Canggang Railway Limited
滄港鐵路有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2169)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

INTERIM RESULTS

The Board of Canggang Railway Limited is pleased to announce the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2025, together with the comparative figures for the six months ended 30 June 2024.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Revenue	**131,704**	132,051
Operating profit	**53,602**	49,554
Profit before taxation	**39,702**	33,617
Profit for the period	**30,751**	25,902
Earnings per share, basic and diluted (RMB cents)	**0.80**	0.68

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(For the six months ended 30 June 2025)

	Note	**2025**	2024
	Note	***RMB'000***	*RMB'000*
Revenue	5	**131,704**	132,051
Operating expenses:			
Staff costs	7(b)	**(25,994)**	(28,192)
Outsourcing service charges and other labor costs		**(9,200)**	(9,208)
Cargo logistics		**(11,962)**	(12,849)
Depreciation	7(c)	**(17,918)**	(17,493)
Fuel used		**(11,621)**	(11,832)
Repairs and maintenance		**(5,941)**	(5,937)
General and administration expenses		**(4,802)**	(4,236)
Reversal of impairment loss on trade receivables		**86**	751
Other expenses		**(1,821)**	(2,722)
Total operating expenses		**(89,173)**	(91,718)
Other income	6	**11,071**	9,221
Operating profit		**53,602**	49,554
Finance costs	7(a)	**(13,900)**	(15,937)
Profit before taxation	7	**39,702**	33,617
Income tax	8	**(8,951)**	(7,715)
Profit for the period		**30,751**	25,902
Attributable to:			
Equity shareholders of the Company		**30,878**	26,351
Non-controlling interests		**(127)**	(449)
Profit for the period		**30,751**	25,902
			(Restated)
Earnings per share (RMB cents)			
– Basic and diluted	10	**0.80**	0.68

	2025	2024
	RMB'000	*RMB'000*
Profit for the period	**30,751**	25,902
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	**686**	345
Total comprehensive income for the period	**31,437**	26,247
Attributable to:		
Equity shareholders of the Company	**31,564**	26,696
Non-controlling interests	**(127)**	(449)
Total comprehensive income for the period	**31,437**	26,247

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As at 30 June 2025)

	Note	**As at 30 June 2025** *RMB'000*	As at 31 December 2024 *RMB'000*
Non-current assets			
Property, plant and equipment	11	**785,590**	776,932
Right-of-use assets		**210,358**	189,009
Financial assets at fair value through profit and loss ("**FVTPL**")	14	**46,967**	38,418
Deferred tax assets		**966**	961
Prepayments and other receivables		**64,683**	39,273
Total non-current assets		**1,108,564**	1,044,593
Current assets			
Inventories	12	**90,218**	46,664
Trade and bills receivables	13	**79,439**	81,274
Prepayments and other receivables		**81,934**	46,026
Cash and cash equivalents		**85,476**	155,992
Total current assets		**337,067**	329,956
Current liabilities			
Bank and other loans	16	**217,650**	157,155
Trade payables	15	**28,386**	23,444
Other payables		**6,889**	7,709
Contract liabilities		**5,436**	6,269
Current taxation		**5,418**	8,365
Total current liabilities		**263,779**	202,942
Net current assets		**73,288**	127,014
Total assets less current liabilities		**1,181,852**	1,171,607
Non-current liabilities			
Bank and other loans	16	**343,420**	364,612
NET ASSETS		**838,432**	806,995
CAPITAL AND RESERVES			
Share capital		**8,607**	8,607
Reserves		**802,201**	770,637
Total equity attributable to equity shareholders of the Company		**810,808**	779,244
Non-controlling interests		**27,624**	27,751
TOTAL EQUITY		**838,432**	806,995

NOTES

1 CORPORATE INFORMATION

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

2 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 2024 annual financial statements, except for the accounting policy changes that are set out in Note 4 below.

These condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with the IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The unaudited condensed consolidated interim financial information for the Reporting Period has not been reviewed by HLB Hodgson Impey Cheng Limited, the Company's external auditor, but has been reviewed by the Audit Committee.

