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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) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE AND (2) APPLICATION FOR WHITEWASH WAIVER

Financial Adviser to the Subscriber



**Independent Financial Adviser to
the Independent Board Committees and the Independent Shareholders**



SOMERLEY CAPITAL LIMITED

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that on 29 September 2026 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe (or procure its nominated wholly-owned subsidiary to subscribe) for, 600,000,000 Shares at the Subscription Price of HK\$0.50065 per Subscription Share for a total consideration of approximately HK\$300.4 million in cash on and subject to the terms and conditions of the Subscription Agreement.

The Subscription Shares represent (i) approximately 15.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no other change in the share capital of the Company from the date of this announcement up to the Completion Date).

Completion of the Subscription is subject to satisfaction (or, as the case may be, waiver) of the conditions set forth in the section headed “Connected Transaction in Relation to Subscription of Shares under Specific Mandate – Conditions to the Subscription” in this announcement.

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

APPLICATION FOR LISTING OF SUBSCRIPTION SHARES

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber holds 1,159,300,000 Shares, representing approximately 28.98% of the issued share capital of the Company. Upon Completion, assuming that there is no other change in the issued share capital of the Company from the date of this announcement to the Completion (save and except for the allotment and issue of the Subscription Shares), the shareholding of the Subscriber in the Company will increase from approximately 28.98% to 38.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no other change in the share capital of the Company from the date of this announcement up to the Completion Date). Accordingly, under Rule 26.1 of the Takeovers Code, the allotment and issue of the Subscription Shares would give rise to an obligation on the part of the Subscriber to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and the parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

The Subscriber will make an application to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code for the Whitewash Waiver from compliance with the obligation to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and the parties acting in concert with it) under Rule 26.1 of the Takeovers Code in connection with the subscription of the Subscription Shares. The Whitewash Waiver, if granted, will be subject to, among other things, approval in respect of the Whitewash Waiver by at least 75% of the votes of the Independent Shareholders and in respect of the Subscription by more than 50% of the votes of the Independent Shareholders, in each case cast either in person or by proxy by way of poll at the EGM.

The Subscriber, its associates, and the parties acting in concert with any of them (including Jinghai Group, which is presumed to be acting in concert with the Subscriber in respect of the Company under class (1) of the definition of “acting in concert” under the Takeovers Code), and all other Shareholders who are involved or interested in the Subscription or the Whitewash Waiver (including Greenport Railway which is directly wholly owned by Mr. Yi Weiming, an executive Director who has been involved in discussion about the Subscription with the Subscriber) will be required to abstain from voting on the resolutions to be proposed at the EGM to approve the Subscription and the Whitewash Waiver.

The Executive may or may not grant the Whitewash Waiver. The Subscription will not proceed if the Whitewash Waiver is not granted.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber is a substantial shareholder of the Company and hence a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction and is subject to the announcement, circular, Independent Shareholders’ approval and reporting requirements under Chapter 14A of the Listing Rules.

The Subscriber and all other Shareholders who have a material interest in the Subscription (if any) are required under the Listing Rules to abstain from voting on the resolutions to be proposed at the EGM to approve the Subscription.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code Independent Board Committee (comprising all the non-executive Directors who have no direct or indirect interest in the Subscription or the Whitewash Waiver, namely Mr. Xu Zhihua, Mr. Liu Changchun, Mr. Zhao Changsong and Ms. Lyu Qinghua) has also been formed to make recommendations as to whether the Subscription and the Whitewash Waiver are fair and reasonable and as to voting on the resolutions to be proposed at the EGM to approve the Subscription and the Whitewash Waiver.

Pursuant to the Listing Rules, the Listing Rules Independent Board Committee (comprising all the independent non-executive Directors who have no material interest in the Subscription, namely Mr. Liu Changchun, Mr. Zhao Changsong and Ms. Lyu Qinghua) has been formed to advise the Independent Shareholders as to whether the terms of the Subscription are fair and reasonable, whether the Subscription is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and how to vote on the resolution to be proposed at the EGM to approve the Subscription.

The Independent Financial Adviser has been appointed pursuant to Rule 2.1 of the Takeovers Code with the approval of the Takeovers Code Independent Board Committee and pursuant to Rule 14A.44 of the Listing Rules with the approval of the Board to advise the Independent Board Committees and the Independent Shareholders on the matters described in the paragraphs above in respect of the Subscription and the Whitewash Waiver.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, pass the requisite resolutions to approve, among other things, the Subscription and the grant of the Specific Mandate, and the Whitewash Waiver.

