2016
Corporate Social Responsibility Report

中国中车 CRRC

About this Report

This Report is the second annual CSR report developed since the establishment of CRRC, which reflects the company's performance in fulfilling its economic, social and environmental responsibilities and achieving comprehensive, balanced and sustainable development.

● Reporting Period

From January 1 to December 31, 2016. Some content may exceed this scope.

● Reporting Scope

The scope of the report covers CRRC Corporation Limited and its subsidiaries.

● Sources

All information and data reported hereunder was extracted from the company's official documents, statistical reports and financial reports, as well as the social responsibility information collected, summarized and reviewed by the company.

● Guidelines

The Report was prepared under the *Guidelines for Central SOEs to Fulfill Social Responsibilities* and the *Summary of Implementation of the Harmonious Development Strategy by Centrally Managed SOEs during the Twelfth Five-year Plan period* issued by SASAC, the *Environmental, Social and Governance Reporting Guide* published by Hong Kong Exchanges and Clearing Limited, the *Guidelines on Environmental Information Disclosure by Listed Companies and Guidelines for Preparation of Social Responsibility Reports* published by the Shanghai Stock Exchange, *Sustainability Reporting Guidelines (4.0)* released by the Global Reporting Initiative (GRI) and *Guidance on Social Responsibility (ISO26000)* issued by the International Organization for Standardization (ISO).

● Name

For the convenience of presentation and reading, CRRC Corporation Limited as mentioned herein is referred to as "CRRC", "the company" and "we".

● Access to the Report

The Report is published both in both Chinese and English. You may find the Report and CSR activities information in the "Social Responsibility" section on CRRC's website: www.crrcgc.cc.

Table of Contents

Message from the Chairman

Chairman of CRRC : Liu Hualong

2016 marks CRRC's first full year of operation following restructuring. In the year, the company broke new ground, faced many challenges, promoted the integration and coordination of different business segments and created new opportunities for reform and innovation-driven development. The company reported revenue of RMB 229.7 billion and total profit of RMB 16.9 billion. We continuously improved our capability for sustainable operation, proactively fulfilled our commitments towards our products, the environment, our employees and the community, and created value together with stakeholders.

We are committed to delivering premium products and boosting global connectivity and economic integration. CRRC integrates global resources, prioritizes the needs of customers, and strengthens cooperation with partners; we uphold the "innovation-driven development" strategy, follow such national strategies as "The Made-in-China Initiative", "Internet+" and "Go Global" and promote technical innovation to provide customers with safer, better and more reliable products. We are positively engaged in the "One Belt and One Road" initiative and view global cooperation as an opportunity to sell our products to over 100 countries and regions throughout the world, thus boosting global connectivity and economic integration.

We are committed to providing green solutions and fulfilling our environmental commitments. Climate change and environmental protection remain a concern for CRRC. Relying on our professional advantages, CRRC creates sustainable public transport solutions for high-speed rail, intercity rail, subways, light rail and tourist commuter buses through whole value development and service. We actively develop green and eco-friendly industries and produce wind power generation, urban and rural sewage treatment, waste disposal and other ecological and environmental protection equipment so as to provide more environmental protection solutions. Adhering to the principle of green manufacturing, we advance the application of green materials, processes and technologies in products and embed the green, low-carbon and sustainable principles throughout our companies operation and management.

We care about every employee and are committed to creating a happy working environment. CRRC has consistently worked to improve the employee benefits system, especially with regard to career development and vocational training to foster its wealth of talents. We conduct cross-cultural communication activities to facilitate cultural fusion, advocate the China high-speed rail (CHSR) worker principles of "invigorate the industry to build our country, pursue bold innovation and accelerate the Chinese Dream"; and ensure the CHSR worker spirit is deeply rooted in the heart of every employee and integrated into every HSR service. Moreover, we have launched a variety of employee care campaigns to improve our employees' happiness and the company's cohesion.

We pursue local operation and are committed to building better communities. CRRC has unceasingly worked to fulfill its responsibilities related to overseas operation, carried forward the transformation from traditional single-structure product exporting to modern structures of business such as "product + service", local investment and joint ventures, and lifecycle service and from the traditional "go global" business mode to the international "get in" business mode. We strive to make positive contributions to the economic and social development of the local communities in which we operate. We carry out targeted poverty alleviation, volunteer service and public communication campaigns to spread love, enhance social understanding and support and stimulate the harmonious development of society.

In 2017, CRRC will continue to shoulder the mission of "connecting the world through better mobility", with the aim of growing into a respectable global corporate. The company will pursue "innovation", "reform" and "globalization" by insisting on innovation-driven development, seeking fortified reform and building a world-class transnational enterprise so as to pay back society, shareholders and employees with better development and performance.

About Us

With the consent of the State Council and approval of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), China CNR Corporation Limited and CSR Corporation Limited merged into CRRC Corporation Limited on the principle of reciprocity, which is an A+H share company. On June 8, 2015, CRRC was listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange upon approval by the China Securities Regulatory Commission (CSRC). At the end of 2016, we had more than 180,000 employees.

Having inherited all the businesses and assets of China CNR Corporation Limited and CSR Corporation Limited, CRRC is positioned as a key player in the global rail transit equipment manufacturing sector. CRRC was ranked 266 on the Fortune Global 500 list of the world's largest companies released in July 2016, and 54th among all Chinese firms that appear on the list. By the end of 2016, we had set up an array of local manufacturing bases in the USA, South Africa, Malaysia, Turkey, etc., and 12 overseas R&D centers in the USA, Germany, Britain, the Czech Republic, Switzerland and other countries.

338.3 billion RMB yuan
Total assets

229.7 billion RMB yuan
Revenue

16.9 billion RMB yuan
Total profit

Business Segments

Railway Equipment Business

R&D, design, manufacturing, refurbishment, sales, leasing and technical support of locomotives, multiple units, passenger carriages, freight wagons and track engineering machinery. CRRC is the world's largest rolling stock supplier.

Rapid Transit Vehicles and Urban Infrastructure Business

R&D, design, manufacturing, refurbishment, sales, leasing and technical support of rapid rail engineering and infrastructure as well as rapid transit vehicles. CRRC is capable of developing and manufacturing rapid rail vehicles of all kinds and varieties.

New Businesses

General mechanical and electrical business, wind power equipment, polymer composites, new energy vehicles, environmental protection equipment, ship and marine engineering equipment, intelligent machinery (including industrial robots) and information and software technology.

Modern Service Business

Financial and similar services and logistics service business, of which the former covers financial services, financial leasing, financial investment and the like; the latter mainly involves centralized procurement.

Corporate Culture

CRRC's Vision

To Affirm Its Position as a Global Leading Company in Manufacturing and Technology, with Railway Transportation Equipment at Its Core

CRRC's Core Values

Responsibility, Expertise and Outstanding Results

CRRC's Organizational Climate

Transparency, Conciseness and Inclusiveness

CRRC's Mission

Connecting the World through Better Mobility

CRRC's Working Style

Dedication, Efficiency and Compliance

CSR Management

CRRC recognizes that fulfilling its corporate social responsibility (CSR) is an inevitable choice to achieve sustainability. We strive to be a respectable global corporate citizen by aligning our social responsibility performance with our development strategy and embedding the CSR principles into every phase of production and operation. In 2016, we performed research on CSR management, identified CSR principles and developed a CSR information disclosure process to further improve our CSR management mechanism and enhance our CSR competitiveness.

CSR Principles

Sticking to our mission of "connecting the world through better mobility", we give due consideration to our impact on the environment and society while constantly improving our capability for sustainable operation, and proactively performing our responsibilities pertaining to our products, the environment, employees and the community to create value together with stakeholders.

Product responsibility

Committed to promoting the mobility of people and goods over a larger scope and across a larger geographical area and boosting global connectivity and economic integration by delivering safe, eco-friendly and premium products.

Environmental responsibility

Committed to making contributions to green commuting, green production and green development by seeking wider application of new products, processes and technologies.

Community responsibility

Committed to disseminating CSR principles, fulfilling social responsibilities and stimulating the economic and social development in all locations in which we operate while growing into a global corporate.

Employee responsibility

Committed to attracting global talents and tapping employees' potential and creativity to promote sustainability and share the benefits from our business with employees.

Communication with Stakeholders

CRRC cares about stakeholders' concerns and interests. Based on our ongoing efforts, we maintain a robust engagement mechanism, enhance mutual communication with stakeholders and improve operation transparency so as to develop together with them and contribute to the all-round, balanced and sustainable development of the economy, society and environment.

Stakeholders	Needs and Expectations
Government and regulators	- Compliance with laws and regulations - Product safety and reliability - Achieving energy saving and emission reduction targets - Maintenance and appreciation of state-owned assets - Technological development - Benefits for the country and its people
Investors	- High economic performance - Stable operation - Transparent information disclosure
Clients	- High-quality products and services - Various demands - Value creation
General public	- Safe and reliable products - Transparent operation
Employees	- Safeguard rights and interests - Safeguard occupational health - Competence enhancement - Career path enhancement - Balance between work and life
Suppliers and partners	- Open, fair and equitable procurement - Compliance with relevant agreements - Mutual benefits and long-term development
Peers and industry organizations	- Fair competition - Win-win cooperation - Industry development
Community	- Targeted poverty alleviation - Community development - Philanthropy - Environmental protection

Materiality Assessment

In order to fulfill our commitment to more accurate and complete disclosure of operation and management related information, we have determined the extent and scope of disclosure of material topics by optimizing the process of defining the reporting scope, strengthening interaction with stakeholders, identifying the topics that are important to stakeholders and conducting materiality assessment in accordance with the Environmental, Social and Governance Reporting Guide published by the Hong Kong Exchange.

CSR Topics Screening Process

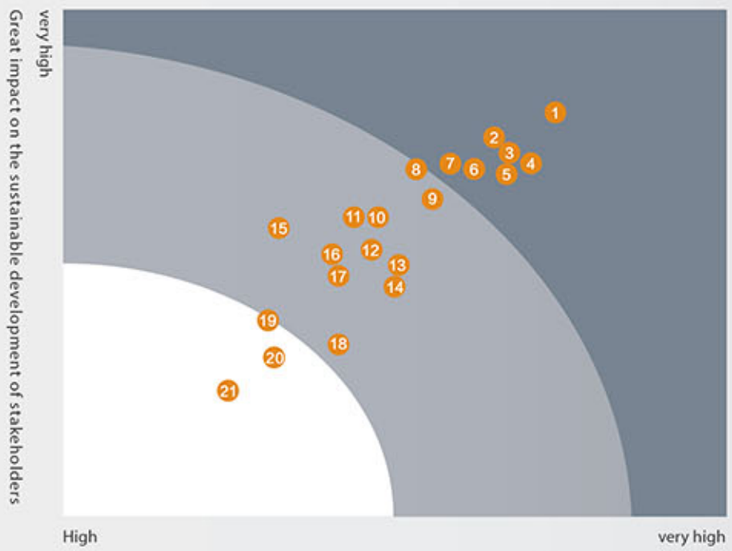
Sources

- Recommendations from management
- Analysis and suggestions of internal and external experts
- Analysis of information collected from multimedia channels
- Benchmarking studies of peers at home and abroad
- CSR standards and guides
- Employee suggestions and workers congress proposals
- Clients' concerns
- Strategic cooperation agreements executed with local governments
- Suppliers' feedback
- Community suggestions

Screening criteria

- Contributions to sustainability
- Common concerns of stakeholders
- Highlights in CSR guides
- Alignment with the company's development strategy

Materiality Assessment Results



1 Guarantee product quality
2 Good faith and compliance
3 Provide green product
4 Serve the public in travel
5 Improve client service
6 Advocate green philosophy
7 Scientific and technological innovation
8 Energy saving and emission reduction
9 Accelerate industrial development
10 Staff employment
11 Intellectual property management
12 Promote regional economic development
13 Service for freight traffic
14 Care for staff
15 Provide diversified products
16 Respond to climate change
17 Localized operation
18 Supply chain management
19 Public communication
20 Poverty reduction and development
21 Volunteers' activity

Sustainable Operation

CRRC is committed to acting in accordance with the law, practicing a risk control program and implementing a technological innovation strategy to arrive at its business objectives and guarantee the alignment between business operation and performance of social responsibilities.