The financial information relating to the financial year ended 31 December 2024 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 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management has made judgements and estimates about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a investment team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The investment team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the IFRS Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset of liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair vale measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Expected credit losses for trade receivables

The credit loss allowance for trade receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the profit or loss.

4 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amendments to the first time for the current period's interim financial information.

- Amendments to IAS 21 *Lack of Exchangeability*

The application of the amendments to IFRS Accounting Standards in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial statements.

5 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	
	2025	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Disaggregated by major service lines:		
– Rail freight transportation	**112,135**	112,722
– Ancillary services		
– Loading and unloading	**9,497**	8,786
– Road freight transportation	**709**	459
– Construction, maintenance and repair	**4,209**	4,978
– Others	**5,154**	5,106
Subtotal	**19,569**	19,329
	131,704	132,051

(ii) For the six months ended 30 June 2025 and 2024, 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	
	2025	2024
	RMB'000	*RMB'000*
Customer A	**18,921**	24,215
Customer B	**–***	13,390
Customer C	**20,994**	19,304
Customer D	**24,259**	21,191

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

Note: Customer C 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 2025 and 31 December 2024 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 2025	At 31 December 2024
	RMB'000	*RMB'000*
Within 1 year	**–**	6,965
Over 1 year	**–**	–
	–	6,965

(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 2025 and 2024. 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.

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 2025 and 2024 is set out below.

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Revenue from external customers		
– Rail freight transportation	**112,135**	112,722
– Ancillary services	**19,569**	19,329
	131,704	132,051
Segment result		
– Rail freight transportation	**46,451**	46,056
– Ancillary services	**796**	(2,238)
	47,247	43,818

(ii) Reconciliation of segment results

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Segment result	**47,247**	43,818
General and administration expenses	**(4,716)**	(3,485)
Other income	**11,071**	9,221
Finance costs	**(13,900)**	(15,937)
Profit before taxation	**39,702**	33,617

(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.

6 OTHER INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Government grants	**259**	282
Interest income	**524**	810
Net gains on disposal of property, plant and equipment	**–**	38
Gain on fair value on financial assets measures at FVTPL	**8,549**	5,538
Net trading profit	**1,279**	1,957
Others	**460**	596
	11,071	9,221

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Total interest expense on bank and other loans	**13,900**	15,937

(b) Staff costs:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**22,645**	25,244
Contributions to defined contribution retirement plans	**3,349**	2,948
	25,994	28,192

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

(c) **Other items:**

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Depreciation		
– property, plant and equipment *(Note 11)*	**15,685**	15,306
– right-of-use assets	**2,233**	2,187
	17,918	17,493
Short-term lease charges with remaining lease term of not more than 12 months	**50**	180
Auditors' remuneration	**435**	500
Cost of inventories	**11,623**	11,850

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Current tax		
Provision for the period	**8,946**	7,891
Deferred tax		
Origination and reversal of temporary differences	**5**	(176)
	8,951	7,715

9 DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2024: Nil).

10 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the six months ended 30 June 2025 is calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB30,878,000 (six months ended 30 June 2024: RMB26,351,000) and the weighted average number of ordinary share, in issue of 3,847,792,000 shares (six months ended 30 June 2024: 3,847,792,000 shares) during the period.

	Six months ended 30 June	
	2025	2024
Weighted average number of ordinary shares at 30 June	**3,847,792,000**	3,847,792,000

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2025 and 2024.

11 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 2025, the Group paid RMB24,343,000 for upgrading and renovating the basic infrastructure of the Canggang Railway Line to enhance the safety and increase the overall capacity of railway operation.

12 INVENTORIES

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

	At 30 June 2025 *RMB'000*	At 31 December 2024 *RMB'000*
Fuel	**5,105**	3,384
Coal held for trading	**13,784**	17,241
Gravel held for trading	**60,983**	19,310
Materials and consumables	**10,346**	6,729
	90,218	46,664

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

	For the six months ended 30 June	
	2025 *RMB'000*	2024 *RMB'000*
Carrying amount of inventories used	**11,623**	11,850

13 TRADE AND BILLS RECEIVABLES

	At 30 June 2025 *RMB'000*	At 31 December 2024 *RMB'000*
Trade receivables	**69,364**	58,261
Bills receivables *(Notes (ii))*	**10,075**	23,013
	79,439	81,274

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 2025, 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 unaudited condensed consolidated interim financial statements were RMB6,935,000 (31 December 2024: RMBNil).

