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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL RESULTS

The Board of Canggang Railway Limited is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021.

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	333,430	355,990
Operating profit	116,384	128,079
Profit before taxation	91,132	104,769
Profit for the year	67,923	77,758
Earnings per share, basic and diluted (RMB)	0.07	0.08

The Board recommended the payment of a final dividend of RMB2.8 cents per share for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(For the year ended 31 December 2022)

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	3	333,430	355,990
Operating expenses:			
Staff costs	5(b)	(67,599)	(61,554)
Outsourcing service charges and other labor costs		(36,362)	(46,704)
Cargo logistics		(30,785)	(31,751)
Depreciation	5(c)	(38,063)	(36,735)
Fuel used		(32,832)	(24,304)
Repairs and maintenance		(13,581)	(17,577)
General and administration expenses		(11,698)	(13,052)
Impairment reversal on trade receivables		272	1,541
Other expenses		(8,297)	(9,178)
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Total operating expenses		(238,945)	(239,314)
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Other income	4	21,899	11,403
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Operating profit		116,384	128,079
Finance costs	5(a)	(24,407)	(23,255)
Share of loss of an associate		(845)	(55)
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Profit before taxation	5	91,132	104,769
Income tax	6	(23,209)	(27,011)
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Profit for the year		67,923	77,758
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Attributable to:			
Equity shareholders of the Company		68,076	77,394
Non-controlling interests		(153)	364
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Profit for the year		67,923	77,758
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Earnings per share (RMB)			
– Basic and diluted	8	0.07	0.08
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(For the year ended 31 December 2022)

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	67,923	77,758
Other comprehensive income for the year		
(after tax):		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency of the Group	<u>(1,337)</u>	<u>(2,820)</u>
Total comprehensive income for the year	<u>66,586</u>	<u>74,938</u>
Attributable to:		
Equity shareholders of the Company	66,739	74,574
Non-controlling interests	<u>(153)</u>	<u>364</u>
Total comprehensive income for the year	<u>66,586</u>	<u>74,938</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(At 31 December 2022)

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	9	769,934	783,638
Right-of-use assets	10	188,534	188,919
Interest in an associate		7,314	10,523
Deferred tax assets		5,793	5,516
Prepayments and other receivables	13	2,062	2,457
		<u>973,637</u>	<u>991,053</u>
Current assets			
Inventories	11	47,941	5,585
Trade and bills receivables	12	83,345	98,720
Prepayments and other receivables	13	20,240	25,760
Cash and cash equivalents		193,802	160,794
		<u>345,328</u>	<u>290,859</u>
Current liabilities			
Bank and other loans	17	184,773	160,525
Trade payables	14	27,589	27,757
Other payables	15	29,158	61,936
Contract liabilities	16	2,377	2,501
Current taxation		13,812	11,673
		<u>257,709</u>	<u>264,392</u>
Net current assets		<u>87,619</u>	<u>26,467</u>
Total assets less current liabilities		<u>1,061,256</u>	<u>1,017,520</u>
Non-current liabilities			
Bank and other loans	17	272,639	213,087
		<u>272,639</u>	<u>213,087</u>
NET ASSETS		<u>788,617</u>	<u>804,433</u>
CAPITAL AND RESERVES			
Share capital		8,607	8,607
Reserves		750,468	766,131
Total equity attributable to equity shareholders of the Company		759,075	774,738
Non-controlling interests		29,542	29,695
TOTAL EQUITY		<u>788,617</u>	<u>804,433</u>

NOTES

1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 19 October 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 23 October 2020. The Company and its subsidiaries are principally engaged in the provision of rail freight transportation and related ancillary services by operating freight railway and railway yards in the People’s Republic of China (the “PRC”).

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs, issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – Cost of fulfilling a contract*

None of these developments have had a material effect on the Group's financial performance and financial position for current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE

The Group is principally engaged in the provision of rail freight transportation and related ancillary services by operating freight railway and railway yards. All of the revenue of the Group is recognized over time.

- (i) Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers		
Disaggregated by major service lines:		
– Rail freight transportation	<u>268,754</u>	<u>260,250</u>
– Ancillary services		
– Loading and unloading	41,098	58,512
– Road freight transportation	11,464	15,833
– Construction, maintenance and repair	9,343	14,207
– Others	<u>2,771</u>	<u>7,188</u>
Subtotal	<u>64,676</u>	<u>95,740</u>
	<u><u>333,430</u></u>	<u><u>355,990</u></u>

- (ii) For the years ended 31 December 2022 and 2021, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are set out below:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A	92,625	47,190
Customer B	41,552	40,903
Customer C	*	40,835
Customer D	*	*

- * Transactions with these customers did not exceed 10% of the Group's revenue in the respective years.