A circular containing, among other things, (i) further details of the Subscription and the Specific Mandate; (ii) the Whitewash Waiver; (iii) a letter from the Independent Board Committees containing their advice to the Independent Shareholders in respect of the Subscription and the Whitewash Waiver; (iv) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committees and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver; and (v) a notice of EGM together with the form of proxy, is expected to be despatched to the Shareholders within 15 business days (i.e. days on which the Stock Exchange is open for the business of dealing in securities) from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier.

The Whitewash Waiver may or may not be granted by the Executive. The Whitewash Waiver, if granted, will be subject to, among other things, approval in respect of the Whitewash Waiver by at least 75% of the votes of the Independent Shareholders and in respect of the Subscription by more than 50% of the votes of the Independent Shareholders, in each case cast either in person or by proxy at the EGM. Completion is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions they should take.

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

On 29 September 2026 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe (or procure its nominated wholly-owned subsidiary to subscribe) for, 600,000,000 Shares at the Subscription Price of HK\$0.50065 per Subscription Share for a total consideration of approximately HK\$300.4 million in cash on and subject to the terms and conditions of the Subscription Agreement.

Set forth below are the principal terms of the Subscription Agreement:

Date

29 September 2026

Parties

- (i) the Company, as issuer
- (ii) the Subscriber, as subscriber

Subscription Shares

Upon Completion, 600,000,000 new Shares will be allotted and issued by the Company and subscribed for by the Subscriber (or its nominated wholly-owned subsidiary) in accordance with the terms and conditions of the Subscription Agreement.

The Subscription Shares represents:

- (i) approximately 15.00% of the issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 13.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no other change in the share capital of the Company from the date of this announcement up to the Completion Date).

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Subscription Price

The Subscription Price of HK\$0.50065 per Subscription Share represents:

- (i) a discount of approximately 7.29% to the closing price of HK\$0.5400 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 6.77% to the average of the closing prices as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Date of approximately HK\$0.5370 per Share;
- (iii) a discount of approximately 5.14% to the average of the closing prices as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to and including the Last Trading Date of approximately HK\$0.5278 per Share;
- (iv) a discount of approximately 1.31% to the average of the closing prices as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to and including the Last Trading Date of approximately HK\$0.5073 per Share; and
- (v) a premium of approximately 122.21% over the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2025 of approximately HK\$0.2253 per Share calculated based on (a) the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB813,846,000 as at 31 December 2025 as extracted from the annual report of the Company for the year ended 31 December 2025; (b) the number of issued Shares as at 31 December 2025, i.e. 4,000,000,000 Shares; and (c) the exchange rate of HK\$1: RMB0.90322 as at 31 December 2025 published by the State Administration of Foreign Exchange for illustration purposes.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to, among other things, the prevailing market price of the Shares and the market conditions, and the funding needs and financial position of the Group. As at the date of the Subscription Agreement, the closing price of the Shares as quoted on the Stock Exchange was HK\$0.5400 per Share.

The Directors (other than the members of the Independent Board Committees, who will express their views after receiving advice from the Independent Financial Adviser) consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the other Shares in issue as at the Completion Date, including the rights to all dividends and other distributions that may be declared, made or paid on or after the Completion Date.

Conditions to the Subscription

Completion is conditional upon:

- (a) all representations, warranties and undertakings given by the Company as at the date of the Subscription Agreement and as at Completion being true, accurate and not misleading in all respects in accordance with the facts and circumstances then existing;
- (b) (1) the existing listing status of the Shares on the Stock Exchange not having been withdrawn; (2) the Shares continuing to be traded on the Stock Exchange on or before the Completion Date (save for any suspension in trading (i) not exceeding five consecutive trading days (or such other period as the Subscriber may agree in writing); or (ii) pending publication of announcement in connection with the transaction contemplated under the Subscription Agreement or other announcement); and (3) none of the Stock Exchange and the SFC having indicated on or before the Completion Date that it will object to the continued listing of the Shares for reasons relating to or arising from the transaction contemplated under the Subscription Agreement;
- (c) pursuant to the Takeovers Code, the Listing Rules, the Cayman Islands Companies Act, the articles of association of the Company and/or other regulations, at the EGM, (1) the Subscription Agreement and the transaction contemplated thereunder and the grant of the Specific Mandate having been approved by more than 50% of the votes of the Independent Shareholders; and (2) the Whitewash Waiver having been approved by at least 75% of the votes of the Independent Shareholders, in each case cast either in person or by proxy;
- (d) the Listing Committee having granted the listing of, and permission to deal in, the Subscription Shares, and such listing and permission remaining in full force and effect;
- (e) the Executive having granted the Whitewash Waiver and such Whitewash Waiver remaining in full force and effect;