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 2025 *RMB'000*	At 31 December 2024 *RMB'000*
Within 1 month	**42,062**	32,304
1 to 6 months	**17,612**	14,755
6 to 12 months	**3,046**	8,597
Over 12 months	**6,644**	2,605
	69,364	58,261

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

14 FINANCIAL ASSETS AT FVTPL

	At	At
	30 June	31 December
	2025	2024
	RMB'000	*RMB'000*
Equity securities listed in Hong Kong *(Note (i))*	**43,003**	34,454
Unlisted equity securities *(Note (ii))*	**3,964**	3,964
	46,967	38,418

Notes:

(i) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTPL.

(ii) The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTPL.

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	At
	30 June	31 December
	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**14,877**	13,320
1 to 3 months	**689**	3,923
3 to 6 months	**4,874**	2,638
6 to 12 months	**4,405**	1,663
Over 12 months	**3,541**	1,900
	28,386	23,444

16 BANK AND OTHER LOANS

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

	At 30 June 2025 *RMB'000*	At 31 December 2024 *RMB'000*
Bank loans:		
– Secured	**392,510**	378,504
– Unsecured	**47,000**	48,059
	439,510	426,563
Other loans:		
– Secured	**117,240**	93,652
– Unsecured	**4,320**	1,552
	121,560	95,204
	561,070	521,767

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 2025 *RMB'000*	At 31 December 2024 *RMB'000*
Within 1 year or on demand	**217,650**	157,155
After 1 year but within 2 years	**137,020**	187,744
After 2 years but within 5 years	**206,400**	176,868
	343,420	364,612
	561,070	521,767

(c) At 30 June 2025, the Group's secured bank loans of RMB392,510,000 (31 December 2024: RMB378,504,000) were secured by the following assets of the Group:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Carrying amount:		
Property, plant and equipment	**6,816**	6,976
Right-of-use assets	**102,202**	103,602
	109,018	110,578

Included in the Group's secured bank loans as at 30 June 2025, RMB47,000,000 (31 December 2024: RMB48,048,000) were also guaranteed by Cangzhou Railway Logistics Services Company Limited ("Cangzhou Logistics").

(d) At 30 June 2025, the Group's secured other loans of RMB117,240,000 (31 December 2024: RMB93,652,000) were secured by the following assets of the Group:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	*RMB'000*
Carrying amount:		
Property, plant and equipment	**174,555**	190,193

Included in the Group's secured other loans as at 30 June 2025, RMB85,920,000 (31 December 2024: RMB63,130,000) were also guaranteed by Cangzhou Logistics and RMB31,320,000 (31 December 2024: RMB30,523,000) were secured by equity interests of Cangzhou Canggang Railway Company Limited held by Cangzhou Logistics.

(e) As at 30 June 2025, the Group's unsecured other loans amounting to RMB4,320,000 (as at 31 December 2024: RMB1,552,000) are interest-bearing at 4.75% (2024: 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 30 June 2025		As 31 December 2024	
	Effective interest rate	***RMB'000***	Effective interest rate	*RMB'000*
Fixed rate borrowings				
Bank loans	**3.65%-5.50%**	**400,510**	3.65%-5.50%	383,005
Other loans	**4.00%-6.56%**	**121,560**	4.00%-6.56%	95,204
		522,070		478,209
Variable rate borrowings				
Bank loans	**4.8%**	**39,000**	4.8%	43,558
Total borrowings		**561,070**		521,767
Fixed rate borrowings as a percentage of total borrowings		**93%**		92%

17 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 2025	At 31 December 2024
	RMB'000	*RMB'000*
Commitments in respect of property, plant and equipment:		
– contracted for	**70,848**	61,163

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group continues to solidify its position as a leading railway operator in Hebei Province, leveraging the Canggang Railway Line to provide reliable and efficient freight transportation services. Our focus remains on delivering integrated logistics solutions to customers while exploring opportunities for network expansion and service enhancements.