Development Strategy

The National "13th Five-Year Plan" Period marks a new five-year-stage for CRRC to work toward its newly established goals. In light of the comprehensive analysis on the national industry development and principal target markets, the company summarizes the guidelines for strategic planning in the "13th Five-Year Plan" Period as follows: follow the guidelines adopted at the 18th CPC National Congress and all plenary sessions of the 18th CPC Central Committee and as outlined in the "13th Five-Year Plan"; hold firm to the development principles of innovation, harmony, eco-friendliness, openness and sharing; focus on quality and operation performance improvement and complete the five major tasks including internationalization, diversification, digitalization and collaboration through innovation, reform and integration; and improve performance in institutional construction, resources, management, risk control and Party building so as to improve the company's capability for innovation and international competition, attain more robust, efficient and sustainable development and lay a solid foundation for the company to grow into a first-rank transnational business group engaged in manufacturing of rail transit equipment.

Integrity and Compliance

CRRC pledges to reinforce total risk management, establish and improve its internal control system and working mechanism, and speed up the construction of its corruption punishment and prevention system to underpin sustainable and balanced operation.

Internal Control and Risk Management

CRRC has worked to speed up and optimize the internal control system construction, established a well-organized, efficient and thorough internal control institutional system and created a standard and scientific internal control system. We continuously work to improve risk management awareness, foster a risk management culture, construct a thorough risk management system and build a risk prevention and control mechanism featuring unified deployment, clear division of roles and responsibilities, full coverage, scientific operability and alignment with operations. Meanwhile, we give full play to the supervision function of the audit and discipline inspection and supervision systems to effectively prevent and control operational risks and guarantee the company's sustainable, balanced and stable development. In 2016, the company conducted a risk management assessment, established over 30 risk internal control guidelines and policies, and created the risk control guidance system; apart from that, it completed the examination and inspection of its performance in audit and risk internal control of over 40 branches and subsidiaries.

Anti-corruption

CRRC has made proactive efforts to push forward clean governance and anti-corruption campaigns, practice the "Two Responsibilities" (supervision and accountability) system, crack down on disciplinary offences, maintain the "Four Standards" of discipline enforcement and supervision, implement a discipline patrol-inspection system and unswervingly address formalism, bureaucratism, hedonism and extravagant spending. CRRC also works to improve supervision, strictly enforce discipline, ascertain accountability, strengthen corruption prevention and control, carry out discipline supervision and inspection, organize group learning of Party regulations and discipline, conduct quizzes and tests and signing of anti-corruption agreements to enhance employee discipline and anti-corruption awareness, and establish and maintain an anti-corruption mechanism so as to lay a solid foundation for the company's sustainable and balanced development.

Technological Innovation

We have set our technology standards at a global leading level to push CRRC to become a leader in technical development in our industry and pursue independent, open and collaborative innovation to constantly improve our technical innovation system, enhance our technology innovation capacity and more toward becoming a high-end industry and value chain. We have built the leading global technical platform and manufacturing base for rail transit equipment and products. Our representative products include high-speed EMUs, high-power locomotives, railway wagons and urban rail vehicles, which represent leading global technology, are adapted to various complex geographical conditions and satisfy diversified market demand. In 2016, we launched three technological innovation initiatives through the Institution, R&D, and Competence system to facilitate the transformation from a product-driven company to an innovation-driven company and from a product supplier to a systematic solutions provider, as well as to integrate global innovation resources, promote product upgrading and technological advances, and develop a technological innovation system characterized by openness, collaboration, integration and worldwide coverage. By the end of 2016, we had established 11 state-level R&D centers, 21 state-level enterprise technology centers and 12 overseas cooperative R&D centers, forming an internationally competitive technical innovation system and greatly improving technical innovation capability.

11
state-level R&D centers

21
state-level enterprise technology centers

12
overseas cooperative R&D centers

Case: CRRC's key national R&D programs – Advanced Rail Transit Special Programs

The Ministry of Science and Technology entrusted 7 out of 10 advanced rail transit special programs to CRRC, representing the first national key special program led by an enterprise on behalf of the State, showing CRRC's leading role in national and industrial technical innovation. In 2016, three projects organized by CRRC, "Security Technology of Rail Transit System", "Key Technology of High-speed Passenger Transport Equipment with a Minimum Speed of 400 km/h" and "Key Technology of Maglev Transit System", were launched.

Case: Construction of China's first state-level technical innovation center – National High-speed Train Technical Innovation Center – was officially commenced

In September 2016, the application filed by CRRC and Qingdao Municipality to jointly build a National High-speed Train Technical Innovation Center was officially approved by the Ministry of Science and Technology and SASAC, marking the official launch of China's first national technical innovation center in the HSR sector.

Giving full play to its advantages as an industry leader, CRRC aims to build a national high-speed train technical innovation center radiating from the Qingdao core area to the country and the world, which integrates the functions of talent clustering, coordination, transfer, radiation and collaboration. The Qingdao Core Functional Area is scheduled to be substantially completed by 2020, forming the basic framework of a national high-speed train technical innovation center with global influence.

Institution Innovation Project

- *CRRC pursues independent, open and collaborative innovation, and has built a well-organized, flexible and efficient technical innovation system.*
- *CRRC has rolled out the construction of a National High-speed Train Innovation Center, and acts as a pilot enterprise for technological reform of central enterprises.*
- *CRRC has accelerated the construction of the National Engineering Laboratory of Integrated Rail Transit Vehicles System, and explored a new pattern for joint and collaborative construction of a state-level R&D center.*
- *CRRC set up the China-US Rail Transit Research Center and CRRC-UMich Advanced Manufacturing Research Center.*
- *CRRC set up the TJU-CRRC Innovation Research Center, launched the 191 college-enterprise union pattern and improved the collaborative innovation platform for production, teaching, research and application.*
- *CRRC established China's first state-level industrial design center for rail transit equipment and 8 R&D centers for specific projects including the CRRC Sensing and Measurement Technology R&D Center.*

R&D Innovation Project

- *CRRC undertook a national key R&D program – Advanced Rail Transit Special Program, which is the first national key special program led by an enterprise on behalf of the State.*
- *CRRC accelerated the independent creation of key products: CEMUs travelling up to 350 km/h passed the operation appraisal and were granted national type certificate. China's first medium-low speed maglev express was officially put into operation in Changsha, the Beijing Maglev Train was delivered as scheduled, and China's first hanging rail train and first renewable energy hanging rail train were put into service as planned.*

Competence Innovation Project

- *CRRC made greater efforts in intellectual property creation. During the 18th Chinese Patent Award evaluation,CRRC won 2 patent gold awards, ranking No.1 among all equipment manufacturing enterprises and 2nd on the "Ranking List of Chinese Corporate Patent Awards". It came in 2nd on the "Ranking List of Chinese Corporate Patent Awards" published by SIPO with 38 awarded patents, ranking No.1 among all equipment manufacturing enterprises.*
- *CRRC appeared on the Ranking List of Global Enterprises by R&D Expenditures 2016, ranking 96th.*
- *The Beijing-Shanghai HSR Project contracted by the company's affiliates was granted the Special Prize of National Technology Progress Award. The key technology of train tractor control and its application project developed by CRRC ZIC won the Second Prize for National Technology Invention. The HSR gear transmission system program undertaken by CRRC QSYRI won the 4th China Grand Award for Industry.*
- *The 4 international standards prepared and revised under CRRC's leadership were officially promulgated.*

Product Responsibility

Through introduction, digestion, absorption and re-innovation, we have mastered the core technology of rail transit equipment. CRH380 high-speed EMUs and CEMUs are symbols of China's development. High-power locomotives have been upgraded to AC drives. High-altitude passenger trains travel across the roof of the world. CRRC's heavy haul and fast goods trains are among the world's best while inter-city trains and urban rail vehicles shorten the distances between cities. By virtue of our core technological advantages in the rail transit equipment, we have extended our reach to relevant industries and developed strategic emerging businesses. Not only have we made breakthroughs in nine principal areas including wind power equipment, new energy buses, engineering machinery and new composite materials, but we have also met clients' diverse needs with a wider range of products and services. By late 2016, CRRC's products were in service in more than 100 countries around the world.

In the State's "The Made-in-China Initiative" strategy, advanced rail transit equipment is listed among the top 10 essential development objectives. As a key player in the global rail transit equipment industry, CRRC pursues global connectivity and economic integration by delivering safe, eco-friendly and premium products.

Boosting Global Connectivity

In 2016, the National Development and Reform Commission and the Ministry of Transportation jointly issued the Three-Year Action Plan for Major Transportation Infrastructure Construction Projects. According to the Plan,303 projects covering railway, highway, waterway, airport and urban rail transit projects, with a total investment of RMB 4.7 trillion, will be vigorously promoted from 2016 to 2018, particularly the preparatory work of 103 urban rail transit projects. More than 2,000km of urban rail will be constructed.

In July 2016, the National Development and Reform Commission, the Ministry of Transportation and Chinese Railway Corporation jointly issued the Middle-/Long-Term Railway Network Plan, providing a blueprint of an "eight vertical and eight horizontal" high-speed railway network. The "eight vertical" high-speed railways include the Coastal Railway, Beijing-Shanghai, Beijing-HK (Taiwan), Beijing-Harbin-Beijing-HK-Macau, Hohhot-Nanning, Beijing-Kunming, Baotou-(Yinchuan)-Haikou, and Lanzhou-(Xining)-Guangzhou. The eight horizontal high-speed railways include Suifenhe-Manzhou, Beijing-Lanzhou, Qinghai-Yinchuan, Lianyungang-Alashan, Riverside, Shanghai-Kunming, Xiamen-Chongqing and Guangzhou-Kunming.

According to the newly revised Middle-/Long-Term Railway Network Plan (2016-2030), the length of high-speed railways will increase from 19,000km in late 2015 to 30,000km in 2020.

Thanks to the "eight vertical and eight horizontal" high-speed railway network, neighboring medium-/large-sized cities will fall within a 1-4-hour transportation circle, while urban agglomerations will fall within a 0.5-2-hour circle.

CRRC has undertaken the great mission and heavy responsibility of promoting the safe and fast connection of passenger and cargo transportation, and plays an increasingly prominent role in promoting global interconnection. By late 2016, our products and services had been adopted in 83% of countries and regions worldwide owning railways.

Shortening Space-Time Distance

With its vast land and complex terrain, China is the most populous country in the world. China's passenger rail transport industry grew in 2016. The total amount of the railway passengers reached 2.77 billion, with a year-on-year growth of 11.2%, including 1.443 billion EMU passengers representing over 52% of the total. The highest amount of passengers transported in a single day reached 14.427 million, hitting a new high.