- (f) no regulatory authority having implemented or promulgated any laws, regulations or orders that may operate to prohibit the Subscription, and no court of competent jurisdiction having issued any order or injunction that may prohibit or prevent the Subscription;
- (g) the Subscriber having (i) obtained the outbound investment project filing notice or approval document issued by the Hebei Provincial Development and Reform Commission for the Subscription; (ii) obtained the “Enterprise Outbound Investment Certificate” and the corresponding filing/approval document issued by the Ministry of Commerce of Hebei Province for the Subscription; and (iii) completed the foreign exchange registration for outbound direct investment handled by a bank authorised by the State Administration of Foreign Exchange to conduct relevant businesses in accordance with applicable foreign exchange administrative regulations and obtained a valid foreign exchange business registration certificate, and such notice(s), approval and certificate(s) remaining valid and not having been revoked;
- (h) all necessary consents, permits and approval for the purpose of execution of the Subscription Agreement or completion of the transaction contemplated thereunder by the Company having been obtained from all relevant third parties (including but not limited to banks and other business partners); and
- (i) no material adverse change to the Group having occurred at any time prior to the Completion.

The Subscriber may, at its absolute discretion, waive any of the above conditions (other than conditions ((c), (d), (e), (f), (g) and (h))), which are not capable of being waived).

In relation to condition (g) listed above, it is expected that the relevant approval required will be obtained within about three to six months from the date of the Subscription Agreement.

As regards condition (h) listed above, the Group is required under certain existing loan agreements, finance lease agreements or their respective ancillary guarantee agreements to seek the consent or waiver of the lenders or the lessors in relation to the change in control of the Company that will result from the Subscription. It is expected that such consent or waiver will be obtained within approximately two months from the date of the Subscription Agreement.

As at the date of this announcement, none of the conditions listed above has been fulfilled or waived, and the Directors are not aware of any circumstances that might render any of such conditions precedent not capable of being fulfilled.

Termination of the Subscription Agreement

If any of the conditions (other than those that, by their terms, are to be satisfied at Completion) set forth in the section headed “Connected Transaction in Relation to Subscription of Shares under Specific Mandate – Conditions to the Subscription” in this announcement has not been satisfied or, as the case may be, waived by the Subscriber by 31 December 2026, all rights and obligations of the parties to the Subscription Agreement shall cease and determine forthwith and neither party shall have any claim against the other save in respect of any antecedent breach of the Subscription Agreement.

Completion

Completion shall take place on the fifth Business Day after the day of satisfaction (or, as the case may be, waiver) of the last condition set forth in the section headed “Connected Transaction in Relation to Subscription of Shares under Specific Mandate – Conditions to the Subscription” in this announcement (other than conditions (a), (b) and (i) which shall be satisfied simultaneously on the Completion Date), or such other date as the Subscriber and the Company may agree in writing.

Director Nomination Rights

Pursuant to the Subscription Agreement, the Subscriber is entitled to nominate not more than five individuals for appointment as Directors, including not less than two individuals who meet the applicable requirements under the Listing Rules and approved by the Company for appointment as independent non-executive Directors. Such appointments, after being approved pursuant to resolutions passed by the Board, should become effective on the Completion Date.

As at the date of this announcement, no specific candidate has been nominated or identified to the Company by the Subscriber for appointment to the Board. The Company will issue further announcement(s) setting out the change in Board composition and the biographical details of newly appointed Directors as and when appropriate in accordance with the requirements under the Listing Rules.