4 OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Net income on coal trading business	14,046	–
Government grants	3,761	7,093
Interest income	2,673	2,128
Compensation income (<i>Note (i)</i>)	2,452	–
Net (losses)/gains on disposal of property, plant and equipment	(1,544)	1,464
Net gain on disposal of an associate	75	–
Others	436	718
	<u>21,899</u>	<u>11,403</u>

Note: (i) This income was received from a third party to compensate the Group's loss incurred by the third party's construction work.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) **Finance costs:**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Total interest expense on bank and other loans	<u>24,407</u>	<u>23,255</u>

(b) **Staff costs:**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Salaries, wages and other benefits	59,605	54,343
Contributions to defined contribution retirement plans	<u>7,994</u>	<u>7,211</u>
	<u>67,599</u>	<u>61,554</u>

(c) **Other items:**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Depreciation		
– property, plant and equipment (<i>Note 9</i>)	33,591	32,267
– right-of-use assets (<i>Note 10</i>)	4,472	4,468
	<u>38,063</u>	<u>36,735</u>
Short-term lease charges with remaining lease term of not more than 12 months	535	404
Auditors' remuneration		
– audit services	1,300	1,360
Cost of inventories (<i>Note 11(b)</i>)	35,648	29,791
	<u>35,648</u>	<u>29,791</u>

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax		
Provision for the year	23,486	25,106
Deferred tax		
Origination and reversal of temporary differences	(277)	1,905
	<u>23,209</u>	<u>27,011</u>

7 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interim dividend declared of HK\$nil per ordinary share (2021: HK4.83 cents)	–	40,093
Final dividend proposed after the end of the reporting period of RMB2.80 cents per ordinary share (2021: HK3.80 cents, equivalent to RMB3.00 cents)	<u>28,000</u>	<u>30,000</u>
	<u><u>28,000</u></u>	<u><u>70,093</u></u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous year, approved and paid during the year

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Final dividend in respect of the previous year, approved and paid during the year, of HK3.80 cents per ordinary share (2021: nil)	<u>32,486</u>	<u>–</u>

8 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year ended 31 December 2022 is calculated based on the profit attributable to equity shareholders of the Company of RMB68,076,000 (2021: RMB77,394,000) and the weighted average number of 995,686,597 ordinary shares in issue during the year (2021: 1,000,000,000 ordinary shares in issue during the year), calculated as follows:

	2022	2021
Issued ordinary shares at 1 January	1,000,000,000	1,000,000,000
Effect of shares purchased in respect of the Share Award Scheme	<u>(4,313,403)</u>	<u>–</u>
Weighted average number of ordinary shares at 31 December	<u><u>995,686,597</u></u>	<u><u>1,000,000,000</u></u>

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2022 and 2021.

9 PROPERTY, PLANT AND EQUIPMENT

	Tracks, bridges and other railway assets <i>RMB'000</i>	Buildings and other properties <i>RMB'000</i>	Locomotives and rolling stock <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:							
At 1 January 2021	528,263	183,674	38,126	52,938	123,748	3,302	930,051
Additions	–	–	2,187	7,090	6,187	40,470	55,934
Disposals	(4,490)	–	–	(13,239)	(301)	–	(18,030)
At 31 December 2021	523,773	183,674	40,313	46,789	129,634	43,772	967,955
Additions	–	–	–	264	7,025	16,034	23,323
Transfer in/(out)	31,633	2,039	2,494	–	6,243	(42,409)	–
Disposals	–	–	–	(6,721)	(3,282)	(218)	(10,221)
At 31 December 2022	555,406	185,713	42,807	40,332	139,620	17,179	981,057
Accumulated depreciation and impairment losses:							
At 1 January 2021	(36,689)	(29,313)	(16,059)	(26,075)	(55,188)	–	(163,324)
Charge for the year	(7,070)	(6,039)	(3,500)	(5,311)	(10,347)	–	(32,267)
Written back on disposals	960	–	–	10,028	286	–	11,274
At 31 December 2021	(42,799)	(35,352)	(19,559)	(21,358)	(65,249)	–	(184,317)
Charge for the year	(7,710)	(6,056)	(3,803)	(5,394)	(10,628)	–	(33,591)
Written back on disposals	–	–	–	3,694	3,091	–	6,785
At 31 December 2022	(50,509)	(41,408)	(23,362)	(23,058)	(72,786)	–	(211,123)
Carrying amount:							
At 31 December 2022	<u>504,897</u>	<u>144,305</u>	<u>19,445</u>	<u>17,274</u>	<u>66,834</u>	<u>17,179</u>	<u>769,934</u>
At 31 December 2021	<u>480,974</u>	<u>148,322</u>	<u>20,754</u>	<u>25,431</u>	<u>64,385</u>	<u>43,772</u>	<u>783,638</u>

Notes:

- (i) The Group's property, plant and equipment are all located in the PRC.
- (ii) At 31 December 2022, property certificates of certain items of the Group's properties with carrying amount of RMB61,468,000 (2021: RMB62,859,000), were not obtained. The Directors consider that there is no legal restriction for the Group to access and use such properties and it should not lead to any significant adverse impact on the operations of the Group.
- (iii) At 31 December 2022, certain amount of the Group's bank loans were secured by buildings of the Group with carrying amount of RMB7,618,000 (2021: RMB7,938,000).

