

CANGGANG RAILWAY LIMITED

滄港鐵路有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2169

Interim Report **2023**



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BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yongliang (劉永亮)
(Chairman)

Mr. Yi Weiming (衣維明)
(Chief Executive Officer)

Non-executive Directors

Mr. Xu Zhihua (徐志華)

Mr. Qin Shaobo (秦少博)

Independent non-executive Directors

Mr. Liu Changchun (劉長春)

Mr. Zhao Changsong (趙長松)

Ms. Lyu Qinghua (呂清華)

AUDIT COMMITTEE

Ms. Lyu Qinghua (呂清華) (Chairlady)

Mr. Xu Zhihua (徐志華)

Mr. Liu Changchun (劉長春)

REMUNERATION COMMITTEE

Mr. Liu Changchun (劉長春)
(Chairman)

Mr. Xu Zhihua (徐志華)

Ms. Lyu Qinghua (呂清華)

NOMINATION COMMITTEE

Mr. Liu Yongliang (劉永亮)
(Chairman)

Mr. Xu Zhihua (徐志華)

Mr. Liu Changchun (劉長春)

JOINT COMPANY SECRETARIES

Mr. Li Juncheng (李俊呈)

Ms. Lam Wing Chi (林穎芝)

AUTHORISED REPRESENTATIVES

Mr. Yi Weiming (衣維明)

Ms. Lam Wing Chi (林穎芝)

AUDITOR

KPMG

Certified Public Accountants

*Public Interest Entity Auditor registered
in accordance with the
Financial Reporting Council
Ordinance*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAW

Morgan, Lewis & Bockius

Suites 1902-09, 19/F

Edinburgh Tower

The Landmark

15 Queen's Road Central

Hong Kong

PRINCIPAL BANKS**Hong Kong**

Bank of China (Hong Kong) Limited

The PRC

Bank of Cangzhou, Station Branch
Agricultural Bank of China,
Cangzhou Yunhe Branch
Cangzhou Rural Commercial Bank

**CAYMAN ISLANDS SHARE
REGISTRAR AND
TRANSFER OFFICE**

Conyers Trust Company (Cayman)
Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**BRANCH SHARE REGISTRAR
IN HONG KONG**

Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

**HEADQUARTERS AND
PRINCIPAL PLACE OF
BUSINESS IN PRC**

Yangzhuang Station
Yangerzhuang Town, Huanghua
Cangzhou, Hebei Province, China

**PRINCIPAL PLACE OF
BUSINESS IN HONG KONG**

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

COMPANY'S WEBSITE

<http://www.czcgtl.com>

STOCK CODE

2169



DEFINITIONS AND GLOSSARY

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“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”	the corporate governance code as set out in Appendix I4 to the Listing Rules
“China” or “PRC”	the People’s Republic of China excluding for the purposes of this interim report 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
“Greenport BVI”	Greenport Railway Limited, a limited liability company incorporated under the laws of the BVI on 12 October 2018 and wholly owned by Mr. Yi Weiming



“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
“Jinghai BVI”	Jinghai Group Investment Limited (京海集團投資有限公司), a limited liability company incorporated under the laws of the BVI on 12 October 2018 and wholly owned by Mr. Liu Yongliang
“Listing”	the Shares were listed on the Main Board of the Stock Exchange
“Listing Date”	23 October 2020, since which the Shares of the Company have been listed on 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



DEFINITIONS AND GLOSSARY

“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 six months ended 30 June 2023
“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 section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“%”	per cent

* *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.*



The Board of Canggang Railway Limited is pleased to present the unaudited consolidated interim results of the Group for six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022.

BUSINESS OVERVIEW

The Group is an established and expanding local railway operator based in Hebei Province. With our Canggang Railway Line, we continued 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.

The rampant spreading of COVID-19 worsened China's economy and caused unprecedented challenges to the development, especially in Hebei Province. Although the China government has lifted the COVID policy in December 2022, China's energy and manufacturing industry has been hit hard by COVID-19 since 2020. Many of our customers have suffered severe disruptions in their operations and a significant cut in their revenue due to the market sentiment. Centered on customers, the Company is striving by quality, and propelled by innovation and development and 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 standards.

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 2023, following the reopening of the market and the successful on the continuous hard work of our 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, our rail freight transportation completed 5.9 million tonnes of coal during the six months ended 30 June 2023, representing an increase of 14.6% or 0.8 million tonnes. During the Reporting Period, our rail freight transportation of other products is relatively stable at 2.4 and 2.3 million tonnes for the six months ended 30 June 2023 and 30 June 2022. Rail freight transportation as our core business has recorded a decent performance during the six months ended 30 June 2023. We completed a total transportation of 8.3 million tonnes of cargo during the Reporting Period, representing an increase of 11.2% or 0.8 million tonnes as compared to 7.5 million tonnes for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Accompanied by our freight transportation service, the decrease in revenue from our ancillary services by 13.1% during the six months ended 30 June 2023 as compared with the corresponding period in 2022, was mainly due to the drop in our road freight transportation services because more customers are carrying out transportation into Port Huanghua directly by rail via our Han-Huang connecting line.

As a result of the above, although our auxiliary business has experienced a decline, our core business in rail freight transportation has performed well with a significant increase. Therefore, our overall businesses have achieved commendable results.

Our Directors expect that there will be no material changes to the Group's future development compared to our annual strategy.

FINANCIAL REVIEW

Revenue

	Six months ended 30 June			
	2023		2022	
	<i>RMB in thousands, other than percentages</i>			
Rail freight transportation	144,758	81.2%	117,440	75.3%
Ancillary services				
Loading and unloading	16,851	9.5%	19,768	12.7%
Road freight transportation	2,860	1.6%	6,646	4.3%
Construction, maintenance and repair	11,619	6.5%	1,036	0.7%
Others	2,177	1.2%	11,108	7.1%
Subtotal	33,507	18.8%	38,558	24.7%
Total	178,265	100.0%	155,998	100.0%



Our revenue increased by 14.3% or RMB22.3 million from RMB156.0 million for the six months ended 30 June 2022 to RMB178.3 million for the six months ended 30 June 2023, primarily due to the increase in revenue from our core rail freight transportation business of RMB27.3 million relating to the significant increase in the transportation of coal by 21.4% or RMB19.1 million from RMB89.7 million for the six months ended 30 June 2022 to RMB108.8 million for the six months ended 30 June 2023 after the ease of the COVID policy executed by the local government following the reopening of China and the hard work from our marketing leadership team.

