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Canggang Railway Limited

滄港鐵路有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2169)

ADOPTION OF 2022 SHARE AWARD SCHEME

THE 2022 SHARE AWARD SCHEME

The Board is pleased to announce that it has approved the adoption of the 2022 Share Award Scheme (the “**Scheme**”) on 28 September 2022.

The purposes of the Scheme are to recognize the contributions of certain directors and employees of the Group, certain directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company, certain Service Providers or other Eligible Participant(s) and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders’ approval is required for the adoption of the Scheme.

APPOINTMENT OF TRUSTEE

Upon the adoption of the Scheme, the Company will enter into the Trust Deed with Equiom Fiduciary Services (Hong Kong) Limited and appoint Equiom Fiduciary Services (Hong Kong) Limited as the Trustee to assist with the administration of the Scheme and vesting of Awarded Shares to be granted pursuant to the Scheme.

To the best knowledge, information and belief of the Board after making all reasonable enquiries, the Trustee is an independent third party and not connected with the Company or any of its connected persons. The Trustee will administer the Scheme in accordance with the terms of the Scheme and the Trust Deed.

THE 2022 SHARE AWARD SCHEME

The Board is pleased to announce that it has approved the adoption of the Scheme on 28 September 2022. A summary of the principal terms of the Scheme and other relevant information are set out below:

Purpose and objectives

The purpose of the Scheme is to recognize and acknowledge the contribution which the Eligible Participants have made or may make to the Group and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

Administration

The Scheme shall be subject to the administration of the Board and/or the Committee, whose decisions (save as otherwise provided herein) shall be final and binding on all parties, provided that such decision is made in accordance with the Articles and any applicable law. The Board shall have the right to, (i) interpret and construe the provisions of the rules of the Scheme; (ii) determine the persons (if any) who shall be granted an Award, the amount of the Award and terms of the Award; (iii) make adjustments to the terms of the Awards granted under the Scheme as it deems necessary, subject to the rules of the Scheme; (iv) adopt additional rules and regulations in respect of the Scheme; (v) prescribe the form(s) or instruments for granting an Award; (vi) appoint any additional or replace any trustee(s) in relation to the administration, exercise and vesting of Awards granted under the Scheme; (vii) by resolution, appoint Authorized Representative(s) delegated with the power and authority by the Board to, on behalf of the Board, give instructions or notices to the Trustee on all matters in connection with the Awards and other matters in the routine administration of the Trust; and (viii) make such other decisions or determinations as it shall deem appropriate in relation to the granting of an Award and/or the administration of the Scheme provided that the same are not inconsistent with the provisions of the Scheme, the Listing Rules and applicable laws.

The Trustee shall hold the Trust Fund in accordance with the terms of the rules constituting the Scheme and the Trust Deed.

Eligibility

Under the rules constituting the Scheme, the individuals eligible for participation in the Scheme (the “**Eligible Participants**”) include any director and employee of the Group; any director and employee of the holding companies, fellow subsidiaries or associated companies of the Company; or any person who provides services (“**Service Providers**”) to the Group on a continuing or recurring basis in the Group’s ordinary and usual course of business which are in the interests of the long term growth of the Group whom the Board believes and in its sole discretion, determines that have contributed or will contribute to the Group but excluding the following persons: (i) any seconded employee, part-time employee or non-full time employee of the Group; (ii) any employee of the Group who at the relevant time has given or been given notice terminating his employment, office or directorship as the case may be; and (iii) any other person that the Board may determine from time to time.

For the avoidance of doubt, Service Providers should exclude (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions; and (ii) professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

Grant of Award

The Board shall, subject to and in accordance with the rules of the Scheme, be entitled at any time during the continuation of the Scheme by a board resolution to grant Award to any of the Eligible Participants such number of Shares as it shall determine pursuant to the Scheme.

A grant of an Award shall be made to an Eligible Participant by way of a Grant Letter to be issued by the Company in such written form as the Board may from time to time determine. Subject to and in accordance with the rules of the Scheme, the Board may impose any conditions, restrictions or limitations before the Award can vest as it sees fit by setting out the same in the Grant Letter.

The Board or the Authorized Representative(s) shall notify the Trustee in writing, providing substantially the same information as stated in the relevant Grant Letter upon the making of an Award under the Scheme.

No Award may be made by the Board during the periods as prescribed under the paragraph “Black-out Period” below.

Acquisition of Shares by the Trustee

The Board shall, after having regard to the requirements in relation to the grant of Awards as stated in the rules of the Scheme, the Listing Rules, the applicable laws and regulations and all relevant circumstances and affairs of the Group (including without limitation the Group’s business and operational conditions, its business plans and cashflow requirements currently and in the near future), cause to be paid to the Trustee (or its nominee) such amount as may be required for the purchase of existing Shares from the market and the related purchase or subscription expenses (including all such necessary fees, stamp duty, levies and expenses required for the completion of the purchase or subscription of all the Awarded Shares, as applicable).