During the first half of 2025, the Chinese railway freight market demonstrated signs of recovery, particularly in the coal transportation sector. This positive shift was driven by a combination of factors, including stronger industrial demand and improved operational conditions. Notably, the rebound in coal consumption from power generation and steel production contributed to increased rail freight volumes, particularly in Northern China where our operations are concentrated. Government policies aimed at ensuring stable energy supply chains further supported this trend, helping to alleviate some of the logistical bottlenecks that had impacted performance in prior periods.

The competitive landscape also played a role in this performance. While road freight remains a key alternative for many shippers, rising fuel costs and stricter emissions regulations have reinforced the cost and environmental advantages of rail transport for bulk commodities such as coal. Additionally, the "Railway+" strategy, which promotes tighter integration between rail and other logistics networks, has begun to yield tangible benefits, enhancing connectivity and throughput efficiency.

Looking ahead, the Group remains cautiously optimistic about the remainder of 2025. While the recovery in coal demand provides a stable foundation for growth, we are mindful of potential challenges, including economic uncertainties and evolving regulatory requirements. Our strategy will focus on sustaining operational improvements, exploring new customer segments, and investing in infrastructure resilience to ensure long-term competitiveness.

The Group transported 6.7 million tonnes of cargo during the six months ended 30 June 2025, representing an decrease of 3.6% or 0.2 million tonnes as compared to the 6.9 million tonnes transported for the six months ended 30 June 2024. While this modest decline reflects certain market headwinds, we have proactively implemented operational improvements including refined scheduling processes and reduced turnaround times. These measures position us to capitalize on future market recovery while maintaining our strong service reliability standards.

Our ancillary services remained relatively stable in the six months ended 30 June 2025, with revenue increasing by 1.2% or RMB0.2 million, compared to the same period in 2024. The effect was resulted from the combination of the growth from our loading and unloading services, which benefited from increased transportation volumes of coal during the period; and netting off by the fall of our construction, maintenance and repair operation. The ancillary business demonstrated its ability to maintain stability through diversified service offerings and client relationships.

FUTURE DEVELOPMENT

As at 30 June 2025, we operated one local railway, the Canggang Railway Line. One of our business strategies is to construct an additional branch line to expand our business scale, including the expansion of our geographic presence and business to the Comprehensive Industrial Park in Bohai New Area. We have obtained the approval from the Development and Reform Commission of Hebei Province in relation to the construction of the new branch line in January 2024 and have commenced its construction at the end of 2024.

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

FINANCIAL REVIEW

Revenue

	Six months ended 30 June			
	2025		2024	
	RMB in thousands, other than percentages			
Rail freight transportation	**112,135**	**85.1%**	112,722	85.4%
Ancillary services				
Loading and unloading	**9,497**	**7.2%**	8,786	6.7%
Road freight transportation	**709**	**0.6%**	459	0.3%
Construction, maintenance and repair	**4,209**	**3.2%**	4,978	3.8%
Others	**5,154**	**3.9%**	5,106	3.8%
Subtotal	**19,569**	**14.9%**	19,329	14.6%
Total	**131,704**	**100.0%**	132,051	100.0%

Our revenue remained relatively stable at RMB132.1 million for the six months ended 30 June 2024 and RMB131.7 million for the six months ended 30 June 2025, primarily due to the slightly decrease in our revenue from the core rail freight transportation by 0.5% or 0.6 million following the drop of the transported building materials, netting off by the raise from our ancillary business by 1.2% or 0.2 million for the six months ended 30 June 2025, such increase was mainly due to the raise of our loading and unloading operation.

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 decreased by 2.8% or RMB2.5 million from RMB91.7 million for the six months ended 30 June 2024 to RMB88.2 million for the six months ended 30 June 2025. The decrease was primarily driven by the implementation of the "Cost Reduction and Efficiency Improvement Policy", resulting the drop in our staff cost and cargo logistic by 7.5% or RMB3.1 million.