Our revenue from ancillary businesses decreased from RMB38.6 million for the six months ended 30 June 2022 to RMB33.5 million for the six months ended 30 June 2023. Such decrease was mainly due to the reduction of our loading and unloading, road freight transportation and other business because more customers carry out transportation into Port Huanghua directly by rail via our Han-Huang connecting line.

Operating expenses

Our operating expenses include staff costs, outsourcing service charges and other labor costs, cargo logistics, depreciation, fuel used, repair and maintenance, general and administration expenses, impairment loss on trade receivables and other expenses. The operating expenses increased by 14.5% or RMB16.3 million from RMB112.4 million for the six months ended 30 June 2022 to RMB128.7 million for the six months ended 30 June 2023. The increase was primarily due to the increase in our staff cost by 12.0% or RMB3.5 million following the significant increase of our core rail freight transportation business and the increase in our other expenses by 259.1% or RMB9.7 million related to our construction service such as material and labour cost as a result of the growth in the construction services business during the six months ended 30 June 2023.

Due to the disruption to the PRC economy caused by the COVID-19 outbreak, to improve the Company's liquidity, we seek to maintain strict control over outstanding receivables and our senior management regularly reviews overdue balances 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 RMB1.1 million during the six months period ended 30 June 2023. Our trade and bills receivables decreased by 9.5% or RMB7.9 million from RMB83.3 million for the year ended 31 December 2022 to RMB75.4 million for the six months ended 30 June 2023. Our prepayment and other receivables increased by 81.9%, or RMB16.6 million from RMB20.2 million for the year ended 31 December 2022 to RMB36.8 million for the six months ended 30 June 2023 was mainly driven by the prepayment paid to our supplier for the materials and equipments for our construction service.

Segment result and segment margin

For our rail freight transportation, the segment result was RMB60.0 million and RMB48.4 million and the segment margin was 41.5% and 41.2%, for the six months ended 30 June 2023 and 2022, respectively. Segment result increased by 24.0% or RMB11.6 million as compared to the same period in 2022.

For our ancillary businesses, the segment result was loss of RMB4.4 million and profit of RMB1.3 million for the six months ended 30 June 2023 and 2022, respectively. The decrease in segment result was primarily due to less revenue was generated from our road transportation business which possesses of high fixed cost because of the depreciation of vehicles and the fall of our loading and unloading operation.

Although there has been a decline in the performance of our auxiliary business, the rail freight transportation business has shown growth. Therefore, as of 30 June 2023, our profit before taxation has increased by RMB7.0 million.

Other income

Our other income increased by 218.1% or RMB3.3 million from RMB1.5 million for the six months ended 30 June 2022 to RMB4.9 million for the six months ended 30 June 2023, primarily due to the government grants received in related to the global offering of the Shares and the interest income generated during the six months period ended 30 June 2023.

Finance costs

Our finance costs increased by 23.1% or RMB2.4 million from RMB10.5 million for the six months ended 30 June 2022 to RMB12.9 million for the six months ended 30 June 2023, primarily due to the growth of the average loan balance.

Income tax expense

Our income tax expense increased by 19.0% or RMB1.7 million from RMB8.9 million for the six months ended 30 June 2022 to RMB10.5 million for the six months ended 30 June 2023 mainly due to the increase in profit contributed from the rail freight transportation. Our effective tax rate remains relatively stable at 25.6% and 25.4% for the six months ended 30 June 2022 and 30 June 2023.

Profit for the period and net profit margin

As a result of the foregoing, our profit for the period increased by 20.7% or RMB5.3 million from RMB25.7 million for the six months ended 30 June 2022 to RMB31.0 million for the six months ended 30 June 2023. Our net profit margin increased from 16.5% for the six months ended 30 June 2022 to 17.4% for the six months ended 30 June 2023. The increase in our profit and net profit margin for the six months ended 30 June 2023 as compared to the same period in 2022 was mainly due to the growth in our performance from our core rail transportation business.



LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2023, the Group had net current assets of approximately RMB140.1 million (31 December 2022: RMB87.6 million). The Group continued to maintain a strong financial position. During the Reporting Period, our cash and cash equivalent increased by RMB9.1 million to RMB202.9 million as at 30 June 2023 from RMB193.8 million as at 31 December 2022, which was mainly due to the cash generated from our operation. 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 30 June 2023, our interest-bearing borrowings were RMB496.3 million, of which RMB343.2 million was long-term borrowing. We had unutilized and unrestricted banking facilities of RMB44.5 million, none of which were guaranteed or secured by our related parties.

The gearing ratio, which is calculated by total debt (being bank and other loans) divided by total equity then multiplied by 100%, was approximately 64.1% as at 30 June 2023 (31 December 2022: approximately 58.0%). The increase was mainly attributed to the increase in the ending balance of our bank and other loans. Despite the increase in the gearing ratio, our net current assets, and cash and cash equivalents have all shown growth.

Pledge of assets

As at 30 June 2023, certain of our property, plant and equipment with carrying amount of approximately RMB7.5 million (31 December 2022: RMB7.6 million), were secured for our bank loans. Also, our property, plant and equipment with carrying amount of approximately RMB173.0 million (31 December 2022: RMB177.6 million) were pledged for our other loans.

As at 30 June 2023, a certain portion of our right-of-use assets with carrying amount of approximately RMB113.4 million (31 December 2022: RMB114.9 million) were pledged for our bank loans and our right-of-use assets with carrying amount of approximately RMB6.7 million (31 December 2022: RMB6.8 million) secured for our other loans.

Contingent liabilities

As at 30 June 2023, the Group did not have any contingent liabilities (31 December 2022: nil).

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.



MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

During the Reporting Period, we have invested RMB18.4 million for our capital expenditure which was mainly related to the upgrading and renovating of the basic infrastructure of our Canggang Railway Line. We financed our capital expenditure through the proceed from the IPO, cash generated from operations and banking facilities.

