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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)

**ANNOUNCEMENT IN RELATION TO WITHHOLDING TAX IN
RESPECT OF 2017 FINAL DIVIDEND
CLOSURE OF REGISTER OF HOLDERS OF H SHARES**

Reference is made to the 2017 annual results announcement of China Railway Group Limited (the “**Company**”) dated 29 March 2018 and the announcement dated 25 June 2018 in respect of the poll results of the 2017 annual general meeting of the Company. The board of directors of the Company (the “**Board**”) wishes to announce further information in relation to the payment of the 2017 final dividend as follows.

2017 FINAL DIVIDEND

The profit distribution plan of the Company for the year ended 31 December 2017 was approved at the 2017 annual general meeting of the Company. The 2017 final dividend of RMB0.113 per share (including tax) (“**2017 Final Dividend**”) payable to shareholders whose names appear on the register of holders of H shares of the Company (the “**H Shareholders**”) at the close of business on Tuesday, 17 July 2018 (the “**Record Date**”) will be paid in Hong Kong dollars. According to the articles of association of the Company, where dividends are to be paid in foreign currencies (i.e. other than in RMB), an exchange rate which equals the average median rate of Hong Kong dollars to RMB as announced by the People's Bank of China for the five business days before the 2017 annual general meeting of the Company held on 25 June 2018 (inclusive) shall be applied. Accordingly, the applicable exchange rate for the purpose of the payment of the 2017 Final Dividend to the H Shareholders is HK\$100=RMB82.385. As such, the 2017 Final Dividend to the H Shareholders shall be HK\$0.13716 per H share (including tax).

In order to determine the H Shareholders who are entitled to receive the 2017 Final Dividend, the Company's register of H Shareholders will be closed from Wednesday, 11 July 2018 to Tuesday, 17 July 2018, both days inclusive, during which period no transfer of H shares of the Company will be effected. H Shareholders who wish to receive the 2017 Final Dividend must deposit the transfer documents together with the share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at or before 4:30 p.m. on Tuesday, 10 July 2018. The address of the share registrar, Computershare Hong Kong Investor Services Limited, is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The 2017 Final Dividend will be paid on or about Tuesday, 24 July 2018 to the Shareholders whose names appear on the Company's register of Shareholders on the Record Date.

The Board hereby advises on the withholding arrangements regarding enterprise income tax and individual income tax for the H Shareholders on 2017 Final Dividend under relevant laws and regulations as follows:

ENTERPRISE INCOME TAX

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法》) and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法實施條例》) (collectively, the "**Enterprise Income Tax Law**"), both implemented in 2008, beginning from 1 January 2008, any Chinese domestic enterprise which pays dividend to a non-resident enterprise shareholder (i.e. legal person shareholder) in respect of accounting periods beginning from 1 January 2008 shall withhold and pay enterprise income tax for such shareholder. The withholding and payment obligation lies with the payer. Therefore, the Company is required to withhold 10% enterprise income tax when it distributes the 2017 Final Dividend to non-resident enterprise shareholders of H shares as listed on the Company's register of H Shareholders on the Record Date. In respect of all shareholders whose names appear in the Company's register of H Shareholders as at the Record Date who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2017 Final Dividend after deducting income tax of 10%.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company's register of H Shareholders which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold the said 10% enterprise income tax, it shall lodge with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, copies of their certificate of enterprise code for PRC enterprises (中華人民共和國組織機構代碼證) or equivalent documents issued by the relevant PRC governmental authorities certified by a Hong Kong solicitor or accountant to evidence their place of incorporation or relevant legal documents to evidence that they are PRC incorporated enterprises which are resident enterprises (such term shall have the meaning as defined under the relevant tax rules and regulations of the PRC) at or before 4:30 p.m. on Tuesday, 10 July 2018.

