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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)

SUPPLEMENTAL ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF THE 2022-2024 FINANCIAL SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of China Railway Group Limited (the “**Company**”) dated 30 December 2024 in respect of the 2025-2027 Financial Services Framework Agreement entered into between China Railway Finance and CREC (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide further information in relation to the continuing connected transactions contemplated under the 2025-2027 Financial Services Framework Agreement.

COMPREHENSIVE CREDIT SERVICES

As disclosed in the Announcement, the interest rate for CREC’s loan provided by China Railway Finance shall be no less than the applicable interest rate offered by the major commercial banks in the PRC for the same type of loan. As for other comprehensive credit services other than loans provided by China Railway Finance to CREC, including bill acceptance, bill discounting, guarantees and other comprehensive credit services, the fee rates of China Railway Finance will be in accordance with the relevant provisions of the People’s Bank of China or the National Financial Regulatory Administration on fee rates for the relevant type of service, and will not be lower than the average fee rates for the relevant type of service of large domestic state-owned commercial banks in the PRC (including Agricultural Bank of China, Bank of China, Industrial and Commercial Bank of China, China Construction Bank, Postal Savings Bank of China and Bank of Communications).

In respect of the historical figures and the proposed annual caps of comprehensive credit services, the Company would like to clarify that the respective amount is the sum of the maximum daily comprehensive credit balance (including accrued interests and service fees), which includes the maximum daily balance of loans, bill acceptance, bill discounting, guarantees and other forms of financial services (including accrued interests and service fees).

ANNUAL CAPS

As disclosed in the Announcement, the proposed annual caps for deposit services, comprehensive credit services and miscellaneous financial services were calculated on the basis of several factors, including the following:

- (1) historical transaction amount;
- (2) strategies of the treasury management of the Group taking into account the cash flow requirements and financial needs of the Group for its business development plans; and
- (3) effective and reasonable control of financial risks.

The Company would like to provide further information in relation to the factors on which the proposed annual caps for deposit services, comprehensive credit services and miscellaneous financial services were calculated.

(i) Deposit services

The Company has been communicating with CREC as to the need of CREC as well as the range of services and products that China Railway Finance may offer. Due to the changes in the domestic infrastructure investment market environment and the increase in uncertainty in recent years, CREC made corresponding adjustments to its investment strategy. In addition, the overseas projects of CREC had not been effectively implemented as originally planned. As a result, the cash flows generated were lower than expected, leading to the actual maximum daily balance of deposits placed by CREC with China Railway Finance from 2022 to 2024 being lower than the agreed upper limit under the 2022-2024 Financial Services Framework Agreement. In respect of the deposit services under the 2025-2027 Financial Services Framework Agreement, the Company has also considered the following basis and assumptions in determining the proposed annual caps: (i) the existing assets, liabilities, operations and development plans of CREC and its expected cash flow requirements. According to public information, the audited operating income of CREC from 2021 to 2023 was RMB1,073.670 billion, RMB1,154.776 billion, and RMB1,264.089 billion, respectively, with a stable growing trend. With the continuous optimization of the domestic infrastructure investment environment and the continuous advancement of the “One Belt and One Road” construction, it is expected that its operating income will maintain a steady growth in the next three years. The needs including daily fund settlements and financial management of CREC for its operations will increase. At the same time, appropriate buffers are provided for changes in daily fund

settlements due to the needs of CREC, avoiding undue constraints on the deposit services to be provided by China Railway Finance in the future; and (ii) the expected increase in deposits income and reduction in control risks for CREC by placing deposits with China Railway Finance on the basis that China Railway Finance is under the supervision of the China Banking and Insurance Regulatory Commission and it has been maintaining satisfactory operating results and financial position with good risks control and well-regulated management in the past three years.

(ii) Comprehensive credit services

The Company has been communicating with CREC as to the need of CREC as well as the range of services and products that China Railway Finance may offer. Due to the changes in the domestic infrastructure investment market environment and the increase in uncertainty in recent years, CREC made corresponding adjustments to its investment strategy. In addition, the overseas projects of CREC had not been effectively implemented as originally planned. As a result, the loans required from China Railway Finance were lower than expected, leading to the actual maximum daily lending balance from 2022 to 2024 being lower than the agreed upper limit under the 2022-2024 Financial Services Framework Agreement. In respect of the comprehensive credit services under the 2025-2027 Financial Services Framework Agreement, the Company has also considered the following basis and assumptions in determining the proposed annual caps: the existing assets, liabilities, operations and development plans of CREC and its expected cash flow requirements. With the continuous optimization of the domestic infrastructure investment environment and the continuous advancement of the “One Belt and One Road” construction, it is expected that CREC’s business activities will increase and the progress of CREC’s investment projects will accelerate in the next three years, and CREC’s demand for liquidity and daily investment funds will increase, and the comprehensive credit services include bill acceptance, bill discounting, guarantees and other forms of financial services in addition to loans, providing for appropriate buffers for changes in daily comprehensive credit services due to the needs of CREC, and avoiding undue constraints on the comprehensive credit services to be provided by China Railway Finance in the future.

(iii) Miscellaneous financial services

The Company has been communicating with CREC as to the need of CREC as well as the range of services and products that China Railway Finance may offer. Due to the changes in the domestic infrastructure investment market environment and the increase in uncertainty in recent years, CREC made corresponding adjustments to its investment strategy. In addition, the overseas projects of CREC had not been effectively implemented as originally planned. As a result, the miscellaneous financial services required from China Railway Finance were fewer than expected, leading to the services fees actually received by China Railway Finance from 2022 to 2024 being lower than the agreed upper limit under the 2022-2024 Financial Services Framework Agreement. In respect of the miscellaneous financial services under the 2025-2027 Financial Services Framework Agreement, the Company has also considered the following basis and assumptions in determining the proposed annual caps: (i) the existing assets, liabilities,

operations and development plans of CREC and its expected cash flow requirements, together with the continuous optimization of the domestic infrastructure investment environment and the continuous advancement of the “One Belt and One Road” construction, it is expected that CREC’s business activities will increase and the progress of CREC’s investment projects will accelerate in the next three years, and CREC’s capital needs and volume of fund settlement are expected to increase, and its demand for related services including financial and financing consultation such as bond financing and internal transfer settlement is expected to increase; and (ii) provision for appropriate buffers for changes in the relevant miscellaneous financial services due to the needs of CREC, avoiding undue constraints on the miscellaneous financial services to be provided by China Railway Finance in the future.

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

Beijing, the PRC
24 January 2025

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. XIU Long, Ms. SUN Lishi and Mr. TU Haiming.