Capital Commitments

As at 30 June 2023, our outstanding capital commitments in respect of property, plant and equipment amounted to approximately RMB8.3 million (31 December 2022: RMB3.8 million). Save as disclosed in this interim report, we did not have any other material capital commitment.

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

Save as disclosed in this interim report 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 interim report and the Prospectus, there was no other plan for significant investments or additions of capital assets as at 30 June 2023.

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.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have any material subsequent event after the Reporting Period and up to the date of this interim report.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2023, the Group had 750 employees (31 December 2022: 759 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 staff 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 staff and for better performance. We provided sufficient trainings and persuaded our staff to attend other courses to maintain their professionalism and qualifications.



USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the global offering of the Company 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, which was intended to be applied in the manner as set out in the section headed “Future Plan and Use of Proceeds” of the Prospectus. An analysis of the utilization of the net proceeds from the Listing Date up to 30 June 2023 is set out below:

	Revised	Revised	Utilized	Unutilized	Utilized	Unutilized	Expected timeline for full utilization ⁽¹⁾
	percentage	allocation of net proceeds	At 30 June 2023	At 30 June 2023	At 31 December 2022	At 31 December 2022	
		RMB million	RMB million	RMB million	RMB million	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	-	70.4	2025
To upgrade and renovating infrastructure for our Canggang Railway Line	36.5%	63.4	61.2	2.2	23.2	40.2	2023
To purchase one new locomotive	5.0%	8.6	-	8.6	-	8.6	2026 ⁽²⁾
To upgrade our communications, signal automation, and remote monitoring systems	2.5%	4.4	4.4	-	4.4	-	-
To repay of our bank loan	3.2%	5.5	5.5	-	5.5	-	-
To settle amounts payable in connection with our purchase of land use rights	12.3%	21.4	21.4	-	21.4	-	-
Total	100%	173.7	92.5	81.2	54.5	119.2	



OTHER INFORMATION

Notes:

1. The expected timeline for the application of the unutilized net proceeds is based on the best estimation of the future market conditions made by the Group. It is subject to uncertainties brought by the international macro-environment and future market conditions and business developments and in need. In particular, the schedule of obtaining the necessary administrative approval from the government for construction of our branch line connecting the Comprehensive Industrial Park is still remained unclear as at the date of this interim report and beyond the control of the Company. In view of the significant effects to the economy and business environment, we shall update and re-visit our plan continuously. If there is any further change to the proposed usage of the net proceeds and/or expected timelines, the Company will make a further announcement in full compliance with the Listing Rules as and when appropriate.
2. We continue to innovate and actively improve our company's responsibility to the society. After we compared the classic diesel locomotive with the new energy locomotive and in view of the environmental impact of the classic diesel locomotives, in 2022, our management re-evaluated our plans to purchase a new locomotive using new energy to ensure that we can improve our operational efficiency while also making a greater contribution to society. We are currently in the market research phase, and we plan to order the new locomotive by the end of 2024. However, due to the long manufacturing cycle of locomotives (about one year), the use of net proceeds from the Listing for the purchase of locomotive equipment will be fully utilized in 2026.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") which is conditionally approved by a resolution of the then Shareholders of our Company passed on 16 June 2020. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

The Share Option Scheme is to provide an incentive or reward for the Grantees (as defined below) for their contribution or potential contribution to the Group.

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined below) an opportunity to have a personal stake in our Company and help motivate them to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or reward them for their past contributions.



Under the Share Option Scheme, the Eligible Persons include (i) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“Executive”), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (“Employee”); (ii) a director or proposed director (including an independent non-executive director) of any member of our Group; (iii) a direct or indirect shareholder of any member of our Group; (iv) a supplier of goods or services to any member of our Group; (v) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group; (vi) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; (vii) an associate of any of the persons referred to in paragraphs (i) to (vi) above; and (viii) any person involved in the business affairs of the Company whom our Board determines to be appropriate to participate in the Share Option Scheme.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other scheme of our Group shall not in aggregate exceed 10% of the Shares in issue as the Listing Date (such 10% limit representing 100,000,000 Shares) (the “Scheme Mandate Limit”). The Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of our Shares in issue as of the date of the Shareholders’ approval.

We may seek separate Shareholders’ approval for granting share options beyond the Scheme Mandate Limit, provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. We shall issue a circular to the Shareholders containing the details and information required under the Listing Rules.

Notwithstanding anything to the contrary in the Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of our Group shall not exceed 30% of our Company’s issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.



OTHER INFORMATION

No option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of our Company's issued share capital from time to time.

An offer of the grant of an option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date. An option have been granted and accepted by the Eligible Person when the duplicate offer letter is duly signed by the grantee together with a remittance of HK\$1.00 is received by our Company on or before the date upon which an offer of an option must be accepted by the relevant Eligible Person.

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option. The subscription price shall be at least the highest of (i) the nominal value of a Share; (ii) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (iii) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional on the Listing Date, i.e. 23 October 2020, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme. The remaining life of the Share Option Scheme is around seven years and one month.

No share options had been granted, exercised, cancelled, lapsed or subject to any vesting conditions under the Share Option Scheme since the adoption of the Share Option Scheme. As at the date of this interim report, the total number of shares available for issue under the Share Option Scheme was 100,000,000, representing 10% of the entire issued share capital of the Company.



Other than the Share Option Scheme as disclosed above, at no time during the Reporting Period was the Company, or any of its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Besides the Share Option Scheme discussed in the above paragraphs, no equity-linked agreements were entered into during the Reporting Period or subsisting at the Reporting Period.

2022 SHARE AWARD SCHEME

The Company adopted the 2022 Share Award Scheme (the “2022 Share Award Scheme”) on 28 September 2022 (the “Adoption Date”). The terms of the 2022 Share Award Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules effective as of the Adoption Date.

The purposes of the 2022 Share Award 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.

Under the rules constituting the 2022 Share Award Scheme, the individuals eligible for participation in the 2022 Share Award 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.



OTHER INFORMATION

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.

The Board shall not make any further award of Share(s) (“Awarded Shares”) provisionally granted to a grantee (“Grantee”) who is an Eligible Participant as selected by the Board pursuant to the 2022 Share Award Scheme which will result in the number of Shares awarded by the Board under the 2022 Share Award Scheme exceeding ten per cent (10%) of the issued Shares as at the Adoption Date.