- (iv) At 31 December 2022, certain amount of the Group's other loans were secured by other property, plant and equipment of the Group with carrying amount of RMB177,593,000 (2021: RMB109,008,000).

10 RIGHT-OF-USE ASSETS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost:		
At 1 January	223,651	223,651
Additions	4,087	–
At 31 December	227,738	223,651
Accumulated depreciation:		
At 1 January	34,732	30,264
Charge for the year	4,472	4,468
At 31 December	39,204	34,732
Carrying amount:		
At 31 December	188,534	188,919

Notes:

- (i) Right-of-use assets represents lump sum considerations paid or payable by the Group to acquire leasehold lands located in the PRC. These leasehold lands are with lease periods of 48–50 years and there are no ongoing payments to be made under the terms of the land leases.
- (ii) At 31 December 2022, certain amount of the Group's bank loans were secured by the Group's interests in leasehold land with carrying amount of RMB114,926,000 (2021: RMB117,466,000). At 31 December 2022, one of the Group's other loans was secured by the Group's interests in leasehold land with carrying amount of RMB6,803,000 (2021: RMB6,966,000).
- (iii) At 31 December 2022, land use right certificate of certain pieces of land of the Group with carrying amount of RMB35,253,000 (2021: RMB31,865,000), were yet to be obtained. The Directors consider that there is no legal restriction for the Group to access and use such land and it should not lead to any significant adverse impact on the operations of the Group.

11 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Fuel	3,324	1,725
Coal held for trading	39,837	–
Materials and consumables	4,780	3,860
	<u>47,941</u>	<u>5,585</u>

(b) The analysis of the amounts of inventories recognized as an expense and included in profit or loss is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Carrying amount of inventories used	<u>35,648</u>	<u>29,791</u>

12 TRADE AND BILLS RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	50,613	55,569
Bills receivables (<i>Notes (ii) and (iii)</i>)	32,732	43,151
	<u>83,345</u>	<u>98,720</u>

Notes:

- (i) All of the trade and bills receivables, net of loss allowance, are expected to be recovered within one year.
- (ii) At 31 December 2022, the carrying amounts of the Group's bills receivables that have been endorsed to the Group's suppliers and other creditors for the settlement of the Group's trade and other payables but have not been derecognized in the consolidated financial statements were RMB3,828,000 (2021: RMB15,500,000).
- (iii) At 31 December 2022, the carrying amounts of the Group's bills receivables that have been factored to banks but have not been derecognized in the consolidated financial statements were RMB nil (2021: RMB2,000,000).

Aging analysis

At the end of the reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	38,443	32,637
1-6 months	11,276	18,373
6-12 months	389	4,142
more than 12 months	505	417
	<u>50,613</u>	<u>55,569</u>

Trade receivables are mainly due within 30 days from the date of billing. Bills receivables are with maturities of 180 to 360 days.

13 PREPAYMENTS AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Receivables relating to disposal of property, plant and equipment	5,893	9,644
Receivables relating to disposal of an associate	2,439	–
Receivables relating to government grants	–	2,000
	<u>8,332</u>	<u>11,644</u>
Financial assets measured at amortized cost	8,332	11,644
Value-added tax recoverable	1,371	2,350
Deposits for loans	–	3,675
Deposits for other purpose	2,059	1,998
Prepayments for purchase of inventories and prepaid expenses	10,540	8,550
	<u>22,302</u>	<u>28,217</u>
Less: Non-current portion		
– Receivables relating to disposal of property, plant and equipment	(2,062)	(2,457)
Current portion of prepayments and other receivables	<u>20,240</u>	<u>25,760</u>

14 TRADE PAYABLES

All of the trade payables are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the aging analysis of the Group's trade payables, based on the invoice date, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	20,733	12,773
1 to 3 months	3,382	6,837
3 to 6 months	1,421	4,486
6 to 12 months	1,463	1,233
Over 12 months	590	2,428
	<u>27,589</u>	<u>27,757</u>

15 OTHER PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Payables for acquisition of property, plant and equipment	9,878	21,196
Payables for acquisition of right-of-use assets	3,701	29,484
Payables for staff costs	9,153	5,253
Payables for other labor costs	1,499	1,923
Dividends payable	1,735	889
Others	3,192	3,191
	<u>29,158</u>	<u>61,936</u>

16 CONTRACT LIABILITIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Prepayments received from customers for rail freight transportation and related ancillary services	<u>2,377</u>	<u>2,501</u>

17 BANK AND OTHER LOANS

(a) The Group's bank and other loans comprise:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank loans:		
– Secured	331,516	360,025
– Unsecured	<u>49,074</u>	<u>–</u>
	<u>380,590</u>	<u>360,025</u>
Other loans:		
– Secured	74,342	11,107
– Unsecured	<u>2,480</u>	<u>2,480</u>
	<u>76,822</u>	<u>13,587</u>
	<u>457,412</u>	<u>373,612</u>

All of the bank and other loans are carried at amortized costs.