We have faced many inherent challenges posed by the complex operating environment of China's railway passenger transport industry, provided reliable rail transit equipment for railway operation and supported people mobility. By late 2016, the total mileage of China's railways had reached 124,000km, amongst which HSR mileage had reached 22,000km, ranking first in the world. We have provided China's railway passenger transport system with 2,600 sets of EMUs (8 EMUs in one set), which exceeds 50% of the total EMUs running in the world. Our EMUs are well-adapted to various environmental conditions such as high speed, severe cold, sandstorms, high temperatures and high altitudes, to meet diversified market demand.

the total mileage of China's railways had reached **124,000** km

amongst which HSR mileage had reached **22,000** km

We have provided China's railway passenger transport system with **2,600** sets of EMUs

In China

Case: CEMU carried its first passengers

On August 15, 2016, CRRC's CEMU pulled out of Dalian North Railway Station and ran along the Harbin-Dalian high speed railway to Shenyang Railway Station, completing its first trip with passengers. This proprietary CEMU independently designed, developed and manufactured in China is of strategic significance to attaining sustainable development of China's high-speed railway, pushing forward the industrialization of HSR equipment independent innovations, and attaining comprehensive and systematic control of the core technologies of HSR EMUs and equipment. CEMUs are well-adapted to China's HSR operating environment and conditions featuring complexity, long haul, long-running, and continuous running at high speed. Moreover, CRRC can provide products and packaged technical solutions in alignment with the needs of HSR operation in any country.

Case: The intercity EMU manufactured by CRRC was officially put into service in the Pearl River Delta and Chang-Zhu-Tan area

In 2016, intercity EMUs manufactured by CRRC were officially put into service in the Pearl River Delta and Chang-Zhu-Tan area in succession. These EMUs run within a city cluster and are a novel means of transportation combining the advantages of HSR and metro systems, with features such as high carrying capacity, quick start-stop, convenient boarding, comfort, safety, reliability, energy efficiency and eco-friendliness.

Overseas

Case: CRRC EMUs established their presence in the EU market

In 2016, CRRC executed an agreement to export EMUs along with training services to the Czech Republic. With this, China's EMUs have finally established their presence in the EU market. As a high-end market for rail transit equipment, EU countries set demanding technical requirements on train quality and reliability and a high access threshold. This arrangement is a signal that China's manufacturing technologies for rail transit equipment are widely recognized around the globe.

Case: CRRC exported meter-gauge passenger trains to Thailand

Thailand's new meter-gauge passenger trains are the first passenger trains made of light section stainless steel independently designed and manufactured by China, which are comparable with EMUs in safety and comfort. These passenger trains are intended to facilitate individual mobility between Bangkok and Chiang Mai, the second largest city in Thailand.

Supporting Urban Mobility

As China's economy enters a new stage of development and urbanization speeds up, urban rail transit will play an increasingly important role in supporting urban mobility owing to its advantages of large transport volume, high speed, punctuality and convenience. By the end of 2016, 30 cities in mainland China had established rail transit networks, running 133 rail transit lines with a total length of 4,100km.

As an integral part of urban rail transit network, rail transit equipment comes in a variety of forms including subways, light rail, suburban railways, tramcars and aerotrain systems and is known as the "artery of urban transport". CRRC is capable of developing and manufacturing urban rail and subway vehicles of all types and varieties, thus creating more convenient, comfortable and safe trip options for the general public.

In China

Hunan: In May 2016, the world's longest intermediate-low speed maglev line was put into operation in Changsha.

Fujian: In January 2016, Fuzhou Metro Line 1 (Phase-I) entered full service, marking that Fuzhou had officially entered the "metro era". It is the first metro line ever completed and put into operation in Fujian.

Beijing: In 2016, CRRC played a part in the large-volume passenger transport of Beijing Subway. Beijing Subway carries more than 3 billion passenger trips per year, with an average daily passenger volume of 10 million person-times.

Hong Kong: In December 2016, the fully-automated and driverless Hong Kong South Island Line was opened to traffic, reducing commuting times for local citizens.

Overseas

CRRC can quickly respond to the demands of the global rail transportation equipment market. The urban rail vehicles we produce are widely applied all over the world, playing an important role in fast and convenient travel.

CRRC secured a purchase order of

846 metro trains in Chicago

10 billion order in Melbourne, Australia

North America: CRRC won the bid for the Chicago Metro Train Project

In March 2016, CRRC secured a purchase order of 846 metro trains in Chicago, with a contract price of over USD 1.3 billion. This is the largest purchase order of metro trains ever placed by the Chicago Transit Authority. The order quantity amounts to nearly half of the total train quantity in Chicago.

South America: CRRC metro served the Rio Olympic Games

In August 2016, the 31st Summer Olympic Games were held in Rio, Brazil. CRRC provided 134 metro trains to Rio, which were put into service before opening of the Olympic Games. During the Games, CRRC' s metro trains operated in a safe, stable and orderly manner for nearly 9,000 train-times and accumulatively over 20,000 hours and 500,000km and transported passengers for about 15,000,000 person-times, providing a convenient, quick and comfortable travel experience for passengers from all over the world.

Europe: CRRC metro arrives in Turkey

In September 2016, metro trains manufactured by CRRC arrived in Izmir, Turkey. It is the first time for our six-axle articulated metro products to enter into the European market. Located on the Aegean Sea on the western end of the Anatolia Plateau, Izmir has a typical Mediterranean climate with hot and dry summers and mild and rainy winters, thus having very high demand for safety, comfort, corrosion resistance and curve passage capacity for metro trains. CRRC customized LRVs for Izmir which are made of lightweight, high-strength and corrosion-resistant aluminum alloys, thus being able to adapt to the local operating environment.

Africa: West Africa welcomed its first LRVs

In October 2016, LRVs manufactured by CRRC debuted at the Grand Theater LRV Station in Lagos, Nigeria, representing the first LRVs in West Africa. Lagos is the most densely populated city in Africa. The operation of LRVs will greatly improve transportation conditions, ease traffic pressure, provide convenient transportation conditions, effectively drive investment and promote the economic development of Lagos.

Asia: Ampang LRV Line in Malaysia was put into operation

In 2016, Ampang LRV Line in Malaysia, the first LRV project developed for ASEAN by CRRC, was put into operation. The first LRVs were put into daily operation along the five stations in the first stage of the Ampang Line.

Oceania: CRRC won the bid for a high-volume metro train project

In November 2016, CRRC won an order of 65 metro trains from the government of the State of Victoria in Australia, which marks entry of CRRC' s urban rail vehicles into Oceania for the first time and CRRC realized full coverage of locomotive, passenger train, goods train and urban train products in Oceania.

Improving Travel Experience

We are committed to providing a comfortable travel environment and wonderful travel experience for passengers by improving operating stability and humanized design. Our high-speed trains have reached a leading global level in the aspects of longitudinal stability (start-stop, acceleration & deceleration and operation at a constant speed), lateral stability (lateral movement) and vertical stability (vertical movement) which are the three major indicators determining the operating stability of high-speed trains. Further, we have maximized passenger comfort by reducing interior noise, expanding interior space, improving seat comfort and maintaining full ventilation and suitable temperatures and humidity.

Case: A new-type "seat-sleeper" EMU was put into operation

Train D321 which employs "seat-sleeper" EMUs designed and manufactured by CRRC was formally put into operation, marking the formal launch of a new type of EMUs in China. This EMU features a "seat-sleeper" function. The lower sleepers are designed with a drawer structure and can be flexibly transformed into seats. Because of this design, the EMU can operate as a sleeper train at night and as a normal train in daytime, thus greatly improving the use ratio. In addition, this new-type EMU also provides facilities such as reading lamps, newspaper racks and power sockets, further increasing passenger comfort.

Case: CRRC carried out a WiFi test on high-speed train

In 2016, a more advanced WIFI technology for high-speed train developed by CRRC entered the testing phase. This WIFI technology provides an integrated wireless information application platform which can offer seamless connectivity to passengers.

Reached a leading global level in the aspects

Longitudinal stability

Start-stop, acceleration & deceleration and operation at a constant speed

Lateral stability

Lateral movement

Vertical stability

Vertical movement

Serving Cargo Transport

Through constant R&D and innovation, CRRC has continuously improved the performance of its products, provided customized products for customers, met special transport demands and safeguarded the strategic transport of such critical supplies as coal, oil and grain which are vital to the national economy.

In 2016, the cargo quantity transported by railways reached 2.65 billion tons. Specifically, the transport volume of containers, commercial automobiles and bulk cargo had a year-on-year growth rate of 40%, 53% and 25%, respectively, reaching a new high. Under the rapid development of China's express logistics, we have strengthened R&D and promotion of relevant technical equipment, such as container and piggyback transportation, to meet diversified customization demands.

Case: CRRC BX1K reefer container train succeeded in its trial run

In 2016, the CRRC BX1K reefer container train succeeded in its trial run. This train features door-to-door service, multimodal transport, live-loading and improved cargo protection. It is economically and environmentally friendly, and leads Chinese railway to a new era of reefer container transport. It plays an important role in expanding the source of cargo, promoting the development and reducing the costs of cold-chain logistics in China.

Case: CRRC LNG equipment entered the market

In 2016, CRRC developed and launched a series of LNG products, including LNG railway trucks, LNG tank containers and fixed LNG tanks, and entered into LNG supply and lease contracts with several customers. In China, the LNG market has huge potential. Therefore, developing and manufacturing tank cars that meet the safety requirements of railway transport and tank containers for highway, railway and waterway combined transport is a key emphasis in our work. The LNG products we have developed are widely applied in railway, waterway, highway and energy reserves and other fields.

Case: CRRC piggyback transport vehicle passed its prototype review

CRRC successfully developed a railway piggyback transport vehicle representing a breakthrough in piggyback transport equipment for highway-railway combined transport in China. Railway piggyback transport is a convenient mode of highway-railway combined transport in which highway freight vehicles realize long-distance transport through railways. This mode has been widely applied in North America and Europe, but not in China. Piggyback transport integrates the advantages of both railway transport (long-distance, safe, on time and environmentally friendly) and highway transport (short-distance, flexible and door-to-door), thus greatly reducing the social logistics costs, highway safety management risks and exhaust gas emissions, realizing a win-win solution and promoting healthy development of China's integrated transport system.

Case: CRRC's railway wagons in South America

In 2016, CRRC delivered clinker railway hopper cars to a customer in Chile. These cars were developed and designed in accordance with the AAR standards of the US and are mainly used to transport clinkers and other leaky cargo. CRRC holds all intellectual property rights for these cars. CRRC innovatively developed a double top cover design made of carbon steel and aluminum alloy, which can prevent leakage of clinker dust and maintain a clean environment, and was highly praised by customers. So far, CRRC has exported over 2,200 railway hopper cars to Brazil, Argentina, Columbia, Peru and Chile.

Reliable and Diversified Products and Services

By virtue of our core technological advantages in the rail transit equipment, we have extended our reach to relevant industries and we strive to develop strategic emerging businesses. By the end of 2016, we had extended our business to 9 emerging industries, including the polymer composite, wind power equipment, new energy bus, environmental protection, photovoltaic power generation, ship & maritime equipment, intelligent equipment, heavy engineering & mining machinery and information & software technology industries.

We have established a strategic cooperation system through government-enterprise cooperation, joint venture and supply chain integration, and have gradually transferred our resources to strategic emerging industries and the high end of the value chain, especially for the new energy automobile, wind power equipment, water treatment equipment and new materials sectors. We have built a mature and complete industry chain for wind power generation equipment, reached a leading level in the polymer composite industry.