As of the date of this interim report, the total number of Shares available for granting under the 2022 Share Award Scheme was 100,000,000 Shares, representing 10% of the entire issued share capital of the Company as at the Adoption Date. The maximum number of Shares which may be issued upon exercise of all awards and options to be granted under the 2022 Share Award Scheme and any other scheme of our Group shall not in aggregate exceed 10% of the Shares in issue as the Listing date (such 10% limit representing 100,000,000 Shares).

Pursuant to the 2022 Share Award Scheme, no award may be granted to (i) any one person such that the total number of Shares issued and to be issued upon exercise of award granted and to be granted to that person in any 12-month period exceeds 1% of our Company’s issued share capital from time to time; and (ii) any independent non-executive Director of the Company whose aggregate interest in the Company reaches 1% or above of the Shares in issue.

Awarded shares may be acquired by the trustee by way of purchase of 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 black-out period.



Such awarded shares shall then be held by the trustee for the Eligible Participants in accordance with the provisions of the 2022 Share Award Scheme prior to vesting. The trustee (and its nominee) shall not exercise any voting rights in respect of any 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. The Board may from time to time, during the granting of award, or at its discretion, determine the earliest vesting date and other subsequent date(s), if any, in relation to the vesting period.

The 2022 Share Award 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. The remaining life of the 2022 Share Award Scheme is around nine years.

Details of the 2022 Share Award Scheme are set out in the Company's announcement dated 28 September 2022. As of the date of this interim report, no awards or Shares had been granted, exercised, cancelled, lapsed or subject to any vesting conditions under the 2022 Share Award Scheme since the Adoption Date.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the end of the Reporting Period, the interests and short positions of the Directors and the chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, the "SFO")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or (b) as recorded in the register kept by the Company, pursuant to section 352 of the SFO or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in the Company (long position)

Name of Director/ Chief Executive	Capacity/ Nature of interest	Number of Shares interested	Percentage of shareholding
Mr. Liu Yongliang	Interest in a controlled corporation ⁽¹⁾	657,975,000	65.80%
Mr. Yi Weiming	Interest in a controlled corporation ⁽²⁾	35,775,000	3.58%

⁽¹⁾ Mr. Liu Yongliang is the sole shareholder of Jinghai BVI and he is therefore deemed to be interested in the Shares held by Jinghai BVI.

⁽²⁾ Mr. Yi Weiming is the sole shareholder of Greenport BVI and he is therefore deemed to be interested in the Shares held by Greenport BVI.

As at the end of the Reporting Period, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.



INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE SUBSTANTIAL SHAREHOLDERS UNDER THE SFO

Set out below is the name of the party whose interests and short positions in the shares and underlying shares of the Company (pursuant to part XV of the SFO) as at the end of the Reporting Period as recorded in the register kept by the Company under section 336 of the SFO:

Interest in the Company (long position)

Name	Nature of interest	Number of Shares	Approximate % of shareholding
Jinghai BVI	Beneficial owner	657,975,000	65.80%
Mr. Liu Yongliang ⁽¹⁾	Interest in a controlled corporation	657,975,000	65.80%
China Life Insurance (Group) Company ⁽²⁾	Interest in a controlled corporation	58,878,000	5.89%

⁽¹⁾ Mr. Liu Yongliang is the sole shareholder of Jinghai BVI and he is therefore deemed to be interested in the Shares held by Jinghai BVI.

⁽²⁾ China Life Insurance (Group) Company exercises more than 50% of voting right at the general meetings of China Life Insurance Asset Management Company Limited, China Life Insurance Company Limited and China Life AMP Asset Management Company Limited and it is therefore deemed to be interested in the Shares held by these controlled entities.

Save as disclosed above, as at the end of the Reporting Period, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or which would fall to be disclosed under Part XV of the SFO.



OTHER INFORMATION

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 shareholders and other 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 our 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 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. As a listed company, we are committed to providing high-quality and reliable services, creating value through sustainable growth and development.

The Group has set out the following values to provide guidance on employees' conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company's vision, mission, and business strategies:

- (a) Objective – Serving local economy, building a century-old railway
- (b) Vision – Creating value for customers, fostering well-being for employees, generating benefits for the Company, creating wealth for society
- (c) Philosophy – Operating in compliance with laws, upholding integrity, prioritising safety, putting service first
- (d) Spirit – Pursuing truth, pragmatism, and excellence, working together for development
- (e) Core value – Rooted in safety, people-oriented, integrity first, virtuous conduct and professionalism



The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

During the Reporting Period, the Company has applied the principles and code provisions as set out under the CG Code, and has complied with all the applicable code provisions under the CG Code.

DIRECTORS

The Directors during the Reporting Period and up to the date of this interim report were:

Executive Directors

Mr. Liu Yongliang (*Chairman*)

Mr. Yi Weiming (*Chief executive officer*)

Non-executive Directors

Mr. Xu Zhihua

Mr. Qin Shaobo

Independent Non-executive Directors

Mr. Liu Changchun

Mr. Zhao Changsong

Ms. Lyu Qinghua



OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities 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 the Model Code during the Reporting Period.

NON-COMPETITION UNDERTAKING

The Controlling Shareholders have given written declarations and have confirmed, to the Company that they have complied with the non-competition undertakings under the Deed of Non-Competition during the Reporting Period. The Controlling Shareholders have also confirmed in the declarations that they have no interest in any business apart from the Company which competes or is likely to compete, directly or indirectly, with the Company's business during the Reporting Period.

The independent non-executive Directors have reviewed the status of compliance with the undertakings by the Controlling Shareholders and confirmed that they were not aware of any non-compliance of the non-competition undertakings under the Deed of Non-Competition, and are satisfied that such undertakings had been duly enforced and complied with during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules at all times from the date of Listing to 30 June 2023.