(b) The bank and other loans were repayable as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year or on demand	<u>184,773</u>	<u>160,525</u>
After 1 year but within 2 years	141,616	175,087
After 2 years but within 5 years	<u>131,023</u>	<u>38,000</u>
	<u>272,639</u>	<u>213,087</u>
	<u>457,412</u>	<u>373,612</u>

- (c) **At 31 December 2022, the Group's secured bank loans of RMB331,516,000 (2021: RMB360,025,000) were secured by the following assets of the Group:**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Carrying amount:		
Right-of-use assets (<i>Note 10(ii)</i>)	114,926	117,466
Property, plant and equipment (<i>Note 9(iii)</i>)	7,618	7,938
Bills receivables (<i>Note 12(iii)</i>)	—	2,000
	<u>122,544</u>	<u>127,404</u>

Included in the Group's secured bank loans as at 31 December 2022, RMB20,039,000 were also guaranteed by Cangzhou Railway Logistics Services Company Limited, a subsidiary of the Company (2021: RMB75,104,000).

- (d) **At 31 December 2022, the Group's secured other loans of RMB74,342,000 (2021: RMB11,107,000) were secured by the following assets of the Group:**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Carrying amount:		
Property, plant and equipment (<i>Note 9(iv)</i>)	177,593	109,008
Right-of-use assets (<i>Note 10(ii)</i>)	6,803	6,966
	<u>184,396</u>	<u>115,974</u>

Included in the Group's secured other loans as at 31 December 2022, RMB72,755,000 (2021: RMB nil) were also guaranteed by Cangzhou Railway Logistics Services Company Limited and secured by equity interests of Cangzhou Canggang Railway Company Limited held by Cangzhou Railway Logistics Services Company Limited.

- (e) As at 31 December 2022, the Group's unsecured bank loans amounting to RMB49,074,000 (2021: RMB nil) are interest-bearing at 5.50% per annum.

As at 31 December 2022, the Group's unsecured other loans amounting to RMB2,480,000 (2021: RMB2,480,000) are interest-bearing at 4.75% per annum.

- (f) The following table details the interest rate profile of the Group's borrowings at the end of each reporting period:

	2022		2021	
	Effective interest rate		Effective interest rate	
		<i>RMB'000</i>		<i>RMB'000</i>
Fixed rate borrowings				
Bank loans	5.0% - 5.50%	380,591	1.60% - 5.94%	360,025
Other loans	4% - 4.75%	75,234	4.75%	2,480
		455,825		362,505
Variable rate borrowings				
Other loans	5.29%	1,587	6.01%	11,107
Total borrowings		457,412		373,612
Fixed rate borrowings as a percentage of total borrowings		99%		97%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is an established and expanding local railway operator based in Hebei Province. With our Canggang Railway Line, we continue to provide our customers with comprehensive services and one-stop solutions of our freight transportation, extended our leading position in rail freight transportation business and continued to maintain our leading market position in Hebei Province. We are preparing to further expand our railway to enhance our services to our existing customers and to seek potential customers.

2022 was a challenging year for our Group. Following the outbreak of COVID-19 in 2020, the pandemic remained to exert material impacts on China's economy throughout 2022, under which consumption and operation continued to be adversely affected.

The year of 2022 was a crucial year for the Group to start a new journey after its Listing and stride forward towards its objectives. Throughout the year, the Company scientifically coordinated the prevention and control of the pandemic as well as transportation and production safety. Guided by the market and propelled by innovation, the Company strictly aligned itself with its missions and objectives set at the beginning of the year, by which it overcame various unfavorable factors, such as the COVID-19 outbreak, actively expanded its market, strictly monitored production safety, optimized its management system, tapped into potential and enhanced efficiency, scientifically deployed its development, as well as cultivated and promoted its corporate culture. The Company has maintained a stable level of freight transportation volume and achieved a new leap in management standard.