Polymer composites

Case: High-damping rubber seismic isolation bearings independently developed by CRRC successfully applied in the Hong Kong–Zhuhai–Macau Bridge

In 2016, the main span of the world's longest cross-sea bridge – the Hong Kong-Zhuhai-Macau Bridge was completed and opened to traffic. The bearings, 1.77 meters long and 1.77 meters wide, were independently developed by CRRC and are currently the world's largest high-damping rubber seismic isolation bearings. These bearings can effectively isolate and consume vibration energy to ensure the safety and stability of the bridge structure.

Intelligent equipment

Case: The railway "black box" manufactured by CRRC passed the highest international safety certification

In 2016, the new-generation LKJ train operation monitoring system developed by CRRC passed the highest international safety certification-SIL4 certification. The LKJ train operation monitoring system, commonly known as a railway "black box" , is used for safety protection in train operation and recording of operating conditions, thus it is also called the "patron saint of trains" . Compared with existing monitoring equipment, the new-generation LKJ system has been greatly improved in safety, reliability and comfort and can meet the demands for safe development of China' s railway transport.

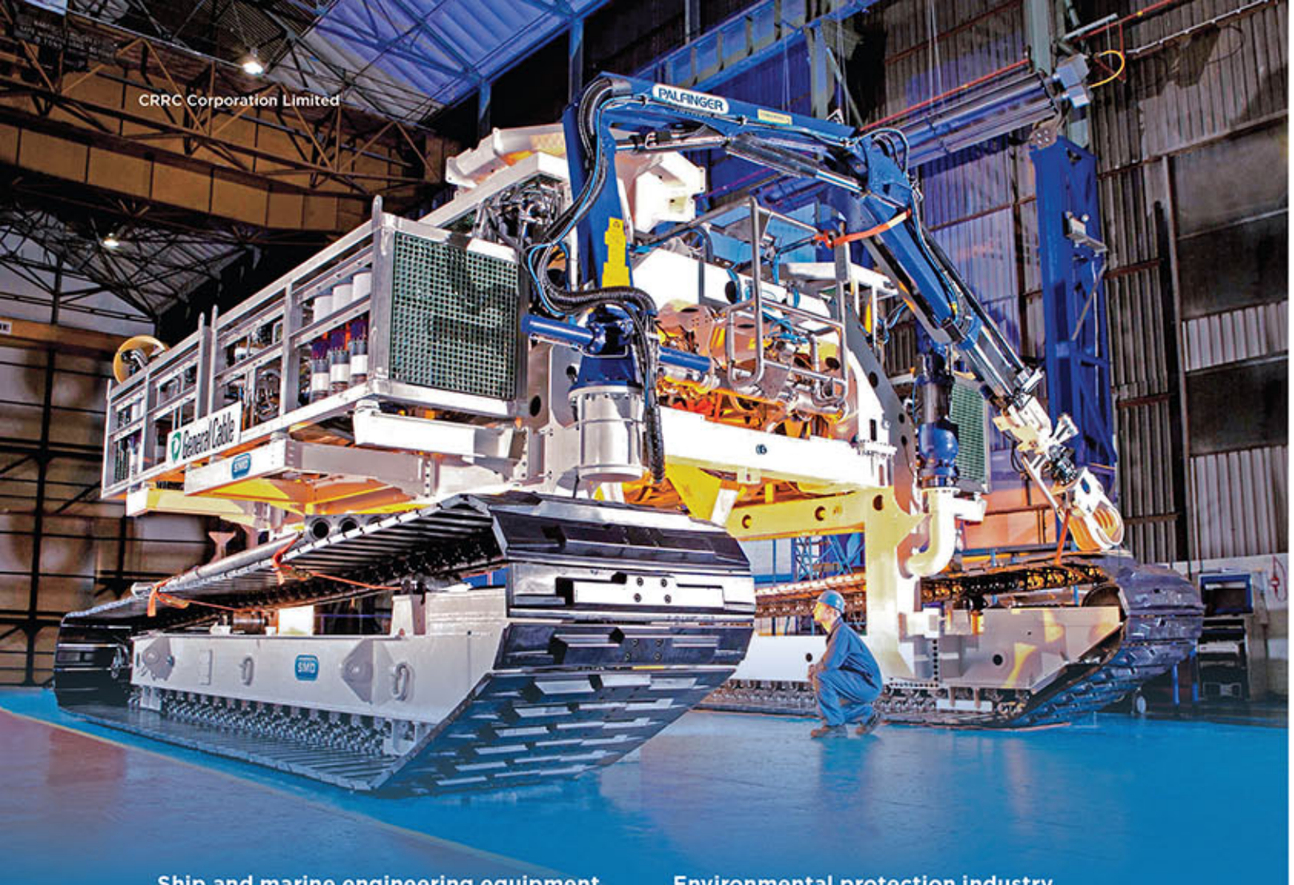
Heavy engineering and mining machinery

Case: CRRC developed an articulated dump truck with the highest capacity in the world

In 2016, the SCT-A261 electric articulated dump truck, an articulated dump truck with the highest capacity (rated load: 60t) in the world developed by CRRC, was tested and showed good safety, stability and economic performance. It is mainly used to transport rocks, earth and ore. With a 6×6 all-wheel drive system, the dump truck can achieve high adhesion tractive force under bad conditions, such as mud and rough roads. Furthermore, the independent six-wheel suspension technology and the water cooling technology for the electric drive system improve the dynamic performance, ride comfort and reliability of the dump truck.

Case: CRRC delivered the world's first permanent magnet synchronous motor for tunnel boring machines

In 2016, the world's first TBM PMSM developed by CRRC was successfully delivered to the customer and succeeded in its trial run after installation. This is the first time that permanent magnet technology has been adopted in heavy engineering machinery after successful application in the high-speed rail, wind power, air conditioning and new energy automobile sectors. With this technology, TBM changes the original power drive mode, thus greatly saving energy and improving the overall efficiency. For example, when comparing TBM with a diameter of 6m and total power of 1,056kW with an asynchronous motor with the same power, PMSM can improve efficiency by over 10% and save over 100kWh per hour.



Ship and marine engineering equipment

Environmental protection industry

Case: CRRC won the bid for China's first underwater robot project operating at a 6,000m depth

In 2016, CRRC successfully bid for the Shanghai Salvage Bureau' s 6,000m underwater robot project. This is the first underwater robot project operating at 6,000m in China, which is a major breakthrough in new product research and development achieved by CRRC. Throughout the world, most operating-level underwater robots can dive to a depth of 4,500m at maximum. The 6,000m underwater robot developed by CRRC is mainly used for emergency rescue and salvage of deep-water shipwrecks or sunken objects, and is also applied in auxiliary operations for offshore deepwater engineering..

Case: The environmental protection market continues to grow

Relying on advanced manufacturing capabilities, CRRC has developed wind power equipment adapting well to various environmental conditions such as high altitudes, severe cold, sandstorms and mountainous terrain, providing wind power solutions for users of varying sizes in different regions and climatic conditions. In addition, CRRC is actively working on developing photovoltaic products and has developed a series of photovoltaic power generation products, including megawatt rooms and containers, facilitating the use and promotion of clean energy.

In terms of village sewage treatment, CRRC has developed integrated solutions for decentralized sewage treatment adapting to different environments. In 2016, our sewage treatment solutions were applied in Danling County of Sichuan Province, Hexian County of Anhui Province, Huizhou City of Guangdong Province and other places in China.

Serving Economic Development

As China's urbanization increases, rail transit construction is of growing importance. Rail transit equipment is seeing a significant increase in its position in the national industrial system. Large-scale rail transit industrial clusters are forming over time, powering the rapid development of related industries and regional economies.

High speed rail, for example, greatly shortens the spatial distance between economies and generates significant radiation effects that drive the development of electronics, information, construction, new materials and the economy, as well as economic transformation and upgrading.

Following China's development strategy

Countries along the "Belt and Road" have large populations and account for about one-third of the global economy, making the initiative the longest onshore economic corridor and marine cooperation mechanism in the world. Prosperity for the massive economy and population along the "Belt and Road" depends on the connectivity among countries and regions. Green, safe, comfortable and fast rail transit with high carrying capacity is undoubtedly the most reliable choice for transportation that is also the most cost effective and feasible.

CRRC, a top global player in rail transit equipment manufacturing, has four major inter-supporting and joint-growing businesses: rail equipment, urban infrastructure, emerging industries and service. As China continues to "go global" for high-end equipment, CRRC will enhance communication and connection with the countries along the "Belt and Road" and be an active part in connecting and urbanizing them. CRRC will help these economies to share in prosperity and development.

Case: Going global for China's high speed rail

The Jakarta-Bandung High Speed Rail Project cooperated on by China and Indonesia commenced in January 2016. The Jakarta-Bandung High Speed Rail marks the first time for China to plan, build, operate and manage a high speed rail system in another country, as well as its first going-out high speed rail project with complete elements and industrial chain. Upon completion, the project will allow for traffic 10 times greater than before and create 40,000 new jobs. Also, eight stations along the railway will be developed into an economic belt covering over 100km, thus directly benefiting local communities.

Case: Operation of the first CRRC plant in India

CRRC's joint venture in India started production on August 20, 2016. The plant is housed in Bavo Industrial District located between New Delhi and Bombay. The joint venture was the first investment in electrical traction equipment for rail transit after "Made in India" was proposed. It is also the first rail project that CRRC has pursued in South Asia. CRRC changed its traditional model from product exporting to India to a combination of technology, capital and service exporting, so as to better serve local users.

Driving regional economic development

Rail transit equipment manufacturing is a systematic industry featuring a massive industrial cluster and long industrial chain, as well as being capital and technology intensive. Its development has significant boosting and spillover effects on the industrial economy. CRRC, a corporate champion, has been driving the development of regional industrial bases and industry clusters, ultimately powering regional economic development.

In 2016, CRRC established a national industrial chain with machinery companies as core and auxiliary companies as support, and built a series of high-caliber rail transit equipment manufacturing bases, which became a powerhouse for economic development by promoting local industrial upgrades and providing more jobs locally.

Case: CRRC industrial park in Urumqi

The Urumqi CRRC Industrial Park Unveiling and Phase I Project Foundation Laying Ceremony was held in Urumqi Economic & Technological Development Zone in September 2016, putting an end to the absence of rail transit equipment industry in Xinjiang. The opening of CRRC Industrial Park in Xinjiang marks CRRC's commitment to executing the "Belt and Road" initiative, supporting Xinjiang's economic development and industrial revitalization, as well as deepening strategic cooperation between CRRC and Xinjiang. The Park will bring high-end equipment manufacturing, products and services to the community. It aims to become a key high-end equipment manufacturing base headquartered in Urumqi, while spreading its presence to the whole of Xinjiang and Central Asia.

Enhancing Product Quality and Customer Service

CRRC has built a low-cost, high-efficiency and high-quality manufacturing system thanks to ongoing lean management. At CRRC, we have established an advanced quality control system and whole-industrial-chain production guarantee system supported by the latest manufacturing technologies. CRRC is now one of the world's top players with respect to manufacturing technologies, major process equipment, and measurement and detection methods. All these guarantee that CRRC products can meet different standards and market demands. Meanwhile, CRRC has set up a global sales and service network. By offering more in total life cycle services, CRRC is gradually transforming from a products supplier to an overall rail transit solutions provider.