Against the backdrop of a moderated economic recovery in the PRC, where policymakers continue to balance structural reforms with targeted stimulus measures, we have proactively strengthened our liquidity management framework. The Company has implemented rigorous controls over receivables, including enhanced senior management oversight of aging balances, to navigate the current environment of selective credit tightening and cautious corporate spending. These disciplined measures have maintained stability in our trade receivables, which stood at RMB81.3 million as at 31 December 2024 and RMB79.4 million as at 30 June 2025, which resulting the reversed the impairment loss of RMB0.1 million during the six months ended 30 June 2025, demonstrating both the effectiveness of our risk mitigation strategies and our judicious approach to credit provisioning in this phase of economic rebalancing.

Our prepayments and other receivables increased significantly from RMB85.3 million for the year ended 31 December 2024 to RMB146.6 million for the six months period ended 30 June 2025 by RMB61.3 million or 72%, primarily due to the increased in deposits for trading business from RMB36.5 million to RMB56.6 million and higher prepayments for construction, growing from RMB39.3 million to RMB64.7 million, in the same period.

Segment result and segment margin

For our rail freight transportation, the segment result was RMB46.5 million and RMB46.1 million and the segment margin was 41.4% and 40.9%, for the six months period ended 30 June 2025 and 2024, respectively. Segment result remained relatively stable for the six months period ended 30 June 2025 and 2024.

Our ancillary businesses, which support our core rail freight operations, demonstrated marked improvement with a profit of RMB0.8 million for the six months ended 30 June 2025, reversing from a loss of RMB2.2 million in the same period last year. While these operations previously faced challenging market conditions – particularly in road transportation – the 2025 turnaround reflects successful operational adjustments and the continued strategic improvement within our ancillary business in the transportation ecosystem.

Other income

Our other income increased by 20.1% or RMB1.9 million from RMB9.2 million for the six months ended 30 June 2024 to RMB11.1 million for the six months ended 30 June 2025, primarily due to the fair value gain on the financial assets measures at fair value through profit and loss ("FVTPL").

Finance costs

Our finance costs decreased by 12.8% or RMB2.0 million from RMB15.9 million for the six months ended 30 June 2024 to RMB13.9 million for the six months ended 30 June 2025, primarily due to the fall of the average loan balance.

Income tax expense

Our income tax expense increased by 16.0% or RMB1.2 million from RMB7.7 million for the six months ended 30 June 2024 to RMB9.0 million for the six months ended 30 June 2025 mainly due to the increase in profit contributed from the rail freight transportation. Our effective tax rate for the six months ended 30 June 2025 and 30 June 2024 remained relatively stable at 22.5% and 22.9%.

Profit for the period and net profit margin

For the six months ended 30 June 2025, the Group recorded a profit of RMB30.8 million, representing an 18.7% increase from the RMB25.9 million for the six months ended 30 June 2024. This improvement was primarily attributable to our other income from the fair value gain on listed shares measures at FVTPL, the fall of our finance cost and the operating expenses, reflecting the successful execution of our strategic initiatives.

Our net profit margin strengthened from 19.6% in 2024 to 23.3% in 2025, reflecting the successful stabilize of our core rail freight transportation business in the current period. This consistent margin improvement underscores our ability to maintain profitability while executing our growth strategy in evolving market conditions.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2025, the Group had net current assets of approximately RMB73.3 million (31 December 2024: RMB127.0 million). The Group continued to maintain a strong financial position. During the Reporting Period, our cash and cash equivalent decreased by RMB70.5 million to RMB85.5 million as at 30 June 2025 from RMB156.0 million as at 31 December 2024, which was mainly due to significant portion of trade deposit paid for our new trading business. With our strong banking facilities supported by different banks 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 2025 and 2026.

As at 30 June 2025, our interest-bearing borrowings were RMB561.1 million (31 December 2024: RMB521.8 million), of which RMB343.4 million (31 December 2024: RMB364.6 million) was long-term borrowing. We had unutilized and unrestricted banking facilities of RMB11.1 million (31 December 2024: RMB45.0 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 66.9% as at 30 June 2025 (31 December 2024: approximately 64.7%). 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, we maintain a strong and comfortable liquidity position that remains well within our risk management parameters.