During the course of 2022, all employees of the Company worked together to achieve the Company's business objectives and responded effectively to various risks and challenges. In the first half of 2022, the Company recorded a decline in freight transportation volume due to various factors such as the COVID-19 outbreak. With an aim to reverse such passive position, the Company adjusted its operation strategy in a timely manner and set up a marketing leadership team to shift the focus to the upstream of the logistics chain, with the responsible leaders travelling to Shaanxi, Inner Mongolia and other regions to meet with customers. Through our efforts, we completed rail freight transportation of 9.3 million tonnes of coal during the Reporting Period, representing a year-on-year increase of 6.9% or 0.6 million tonnes. During the Reporting Period, we completed rail freight transportation of 3.6 million tonnes of ore fines and coke, representing a year-on-year increase of 56.5% or 1.3 million tonnes. During the Reporting Period, we completed rail freight transportation of 4.2 million tonnes of semi-coke, oil products, building materials and chemicals, representing a year-on-year decrease of 36.4% or 2.4 million tonnes. The impact of the decline in the transportation of semi-coke, oil products, building materials and chemicals was largely offset by the higher increase in the transportation of coal, coke and ore fines. Rail freight transportation as our core business has recorded a decent performance during the

Reporting Period. We completed transportation of 17.2 million tonnes of cargo during the Reporting Period, representing a decrease of 2.8% or 0.5 million tonnes as compared to 17.7 million tonnes for the year ended 31 December 2021.

The Directors are of the view that the hygiene measures adopted by our Group can effectively prevent and control the COVID-19 infections, and safeguard the occupational health and safety of our employees.

The Directors will continue to closely monitor the effect of the outbreak and evaluate the impact on our business.

FUTURE DEVELOPMENT

As at 31 December 2022, we operated one local railway, the Canggang Railway Line. One of our business strategies is to construct additional branch line to expand our business scale, including the expansion of our geographic presence and business to the Comprehensive Industrial Park in Bohai New Area. However, in the midst of the continuous impacts caused by COVID-19, the Directors expected to begin the construction of the new branch line in the second half of 2023.

We are also in the process of upgrading and renovating the relevant infrastructure of our Canggang Railway Line to enhance the safety and increase the overall capacity of our railway operation.

FINANCIAL REVIEW

Revenue

	For the year ended 31 December			
	2022		2021	
	<i>RMB in thousands, other than percentages</i>			
Rail freight transportation	268,754	80.6%	260,250	73.1%
Ancillary services				
Loading and unloading	41,098	12.3%	58,512	16.4%
Road freight transportation	11,464	3.5%	15,833	4.5%
Construction, maintenance and repair	9,343	2.8%	14,207	4.0%
Others	2,771	0.8%	7,188	2.0%
Subtotal	64,676	19.4%	95,740	26.9%
Total	333,430	100%	355,990	100.0%

Our revenue decreased by 6.3% or RMB22.6 million from RMB356.0 million for the year ended 31 December 2021 to RMB333.4 million for the Reporting Period, primarily due to the decrease in revenue from ancillary businesses of RMB31.1 million, the impact of which was partly offset by the increase in revenue from rail freight transportation of RMB8.5 million.

Our revenue from rail freight transportation increased by 3.3% or RMB8.5 million from RMB260.3 million for the year ended 31 December 2021 to RMB268.8 million for the Reporting Period, mainly due to the significant increase in the transportation of coal, coke and ore fines in 2022, which not only compensated for the loss arising from the decline in the transportation of semi-coke, oil products, building materials and chemicals but also led to an increase in revenue of RMB8.5 million in 2022 as compared to 2021.

Our revenue from ancillary businesses decreased from RMB95.7 million for the year ended 31 December 2021 to RMB64.7 million for the Reporting Period. Such decrease was mainly due to the contraction of loading and unloading, road freight transportation, construction and other businesses to varying degrees since the multiple outbreaks of COVID-19 in 2022.

Operating expenses

Our operating expenses include staff costs, outsourcing service charges and other labor costs, cargo logistics, depreciation, fuel used, repairs and maintenance, general and administration expenses, impairment loss on trade receivables and other expenses. The operating expenses decreased by 0.2% or RMB0.4 million from RMB239.3 million for the year ended 31 December 2021 to RMB238.9 million for the Reporting Period. The decrease in operating expenses was primarily attributable to a decrease in outsourcing service charges and other labor costs of RMB10.3 million due to the contraction of ancillary businesses as a result of the multiple COVID-19 outbreaks during the Reporting Period; and a decrease in repairs and maintenance expenses of RMB4.0 million due to the decline in business volume. However, such impacts were offset by an increase in fuel costs of RMB8.5 million due to higher fuel prices during the Reporting Period.

Due to the disruption to the PRC economy caused by the COVID-19 outbreak, as to improve the Company's liquidity, we seek to maintain strict control over outstanding receivables and our senior management regularly reviews overdue balance to mitigate our credit risk. As a result of our efforts, the recovery of our trade receivables was improved as compared to the previous year and hence we have reversed the impairment loss on trade receivables of RMB0.3 million during the Reporting Period. Our trade and bills receivables decreased by 15.6% or RMB15.4 million from RMB98.7 million for the year ended 31 December 2021 to RMB83.3 million for the Reporting Period.

Other income

Our other income increased by 92.0% or RMB10.5 million from RMB11.4 million for the year ended 31 December 2021 to RMB21.9 million for the Reporting Period, primarily due to the revenue generated from the coal trading business of the Company during the Reporting Period .

