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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in **Canggang Railway Limited** (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(1) PROPOSED SHARE SUBDIVISION; (2) PROPOSED CHANGE IN BOARD LOT SIZE; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular, unless the context otherwise requires.

A letter from the Board is set out on pages 5 to 9 of this circular.

A notice convening the EGM to be held at Conference Room, Building No. 1, 6th Yudai Road, Haidian District, Beijing, the People’s Republic of China on Friday, 19 January 2024, at 10:30 a.m. is set out on pages 10 to 11 of this circular.

A form of proxy for use at the EGM (as defined herein) is enclosed with this circular. Whether or not you propose to attend the EGM, you are requested to complete the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment or postponement thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment or postponement thereof if you so desire.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.czcgtl.com>).

References to time and dates in this circular are to Hong Kong time and dates.

3 January 2024

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DEFINITIONS

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Existing Shares to 2,000 Subdivided Shares
“Company”	Canggang Railway Limited (滄港鐵路有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 19 October 2018
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Conference Room, Building No. 1, 6th Yudai Road, Haidian District, Beijing, the PRC on 19 January 2024 at 10:30 a.m. or any adjournment thereof (as the case may be), the notice of which is set out on pages 10 to 11 of this circular
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Company before the Share Subdivision becomes effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	29 December 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Share Subdivision”	the proposed subdivision of each Existing Share into four (4) Subdivided Shares
“Share(s)”	the Existing Share(s) or as the context may require, the Subdivided Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company immediately after the Share Subdivision becoming effective

EXPECTED TIMETABLE

The expected timetable for the Share Subdivision and Change in Board Lot Size is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

Latest time for lodging transfer of Shares in order to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 12 January 2024
Register of members closes	Saturday, 13 January 2024 to Friday, 19 January 2024 (both days inclusive)
Latest time for lodging forms of proxy for the EGM	10:30 a.m. on Wednesday, 17 January 2024
Date and time of the EGM	10:30 a.m. on Friday, 19 January 2024
Publication of the announcement of the results of the EGM	Friday, 19 January 2024

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Subdivision as set out in this circular:

Effective date of the Share Subdivision	Tuesday, 23 January 2024
Free exchange of existing share certificates for the new share certificates for the Subdivided Shares commences	9:00 a.m. on Tuesday, 23 January 2024
Dealings in the Subdivided Shares commence	9:00 a.m. on Tuesday, 23 January 2024
Original counter for trading in Existing Shares in board lots of 4,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 23 January 2024
Temporary counter for trading in the Subdivided Shares in board lots of 16,000 Subdivided Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 23 January 2024

EXPECTED TIMETABLE

Original counter for trading in Subdivided Shares in board lots of 2,000 Subdivided Shares (in the form of new share certificates) reopens 9:00 a.m. on
Tuesday, 6 February 2024

Parallel trading in the Subdivided Shares (in the form of existing share certificates and new share certificates for the Subdivided Shares) commences 9:00 a.m. on
Tuesday, 6 February 2024

Temporary counter for trading in Subdivided Shares in board lots of 16,000 Subdivided Shares (in the form of existing share certificates) closes 4:10 p.m. on
Wednesday, 28 February 2024

Parallel trading in the Subdivided Shares (in the form of existing share certificates and new share certificates) ends 4:10 p.m. on
Wednesday, 28 February 2024

Last day for free exchange of existing share certificates for new share certificates for the Subdivided Shares ends 4:30 p.m. on
Friday, 1 March 2024

LETTER FROM THE BOARD

Canggang Railway Limited

滄港鐵路有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2169)

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

Registered office:

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal place of business in Hong Kong:

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong

3 January 2024

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED SHARE SUBDIVISION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE; AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

The primary purpose of this circular is to provide you with information and to seek your approval of the resolutions regarding (i) the proposed Share Subdivision; (ii) the proposed Change in Board Lot Size, and to give you the notice of the EGM. Shareholders are advised to read this circular thoroughly and carefully before deciding how to vote on those resolutions.

PROPOSED SHARE SUBDIVISION

The Board proposes to implement the Share Subdivision on the basis that each Existing Share of par value of HK\$0.01 each in the share capital of the Company be subdivided into four (4) Subdivided Shares of par value of HK\$0.0025 each.