Guaranteeing product quality

At CRRC, we continue to improve our quality management systems. Apart from our executive ISO 9001 quality management system, we have applied for IRIS certification. All these efforts in enhancing quality management guarantee that our product quality and quality control reach international standards. By the end of 2016, 30+ subsidiaries of CRRC had obtained IRIS certification. At the same time, intensive whole-process total-life-cycle quality management and strict control over stages like design, manufacturing, purchase and testing make sure that our products are robust and durable in operation.

With the latest information technology, we upgrade real-time monitoring platforms for rail transit production application for efficient control and management over product quality. In addition, we expand quality management along the supply chain and have implemented a ten-step quality management policy over our suppliers which clearly identifies process management such as first item inspection, manufacturing under supervision, audit, quality assessment, major quality problem handling, and quality accountability. By enhancing suppliers' responsibility for product quality, we strive to build a whole-industrial-chain quality accountability system.

Case: CRRC wins three "China Quality Awards"

The 2nd China Quality Award Ceremony was held in March 2016. Three CRRC subsidiaries (employees) won the award, with the China Quality Award for Zhuzhou CRRC Times Electric Co., Ltd., and China Quality Award nominees for CRRC Changchun and Ning Yunzhan from CRRC Sifang. CRRC brought home the most awards among 100 winning organizations and individuals.

The biennial China Quality Award, first issued in June 2012, is China's highest government honor for quality, organized by the General Administration of Quality Supervision, Inspection and Quarantine. The Award aims to commend those organizations with major innovative results in quality management mode, methods and system, and individuals making an outstanding contribution to quality management theories, methods and measures.

Case: Completion of China's first "Industrial 4.0" rail transit production line

China's first "Industrial 4.0" rail transit production line was built by CRRC ZIC. This automatic motor assembly line features human-robot synergy. In the operation support system, employees complete necessary material handling, tool using, and results feedback, as guided by PLC direction and control. Each process on the production line can switch seamlessly between digital management and the production module. Materials are supplied specifically for each product, and orders are executed by identifying bar codes. Mass customization is made possible without stopping production. In October 2016, the first ordered product left the assembly line.

Total Life Cycle Service

We are committed to meeting user demand and providing customized system solutions. By improving the total product life cycle service (maintenance, technical consultation, employee training, labor export, and accessory support), we create more value for users.In 2016, we explored building of a unified after-sales service system for rail transit equipment and started the construction of standard after-sales service stations. In overseas countries, we have gradually promoted the "Product + Service" mode, and built "4S motor train stores" in Malaysia and Turkey. Excellent training on vehicle operation, staff communication, and product maintenance has won high recognition and trust from customers.

Case: CRRC safeguards the Spring Festival travel rush

The 2016 Spring Festival travel rush encountered cold weather conditions across China, which presented huge challenges for railway transportation. In such severe environments, CRRC' s After-sales Service Team must safeguard the safe operation of trains and the safe arrival of passengers. During the 40-day 2016 Spring Festival travel rush, 326 million passengers traveled by railway, a growth of 10.8% year on year, with smooth and efficient train operation.

Case: CRRC safeguards the G20 summit

CRRC delivered smooth metro services for the 2016 G20 Hangzhou Summit. Guided by CRRC' s plan to "Safeguard G20" and provide a "Perfectly Safe Metro for the G20 Hangzhou Summit", CRRC Puzhen assigned 230+ engineering technicians and administrators to guarantee the safe operation of 95 trains for Hangzhou Metro Lines 1, 2, and 4. Driven by a sense of responsibility and its mission, CRRC Puzhen adopted 24-hour monitoring for subway transportation during the G20 Hangzhou Summit.

Case: CRRC's maintenance team guarantees the pilgrimage to Mecca

The pilgrimage to Mecca is a grand Islamic event held every year. Millions of Muslims across the world gather at the 18km long pilgrimage road southeast of Mecca. High traffic makes "CRRC" light rail an important travel mode for pilgrims from all directions. The 2016 pilgrimage to Mecca started on September 9 and ended on September 15. In early April, CRRC teams started train inspections and maintenance and operation drills. During the pilgrimage to Mecca, CRRC service teams delivered its operating guarantee continuously for 168 hours. Over 7 days, 2,000,000 passengers with over 116 trips traveled more than 39,000km on the "CRRC" Pilgrimage light rail, and 29 trains were inspected and maintained.

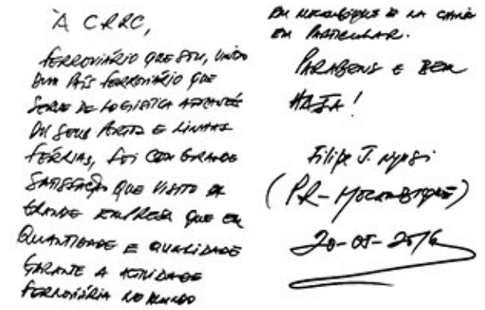
In 2016, CRRC secured an RMB 14.14 billion locomotive maintenance order in South Africa, setting a new record for CRRC. CRRC will build a local production base, realize a localization rate of over 60% for locomotive parts and train local skilled workers, making its contribution to local economic development.

Case: SOFSE "tailored" a medal for CRRC Changchun's after-sales services team

In 2016, Operadora Ferroviaria Sociedad del Estado (SOFSE) gave a medal to the after-sales service team for the Argentina 220 broad-gauge passenger locomotives project of CRRC Changchun. This medal was personally awarded by Mr. Randazzo, the Interior and Transport Minister of Argentina, and Mr. Casasola, President of SOFSE and was specially made for the after-sales service team. During the after-sales warranty period spanning two and a half years, the after-sales service team overcame many difficulties to provide quality maintenance services with zero customer complaints. As Argentina is far away from China, members of the after-sales service team serve as the business, after-sales and technical representatives of CRRC in Argentina, and have organized and participated in many important activities and won customers' respect.

Customer remarks

On May 20, Mr. Filipe Jacinto Nyusi, President of the Republic of Mozambique visited CRRC Shandong Co., Ltd. and spoke highly of the products delivered by CRRC. He said that "the products from China, a railway giant, have served our railway industry well and we are very satisfied with the quantity and quality of the products delivered." Previously, CRRC had provided Mozambique with about 3,000 railway wagons and nearly 100 railway carriages.

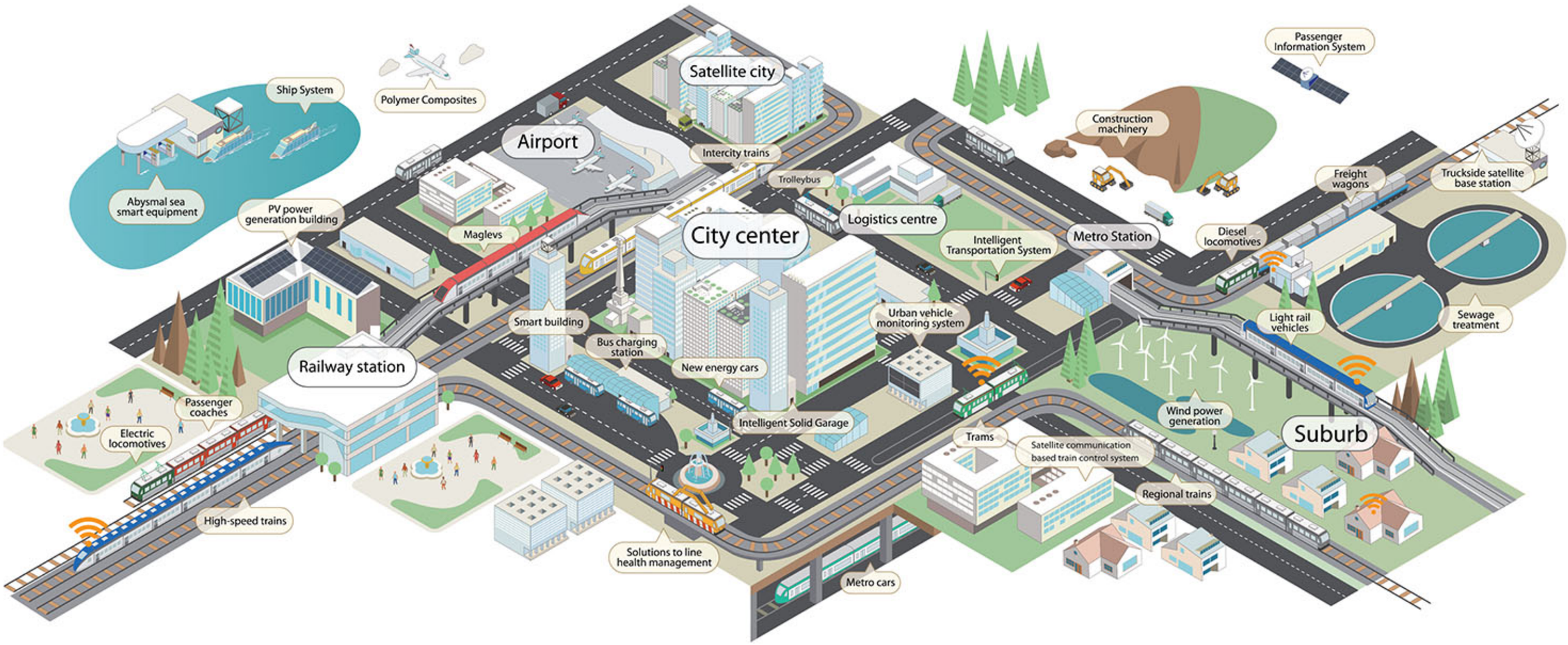


Environmental Responsibility

Climate change and environmental protection remain a priority concern of CRRC. Relying on our professional advantages, we have devoted greater efforts to the research and development and promotion of environmental protection technologies and products and have been constantly exploring better low-carbon, environmentally friendly and sustainable public transportation and environmental solutions. Adhering to the principle of green manufacturing, we advance the application of green materials, processes and technologies in products and embed the green, low-carbon and sustainable values throughout our company's operation and management.

Climate Change Mitigation

Relying on our professional advantages and through whole value-chain development and service, we have created sustainable public transportation solutions covering sectors such as high-speed rail, intercity railways, low-speed maglev trains, subways, light rail, tourist commuter buses, trunk buses, feeder buses and microcirculation buses, making a positive contribution to effectively purifying the urban environment, reducing carbon emissions, helping more regions to mitigate climate change and enforcing the construction of cities with a "low-carbon future".



In 2016, we continued to improve the production process and apply new materials and technologies to deliver better low-carbon and environmentally friendly public transportation.

The permanent magnet traction system was successfully applied in subways > As one of the core systems of rail transit vehicles, the performance of traction transmission system to a certain extent determines the power quality, energy consumption and controllability of rail transit vehicles and is key to improving energy efficiency. Compared with the motor tractor system, the permanent magnet traction system is characterized by better energy efficiency and lower weight. On August 11, 2016, Changsha Line 1, China's first subway train equipped with an independently developed permanent magnet traction system was officially put into operation. As of the end of 2016, the train had operated for more than 60,000km, and the operating results show that the integrated energy-saving rate of permanent magnet subway trains reached 30%. If the annual travel distance of a subway train is 120,000km, one permanent magnet traction system train can save 400,000 kWh of electricity every year.

The first hydrogen fuel hybrid tram in the world > On April 27, 2016, the world's first commercial fuel cell / super capacitor hybrid 100% low floor modern tram rolled off the line in CRRC Tangshan. Using hydrogen fuel, this tram can achieve "pollution-free, zero-emissions", making it clean and environmentally friendly. In addition, as the fuel cell hybrid tram operates without an overhead line system, the tram will not affect the urban environment.