Segment result and segment margin

For our rail freight transportation, the segment result was RMB122.2 million and RMB116.6 million and the segment margin was 46.9% and 43.4%, for the years ended 31 December 2021 and 2022, respectively. The decrease in segment margin was primarily due to, among others, the increase in fuel costs as a result of the increase in fuel prices, the increase in depreciation as a result of the increase in fixed assets.

For our ancillary businesses, the segment result amounted to RMB6.0 million and RMB-10.7 million and the segment margin amounted to 6.3% and -16.5%, for the years ended 31 December 2021 and 2022, respectively. The decrease in segment margin was primarily due to the contraction of loading and unloading, road freight transportation, construction and other businesses to varying degrees since the multiple outbreaks of COVID-19 during the year.

Finance costs

Our finance costs increased by 4.7% or RMB1.1 million from RMB23.3 million for the year ended 31 December 2021 to RMB24.4 million for the Reporting Period, which remained relatively stable.

Income tax expense

Our income tax expense remained relatively stable at RMB27.0 million for the year ended 31 December 2021 and RMB23.2 million for the Reporting Period. Our effective tax rate decreased from 25.8% for the year ended 31 December 2021 to 25.5% for the Reporting Period, which remained relatively stable.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year decreased by 12.7% or RMB9.9 million from RMB77.8 million for year ended 31 December 2021 to RMB67.9 million for the Reporting Period. Our net profit margin decreased from 21.8% for the year ended 31 December 2021 to 20.4% for the Reporting Period. The decrease in our profit for the year and net profit margin for 2022 as compared to 2021 was mainly due to the lower profit for the year and net profit margin from ancillary businesses for 2022.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2022, the Group had net current assets of approximately RMB87.6 million (2021: net current assets of approximately RMB26.5 million). The Group continued to maintain a strong financial position. During the Reporting Period, our cash and cash equivalent increased by RMB33.0 million to RMB193.8 million as at 31 December 2022 from RMB160.8 million as at 31 December 2021, which was mainly due to 1) our investment in upgrading and renovating the relevant infrastructure of our Canggang Railway Line in accordance with our expansion plan as stated in the Prospectus to enhance the safety and increase the overall capacity of railway operation; and 2) loan repayment. With our steady cash generated from operations and the banking facilities available to the Group, we have adequate financial resources to meet our working capital needs as well as to fund our budgeted construction and upgrade plans in 2023 and 2024.

As at 31 December 2022, our interest-bearing borrowings amounted to RMB457.4 million, of which RMB272.6 million was long-term borrowing. We had unutilized and unrestricted banking facilities of RMB22.0 million.

The gearing ratio, which is calculated by dividing total debt (being bank and other loans) by total equity as at the end date of the respective year and multiplying the result by 100%, was approximately 58.0% as at 31 December 2022 (2021: 46.4%). The increase was mainly attributable to the increase in the closing balance of bank and other loans.

Pledge of assets

As at 31 December 2022, certain of our property, plant and equipment with carrying amount of approximately RMB7.6 million (2021: RMB7.9 million), were pledged for our bank loans. Also, our property, plant and equipment with carrying amount of approximately RMB177.6 million (2021: RMB109.0 million) were pledged for our other loans.

As at 31 December 2022, a certain portion of our right-of-use assets with carrying amount of approximately RMB114.9 million (2021: RMB117.5 million) were pledged for our bank loans, and our right-of-use assets with carrying amount of approximately RMB6.8 million (2021: RMB7.0 million) were pledged for our other loans.

Contingent liabilities

As at 31 December 2022, the Group did not have any contingent liabilities.

Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. It is expected that the Group will not be subjected to any material adverse effects arising from exchange rate fluctuation except for a few listing compliance transactions as well as the settlement of dividend and demand deposits in Hong Kong dollars. The Group currently does not have any foreign currency hedging policies. Nevertheless, the Group will continue to monitor foreign exchange risk exposure and will take appropriate action when needed.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

During the Reporting Period, we have invested RMB64.5 million for our capital expenditure which were mainly related to upgrading and renovating the relevant infrastructure of our Canggang Railway Line. We financed our capital expenditure through the proceed from the global offering of the Company, cash generated from operations and banking facilities.

Capital Commitments

As at 31 December 2022, our outstanding capital commitments in respect of property, plant and equipment amounted to approximately RMB3.8 million (2021: RMB7.2 million). Save as disclosed in this announcement, we did not have any other material capital commitment.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OF CAPITAL ASSETS

Save as disclosed in this announcement and the Prospectus, there were no significant investments held by the Group during the Reporting Period, nor was there any material acquisition or disposal of subsidiaries, associates and joint venture during the Reporting Period. Save as disclosed in this announcement and the Prospectus, there was no other plan for significant investments or additions of capital assets as at 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

ADOPTION OF SHARE AWARD SCHEME

The Company adopted 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. Please refer to the Company's announcement dated 28 September 2022 for further details of the Scheme.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Group did not have any other material subsequent event after the Reporting Period and up to the date of this announcement.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 759 employees (2021: 778 employees) (including two executive Directors but excluding three independent non-executive Directors).