Effects of the Share Subdivision

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, and there are 1,000,000,000 Existing Shares in issue which are fully paid or credited as fully paid. The Company has no outstanding convertible securities, call options or warrants in issue, which confer any rights to subscribe for, convert

LETTER FROM THE BOARD

or exchange into Existing Shares as at the Latest Practicable Date. Assuming no further Shares will be issued or repurchased from the Latest Practicable Date up to the date of the EGM, upon the Share Subdivision becoming effective, there will be 4,000,000,000 Subdivided Shares in issue which are fully paid or credited as fully paid. The authorised share capital of the Company will be HK\$100,000,000 divided into 40,000,000,000 Subdivided Shares of par value of HK\$0.0025 each.

Upon the Share Subdivision becoming effective, the Subdivided Shares shall rank *pari passu* in all respects with each other in accordance with the articles of association of the Company and shall have the same rights and privileges and be subject to the same restriction as the Shares in issue prior to the Share Subdivision, and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

Conditions of the Share Subdivision

The Share Subdivision is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Subdivision;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares upon the Share Subdivision becoming effective; and
- (iii) the compliance with all relevant procedures and requirements and the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required (if any) under the applicable laws of Cayman Islands and the requirements from the Stock Exchange to effect the Share Subdivision.

As at the Latest Practicable Date, none of the conditions of the Share Subdivision above are fulfilled.

Listing Application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subdivided Shares upon the Share Subdivision becoming effective.

Subject to the granting of the approval for the listing of, and the permission to deal in, the Subdivided Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Subdivided Shares to be admitted into CCASS established and operated by HKSCC.

LETTER FROM THE BOARD

None of the Existing Shares are listed or dealt on any other stock exchange other than the Stock Exchange, and at the time the Share Subdivision becomes effective, the Subdivided Shares in issue will not be listed or dealt on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares are traded on the Stock Exchange in board lots of 4,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Subdivision becoming effective, the board lot size for trading on the Stock Exchange be changed from 4,000 Existing Shares to 2,000 Subdivided Shares.

Based on the closing price of HK\$8.55 per Existing Share (equivalent to the theoretical closing price of HK\$2.1375 per Subdivided Share) as at the Latest Practicable Date, (i) the market value of each board lot of 4,000 Existing Shares is HK\$34,200; (ii) the market value of each board lot of 4,000 Subdivided Shares would be HK\$8,550, assuming the Share Subdivision had become effective; and (iii) the estimated market value of each board lot of 2,000 Subdivided Shares would be HK\$4,275 on the assumption that the Change in Board Lot Size had also become effective.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

EXCHANGE OF SHARE CERTIFICATES

Subject to the Share Subdivision becoming effective, Shareholders may submit their existing share certificates in blue colour for the Existing Shares to the Company's 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 for exchange for new share certificates in pink colour for the Subdivided Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK\$2.5 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Subdivided Shares, whichever the number of certificates cancelled/issued is higher.

After 4:10 p.m. on Wednesday, 28 February 2024, trading will only be in Subdivided Shares, the share certificates of which will be issued in pink colour. Existing share certificates in blue colour for the Existing Shares will remain valid and effective as documents of title and may be exchanged for certificates for Subdivided Shares at any time, but will cease to be valid for delivery, trading and settlement purposes.

LETTER FROM THE BOARD

REASON FOR THE SHARE SUBDIVISION AND CHANGE IN BOARD LOT SIZE

The Share Subdivision will increase the number of shares issued by the Company, and reduce the nominal value and trading price of each Share. The Board believes that this will lower the investment barrier and increase the trading liquidity of the Share. The increase in trading liquidity would attract more investors to trade in the Shares, and give the Company more flexibility to explore future fundraising activities.

Based on the closing price of HK\$8.55 per Share as of the Latest Practicable Date, the market value per board lot of 4,000 Shares is approximately HK\$34,200. The expected value per new board lot of 2,000 Subdivided Shares would be approximately HK\$4,275 immediately upon the Share Subdivision and the Change in Board Lot Size becoming effective. Upon the Change in Board Lot Size, the Company is expected to be in compliance with the board lot value being more than HK\$2,000 as set out in the Guide on Trading Arrangements for Selected Types of Corporate Actions issued by the Hong Kong Stock Exchange on November 28, 2008 and updated on October 1, 2020. Although the Share Subdivision will result in downward adjustment to the trading price of the Shares, the Share Subdivision would, together with the Change in Board Lot Size, enhance the liquidity in trading of Subdivided Shares and thereby would enable the Company to attract more investors and broaden its Shareholder base. Both the Share Subdivision and the Change in Board Lot Size will not result in odd lots or fractional shares.