INDIVIDUAL INCOME TAX

Pursuant to the “PRC Individual Income Tax Law” (《中華人民共和國個人所得稅法》), the “Implementation Regulations of the Individual Income Tax Law” (《中華人民共和國個人所得稅法實施條例》), the “Tentative Measures on Withholding and Payment of Individual Income Tax” (《個人所得稅代扣代繳暫行辦法》), the “Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative)” (Guo Shui Fa [2009] No.124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)) (“**Tax Treaties Notice**”), other relevant laws and regulations and the relevant rules promulgated by the State Administration of Taxation, the individual shareholders who hold the Company’s H shares and whose names appear on the Company’s register of H Shareholders on the Record Date (the “**Individual H Shareholders**”) shall pay individual income tax at a tax rate of 20% upon their receipt of distribution of dividend from the Company, which shall be withheld and paid by the Company on behalf of the Individual H Shareholders. However, the Individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries in which the Individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau). The Company will determine the country of domicile of the Individual H Shareholders based on the registered address as recorded in the Company’s register of H Shareholders on the Record Date (i.e. Tuesday, 17 July 2018). Detailed arrangements are as follows:

- for Individual H Shareholders who are Hong Kong and Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. Based on the 2017 Final Dividend of RMB0.113 per share (including tax) and the applicable exchange rate as announced in this announcement, the amount of individual income tax to be withheld and paid by the Company on behalf of the Individual H Shareholders will be RMB0.0113 (approximately HK\$0.013716) per share;
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. Based on the 2017 Final Dividend of RMB0.113 per share (including tax) and the applicable exchange rate as announced in this announcement, the amount of individual income tax to be withheld and paid by the Company on behalf of the Individual H Shareholders will be RMB0.0113 (approximately HK\$0.013716) per share. The Company may apply, on behalf of the Individual H Shareholders, for the underlying preferential tax benefits pursuant to the Tax Treaties Notice, and upon examination and approval by competent tax authorities, the excess amount of tax withheld and paid will be refunded;

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty; and
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the Individual H Shareholders. Based on the 2017 Final Dividend of RMB0.113 per share (including tax) and the applicable exchange rate as announced in this announcement, the amount of individual income tax to be withheld and paid by the Company on behalf of the Individual H Shareholders will be RMB0.0226 (approximately HK\$0.027432) per share.

PROFIT DISTRIBUTION TO INVESTORS OF NORTHBOUND TRADING

For investors of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (including enterprises and individuals) investing in the A shares of the Company listed on the Shanghai Stock Exchange (the “**Northbound Trading**”), their dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominees holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date and the date of distribution of final dividend and other arrangements for the investors of Northbound Trading will be the same as those for the holders of A shares of the Company.

PROFIT DISTRIBUTION TO INVESTORS OF SOUTHBOUND TRADING

(1) Profit Distribution to Investors of Southbound Trading of Shanghai Stock Exchange

For investors of the Shanghai Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the “**Southbound Trading of Shanghai Stock Exchange**”), the Company has entered into “the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading” (《港股通H股股票現金紅利派發協議》) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H shares for Southbound Trading of Shanghai Stock Exchange, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading of Shanghai Stock Exchange through its depository and clearing system. The cash dividends for the investors of H shares of Southbound Trading of Shanghai Stock Exchange will be paid in RMB. Pursuant to the relevant requirements under the “Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

(2) Profit Distribution to Investors of Southbound Trading of Shenzhen Stock Exchange

For investors of the Shenzhen Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the “**Southbound Trading of Shenzhen Stock Exchange**”), the Company has entered into “the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading” (《港股通H股股票現金紅利派發協議》) with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H shares for Southbound Trading of Shenzhen Stock Exchange, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading of Shenzhen Stock Exchange through its depository and clearing system. The cash dividends for the investors of H shares of Southbound Trading of Shenzhen Stock Exchange will be paid in RMB. Pursuant to the relevant requirements under the “Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic investors from investing in H

shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date and the date of distribution of final dividend and other arrangements for the investors of Southbound Trading of Shanghai Stock Exchange and Southbound Trading of Shenzhen Stock Exchange will be the same as those for the H Shareholders of the Company.

Investors should read this announcement carefully. The Company will withhold the income tax payable by its H Shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of H Shareholders on the Record Date. The Company assumes no liability whatsoever in respect of any disputes or losses arising from any delay in, or inaccurate determination of, the status of the shareholders.

Shareholders are recommended to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H shares of the Company.

By Order of the Board
Yu Tengqun Tam Chun Chung
Joint Company Secretaries

Beijing, the PRC
26 June 2018

As at the date of this announcement, the executive directors of the Company are LI Changjin (Chairman), ZHANG Zongyan, ZHOU Mengbo and ZHANG Xian; the independent non-executive directors are GUO Peizhang, WEN Baoman, ZHENG Qingzhi and CHUNG Shui Ming Timpson; and the non-executive director is MA Zonglin.