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中國中鐵股份有限公司
CHINA RAILWAY GROUP LIMITED

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

(Stock Code: 390)

**REPURCHASE AND CANCELLATION OF CERTAIN
RESTRICTED SHARES UNDER
THE 2021 RESTRICTED SHARE INCENTIVE SCHEME OF THE COMPANY**

Reference is made to the 2021 Restricted Share Incentive Scheme (the “**2021 Restricted Share Incentive Scheme**”) which was approved at the Extraordinary General Meeting and the A Share Class Meeting held by China Railway Group Limited (the “**Company**”) on 30 December 2021 and the H Share Class Meeting held by the Company on 12 January 2022, respectively, the circular dated 14 December 2021 (the “**Circular**”), the announcements dated 17 January 2022 and 24 February 2022 issued by the Company in relation to the first grant of Restricted Shares to the Participants of the 2021 Restricted Share Incentive Scheme, and the announcements dated 28 October 2022 and 26 December 2022 in relation to the repurchase and cancellation of part of the Restricted Shares (the “**Announcements**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Circular and the Announcements.

The 35th meeting of the fifth session of the Board was held by the Company on 29 December 2023, at which the Proposal on the Repurchase and Cancellation of Certain Restricted Shares under the 2021 Restricted Share Incentive Scheme was considered and approved. Pursuant to the above resolution, 1 Participant was transferred from the Company and ceased to take office in the Company due to organizational arrangements, 1 Participant was deceased, 1 Participant resigned from the Company, 2 Participants violated laws and regulations and 2 Participants received a fair performance rating in the 2022 annual individual performance appraisal (80% of their Restricted Shares are unlocked in the current period, while the remaining 20% of the Restricted Shares would be repurchased and canceled by the Company). In accordance with the 2021 Restricted Share Incentive Scheme and relevant laws and regulations, the Company has decided to repurchase and cancel certain Restricted Shares under the 2021 Restricted Share Incentive Scheme. The total number of Restricted Shares intended to be repurchased by the Company is 1,566,166. The repurchase price of the Restricted Shares to be repurchased from 5 Participants is RMB3.154 per share, and the repurchase price of the Restricted Shares to be repurchased from 2 Participants is RMB3.154 per share, plus the interests calculated according to the benchmark deposit interest rate published by the People's Bank of China for the same period.

None of the Participants for the proposed cancellation of Restricted Shares are connected persons as defined under the Hong Kong Listing Rules. The relevant matters are explained as follows:

I. REASONS, NUMBER, PRICES AND SOURCES OF FUNDS FOR REPURCHASE AND CANCELLATION OF THE RESTRICTED SHARES UNDER THE FIRST GRANT

1. Reasons for the repurchase and cancellation

Among the Participants in the first grant under the 2021 Restricted Share Incentive Scheme of the Company, 1 Participant was transferred from the Company and ceased to take office in the Company due to organizational arrangements, 1 Participant was deceased, 1 Participant proposed to terminate his/her employment contract with the Company, 2 Participants violated laws and regulations and 2 Participants received a fair performance rating in the 2022 annual individual performance appraisal (80% of their Restricted Shares are unlocked in the current period, while the remaining 20% of the Restricted Shares would be repurchased and canceled by the Company). In accordance with the 2021 Restricted Share Incentive Scheme and relevant laws and regulations, the Company has decided to repurchase from the above 7 Participants all the Restricted Shares granted but not yet unlocked and cancel the same.

2. Number of repurchase and cancellation

The total number of Restricted Shares intended to be repurchased and cancelled by the Company from the above 7 Participants which were granted but not yet unlocked is 1,566,166. Among them, 1,542,700 Restricted Shares intended to be repurchased were granted to 5 Participants but not yet unlocked and 23,466 Restricted Shares intended to be repurchased were granted to 2 Participants who received a fair performance rating in the 2022 annual individual performance appraisal.

3. Repurchase price

Pursuant to relevant provisions of the 2021 Restricted Share Incentive Scheme, where a Participant is transferred from the Company and ceases to take office in the Company due to organizational arrangements or is deceased, the Restricted Shares not satisfied with the Unlocking Conditions shall be repurchased by the Company at the Grant Price plus the interests as calculated at the benchmark interest rate for deposits of the same period published by the People's Bank of China when repurchasing and cancelling; where a Participant proposes to terminate his/her employment contract with the Company, or is disqualified for the incentive scheme due to incompetence to the position, disqualification in performance appraisal, negligence, violation of laws, non-compliance of laws, etc., or receives a fair performance rating in the annual individual performance appraisal (80% of the Restricted Shares in the current period are unlocked while the remaining 20% of the Restricted Shares would be repurchased and canceled by the Company), all Restricted Shares held by such Participant that are still locked up shall be repurchased and cancelled by the Company at a repurchase price equal to the lower of the Grant Price and the market price of shares. If the Company has made dividend distribution, the repurchase price of the Restricted Shares shall be adjusted accordingly in accordance with the following formula: $P=P_0-V$ among which, P_0 represents the repurchase price per Restricted Share prior to adjustment; V represents the dividend per share; and P represents the adjusted repurchase price per Restricted Share.