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 unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements comply with the applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

There was no change in the information of our Directors and chief executives of the Company subsequent to the date of the 2022 annual report and up to the date of this interim report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CHANGE IN CONSTITUTIONAL DOCUMENTS

On 16 June 2023, a special resolution of the Shareholders was passed to adopt the second amended and restated memorandum and articles of the Company to (i) bringing the existing memorandum and articles of association in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the Listing Rules and applicable laws and procedures of the Cayman Islands; and (ii) making other consequential and housekeeping amendments, the second amended and restated memorandum and articles of the Company are available on the websites of the Stock Exchange and the Company.

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.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2023
(Expressed in Renminbi (“RMB”))

	Note	2023 RMB'000	2022 RMB'000
Revenue	4	178,265	155,998
Operating expenses:			
Staff costs	6(b)	(33,192)	(29,643)
Outsourcing service charges and other labor costs		(21,002)	(19,911)
Cargo logistics		(14,858)	(17,258)
Depreciation	6(c)	(19,079)	(17,903)
Fuel used		(14,160)	(12,736)
Repairs and maintenance		(6,847)	(5,059)
General and administration expenses		(7,172)	(5,943)
Reversal of impairment loss/ (impairment loss) on trade receivables		1,117	(199)
Other expenses		(13,471)	(3,751)
Total operating expenses		(128,664)	(112,404)
Other income	5	4,867	1,530
Operating profit		54,468	45,124
Finance costs	6(a)	(12,935)	(10,509)
Share of loss of associates		–	(76)
Profit before taxation	6	41,533	34,539
Income tax	7	(10,542)	(8,857)
Profit for the year		30,991	25,682
Attributable to:			
Equity shareholders of the Company		31,144	25,649
Non-controlling interests		(153)	33
Profit for the year		30,991	25,682
Earnings per share (RMB)			
– Basic and diluted	9	0.03	0.03

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

as at 30 June 2023
(Expressed in RMB)



	2023 RMB'000	2022 RMB'000
Profit for the period	30,991	25,682
Other comprehensive income for the period (after tax):		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency of the Group	(975)	1,763
Total comprehensive income for the period	30,016	27,445
Attributable to:		
Equity shareholders of the Company	30,169	27,412
Non-controlling interests	(153)	33
Total comprehensive income for the period	30,016	27,445

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

(Expressed in RMB)

	Note	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment	10	771,383	769,934
Right-of-use assets		186,336	188,534
Interests in associates		—	7,314
Deferred tax assets		5,527	5,793
Prepayments and other receivables		13,923	2,062
Total non-current assets		977,169	973,637
Current assets			
Inventories	11	56,832	47,941
Trade and bills receivables	12	75,438	83,345
Prepayments and other receivables	13	36,825	20,240
Cash and cash equivalents	14	202,898	193,802
Total current assets		371,993	345,328
Current liabilities			
Bank and other loans	18	153,035	184,773
Trade payables	15	22,756	27,589
Other payables	16	11,566	29,158
Contract liabilities	17	39,047	2,377
Current taxation		5,510	13,812
Total current liabilities		231,914	257,709
Net current assets		140,079	87,619
Total assets less current liabilities		1,117,248	1,061,256

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023
(Expressed in RMB)



		As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
	<i>Note</i>		
Non-current liabilities			
Bank and other loans	18	343,241	272,639
Total non-current liabilities		343,241	272,639
NET ASSETS		774,007	788,617
CAPITAL AND RESERVES			
Share capital		8,607	8,607
Reserves		736,011	750,468
Total equity attributable to equity shareholders of the Company		744,618	759,075
Non-controlling interests		29,389	29,542
TOTAL EQUITY		774,007	788,617



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

(Expressed in RMB)

	Attributable to equity shareholders of the Company								Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Safety production fund reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Subtotal RMB'000		
At 1 January 2022	8,607	140,357	97,830	65,960	–	(7,101)	469,085	774,738	29,695	804,433
Changes in equity for the six months ended 30 June 2022:										
Profit for the period	–	–	–	–	–	–	25,649	25,649	33	25,682
Other comprehensive income	–	–	–	–	–	1,763	–	1,763	–	1,763
Total comprehensive income	–	–	–	–	–	1,763	25,649	27,412	33	27,445
Appropriation to reserves	–	–	–	2,649	–	–	(2,649)	–	–	–
Safety production fund reserve	–	–	–	–	1,273	–	1,273	–	–	–
– Appropriation	–	–	–	–	(1,273)	–	(1,273)	–	–	–
– Utilisation	–	–	–	–	–	–	–	–	–	–
At 30 June 2022	8,607	140,357	97,830	68,609	–	(5,338)	492,085	802,150	29,728	831,878

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023
(Expressed in RMB)

	Attributable to equity shareholders of the Company							Non-controlling interests RMB'000	Total equity RMB'000	
	Share capital RMB'000 (Note 19(b))	Share premium RMB'000	Share for share award scheme RMB'000 (Note 19(c))	Statutory reserve RMB'000	Safety production fund reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000			Subtotal RMB'000
At 1 January 2023	8,607	107,871	97,830	72,855	-	(8,438)	530,266	759,075	29,542	788,617
Changes in equity for the six months ended 30 June 2023:										
Profit for the period	-	-	-	-	-	-	31,144	31,144	(153)	30,991
Other comprehensive income	-	-	-	-	-	(975)	-	(975)	-	(975)
Total comprehensive income	-	-	-	-	-	(975)	31,144	30,169	(153)	30,016
Appropriation to reserves	-	-	-	3,468	-	-	(3,468)	-	-	-
Safety production fund reserve	-	-	-	-	1,540	-	1,540	-	-	-
- Appropriation	-	-	-	-	(1,540)	-	(1,540)	-	-	-
- Utilisation	-	-	-	-	-	-	-	(44,626)	-	(44,626)
Purchase of own shares	-	-	-	-	-	-	-	-	-	-
At 30 June 2023	8,607	107,871	97,830	76,323	-	(9,413)	557,942	744,618	29,389	774,007

The notes on pages 33 to 56 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2023
(Expressed in RMB)