When considering the Share Subdivision and Change in Board Lot Size, the Board has taken into account the business plan of the Company for the next 12 months. As of the Latest Practicable Date, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Subdivision and the Change in Board Lot Size, and the Company has no concrete plan for any fund raising activities in the next 12 months.

Save for the expenses to be incurred by the Company in relation to the Share Subdivision and the Change in Board Lot Size, the implementation of the Share Subdivision will not, by itself, alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interest of the Shareholders.

Based on the above, the Board considers that the proposed Share Subdivision and Change in Board Lot Size are fair and reasonable, as well as in the best interests of the Company, its Shareholders and investors overall.

EGM AND PROXY ARRANGEMENT

The EGM will be convened and held at Conference Room, Building No. 1, 6th Yudai Road, Haidian District, Beijing, the PRC at 10:30 a.m. on Friday, 19 January 2024 to consider and, if thought fit, to pass the ordinary resolutions approving the Share Subdivision. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder was required to abstain in respect of the resolutions to be proposed at the EGM.

The Notice of the EGM is set out on pages 10 to 11 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.czcgtl.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment or postponement thereof (as the case maybe) (i.e. not later than 10:30 a.m. on Wednesday, 17 January 2024). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person if you so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Saturday, 13 January 2024 to Friday, 19 January 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 12 January 2024.

RECOMMENDATION

The Board believes that the proposed resolutions referred to in this circular and the notice of EGM are in the best interests of the Company as well as the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders should vote in favour of all resolutions to be proposed at the EGM.

WARNING

Shareholders and potential investors of the Company should take note that the Share Subdivision is conditional upon the fulfilment of certain conditions set out in this circular and the Change in Board Lot Size is conditional upon the Share Subdivision becoming effective. Therefore, the Share Subdivision and the Change in Board Lot Size may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

Yours faithfully
On behalf of the Board
Canggang Railway Limited
Liu Yongliang
Chairman

NOTICE OF EGM

Canggang Railway Limited

滄港鐵路有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2169)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Canggang Railway Limited (the “**Company**”) will be held at Conference Room, Building No. 1, 6th Yudai Road, Haidian District, Beijing, the People’s Republic of China at 10:30 a.m. on Friday, 19 January 2024 for the following purposes. Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 3 January 2024 (the “**Circular**”).

ORDINARY RESOLUTION

“**THAT:**

subject to and conditional upon the fulfilment of all the conditions set out in the section headed “Conditions of the Share Subdivision” (the “**Conditions**”) in the Circular (a copy of which is tabled at the meeting and marked “A” and signed by the chairman of the meeting for identification purpose), with effect from the second business day immediately following the date on which this resolution is passed:

- (a) every ordinary share with a par value of HK\$0.01 each in the authorised and issued share capital of the Company be subdivided into four (4) ordinary shares with a par value of HK\$0.0025 each (the “**Subdivided Shares**”) (the “**Share Subdivision**”), such Subdivided Share(s) shall rank *pari passu* in all respects with each other in accordance with the articles of association of the Company and shall have the same rights and privileges and be subject to the same restriction as the Shares in issue prior to the Share Subdivision; and
- (b) any one of the directors of the Company be and is hereby authorised to do all such acts and things and sign, execute and deliver all documents (including affixing the common seal of the Company if appropriate) he/she in his/her absolute discretion considers necessary, desirable or expedient to give effect to, implement and complete the Share Subdivision and the transactions contemplated thereunder.”

By Order of the Board
Canggang Railway Limited
Liu Yongliang
Chairman

Hong Kong, 3 January 2024

NOTICE OF EGM

Notes:

1. Any member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto to, but if more than one of such joint holders are present at the EGM, personally or by proxy, that one of the said person so present whose name stands first in the register in respect of such Share shall alone be entitled to vote in respect thereof.
3. In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Saturday, 13 January 2024 to Friday, 19 January 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 12 January 2024.
4. To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment or postponement thereof (as the case maybe) (i.e. not later than 10:30 a.m. on Wednesday, 17 January 2024).
5. Completion and delivery of the form of proxy will not preclude members from attending and voting in person at the EGM or adjourned meeting (as the case maybe), and in such event, the form of proxy shall be deemed to be revoked.
6. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, 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.