Renewable energy hanging rail > In 2016, CRRC independently developed the hanging rail transit system. The overall structure of the train uses a lightweight design, and in terms of core power, "high-capacity power battery charge and discharge control technology" has been adopted. The train uses high rate discharge and brake energy recovery technology and has endurance mileage of 120km. The hanging rail system also has the advantages of low operating noise, less land occupation, good environmental integration, short construction period and low construction cost. It is in line with the requirements of energy conservation, emission reduction and green development.

Renewable energy buses > In the field of renewable energy buses, CRRC has developed many power solutions covering fuel cells, super capacitors and hybrid power, and has a complete industrial chain. Based on the core technologies of high-speed rail, CRRC has also successfully developed the T-power5 pure electric drive system characterized by all-permanent magnet, high integration, network-connection and intelligence. Compared with the previous generation, the T-power5 pure electric drive system cuts the weight by 30% and improves the energy efficiency by 50%, which significantly improves purely electric vehicles in endurance mileage, battery life, operational stability and safety performance.

From 2008 to the end of 2016, we provided 917 renewable energy buses for Zhuzhou City. If a renewable energy bus can operate for eight years, these renewable energy buses can accumulatively save over 50 million liters of fuel, cutting the carbon emissions of Zhuzhou City by 390,000 tons.

In 2016, the second generation of super-capacitor energy storage type modern trams developed and produced by CRRC successfully passed vehicle certification, system audits for manufacturers of key components and rigorous tests such as electromagnetic compatibility tests for all electrical components, and was successfully put into use in Graz, Austria. The tram is 18 meters long with a carrying capacity of 135 passengers. It was designed using European standards and is manufactured with corrosion-resistant lightweight aluminum alloy materials with a long service life. Using super capacitors as the main power source, the tram adopts ultra-fast charging technology, can be fully charged within 30 seconds during passenger boarding and can achieve 24 hours of uninterrupted operation.

Spread Environmental Protection Technologies

We have been committed to researching and spreading environmental protection technologies concerning rail transit. We utilize the technical advantages of composite reverse osmosis film and vacuum treatment for environmental protection, etc., and have developed ecological and environmental protection equipment for urban and rural sewage, industrial wastewater treatment, etc. so as to build an ecological and environmental protection platform and provide more environmental protection solutions for society.

With respect to rural sewage treatment, we provide integrated solutions for distributed domestic sewage for different environmental conditions. In 2016, we won the tender for rural sewage treatment in five towns in Yinzhou District, Ningbo City, and developed from a mere equipment supplier into a private sector investor, engineering contractor and O&M vendor, which makes it easier for us to provide integrated sewage treatment solutions for users. The solutions were implemented in Danling County of Sichuan Province, He County of Anhui Province and Huizhou City of Guangdong Province.

For waste treatment in China, we are exploring non-hazardous treatment technology, called new generation pyrolysis gasification waste treatment. Through this technology, after preliminary treatment and pyrolysis gasification, the weight and volume of received waste can be reduced by more than 85%. The combustible gas produced in this process can be used to generate power, and the waste residue which accounts for 15% of weight can be recovered to make bricks. This technology turns waste into wealth. In 2016, we cooperated with Qinglong Manchu Autonomous County Government and built a non-hazardous waste treatment facility, which can treat 200 tons of waste each day, as well as relevant facilities for recovering gas tar and brick manufacturing.

Case: Environmentally friendly construction material enhances solid waste recovery

Since 2013, CRRC DLOCO has cooperated with a number of universities including Dalian University of Technology and Dalian Jiaotong University on research and development on solid waste such as tailings residue, coal gangue, coal ash, waste steel residue, construction waste, etc., and successfully developed the world's first bi-directional pressed brick manufacturing machine of 2,300 tons and the related production line in 2015. Through this new production line, we can produce high-intensity environmentally friendly bricks using solid waste as the main raw material. The accommodation rate of solid waste is 70%-75%, and the compressive strength of products can reach 25-40MPa.We own all intellectual property for this production line, and take the lead in the global construction materials and equipment sector.

Practice Green Manufacturing

The Made-in-China Initiative clearly states that the government will carry out Environmentally Conscious Manufacturing in an all-round manner. CRRC regards *The Made-in-China Initiative* as its goal, and will strengthen control over the entire life cycle including design, use, manufacturing and recycling by building a modern management system for energy conservation and emission reduction, promoting resource utilization rate and realizing environmentally sustainable development.

Enhance energy conservation and emission reduction

CRRC stresses the issue of energy conservation and emission reduction, constantly improves its environment and energy management system, and enhances management of environment and energy resources in an all-round and systematic manner. As of the end of 2016, all of our manufacturing enterprises had passed the ISO14001 environmental management system certification, and 13 branches had passed the ISO50001 energy management system certification.

Energy-saving retrofit

CRRC consistently integrates energy conservation and emission reduction into its operation and management. CRRC carries out energy-saving retrofits and reduces energy consumption through technological innovation, technical improvement, enhancement of management and product development. In 2016, enterprises owned by CRRC reduced energy use to the largest extent through lighting LED transformation projects in workshops, pipeline retrofits and air compressor conversions.

Management of emissions

We effectively control emissions, prioritize use of eco-friendly materials during production and reduce the emission of air pollutants such as sulfur dioxide and nitrogen oxides by substituting clean energy for coal-fired furnaces. For waste generated during production, we optimize the disposal and storage procedures for waste and standardize the disposal of hazardous waste to reduce the impact on the environment.

Case: Spread the use of water soluble paint

The use of water soluble paint has been promoted by CRRC Shijiazhuang, CRRC Shenyang and CRRC Taiyuan. The solvent in this paint is water and thus does not contain heavy metals. The VOC (volatile organic compound) content is less than 60g/L which is far below national standards. This paint significantly reduces the emission of VOC.

Case: Optimize energy structure

In 2016, CRRC Tangshan replaced its original coal-fired and coal-water slurry-fired boilers with biomass steam boilers. The annual emission of sulfur dioxide was reduced by 43.8 tons. CRRC Shijiazhuang has built a 5.5MW photovoltaic power generator and connected it to the grid. This optimizes the energy structure and significantly lowers the emission of pollutants.

Management of water resources

We stress circular utilization of water resources, formulate scientific plans for using water, actively improve technology and promote efficiency when using water. We have made advance retrofits and upgraded sewage treatment facilities to reduce generation of pollutants and ensure that emissions conform to standards.

CRRC Qiqihaer has upgraded and used technology from manufacturing of heavy-load and rapid railway freight cars to install oil hydraulic machines of 5,500 tons in its stamping workshops to replace hydrostatic machines of 4,000 tons. Therefore, the waste water from hydrostatic machines has been reduced by about 70 tons annually.

CRRC Shijiazhuang has built centralized facilities for sewage treatment, adopted acidified hydrolysis plus biological exposure technology to centrally treat domestic and production waste water, which can be recycled after treatment. About 13,200 tons of water can be saved every year due to these facilities.

Advocate Green Values

We have promoted the value of low carbon emissions and environmental protection among our staff and organized publicity activities. We have also organized energy-saving publicity and low-carbon days based on the themes of energy-saving leadership, green development and low-carbon innovation, Moreover, with consideration of the condition of subordinate enterprises, we promote and provide education on energy conservation and low carbon use to spread the idea of pollution-free development. Meanwhile, we take the opportunities presented by World Water Day and China Water Week to actively organize publicity and education on water and energy conservation, and effectively promote awareness of energy conservation among our staff.

Case: CRRC ENGRG organizes activities for Energy-saving Publicity Week and Low-carbon Day

CRRC ENGRG organizes the Energy-saving Publicity Week and Low-carbon Day activities, and uses the internet, WeChat, slogans, banners, etc. to build awareness of the values of energy conservation, emission reduction and environmental protection among staff. In this way it mobilizes staff to actively participate in energy conservation and carbon reduction. Meanwhile, the company requests the construction units to jointly organize energy-saving publicity activities at their project construction sites. In 2016, CRRC Engineering Co., Ltd. organized three special training events to promote and provide education on energy conservation and emission reduction for Civilized Construction, Energy Conservation and Emission Reduction of Construction Projects, and trained about 500 persons in total.

On the basis of promoting energy conservation and environmental protection among staff, we organize training on energy conservation and environmental protection laws and regulations, energy management, statistical information systems and responses to climate change, to effectively promote the expertise of energy managers and technicians, improve work quality and facilitate environmental protection work.

Case: Strengthen staff training and promote environmental protection competence

CRRC Luoyang organizes the safety personnel in all units together to study the *Management Regulations on Environmental Protection* and the *Evaluation Regulations on Operation and Monitoring of Environmental Management*, explains all regulations and rules step by step, and promotes the expertise of management at the primary level. CRRC Tangshan includes the production unit heads, energy leaders and energy managers in publicity and implementation meetings according to the *Energy Management Handbook*, and incorporates energy management into the *Training Textbook of New Employee Entry into CRRC Tangshan Co., Ltd.*

Employee Responsibility

In the process of building a first-class transnational corporation, talents play an irreplaceable role at CRRC. We consistently adhere to a people-oriented principle, constantly improve employee security, respect employees' capabilities, share concern for staff growth and individual development, pay attention to rational distribution of values while sparing no effort to create values, and constantly promote the wellbeing and perception of affiliation of staff.

Respect Talents

CRRC has established a talent management system and innovation talent management mechanism in order to build a more talented group of employees. In 2016, the company established four mechanisms including internal generation, recruitment, sharing and performance assessment, to actively create an atmosphere of respecting knowledge and talent, as well as pursue advanced market-based selection and recruitment of talents. The company has also established a human resource service center, and spared no effort to provide a development platform for value sharing and coordination with staff.

Case: CRRC's recruitment arouses interest among overseas talents

In August, 2016, CRRC issued a recruitment notice for international talents in many countries. While we organized on-site recruitment meetings in several universities in Germany, and carried out recruitment activities with the theme of "inviting you to Berlin to see the high-speed rail of the future". The company received applications of hundreds of overseas students and persons from Germany, the USA, Canada and Britain.

Quantity & proportion by gender

18,012 Female managers, occupied 9.7% among the total

35,731 Female employees, occupied 19.5% among the total

Global talent recruitment

CRRC strictly complies with the Labor Law, Labor Contract Law, Law of the People's Republic of China on the Protection of Rights and Interests of Women and relevant laws and regulations, forbids employing child and compulsory labor, and adheres to the employment policy of transparency, fairness and equity and the principle of equal pay for equal work. CRRC also promotes equality between men and women, and treats employees of different nationality, race, sex, age and marital status without bias.

We work hard to recruit the right talent for our business. In 2016, the company recruited overseas talents in Germany and Australia and organized more than 40 university recruitment activities with the theme of integrating the world and developing with employees. In 2016, the company recruited more than 2,000 persons in total, including 45 overseas students and employees.

In 2016, the company recruited more than 2,000 persons including 45 overseas students and employees

Proportion by age

32.2% Employees aged 30 and below

23.9% Employees aged 31-40

26.8% Employees aged 41-50

17.1% Employees aged 51 and above

Cultural integration

In our international operation, we recruit local talents in foreign countries and organize cultural exchange and communication activities to let overseas colleagues from different cultures better know and identify with CRRC so as to realize more efficient cross-border and cross-function cooperation.