		Six months ended 30 June	
		2023	2022
	Note	RMB'000	RMB'000
Operating activities			
Profit before taxation		41,533	34,539
Adjustments for:			
Depreciation	6(c)	19,079	17,903
(Reversal of impairment loss)/ impairment loss on trade receivables		(1,117)	199
Finance costs	6(a)	12,935	10,509
Interest income	5	(2,432)	(614)
Net gains on disposal of property, plant and equipment	5	(365)	(164)
Share of loss of associates		–	76
Changes in working capital:			
Increase in inventories		(8,891)	(9,366)
Increase in trade and bills receivables, prepayments and other receivables		(12,233)	(75,824)
Decrease in trade payables and other payables		(22,425)	(46,787)
Increase in contract liabilities		36,670	571
Cash generated from/(used in) operations		62,754	(68,958)
Income tax paid		(18,578)	(8,334)
Net cash generated from/(used in) operating activities		44,176	(77,292)

CONSOLIDATED CASH FLOW STATEMENT



for the six months ended 30 June 2023
(Expressed in RMB)

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Note		
Investing activities		
Payments for purchase of property, plant and equipment and right-of-use assets	(18,480)	(15,469)
Proceeds from disposal of property, plant and equipment	640	2,129
Disposal of an associate	–	2,313
Interest received	2,432	614
Net cash used in investing activities	(15,408)	(10,413)
Financing activities		
Proceeds from new bank and other loans	210,000	193,631
Repayments of bank and other loans	(171,661)	(73,233)
Borrowing costs paid	(12,410)	(9,984)
Payment for shares purchased in respect of the Share Award Scheme	(44,626)	–
Net cash (used in)/generated from financing activities	(18,697)	110,414
Net increase in cash and cash equivalents	10,071	22,709
Cash and cash equivalents at 1 January	193,802	160,794
Effect of foreign exchange rate changes	(975)	1,763
Cash and cash equivalents at 30 June	202,898	185,266



NOTES TO THE FINANCIAL STATEMENTS

I 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 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 PRC.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “IASB”). It has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of unaudited condensed consolidated interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The unaudited condensed consolidated interim financial information for the Reporting Period has not been reviewed by KPMG, the Company’s external auditor, but has been reviewed by the Audit Committee.

The financial information relating to the financial year ended 31 December 2022 that is included in the unaudited condensed consolidated interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.



3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to the IFRSs, issued by the IASB to this unaudited condensed consolidated interim financial information for the Reporting Period:

(a) **New and amended IFRSs**

The Group has applied the following new and amended IFRSs to this unaudited condensed consolidated interim financial information for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform - Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRSs are discussed below:

IFRS 17, Insurance contracts

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of IFRS 17.

Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

NOTES TO THE FINANCIAL STATEMENTS

3 CHANGES IN ACCOUNTING POLICIES (Continued)

(a) New and amended IFRSs (Continued)

Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments do not have a material impact on these financial statements as the Group does not enter into any contract with material contingent arrangement.

4 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:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Revenue from contracts with customers		
Disaggregated by major service lines:		
– Rail freight transportation	144,758	117,440
– Ancillary services		
– Loading and unloading	16,851	19,768
– Road freight transportation	2,860	6,646
– Construction, maintenance and repair	11,619	1,036
– Others	2,177	11,108
	<hr/>	<hr/>
Subtotal	33,507	38,558
	<hr/>	<hr/>
	178,265	155,998
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS



4 REVENUE (Continued)

- (ii) For the six months ended 30 June 2023 and 2022, the Group's customers with whom transactions exceeded 10% of the Group's revenue in the respective periods are set out below:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Customer A	*	32,416
Customer B	20,177	19,724
Customer C	*	17,646
Customer D	34,940	*

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

Note: Customer D includes a group of our customers that are under the common control of the same ultimate shareholder.

- (iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing contracts as at 30 June 2023 and 31 December 2022 are as follows, which represent revenue expected to be recognised in the future from construction, maintenance and repair contracts entered into by the customers with the Group.

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 year	59,397	1,709
Over 1 year	7,764	8,674
	67,161	10,383

4 REVENUE (Continued)

(b) Segment reporting

The Group manages its businesses by provision of services. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Rail freight transportation: this segment provides rail freight transportation in the PRC.
- Ancillary services: this segment provides freight loading and unloading services, road freight transportation and other services in the PRC.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is "adjusted operating profit". To arrive at adjusted operating profit, the Group's operating profit is adjusted for items not specifically attributed to individual segments, such as general and administration expenses and other income. No inter-segment revenue has occurred during the six months ended 30 June 2023 and 2022. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other income, finance costs and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.



4 REVENUE (Continued)

(b) Segment reporting (Continued)

(i) Segment results (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2023 and 2022 is set out below.

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Revenue from external customers		
– Rail freight transportation	144,758	117,441
– Ancillary services	33,507	38,558
	178,265	155,998
Segment result		
– Rail freight transportation	60,013	48,434
– Ancillary services	(4,357)	1,302
	55,656	49,736

(ii) Reconciliation of segment results

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Segment result	55,656	49,736
General and administration expenses	(6,055)	(6,142)
Other income	4,867	1,530
Finance costs	(12,935)	(10,509)
Share of loss of associates	–	(76)
Consolidated profit before taxation	41,533	34,539

NOTES TO THE FINANCIAL STATEMENTS

4 REVENUE (Continued)

(b) Segment reporting (Continued)

(iii) Geographic information

The Group's revenue is substantially generated from provision of rail freight transportation and related ancillary services in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

(c) Seasonality of operations

The Group's core rail freight transportation segment does not possess of material seasonality effect because our customers usually maintain a stable inventory level for their business. The Group anticipates the transportation demand remain relatively stable throughout the year.

5 OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Government grants	1,785	752
Interest income	2,432	614
Net gains on disposal of property, plant and equipment	365	164
Others	285	—
	<u>4,867</u>	<u>1,530</u>



6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Total interest expense on bank and other loans	12,935	10,509

(b) Staff costs:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Salaries, wages and other benefits	29,487	26,181
Contributions to defined contribution retirement plans	3,705	3,462
	33,192	29,643

The employees of the subsidiaries of the Group established in the PRC (excluding Hong Kong) participate in a defined contribution retirement benefit plan managed by the local government authorities. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the defined salaries level in the PRC (other than Hong Kong), from the above mentioned retirement plans at their normal retirement age.