The Group offers attractive remuneration package to the employees as the Directors believe the consistency and quality of our staffs is the key to success. In order to retain our staffs and motivate them for better performance, the remuneration package, including basic salary and other employee benefits such as bonus, are reviewed annually according to their individual performance. We are also committed to provide a caring environment to retain our staffs and for better performance. We provided sufficient trainings and persuaded our staffs to attend other courses to maintain their professionalism and qualifications.

CORPORATE GOVERNANCE

Since the Listing of our shares on the Stock Exchange on 23 October 2020, the Company has been committed to maintaining high standard of corporate governance. The Board believes that good corporate governance is the basis in ensuring the proper management in the interest of all our stakeholders. Improvement of the corporate governance is a long and systematic project, which requires strong commitment and perseverance. As it always has, the Company will continuously improve the risk assessment and monitoring procedures, internal control policy, enhancing our transparency and disclosures quality to the Shareholders to promote the sustainable and robust development of the Company in light of evolving business and regulatory environment and to meet the expectations of stakeholders.

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has complied with all the applicable code provisions under the CG Code as set out in Appendix 14 to the Listing Rules during the Reporting Period.

The Board considers that the Company's corporate governance functions are adequate and appropriate for the Company's current business strategy. The Board will continue to review the changes of legal and regulatory environment and the business environment.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securitized transactions by the Directors. Specific enquiry has been made to all the Directors, all the Directors have confirmed that they have complied with the required standard set out in Model Code during the Reporting Period.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, namely Ms. Lyu Qinghua (chairlady of the Audit Committee) and Mr. Liu Changchun, and a non-executive Director, namely Mr. Xu Zhihua.

The Audit Committee has reviewed the Group's consolidated financial statements for the Reporting Period. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and the Audit Committee is of the opinion that such consolidated financial statements comply with the applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF KPMG

The financial figures in respect of Group's consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

ANNUAL GENERAL MEETING

The AGM will be held on 16 June 2023. A notice convening the AGM will be published and despatched to the Shareholders in accordance with the requirements under the Articles of Association and the Listing Rules in due course.

FINAL DIVIDEND

As a token of the Group's gratitude for the support of our Shareholders, the Board recommended the payment of a final dividend of RMB2.8 cents per share for the year ended 31 December 2022 (2021: HK3.8 cents per share, equivalent to approximately RMB3.0 cents). Subject to the approval of the Shareholders in the AGM, the final dividend will be payable on or around Friday, 28 July 2023 to Shareholders whose names appear on the register of members of the Company on Tuesday, 27 June 2023.

CLOSURES OF REGISTER OF MEMBERS

For Determining the Eligibility to Attend and Vote at the AGM

To determine the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer share documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 June 2023.

For Determining the Eligibility to the Proposed Final Dividend

To determine the entitlement of the Shareholders to receive the proposed final dividend, subject to the Shareholders' approval on the proposed final dividend at the AGM, the register of members of the Company will also be closed from Friday, 23 June 2023 to Tuesday, 27 June, 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to receive the proposed final dividend, all transfer share documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 June 2023.

REALLOCATION OF USE OF NET PROCEEDS FROM LISTING

The net proceeds from the global offering of the Shares were approximately HK\$206.4 million (equivalent to approximately RMB173.7 million), after deducting the underwriting fees and commission and other related listing expenses paid and payable by us. It was disclosed in the Prospectus that the Company intended to use such net proceeds of approximately RMB173.7 million for the following purposes:

- a. approximately 38.7% (RMB67.3 million) is used to construct our branch line connecting the Northern Shandong Industrial Park ("**Lubei Branch Line**");
- b. approximately 24.9% (RMB43.3 million) is used to construct our branch line connecting the Comprehensive Industrial Park;
- c. approximately 13.4% (RMB23.2 million) is used to upgrade and renovating infrastructure for our Canggang Railway Line;
- d. approximately 5.0% (RMB8.6 million) is used to purchase one new locomotive;
- e. approximately 2.5% (RMB4.4 million) is used to upgrade our communications, signal automation, and remote monitoring systems;
- f. approximately 3.2% (RMB5.5 million) is used to repay of our bank loan; and
- g. approximately 12.3% (RMB21.4 million) is used to settle amounts payable in connection with our purchase of land use rights.