The Trustee may purchase the Shares on the Stock Exchange at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board).

No Shares shall be purchased by the Trustee during the periods as prescribed under the paragraph “Black-out Period” below.

Voting rights of the Shares in the Trust Fund

The Trustee (and its nominee) shall not exercise the voting rights in respect of the Shares held by it as nominee or under the trust constituted by the Trust Deed (including but not limited to any Awarded Shares, the Returned Shares, any bonus Shares and scrip Shares). The Grantees shall not have any right to receive any Awarded Shares set aside for them unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Grantees.

Equity issue

During the period after an Award has been made and before the Awarded Shares are vested in the Grantee, if the Company offers to Shareholders new Shares or other securities for subscription by way of rights, options or warrants and no amount is required to be payable by the Shareholders, the Board shall instruct the Trustee whether to sell or take steps to exercise any such nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares. The net proceeds of such sale (if so sold) shall be applied to defray the fees, costs and expenses of the trust constituted under the Trust Deed, and the remainder will be treated as Trust Fund. If the Company offers to the Shareholders new Shares or other securities for subscription by way of rights, options, warrants or open or preferential offer and consideration is required to be paid, the Board shall instruct the Trustee whether to decline to or take steps to take up, purchase and/or subscribe for such rights, options, warrants or open or preferential offer.

Vesting of the Awarded Shares

The Board may from time to time, at its discretion, determine the earliest Vesting Date and other subsequent date(s), if any, subject to and upon which the Awarded Shares held by the Trustee upon trust and which are referable to a Grantee shall vest in that Grantee.

At any time prior to a Vesting Date, in respect of a Grantee who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Grantee or rights thereto shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

Lapse of Award

Save as for the reason provided in the paragraph headed “Vesting of the Awarded Shares” above and unless otherwise as determined by the Board, an Award (or, as the case may be, the relevant part of an Award) shall automatically lapse forthwith and all the Awarded Shares (or, as the case may be, the relevant Awarded Shares) shall become Returned Shares in the event any of the following circumstances occurred prior to or on the Vesting Date:

- (a) the commencement of the winding-up of the Company;

- (b) the Grantee ceases to be an Eligible Participant by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his/her debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily;
- (c) the Grantee had in any way sold, transferred, charged, mortgaged, encumbered or created any interest in favor of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award or the related income or the Returned Shares under the Scheme prior to the Vesting Date in breach of the rules of the Scheme;
- (d) the Grantee ceases to be an Eligible Participant for any other reason save as provided in the paragraph headed “Vesting of the Awarded Shares” above;
- (e) a Grantee is found to be an Excluded Eligible Participant; or
- (f) subject to the terms of the Scheme, a Grantee fails to return the duly executed transfer documents prescribed by the Trustee for the relevant Shares awarded under the Scheme within the stipulated period.

Scheme limit

The Board shall not make any further award of Awarded Shares which will result in the number of Shares awarded by the Board under the Scheme exceeding ten per cent (10%) of the issued Shares as at the Adoption Date.

Alteration of the Scheme

Subject to compliance with the Listing Rules as supplemented and amended from time to time, the Scheme may be altered by in any respect by a resolution of the Board including alterations to the terms and conditions of the Scheme which are of a material nature, or any change to the terms of Awards granted, provided that the Scheme so altered must comply with the Listing Rules as supplemented and amended from time to time.

Duration and termination of the Scheme

The Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date but may be terminated earlier as determined by the Board provided that such termination shall not affect any subsisting rights of any Grantee hereunder.

If, at the date of the termination of the Scheme, the Trustee (or its nominee) holds any Shares which have not been set aside in favor of any Grantee or retains any unutilized funds remaining as the Trust Fund then the Trustee shall, within 30 business days of receiving notice of such termination, sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilized funds to the Company. Subject to the decision of the Board and subject to the terms of the Scheme, all the Awarded Shares shall become vested on the Grantee on such date of termination upon termination of the Scheme.

Black-out Period

For so long as the Shares are listed on the Stock Exchange, the Company shall not grant any Awards after inside information has come to its knowledge until (and including) the trading day after it has announced the information (“**Inside Information Period**”). The Company may not grant any Awards during the period (the “**Black-out Period**”) commencing one month immediately before the earlier of:

- (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company’s results for any year, half-year, or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. Further, the Company shall not grant any Awards during any period of delay in publishing a results announcement.