The Group also participates in a defined contribution scheme which is registered under a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Hong Kong Mandatory Provident Fund Schemes Ordinance.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

NOTES TO THE FINANCIAL STATEMENTS

6 PROFIT BEFORE TAXATION (Continued)

(c) Other items:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Depreciation		
– property, plant and equipment (Note 9)	16,844	15,668
– right-of-use assets	2,235	2,235
	19,079	17,903
Short-term lease charges		
with remaining lease term of		
not more than 12 months	134	126
Auditors' remuneration	650	630
Cost of inventories	14,185	12,740

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Current tax		
Provision for the period	10,808	5,592
Deferred tax		
Origination and reversal of temporary differences	(266)	3,265
	10,542	8,857

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and the Group's BVI subsidiaries are not subject to income tax in those jurisdictions.
- (ii) The Company's subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2023 (2022: 16.5%). These companies did not have assessable profits which are subject to Hong Kong Profits Tax for the six months ended 30 June 2023 (2022: RMB Nil).
- (iii) The Group's PRC subsidiaries (excluding Hong Kong) are subject to PRC Corporate Income Tax at a rate of 25% during the six months ended 30 June 2023 (2022: 25%).



8 DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2022: Nil).

9 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the six months ended 30 June 2023 is calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB31,144,000 (six months ended 30 June 2022: RMB25,649,000) and the weighted average of 974,658,000 ordinary shares, in issue during the six months ended 30 June 2023 (six months ended 30 June 2022: 1,000,000,000 ordinary shares in issue during the period).

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Issued ordinary shares at 1 January	977,200,000	1,000,000,000
Effect of shares purchased in respect of the Share Award Scheme	(2,542,000)	—
Weighted average number of ordinary shares at 30 June	974,658,000	1,000,000,000

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2023 and 2022.

10 PROPERTY, PLANT AND EQUIPMENT

- (i) The Group's property, plant and equipment are all located in the PRC.
- (ii) During the six months ended 30 June 2023, the Group paid RMB18,302,000 for upgrading and renovating the basic infrastructure of the Canggang Railway Line to enhance the safety and increase the overall capacity of railway operation.
- (iii) At 30 June 2023, property certificates of certain items of the Group's properties with carrying amounts of RMB60,773,000 (31 December 2022: RMB61,468,000), were not obtained. The directors of the Company 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.

NOTES TO THE FINANCIAL STATEMENTS

II INVENTORIES

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Fuel	2,155	3,324
Coal held for trading	49,861	39,837
Materials and consumables	4,816	4,780
	56,832	47,941

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

	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Carrying amount of inventories used	14,185	12,740

NOTES TO THE FINANCIAL STATEMENTS



12 TRADE AND BILLS RECEIVABLES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Trade receivables	55,582	50,613
Bills receivables (Notes (ii))	19,856	32,732
	<u>75,438</u>	<u>83,345</u>

Notes:

- (i) All of the trade and bills receivables, net of loss allowance, are expected to be recovered within one year.
- (ii) At 30 June 2023, the carrying amounts of the Group's bills receivables that had been endorsed to the Group's suppliers and other creditors to settle the Group's trade and other payables towards these suppliers but had not been derecognized in the consolidated financial statements were RMB5,950,000 (31 December 2022: RMB3,828,000).

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:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 month	43,020	38,443
1 to 6 months	11,468	11,276
6 to 12 months	802	389
Over 12 months	292	505
	<u>55,582</u>	<u>50,613</u>

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

NOTES TO THE FINANCIAL STATEMENTS

13 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Receivables relating to disposal of property, plant and equipment	5,768	5,893
Receivables relating to disposal of an associate	–	2,439
	<hr/>	<hr/>
Financial assets measured at amortised cost	5,768	8,332
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Value-added tax recoverable	582	1,371
Deposits for trading business	17,471	–
Deposits for other purpose	24,237	2,059
Prepayments for purchase of inventories and prepaid expenses	2,690	10,540
	<hr/>	<hr/>
	50,748	22,302
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Less: Non-current portion		
– Receivables relating to disposal of property, plant and equipment	(13,923)	(2,062)
	<hr/>	<hr/>
Current portion of prepayments and other receivables	36,825	20,240
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Note:

Except for the non-current portion of receivables relating to disposal of property, plant and equipment, which are expected to be recovered in 2–3 years, other prepayments and other receivables, net of loss allowance, are expected to be recovered or recognised as expenses within one year.



14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Bank deposits	202,896	193,801
Cash on hand	2	1
	202,898	193,802
Cash at bank and on hand in the consolidated statement of financial position and cash and cash equivalents in the consolidated cash flow statement	202,898	193,802

15 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:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 month	12,219	20,733
1 to 3 months	4,641	3,382
3 to 6 months	3,046	1,421
6 to 12 months	1,011	1,463
Over 12 months	1,839	590
	22,756	27,589
	22,756	27,589

NOTES TO THE FINANCIAL STATEMENTS

16 OTHER PAYABLES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Payables for acquisitions of property, plant and equipment	–	9,878
Payables for acquisitions of right-of-use assets	7,089	3,701
Payables for staff costs	–	9,153
Payables for other labour costs	1,926	1,499
Dividends payable	1,790	1,735
Others	761	3,192
	<u>11,566</u>	<u>29,158</u>
Financial liabilities measured at amortised cost	<u>11,566</u>	<u>29,158</u>

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

17 CONTRACT LIABILITIES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Prepayments received from customers for rail freight transportation and related ancillary services	<u>39,047</u>	<u>2,377</u>

The Group receives prepayments from certain customers on acceptance of the orders. The prepayments are recognized as contract liabilities until the Group recognized the related revenue.

At 30 June 2023, the Group entered into a construction contract with a customer at RMB68,000,000. The Group received RMB34,000,000 as the prepayment for such contract.



17 CONTRACT LIABILITIES (Continued)

The Group receives prepayments from certain customers on acceptance of the orders. The prepayments are recognised as contract liabilities until the Group recognised the related revenue.

Movements in contract liabilities

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Balance at 1 January	2,377	2,501
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(2,377)	(2,501)
Increase in contract liabilities as a result of billing in advance of performance at the end of the year	39,047	2,377
Balance at 30 June/31 December	<u>39,047</u>	<u>2,377</u>

No contract liabilities are expected to be recognised as revenue after more than one year.