Case: CRRC cultural travel

In 2016, we organized the "CRRC cultural travel" program, invited overseas colleagues from overseas branches of CRRC in Germany, Malaysia and Turkey, etc. to China for exchange, to better share with them the culture of CRRC through visits, training, etc., and promote cross-cultural exchanges.

Case: Overseas employees of CRRC celebrated China's Spring Festival

In 2016, we spread the culture of China's Spring Festival in British Dynex. The staff from Dynex enjoyed lion dancing and gong and drum performances, put up spring couplets, and tasted traditional foods such as fried spring rolls, dumplings and rice cakes. Our Chinese and British employees spent an interesting festival together.

Outstanding Achievements

CRRC respects the valuable contributions of all staff, helps with career development, constantly improves talent incentive mechanisms, enriches the forms and channels of staff participation, promotes workmanship which features constant improvement, pursues outstanding results together with staff, and shares the achievements of enterprise growth.

Career development

We strive to establish an all-dimensional and internet-based strategic talent management system based on position and ability, which focuses on all business modules of human resources and relies on information-based technology. We have established three promotion channels for management personnel, skilled personnel and technical personnel, to let all staff better realize their own value.

In 2016, CRRC actively advanced the establishment of an occupational management system, including position management, ability management and information-based management systems, which is an information-based platform for personnel, remuneration and position. We have established an evaluation management system based on ability and performance. Meanwhile, we built a talent evaluation center to evaluate, appraisal and review our people to guarantee fairness and transparency in career development.

Employee training

CRRC constantly improves its training system, breaks down training goals, and satisfies different training requirements for domestic and overseas employees. We improve the professional skills and quality of our employees through activities such as apprenticeships, central person selection, our "Gold Blue Collar" studio and occupational skill contests. In 2016, the company organized several key training programs such as the outstanding leadership, central technical personnel, central management personnel and central skilled personnel programs. Throughout the year, 510,000 persons took part in training at the subsidiary and workshop levels, including 76,000 management, 70,000 professional and 355,000 skilled employees.

In 2016, we further broke down the training management system to improve business standards for course development management, information-based training management, trainer management, etc., and established an integrated training development system in CRRC. We sped up construction of the training resource sharing platform, established CRRC's international talent exchange and training center (Germany) together with Dresden University, established the Tongji-CRRC high-end talent cultivation and training center with Tongji University and provided a scientific training platform for staff.

Case: CRRC's cultivation of international talents

In 2016, CRRC cultivated international talents through senior, intermediate and junior training projects in three stages.

The company organized 175 persons to participate in senior training in Britain, Germany and the USA to take international business courses and learn from international enterprises.

The company organized 298 persons to participate in intermediate training, and provided language training and cross-cultural management through Beijing Language and Culture University and Central South University.

The company organized 431 persons to participate in junior training, and language training organized by CRRC College.

175
participate international talents in senior training

298
participate international talents in intermediate training

431
participate international talents in junior training

High-speed-rail worker spirit

In 2016, the high speed rail worker spirit of "accelerate the realization of the Chinese dream through industry development and bold innovation" was officially released.

This motto is deeply rooted in the heart of every employee and integrated into high speed rail services. In 2016, CRRC organized several exchange meetings such as "face-to-face with the chief" and "craftsman spirit" to encourage employees to make extraordinary achievements at their posts. These activities promote a rigorous attitude and pursuit of excellence in both work and life, therefore helping CRRC grow as a producer of made-in-China products.

Case: The eye-catching "Welding World Cup"

In 2016, the Beijing "Jiake Cup" international Welding Skills Contest (4th session) was held in Gu' an, Hebei Province, and was co-organized by the organizing committee of the International Welding Skills Contest, International Electrical and Mechanical Industry Association, China Machinery Industry Federation and China Association for Welding Technology. The "Jiake Cup" international Welding Skills Contest is the world' s largest single skill contest with the widest influence, highest competition level, most complete contest activities and most competitors, and is an indicator of international welding technique and skill level. 59 representatives and more than 300 competitors from 25 countries attended this contest. The contest includes three categories, i.e., contest activities, welding demonstration matches and welding technique communication. CRRC won the first prize with an absolute advantage and won the first prize in robot welding and polar gas shielded welding, as well as first prize in all 5 single items of the youth group.

2
academics from the Chinese Academy of Engineering

More than **160**
winners of the State Council special allowance

7
talents included in the National Hundred, Thousand and Ten Thousand Talents Project

More than **1,170**
professor level senior engineers

7
winners of the Chinese Skill Award

More than **180**
winners of the Zhan Tianyou Technology Award and Mao Yisheng Railway Engineer Award

108
National Technical Experts

62%
of the staff were high-skilled talents

Case: A made-in-China master craftsman – Li Wanjun, a high speed rail welding master

Li Wanjun, a senior technician of CRRC Changchun won the title of "2016 Person of the Year in Moving China". On behalf of the national labor models, he presented an initiative at the National May Day Commendation Conference. In order to "breakthrough" the foreign technology blockade, his team filled in dozens of technical gaps for high-speed and passenger rail. He made more than 100 technological breakthroughs and trained more than 10,000 welders for the company. His spirit of persistence and constant pursuit of perfection shows the spirit of a "master craftsman".

Case: Luo Zhaoqiang –The "worker academic" leading the R&D team in breakthroughs

In 2016, Luo Zhaoqiang, a maintenance electrician at CRRC Changchun won the top honor for national high-skilled talents –"the Chinese Skill Award". He is honored as a "worker academic".

Luo Zhaojiang holds 11 national patents, and using the chief operator workstation as a platform, he organized several training classes such as "Siemens PLC technology", compiled teaching materials such as Maintenance Electrician Skill Training, and cultivated a large number of technical experts.

Happy CRRC

CRRC has created a good working and living environment for employees, protects their rights and interests, and cares for their physical and mental health, so as to create a better company together.

Protect the rights and interests of female employees

CRRC actively highlights female employees' work, and has organized many activities such as "Xinyue Alliance "family open day, "Loving Mummy House". CRRC also provides marriage and family psychological counseling, and cares for female employees of all ages in both their work and home life, and for their physical and psychological health.

Case: CRRC actively highlights the work of female employees

- CRRC Changchun established a "Changke Sister" team, which consist with female employees. Since its establishment, the team has organized 12 activities on traditional Chinese festival days such as New Year's Eve, Preliminary Eve and Mid-Autumn Festival. They have served more than 2,200 people, making nearly 10,000 dumplings and knitting almost 2,000 scarves. Their footprint includes the Haerbin-Dalian Line, Beijing-Shanghai Line, Beijing-Guangzhou Line and Lanzhou-Xinjiang Line as well as 16 railway bureaus and passenger train after-sales service stations in Chengdu, Nanchang, Beijing, Shenzhen, Haerbin and other cities. The "Changke-style spring atmsphere" , "love scarf" , "full moon shining over Beijing-Shanghai line" , "EMU wedding" have become keywords s in network retrieval.

- CRRC Qishuyan established a psychological counseling team – the "spiritual home of employees" . Through its psychological counseling room and psychological counseling hotline, it provided 460 psychological counseling for 167 employees, and organized nearly 21 thematic lectures promoting the healthy development of employees and families.

- The Labor Union Female School of CRRC ZELC organized lectures on Chinese classics – "The culture and customs of the Spring Festival" – and sent female employees to deliver New Year's gifts.

- CRRC DLOCO organized several cultural training classes to encourage female employees to show their "beautiful" feminine charm. The company has organized training classes including flower arranging, cooking, music and yoga, and invited scholars, artists, health experts and professors to deliver lectures, which were welcomed by female employees.

Protect occupational health

In 2016, CRRC further improved its production safety management system and emergency plan. Through the level-to-level accountability system and establishment of a database of safety production laws and regulations, CRRC seeks to regulate behavior and create a safe environment. In 2016, CRRC inspected and researched the production safety status of 31 enterprises to ensure the completion of all safety production indices and establish a long-term safety mechanism.

CRRC strictly abides by relevant national occupational health and safety laws and regulations. In 2016, the company celebrated production safety month and awareness week for the law on occupational disease prevention, and organized safety competitions and other relevant activities to regulate behavior and raise safety awareness. In addition, the company also organized physical examinations for all employees, and strengthened labor protection and occupational hazards monitoring to provide a safe, healthy and hygienic working environment for employees.

Promote the LOHAS Culture

CRRC attaches great importance to employee work-life balance. Through carrying out various employee care activities such as reading, parent-child interaction, recreation, life lectures, sport competitions and youth fellowships, CRRC advocates a healthy work-life balance.

Case: The first "LEHO Overseas" family sports meeting

In November 2016, the overseas marketing center of CRRC ZELC held a sports meeting for employees and their children. As young parents in overseas marketing centers are always on business trips, this special sports meeting can help their family fully understand their work and provide an opportunity to enjoy sports together.

Case: The first CRRC employee sports meeting

In October 2016, the first CRRC Employees Sports Meeting was held in Zhuzhou, Hunan Province. With the theme of "Harmonious CRRC, accelerate the Chinese dream", the sports meeting adopted a hybrid system combining competition areas and games. According to the concept of "team cooperation, full participation, high security, demonstration and promotion", there were 7 competition events that were held in Changzhou, Dalian, Qingdao, Changchun and Zhuzhou. This sports meeting demonstrated the enterprise culture spirit and provided employees with opportunities to communicate, relax and enjoy sports together.

Case: CRRC Qishuyan Company held the thousand people carnival activity

The family event of "gathering at CRRC QSYRI and expressing our appreciation" attracted nearly a thousand family members of employees. The attendees were introduced to the manufacturing process for train and car parts in the showroom, In addition to better understanding the work of their family members, they were also introduced to modernized manufacturing and the achievements of the company's reform and development.

Case: Begin a "harmony·love journey" on a high-speed wedding train

In 2016, CRRC Changchun held a special group wedding for 162 couples. Their wedding train was the G520 high-speed EMU with manufacturing cost of RMB 195 million and speed of 380 km/hour. In addition, the company prepared special gifts for the new couples – 162 Chinese standard EMU models. Each EMU was engraved with the name of a new couple, becoming their exclusive happiness train.

162 couples held a special group wedding

195 million cost of wedding train

Community Responsibility

CRRC always adheres to a responsible business philosophy. CRRC utilizes its comprehensive advantages through communication and collaboration with local stakeholders and its management, technology, capital, brand, talent and experience. It promotes the economic and social development of project cities over globalization.

Localized Operation

In its overseas operation, CRRC actively integrates into the local community. Through localized manufacturing, purchasing, employment, maintenance and management, the company promotes local economic development and technological progress, and improves the quality of life for local residents.

Localized manufacturing

Set up local manufacturing bases, send domestic technology, logistics, project management and other teams to establish local plants, teach the local workers the necessary technologies, and introduce domestic quality management standards into the localized manufacturing process.

Localized purchases

Implement localized raw material purchases at the project location and create local value to drive the regional industry development.

Localized employment

During the construction and operation of local projects, hire local people, respect local culture and customs, focus on technical training and skill upgrading, and cultivate local technical and management talents.

Localized maintenance

Implement the nurse-type technical service, send expert teams to guide local employees on equipment maintenance and repair any defects in local plants.

Localized management

Recruit local management personnel, adapt business management under local conditions, give maximum play to the regional market advantages, satisfy the demands of local customers and employees, bring the products closer with the requirements of the target markets and customers, and become more involved in local communities.