Importantly, our financial structure continues to be robust, with sufficient coverage ratios and maintaining ample financial flexibility. The current gearing level reflects our strategic decision to utilize debt financing while preserving a healthy balance sheet position to support future growth initiatives.

Pledge of assets

As at 30 June 2025, certain of our property, plant and equipment with carrying amount of approximately RMB6.8 million (31 December 2024: RMB7.0 million), were secured for our bank loans. Also, our property, plant and equipment with carrying amount of approximately RMB174.6 million (31 December 2024: RMB190.2 million) were pledged for our other loans.

As at 30 June 2025, a certain portion of our right-of-use assets with carrying amount of approximately RMB102.2 million (31 December 2024: RMB103.6 million) were pledged for our bank loans.

Contingent liabilities

As at 30 June 2025 and 31 December 2024, the Group did not have any contingent liabilities.

Foreign exchange risk

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

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

During the Reporting Period, we have invested RMB24.3 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 initial public offering, cash generated from operations and banking facilities.

Capital Commitments

As at 30 June 2025, our outstanding capital commitments in respect of property, plant and equipment amounted to approximately RMB70.8 million (31 December 2024: RMB61.2 million). Save as disclosed in this announcement, we did not have any other material capital commitment.

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

Save as disclosed in this announcement and the Prospectus, there were no significant investments held by the Group during the Reporting Period, nor was there any material acquisition or disposal of subsidiaries, associates and joint venture during the Reporting Period. Save as disclosed in this announcement and the Prospectus, there was no other plan for significant investments or additions of capital assets as at 30 June 2025.

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 (including sale of treasury shares as defined in the Listing Rules) during the Reporting Period. As at 30 June 2025, the Company did not hold any treasury shares.

Separately, during the six months ended 30 June 2025, no Shares were purchased by the trustee of the Share Award Scheme pursuant to the terms of the trust deed of the Share Award Scheme.

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 announcement.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2025, the Group had 638 employees (31 December 2024: 648 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.

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.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. This announcement possesses the corporate governance best practices that the Company has adopted and highlights how the Company has applied the principles of the code provisions set out in the CG Code to the Listing Rules as its own code of corporate governance.

During the Reporting Period, the Company has complied with all the applicable code provisions under Part 2 of the CG Code as set out in Appendix C1 to the Listing Rules.

The Board will continue to review and monitor its corporate governance practices of the Group to ensure compliance with the CG Code from time to time, and to ensure that the Group is led by an effective Board with an independent view from the independent non-executive Directors, in order to optimize return for the Shareholders.

In response to the amended CG Code and the Listing Rules which has came into effect on 1 July 2025. The Board has appointed Ms. Lyu Qinghua, an independent non-executive Director as a member of the nomination committee of the Company with effect from 18 June 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules. Specific enquiry has been made to all the Directors, all the Directors have confirmed that they have complied with the required standard set out in Model Code during the Reporting Period.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's 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 2025 (six months ended 30 June 2024: Nil).

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website at www.czcgtl.com and the website of the Stock Exchange at www.hkexnews.hk. The interim report for the six months ended 30 June 2025 will be dispatched to the Shareholders who request the printed copy and made available on the above websites in due course.

APPRECIATION

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

DEFINITIONS

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

"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 C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China excluding for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Company"	Canggang Railway Limited (滄港鐵路有限公司) (stock code: 2169), an exempted company incorporated in the Cayman Islands with limited liability on 19 October 2018
"Director(s)"	the director(s) of the Company

"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", "us" or "we"	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
"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 of the Listing Rules
"Prospectus"	the prospectus of the Company dated 12 October 2020
"Reporting Period"	the six months ended 30 June 2025
"RMB" and "RMB cents"	Renminbi, the lawful currency of the PRC

"share(s)"	ordinary share(s) of HK$0.0025 each in the share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Share Award Scheme"	the share award scheme adopted by the Company on 28 September 2022
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"%"	per cent

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

Hong Kong, 29 August 2025

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

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