NOTES TO THE FINANCIAL STATEMENTS

18 BANK AND OTHER LOANS

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Bank loans:		
– Secured	376,646	331,516
– Unsecured	48,000	49,074
	<u>424,646</u>	<u>380,590</u>
Other loans:		
– Secured	71,630	74,732
– Unsecured	–	2,480
	<u>71,630</u>	<u>76,822</u>
	<u><u>496,276</u></u>	<u><u>457,412</u></u>

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

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 year or on demand	153,035	184,773
After 1 year but within 2 years	63,495	141,616
After 2 years but within 5 years	279,746	131,023
	<u>343,241</u>	<u>272,639</u>
	<u><u>496,276</u></u>	<u><u>457,412</u></u>



18 BANK AND OTHER LOANS (Continued)

- (c) **At 30 June 2023, the Group's secured bank loans of RMB376,646,000 (31 December 2022: RMB331,516,000) were secured by the following assets of the Group:**

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Carrying amount:		
Right-of-use assets	113,419	114,926
Property, plant and equipment	7,457	7,618
	120,876	122,544

Included in the Group's secured bank loans as at 30 June 2023, RMB94,500,000 were also guaranteed by Cangzhou Railway Logistics Services Company Limited ("Cangzhou Logistics") (31 December 2022: RMB20,039,000).

- (d) **At 30 June 2023, the Group's secured other loans of RMB71,630,000 (31 December 2022: RMB74,732,000) were secured by the following assets of the Group:**

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Carrying amount:		
Property, plant and equipment	172,969	177,593
Right-of-use assets	6,722	6,803
	179,691	184,396

Included in the Group's secured other loans as at 30 June 2023, RMB71,630,000 (31 December 2022: RMB72,755,000) were also guaranteed by Cangzhou Logistics and secured by equity interests of Cangzhou Canggang Railway Company Limited held by Cangzhou Logistics.

NOTES TO THE FINANCIAL STATEMENTS

18 BANK AND OTHER LOANS (Continued)

- (e) As at 30 June 2023, the unsecured other loans were fully settled (31 December 2022: RMB2,480,000 are unsecured, 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:

	As at 30 June 2023		As at 31 December 2022	
	Effective interest rate		Effective interest rate	
	%	RMB'000	%	RMB'000
Fixed rate borrowings				
Bank loans	3.0%-5.5%	424,646	5.0%-5.5%	380,591
Other loans	4.0%-4.75%	71,630	4.0%-4.75%	75,234
		<u>496,276</u>		<u>455,825</u>
Variable rate borrowings				
Other loans	Nil	—	5.29%	1,587
Total borrowings		<u>496,276</u>		<u>457,412</u>
Fixed rate borrowings as a percentage of total borrowings		<u>100%</u>		<u>99%</u>



19 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS

(a) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	2023	2022
	RMB'000	RMB'000
Final dividend in respect of the previous year, approved and paid during the Reporting Period, of RMB2.8 cents per ordinary share (six months ended 30 June 2022: RMB3.0 cents per ordinary share)	28,000	30,000

(b) Share capital

Authorised share capital

On 16 June 2020, the Company passed resolutions to increase the authorised share capital of the Company from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each.



NOTES TO THE FINANCIAL STATEMENTS

19 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS (Continued)

(c) Share award scheme

A share award scheme was adopted by the Company on 28 September 2022 (“the Share Award Scheme”). The objective of the Share Award Scheme is to recognise and motivate the contributions of the eligible participants to align the interests of the eligible participants with those of the Company and strive for the future development and expansion of the Group and to attract suitable personnel for further development of the Group through the Share Award Scheme to the selected participants.

The awarded shares will be subscribed for and/or purchased by an independent trustee (“the Trustee”) from the open market by utilising the funds to be allocated by the directors and/or authorised person of the Company out of the Company’s resources. The maximum number of awarded shares to be subscribed for and/or purchased by the Trustee for the purpose of the Share Award Scheme shall not exceed 10% of the total number of issued share capital from time to time.

The Share Award Scheme shall be valid and effective for a period of 10 years commencing from 28 September 2022 or may be terminated earlier as determined by the Board of Directors.

During the six months ended 30 June 2023, the Trustee has purchased 15,252,000 shares (year ended 31 December 2022: 22,800,000) of the Company on the Hong Kong Stock Exchange, with an aggregate amount of approximately RMB44,626,000 (year ended 31 December 2022: RMB49,916,000). No shares were granted to any person under the share award scheme as at 30 June 2023.

The consideration paid for the purchase of the Company’s shares is reflected as a debit in share held for share award scheme of the Company. The fair value of the employee services received in exchange for the grant of shares is recognised as staff costs in profit or loss with a corresponding increase in capital reserve, which is measured based on the grant date share price of the Company.



20 COMMITMENTS

Capital commitments outstanding at the end of each Reporting Period not provided for in the unaudited condensed consolidated interim financial information were as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Commitments in respect of property, plant and equipment: – contracted for	8,299	3,751

21 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

The material related party transactions entered into by the Group during the six months ended 30 June 2023 and 2022 and the balances with related parties at the end of each Reporting Period are set out below.

(a) Names and relationships of the related parties that had material transactions with the Group during the period:

Name of related parties	Relationship
Cangzhou Chengyu Railway Company Limited* ("Chengyu Company") (滄州市騁宇鐵路有限責任公司)	A company controlled by the controlling shareholder

* The official names of these entities are in Chinese. The English translation names are for identification purpose only.

(b) Transactions with related parties during the period

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Short-term lease charges – Chengyu Company	6	10
Purchase of goods – Shangcheng	–	7

NOTES TO THE FINANCIAL STATEMENTS

21 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(Continued)

(c) Balances with related party

The Group's balances with related party at the end of each Reporting Period are as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Payables for short-term leases – Chengyu Company	1	4
Payables for purchase of goods – Shangcheng	–	3

(d) Other related party transactions

On 12 August 2019, Chengyu Company has granted the Group a gratuitous right to use its leasehold land for operating the Group's railway and rail yards for a period of 20 years. No rental was charged during the six months ended 30 June 2023 and 2022.

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of short-term lease (see Note 21(b)) and lease of leasehold land (see Note 21(d)) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing rules. However, those transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1)(a).