The Grant Price of the Restricted Shares to be repurchased is RMB3.55 per share. In view of the implementation of the 2021 Equity Distribution Plan by the Company on 29 July 2022 and the implementation of the 2022 Equity Distribution Plan by the Company on 28 July 2023, an aggregate cash dividend of RMB0.396 per share (tax-inclusive) had been distributed. Thus, the adjusted repurchase price of the Restricted Share is: $P = 3.55 - 0.396 = \text{RMB}3.154/\text{share}$.

Therefore, the repurchase price of the Restricted Share for the 1 Participant who was transferred from the Company and ceased to take office in the Company due to organizational arrangements and the 1 Participant who was deceased is the sum of the adjusted Grant Price of RMB3.154 per share plus the interests as calculated at the benchmark interest rate for deposits of the same period published by the People's Bank of China; the repurchase price of the Restricted Share for the 1 Participant who proposed to terminate his/her employment contract with the Company, 2 Participants who violated laws and regulations and the 2 Participants whose individual performance appraisal results were fair, is the lower of the adjusted Grant Price of RMB3.154 per share and the market price of RMB5.68 per share at the time of repurchasing, i.e., RMB3.154 per share.

4. Source of funds for repurchase

The total amount payable by the Company for the repurchase of the Restricted Shares is RMB5,019,639.80. The payment will be funded by the Company's internal resources.

II. TABLE ON CHANGES IN SHAREHOLDING STRUCTURE AFTER THE REPURCHASE AND CANCELLATION

After the repurchase and cancellation, the total number of shares of the Company will be reduced from 24,752,195,983 shares to 24,750,629,817 shares. The changes in the shareholding structure of the Company are as follows:

Class of Shares	Before the change		Change (Share) (+/-)	After the change	
	Number of shares (Share)	Proportion		Number of shares (Share)	Proportion
Shares subject to selling restrictions (A Shares)	181,266,700	0.73%	-1,566,166	179,700,534	0.73%
Shares not subject to selling restrictions (A Shares)	20,363,539,283	82.27%	0	20,363,539,283	82.27%
H Shares	4,207,390,000	17.00%	0	4,207,390,000	17.00%
Total Shares	<u>24,752,195,983</u>	<u>100%</u>	<u>-1,566,166</u>	<u>24,750,629,817</u>	<u>100%</u>

The implementation of the repurchase and cancellation will not result in any change in the controlling shareholder or actual controller of the Company. The shareholding distribution of the Company will remain eligible for listing. Meanwhile, the 2021 Restricted Incentive Scheme will continue to be implemented in accordance with regulatory requirements.

III. EFFECT OF THE REPURCHASE AND CANCELLATION ON THE COMPANY

The Company's repurchase and cancellation of Restricted Shares will not have a substantial impact on the Company's financial position and operating results, and will not prevent the management of the Company from working diligently and responsibly. The management of the Company will continue to perform its duties conscientiously so as to create value for shareholders.

IV. EXAMINATION OPINION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is of the opinion that pursuant to the related provisions of the Administrative Measures on Incentive Scheme of Listed Companies and the 2021 Restricted Share Incentive Scheme, among the Participants in the first grant under the 2021 Restricted Share Incentive Scheme of the Company, 1 Participant was transferred from the Company and ceased to take office in the Company due to organizational arrangements, 1 Participant was deceased, 1 Participant proposed to terminate his/her employment contract with the Company, 2 Participants violated laws and regulations and 2 Participants received a fair rating in their 2022 individual performance appraisal. The Supervisory Committee agreed to the repurchase of 1,566,166 Restricted Shares in total which were granted but not yet unlocked and the cancellation of the same. The Company's repurchase and cancellation of such Restricted Shares under the 2021 Restricted Share Incentive Scheme and the adjustment of the repurchase price were in compliance with the provisions of relevant laws and regulations and the 2021 Restricted Share Incentive Scheme, and the deliberation procedures are legal and valid, and will not affect the operating results and financial position of the Company and there will not be any prejudice to the interest of the Company and its shareholders.

V. CONCLUSIVE VIEWS OF THE LEGAL OPINION

According to Beijing Jia Yuan Law Offices:

1. The necessary authorization and approval at this stage in respect of the repurchase and cancellation have been obtained, which was in compliance with the related provisions of the Administrative Measures on Incentive Scheme of Listed Companies and the 2021 Restricted Share Incentive Scheme.
2. The reasons for the repurchase and cancellation and the number and price of repurchase of the Restricted Shares were in compliance with the related provisions of the Administrative Measures on Incentive Scheme of Listed Companies, the Work Guidelines for the Implementation of Equity Incentives by Listed Companies Controlled by Centrally Administered Enterprises and the 2021 Restricted Share Incentive Scheme, and the repurchase is legal and valid.

By Order of the Board
China Railway Group Limited
Chen Yun
Chairman

29 December 2023

As at the date of this announcement, the executive directors of the Company are Mr. CHEN Yun (Chairman), Mr. CHEN Wenjian and Mr. WANG Shiqi; the non-executive director of the Company is Mr. WEN Limin; the independent non-executive directors of the Company are Mr. CHUNG Shui Ming Timpson, Mr. ZHANG Cheng and Mr. XIU Long.