For so long as the Shares are listed on the Stock Exchange, the Board shall not make any payment to the Trustee or give instructions to the Trustee to purchase or subscribe for or sell or transfer Shares, and the Trustee (and its nominee) shall not purchase or subscribe for or sell or transfer Shares (i) during any Inside Information Period or Black-out Period, provided that such prohibition shall not apply to acceptance or vesting of Shares pursuant to the terms of the relevant Awards granted by the Company before the relevant Inside Information Period or Black-out Period, as applicable, at the purchase price, if any, fixed at the time of grant of the relevant Awards; or (ii) where such dealings in Shares are prohibited under any code or requirement of the Listing Rules, any applicable laws or regulations or where any requisite approval from any governmental or regulatory authority has not been granted.

Rights attaching to the Awards and the Awarded Shares

Any Award shall be personal to the Grantee and shall not be transferable or assignable to any other person except for any company that is wholly owned by the Grantee or a trust which the settlor is the Grantee and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award or the related income or any of the Returned Shares under the Scheme prior to the Vesting Date.

The Grantees shall not have any right to receive any Awarded Shares set aside for them under any Award unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Grantees in accordance with the terms of the Scheme.

APPOINTMENT OF TRUSTEE

Upon the adoption of the Scheme, the Company will enter into the Trust Deed with Equiom Fiduciary Services (Hong Kong) Limited and appoint Equiom Fiduciary Services (Hong Kong) Limited as the Trustee to assist with the administration of the Scheme and vesting of Awarded Shares to be granted pursuant to the Scheme.

To the best knowledge, information and belief of the Board after making all reasonable enquiries, the Trustee is an independent third party and not connected with the Company or any of its connected persons. The Trustee will administer the Scheme in accordance with the terms of the Scheme and the Trust Deed.

IMPLICATIONS UNDER THE LISTING RULES

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption of the Scheme.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Adoption Date”	28 September 2022, being the date on which the Board approve the Scheme
“Articles”	the articles of association of the Company as amended from time to time
“Authorized Representative(s)”	any one or more of the Director(s) or senior management of the Company delegated with the power and authority by the Board to administer the Scheme pursuant to the Scheme

“Award(s)”	award(s) of Awarded Shares made in accordance with the Scheme
“Awarded Share(s)”	the Share(s) provisionally granted to a Grantee pursuant to Award(s) as determined by the Board
“Board”	the board of Directors
“Committee”	a duly authorized committee comprising such person(s) delegated with the power and authority by the Board to administer the Scheme
“Company”	Canggang Railway Limited (滄港鐵路有限公司) (stock code: 2169), an exempted company incorporated in the Cayman Islands with limited liability on 19 October 2018
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Participant(s)”	has the meaning ascribed to it under the paragraph headed “the 2022 Share Award Scheme — Eligibility” in this announcement
“Excluded Eligible Participant(s)”	any Eligible Participant who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the rules of the Scheme is not permitted under the applicable laws and regulations or where in the view of the Board or the Trustee (as the case may be), compliance with the applicable laws and regulations makes it necessary or expedient to exclude such Eligible Participant
“Grant Letter”	letter issued by the Company to each Grantee in such form as the Board or the Committee may from time to time determine, specifying, among other things, the number of Awarded Shares, the Vesting Date and conditions for the vesting of the Awarded Shares, lock-up on the Awarded Shares (if applicable), the time and manner for acceptance of the grant of the Award and such other relevant terms and conditions of the Award
“Grantee(s)”	means Eligible Participant(s) selected by the Board pursuant to the rules of the Scheme for the grant of an Award

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the rules of the Scheme, or such Shares being deemed to be Returned Shares in accordance with the rules of the Scheme or the Trust Deed
“Scheme”	the 2022 Share Award Scheme of the Company as set out in its present form or as amended from time to time in accordance with the provisions hereof
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	the trust deed to be entered into between the Company as settlor and the Trustee as trustee in respect of the appointment of the Trustee for the administration of the Scheme, as restated, supplemented and amended from time to time
“Trust Fund”	the Shares, funds and properties held under the Trust and managed by the Trustee for the benefit of the Eligible Participants in accordance with the terms of the Scheme and the Trust Deed
“Trustee”	Equiom Fiduciary Services (Hong Kong) Limited, a company incorporated in Hong Kong and having its administrative office at Room 2302, 23/F., Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

“Vesting Date”

in relation to any Grantee, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Grantee pursuant to an Award

By Order of the Board
Canggang Railway Limited
Yi Weiming
Chief Executive Officer

Hong Kong, 28 September 2022

As at the date of this announcement, the Board comprises Mr. Liu Yongliang and Mr. Yi Weiming as the executive Directors; Mr. Xu Zhihua and Mr. Qin Shaobo as the non-executive Directors; and Mr. Liu Changchun, Mr. Zhao Changsong and Ms. Lyu Qinghua as the independent non-executive Directors.