's long-term, stable performance in the capital market. the Company's Party Committee and Board of Directors are closely monitoring market perceptions of the Company's value. Should market performance deviate significantly from this value, they will prudently analyze the situation, proactively take appropriate measures to boost the Company's investment value, and effectively safeguard the interests of investors.

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- (VI) Adhering to a High Cash Dividend Policy. the Company is committed to providing stable returns for its shareholders. As reviewed and approved at the 27th meeting of the Fourth Board of Directors, the Company plans to distribute a cash dividend of RMB1.70 (including tax) per 10 shares to all shareholders in 2024. This is based on the total share capital registered on the equity distribution registration date. As of December 31, 2024, the Company's total share capital was 10,589,819,000 shares. Based on this, the total proposed cash dividend is RMB1.80 billion (including tax), representing 51.51% of the Company's net profit attributable to shareholders of the listed company in 2024.
- (VII) Establishing a Multi-Tiered Investor Communication and Interaction Mechanism. Adhering to the principle of "communication creates value," CRSC will proactively maintain investor relations, organize investor exchange activities, listen attentively to investor voices, value market feedback, guide expectations appropriately, and communicate corporate value. Through these communication and interaction efforts, CRSC aims to enhance understanding and foster confidence among stakeholders, ensuring investors feel connected, informed, and assured. CRSC will hold regular result briefings, with three planned, and attended by the Company's directors and senior management. Disclosures will include non-GAAP performance indicators, such as net cash flow from operating activities after deducting group deposits, to provide investors with a clear and concise understanding of the Company's financial performance. CRSC will leverage various channels, including compliance disclosure platforms, investor briefings, roadshows, reverse roadshows (company open days), analyst meetings, and on-site visits, to engage actively with investors. the Company will utilize digital technologies, such as live streaming, video conferencing, and online meetings, to facilitate these interactions, respond to investor inquiries promptly, and safeguard the legitimate rights and interests of all investors. Investors can schedule appointments by phone or email at ir@crsc.cn.
- (VIII) Adhering to Standardized Operations and Enhancing Governance Effectiveness. We fully implement the "Two Unyielding Principles," integrating strengthened Party leadership with improved corporate governance. We clarify the scope of rights and responsibilities of each governance subject with a clear list, further improving the corporate governance system to ensure statutory power and responsibility, transparent operations, coordinated functions, and effective checks and balances. We strengthen the fundamental role of the Articles of Association in corporate governance, clarifying the boundaries of state-owned shareholders' management of listed companies and effectively safeguarding the independence of listed companies. We give full play to the role of specialized committees, encouraging them to actively advise the Board of Directors. We strengthen support for Independent Directors in performing their duties, increase the Board of Directors' efforts in reviewing investment projects, and establish a mechanism for external directors (including Independent Directors) to participate in the research and demonstration of major and complex projects in advance. We continuously improve ESG professional governance capabilities and risk management capabilities, focusing on governance, strategy, risk management, indicators, and goals. We continue to strengthen climate risk management and disclosure, starting with these four aspects. We are accelerating the elimination of high-energy-consuming and high-polluting process equipment while accelerating the demonstration and application of new energy-saving and low-carbon technologies, processes, and products. We practice green manufacturing and green construction, vigorously promoting the carbon peaking plan. We actively utilize the "One-Click" reminder service for online voting at general meetings of shareholders to facilitate the participation of small and medium investors in corporate governance.

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- (IX) Strengthening the Responsibilities of Key Stakeholders. CRSC will maintain close communication with key stakeholders, including the Controller, Controlling Shareholder, shareholders holding more than 5% of shares, and Senior Management. We will track the fulfillment of commitments made by these stakeholders and continuously work to strengthen their awareness of their responsibilities and their commitment to fulfilling their obligations. CRSC will organize training for Senior Management on topics related to listed company governance, laws, and regulations, ensuring each member receives no less than 15 hours of training annually. We will also encourage active participation in meetings, forums, and other events organized by regulatory agencies. These efforts aim to enhance the "Key Minority's" understanding of capital market regulations and professional knowledge, improve their self-discipline, and ultimately promote the high-quality development of CRSC.

The Company will continue to assess the specific measures outlined in the "Corporate Value and Return Enhancement" action plan and will fulfill its information disclosure obligations in a timely manner. The Company's plans, work plans, and related forecasts included in this report are forward-looking statements and not established facts. They do not constitute a commitment to investors. Investors are advised to consider the relevant risks.