Case: The preservation of Springfield Sakura – respect for the local culture and history

Springfield, Massachusetts was once a famous manufacturing base in the United States. We will construct the first manufacturing base of CRRC in the United States. According to the original plan, an old house in the base area should be removed. However, when we learned that the house is 99 years old and is a reminder of the area's past industrial glory, we decided to preserve it. The local people were moved by our decision, and CRRC won their recognition and respect.

Case: The localization journey of South Africa

Since its entry into the South African market, CRRC has continuously deepened its localization operation, by integrating its own skilled workers and local workers as a team, jointly setting up a production plan, and working and studying together, so as to improve the technical level and production efficiency of local workers for local purchasing and assembly.

In this way, CRRC realizes not only the product output but also the technology, capital and industry output in South Africa, and creates jobs and tax revenue for the local economy. In addition, CRRC respects local customs and culture, and actively takes part in local public welfare activities. Through training, support, donations and other measures to help local women and children, CRRC is recognized and praised by the local government and public.

Case: Three weddings in Malaysia

As early as 2011, CRRC had established a maintenance company in Kuala Lumpur, Malaysia to provide one-stop services for local customers including maintenance, technical consultation, employee training, labor service exporting and spare parts support. In the last 6 years, CRRC has realized the transformation and upgrade from the original product output to product output + service + technology + construction base, winning the trust of the local market.

During this process, we have vigorously implemented a localization strategy, actively integrated into the local culture and developed local employees. By the end of 2016, the employee localization rate was 80%. Three weddings provide vivid testimony of CRRC's localization journey in Malaysia.

The first wedding: CRRC employee + overseas Chinese

In September 2014, Chen Jian, an employee seconded by CRRC to the maintenance company in Kuala Lumpur married a local Chinese, Lin Jiahui, establishing a binational marriage.

The second wedding: Local Chinese employees

In February 2016, LAU WEI YE and SKY SITT KAH YAN, two local Chinese employees of CRRC Kuala Lumpur Maintenance Company held a Chinese wedding in Kuala Lumpur.

The third wedding: Local foreign employees

On May 29, 2016, Armin and Hadella, two local employees of Malaysia CRRC Rail Transportation Equipment Co., Ltd. held a wedding ceremony.

Promote the Development of the Industry

We actively participate in preparation of the International Standards and integrate technical achievements into the standards, in order to improve the technical level of the entire industry.

We focus on technology sharing and international communication. We communicate with scholars from different countries, customers, peers, associations, etc. to share technology and exchange experience by participating in exhibitions, hosting seminars, technical support, school-enterprise cooperation and staff training. In 2016, we participated in the China-ASEAN Expo and the German Berlin Rail Transit Exhibition and jointly held the 2016 International Summit for the Rail Transit Industry. We communicated and shared new technologies, new services and new ideas for rail transit with our industry colleagues, and discussed the development of the industry.

Case: Jointly held the "Top International Summit on Rail Transportation"

In November 2016, nearly 1,000 people attended the two-day "2016 Rail Transit Industry International Summit" , which was held in Zhuzhou, Hunan, including government leaders, industry associations, academics, diplomatic envoys from "One Belt and One Road" countries, multinational companies, more than 50 domestic city representatives, and more than 10 domestic universities representatives. This was the largest international summit with the highest specifications held by the China Rail Transit industry. As one of the organizers, CRRC worked closely with various parties to initiate development of the rail transit industry through actively setting up industry exchange, innovation, resource sharing and industry docking platforms.

Participated in the preparation of **4** International Standards which were officially released

Participated in preparation/revision of **58** International Standards

Participated in the preparation of **53** National Standards

Participated in the preparation of **2** Group Standards

Participated in the preparation of **95** Industry Standards

Case: Participation of the Berlin Rail Transit Exhibition

The two-year event, the prestigious "Berlin Rail Transit Exhibition" was unveiled on September 20, 2016. The exhibition included an academic summit, agreement signing and business negotiation. In the exhibition, CRRC released a Smart Train Solution and presented the "CRRC Intelligence" and "CRRC Solution" to the world counterparts. CRRC described the Smart Train blueprint which uses satellite communications, internet and intelligent control technology to turn cars into a mobile office and business negotiation room. The "Summit Forum on Exchange & Collaboration, Sharing & Win-Win – CRRC Berlin Rail Transit Technique" was held during the exhibition period, creating a platform for government representatives, industry leaders and world leading experts to share their views on the prospects and trends of rain transit.

Case: Cultivate international talent in the rail transit industry

In 2016, CRRC and Tongji University jointly organized a master's program in rail transit for international students. Students from 4 countries including Malaysia, South Africa, India and Iran officially enrolled in the program. As an international talent training project, the master's degree program for international students is not only in line with the needs of the development of CRRC, but also with the "One Belt and One Road" national strategy. The master's program for international students will cultivate international high-end talent for the sustainable development of the rail transit industry.

Philanthropy

We actively follow the national policy to not only help poverty alleviation and pass our love, but also frankly communicate with the public with an open attitude and maintain social harmony. These goals are accomplished through poverty alleviation for designated areas, volunteer activities and communication with the public.

Poverty Alleviation for Designated Areas

In 2016, we carried out poverty alleviation work for designated areas and invested RMB 8.06 million to support industry poverty alleviation, infrastructure construction, poverty alleviation training, etc., to help four National Poverty Areas overcome poverty and achieve prosperity, including Maiji District, Tianshui City, Gansu Province, Gangu County, Baise City and Jingxi City, Guangxi Zhuang Autonomous Region and Napo Country.

Case: Internet+ poverty alleviation

In 2016, CRRC fully utilized its supply chain e-commerce service platform – CRRC Shopping, to build the service sector in designated poverty alleviation areas, which provided online business services for agricultural products from Tianshui, Gansu and Baise, Guangxi, two old revolutionary base areas. CRRC therefore established a public business service system and a long-term poverty alleviation mechanism for both temporary and permanent solutions.

In order to introduce high quality agricultural products to nearly 200,000 consumer groups from CRRC, the company took practical actions to build an online service platform for targeted poverty alleviation and to help poor farmers achieve prosperity under the "CRRC Shopping + specialty" model.

Volunteer Activities

We continue to support employees to carry out volunteer activities, including caring for poor children and community services.

Case: Employees of CRRC QSYRI hiking for "love"

In May 2016, nearly 200 employees from CRRC QSYRI were actively involved in the "hiking for one bag of milk" public fundraising activity, which required participants to complete a 30km hike and request donations from their friends and family (charity agreement) to raise money for milk for poor children in Changzhou. Our employees were actively involved in the challenge and raised enough money for one year of free milk for poor children from migrant families and Changzhou City.

Case: CRRC Xi'an – learning from Lei Feng for three decades

On the day of learning from Lei Feng in 2016, 37 volunteer service teams with more than 500 people from CRRC Xi'an, carried out youth volunteer service activities. More than one-eighth of the employees from CRRC Xi'an participated in the activity. Since the beginning of the activity in 1986, more than 15,000 people have participated in these activities, providing more than 100 service projects and serving more than 40,000 people in the community.

Communication with the Public

In 2016, we helped the public get to know CRRC by inviting foreign students and foreign media to visit factories and hosting public open days. Meanwhile we promoted the public's awareness of the rail transit industry with the help of public media.

Case: The second "gathering and walk to CRRC"

In August 2016, the second "gathering and walk to CRRC" activity organized by CRRC brought 50 train enthusiasts to "the development base at the heart" of China's high-speed EMU – CRRC Yonge, in order to better understand the process of design and production of high-speed trains.

During the event, two college students won trips to Germany to participate in the 2016 Berlin Rail Transit Exhibition via internet audition, online assessment and on-site competition.

Case: CRRC Malaysia holds the first "public open day"

In July 2016, Malaysia CRRC Rail Transit Equipment Co., Ltd. held a spectacular "public open day" event. The company invited nearly 500 guests including government officials, customers, teachers and students and employee family members, to attend the event. The event included a "prayer ceremony", "company introduction", "interactive Q & A" and "site visit".

Case: Xinhua reporter's visit to CRRC Chongqing Changke Company

On May 7, 2016, a Xinhua junior reporter from the Chongqing Organizing Committee worked with CRRC Chongqing Changke Company to carry out a themed activity called "Quest Light Rail", which was part of the "Chongqing proud" series. The activity won high praise from Xinhua News Agency's Chongqing Organizing Committee. Meanwhile reporters and their families learned more about light rail, and better understood CRRC Chongqing Changke Company.

Case: Visit to CRRC, "perceiving China – experiencing made-in-China products"

In May 27, 2016, the activity "perceiving of China – experiencing made-in-China products", organized by the Ministry of Education Fund Management Committee, was held in CRRC Puzhen. Nearly 100 foreign students from universities in Nanjing participated in this activity. These representatives from more than 40 countries, including the United States, Canada, Ireland, Australia, Chile, Spain, Pakistan, Nepal, Iraq, Vietnam, Laos, Indonesia, Central Africa, Côte d'Ivoire, Uganda, Congo (DRC) and Guinea, visited the exhibition hall of the new plant, bogie workshop, train body workshop and assembly workshop to experience the made-in-China products.

Future Outlook

2017 is a key year for CRRC to implement the new five-year plan and reform. It is also an important year for CRRC to write a new chapter on reform and development at a new historical starting point. The company will focus on the three major themes of "innovation" , "change" and "internationalization". Based on lean management, it will strengthen operation control, improve management capabilities, speed up international management, and stabilize operating income and cost for the purpose of decreasing cost and increasing benefit.

Innovation means persistence and innovative drive, promotion of technological innovation, management innovation, business model innovation, talent innovation, strengthening of competitive advantage, stimulating growth momentum and leading in industry development.

Change means persistence in promoting control mode change, industrial structure change, business model change, capital model change, breaking through development bottlenecks, building pillar industries, releasing endogenous power, cultivating new kinetic energy, and becoming a model of central enterprise reform.

Internationalization means to be more open, to integrate into global development, cope with global competition, build regional headquarters, promote international management, improve competitiveness, build well-known brands, and establish a multinational corporation.

In accordance with the idea of an "important corporation of the nation and an engine of the industry" , we will unswervingly implement and promote the "13th Five-Year Plan" and strive to build CRRC into a respectable international company, so that it can achieve innovation and collaborative, green, intelligent, global, open, sharing and diversified development.

Reader Feedback Form

Dear reader:

Thank you very much for reading the 2016 CRRC Social Responsibility Report. We pay great attention to and expect to hear your feedback on CRRC's management, practice and reporting of social responsibility. Your comments and suggestions help us to continue promoting the management and practice of corporate social responsibility. We look forward to your reply!

Multiple-choice questions (please tick √ in the appropriate box)

1. Does this report reflect CRRC' s impact on the economy, society and the environment?

Yes ◯ Somewhat ◯ No ◯

2. Is the analysis of the stakeholders and their relationship with CRRC identified in this report accurate and comprehensive?

Yes ◯ Somewhat ◯ No ◯

3. Was the information provided in this report comprehensive?

Yes ◯ Somewhat ◯ No ◯

4. Was the information provided in this report readable?

Yes ◯ Somewhat ◯ No ◯

Open Question

Please address any opinions and suggestions on the *2016 CRRC Social Responsibility Report*.

Your Contact Information

Name: Contact Number:

Employer: Email:

Title: Fax:

Macedonia Stamp (the picture of Europe EMUs exported from CRRC)

Connecting the World through Better Mobility

CRRC Corporation Limited

Address: NO.16-5 West 4th Ring Mid-road, Haidian District, Beijing, China

phone: 86-10-51862188

fax: 86-10-63984785

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