Net proceeds were used according to the intentions previously disclosed in the Prospectus. As at 31 December 2022, the Group has utilized approximately RMB54.5 million, representing approximately 31.4% of the net proceeds, details of which are set out below:

	Original percentage	Original allocation of net proceeds (RMB million)	Utilized (RMB million)	Unutilized (RMB million)
To construct Lubei Branch Line	38.7%	67.3	–	67.3
To construct our branch line connecting the Comprehensive Industrial Park	24.9%	43.3	–	43.3
To upgrade and renovating infrastructure for our Canggang Railway Line	13.4%	23.2	23.2	–
To purchase one new locomotive	5.0%	8.6	–	8.6
To upgrade our communications, signal automation, and remote monitoring systems	2.5%	4.4	4.4	–
To repay of our bank loan	3.2%	5.5	5.5	–
To settle amounts payable in connection with our purchase of land use rights	12.3%	21.4	21.4	–
Total	100%	173.7	54.5	119.2

On 23 March 2023, the Board has reviewed and resolved to reallocate the use of the remaining unutilized net proceeds of approximately RMB67.3 million from construction of Lubei Branch Line to (i) approximately RMB27.1 million to construct our branch line connecting the Comprehensive Industrial Park, and (ii) approximately RMB40.2 million to upgrade and renovating infrastructure for our Canggang Railway Line, for the following reasons:

1. as disclosed in the Company's 2021 annual report, in view of the COVID-19 pandemic which had affected the business operation in the area, in particular the schedule of obtaining administrative approval from the government, the expected date of utilization of the proceeds allocated to the construction of Lubei Branch Line was delayed. In fact, to the best of the knowledge of the Company, the necessary governmental approval in relation to Lubei Branch Line has not been granted as of the date of this announcement and the schedule for Lubei Branch Line is uncertain;

2. as disclosed in the Prospectus, the Company intended to participate in the construction of Lubei Branch Line by investing as a minority shareholder in joint venture company(ies) with independent third party business partners. While the Group had been in discussion with the relevant business partner(s), including a state-owned enterprise which intends to be the majority shareholder of the relevant joint venture company(ies), the relevant business partner(s) no longer requires the Group's capital investment in to the construction of Lubei Branch Line while they still decide to connect the Lubei Branch Line to the Group's Canggang Railway Line and to cooperate with the Group in the management and operation of the Lubei Branch Line as originally planned; and
3. by allocating the net proceeds from the construction of the Lubei Branch Line to the construction of the branch line connecting to the Comprehensive Industrial Park and the upgrade and renovation of infrastructure for our Canggang Railway Line, which will otherwise need to be funded partly by debt, the Group will be able to save significant finance cost.

Set out below is the revised reallocation of use of the unutilized net proceeds as at 31 December 2022:

	Revised percentage	Revised allocation of net proceeds (RMB million)	Utilized (RMB million)	Unutilized (RMB million)
To construct of our branch line connecting the Northern Shandong Industrial Park	–	–	–	–
To construct of our branch line connecting the Comprehensive Industrial Park	40.5%	70.4	–	70.4
To upgrade and renovating infrastructure for our Canggang Railway Line	36.5%	63.4	23.2	40.2
To purchase one new locomotive	5.0%	8.6	–	8.6
To upgrade our communications, signal automation, and remote monitoring systems	2.5%	4.4	4.4	–
To repay of our bank loan	3.2%	5.5	5.5	–
To settle amounts payable in connection with our purchase of land use rights	12.3%	21.4	21.4	–
Total	100%	173.7	54.5	119.2

It is intended that the unutilized net proceeds will be utilized by 31 December 2024. The Board considers that the reallocation of the unutilized net proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders as a whole. Save as disclosed above, the Board confirms that there are no other changes in the use of the net proceeds.

The Board will continuously assess the plans for the use of unutilized net proceeds and may adjust such plans as and when appropriate to cope with the changing market conditions in order to strive for a better business performance of the Group.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.czcgtl.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report for the year ended 31 December 2022 will be dispatched to the Shareholders and made available on the above websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contribution, and to our Shareholders, investors and business partners for their support.

DEFINITIONS

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

“AGM”	the forthcoming annual general meeting of the Company to be held on 16 June 2023
“Articles of Association”	the amended and restated articles of association of the Company adopted on 16 June 2020 and as amended, supplemented and otherwise modified from time to time
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“Canggang Railway Line”	a local freight railway line in Cangzhou, Hebei Province, which connects Cangzhou and Bohai New Area which contains Port Huanghua, from Cangzhou Station* (滄州站) to Gangkou Station* (港口站)

“CG Code”	corporate governance code contained in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China excluding for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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
“Director(s)”	the director(s) of the Company
“Group”, “our Group”, “we” or “us”	the Company and its subsidiaries from time to time, or where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing”	the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules
“Prospectus”	the prospectus of the Company dated 12 October 2020

“Reporting Period”	the year ended 31 December 2022
“RMB”	Renminbi, the lawful currency of the PRC
“share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“%”	per cent

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

Hong Kong, 23 March 2023

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.

* *The English translation of company names in Chinese is for identification purposes only. If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.*