Completion is subject to the satisfaction of the conditions set forth in the Subscription Agreement, including, among other things, grant of the Whitewash Waiver by the Executive and approval of the Whitewash Waiver by the Independent Shareholders. In the event that the Whitewash Waiver is not so granted or approved, the Subscription will not proceed. As Completion may or may not take place, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INFORMATION OF THE GROUP

The Group is principally engaged in provision of rail freight transportation services in the PRC, and ancillary services including freight loading and unloading services, road freight transportation services and other services in the PRC.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a limited liability company established under the laws of the PRC which is wholly owned by Cangzhou Municipal People's Government State-owned Assets Supervision and Administration Commission* (滄州市人民政府國有資產監督管理委員會) as at the date of this announcement. The Subscriber is principally engaged in, among other things, construction, operation and management of transport infrastructure and investments in related industries in the PRC.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

The Subscriber confirms that, as at the date of this announcement:

- (a) save for the Subscription Agreement, none of the Subscriber and the parties acting in concert with it has acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months prior to and including the date of this announcement;
- (b) other than the Subscription, none of the Subscriber and the parties acting in concert with it will make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the date of this announcement and the Completion Date;
- (c) save as disclosed in the section headed "Effect on Shareholding Structure of the Company" in this announcement, there is no holding of voting rights in the Company or rights over any Shares which is owned, controlled or directed by the Subscriber or any parties acting in concert with it;
- (d) none of the Subscriber and the parties acting in concert with it holds any outstanding options, warrants or any securities convertible into Shares or any derivatives in respect of Shares, nor has any of them entered into any outstanding derivative in respect of securities in the Company;
- (e) save for the Subscription Agreement, none of the Subscriber and the parties acting in concert with it has entered into arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the Shares or the shares of the Subscriber and which might be material to the Subscription and/or the Whitewash Waiver;
- (f) none of the Subscriber and the parties acting in concert with it has received any irrevocable commitment from any person to vote for or against the resolutions to be proposed at the EGM to approve the Subscription and/or the Whitewash Waiver;
- (g) save for the Subscription Agreement, there are no agreements or arrangements to which any of the Subscriber and the parties acting in concert with it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and/or the Whitewash Waiver;

- (h) none of the Subscriber and the parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (i) save for the Subscription Price for the Subscription Shares payable under the Subscription Agreement, none of the Subscriber and the parties acting in concert with it has paid or will pay any other consideration, compensation or benefit in whatever form to the Company or any of the parties acting in concert with it in relation to the Subscription; and
- (j) save for the Subscription Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) the Subscriber or the parties acting in concert with it; and (2) (i) any Shareholder; or (ii) the Company, its subsidiaries or associated companies.

As at the date of this announcement, the Company confirms that, save for the Subscription Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) the Company, its subsidiaries or associated companies; and (2) (i) any Shareholder; or (ii) the Subscriber or the parties acting in concert with it.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group has been pursuing opportunities to strengthen its position as a regional rail freight transportation service provider and to expand its role in the integrated logistics network serving Cangzhou and the Port Huanghua region. The Group's railway, the Canggang Railway Line, which is strategically located and connected with the Beijing-Shanghai Railway Line, the Shuo-Huang Railway Line and the Han-Huang Railway Line, constitutes a key part of a comprehensive railway-port transportation network that links the western part of China to the Bohai New Area and Port Huanghua, supporting transportation of bulk cargo, containers, general cargo and other goods, as well as ancillary logistics services in its operating region.

In strict compliance with the Notice of the General Office of the State Council on Issuing the Work Plan for Promoting the Development of Multimodal Transportation and Optimising the Transportation Structure (2021-2025) and the Action Plan for Cost Reduction, Quality Improvement and Efficiency Enhancement in Transportation and Logistics issued by the Ministry of Transport and the National Development and Reform Commission, the Group has increased the volume of bulk cargoes, containers, general cargoes and other goods transported by railway and sea with an aim to protect the environment. In line with the government plans named above, the Group has continued to explore business opportunities relating to the Huanghua Port railway collection and distribution system (黃驊港鐵路集疏運體系) (“**Huanghua Port Railway C&D System**”), including opportunities to participate in transportation infrastructure and dispatch arrangements connecting Huanghua Port with inland railway resources.

At present, the Group's Canggang Railway Line is connected to Port Huanghua primarily through the connecting line of the Han-Huang Railway Line. In order to better capture cargo flow generated by Port Huanghua and to enhance the Group's participation in the port's collection and distribution network, the Group intends to establish the necessary railway, road freight transportation and/or ancillary facilities to strengthen the connection between Port Huanghua and the stations and facilities along the Group's Canggang Railway Line. Such link may include, among other things, construction or upgrading of railway facilities, deployment of AI-powered intelligent transportation infrastructure and facilities or other road connection arrangements, development of yards, loading and unloading facilities, dispatch and control systems, and other supporting infrastructure. Upon completion of the relevant facilities, the Group expects its railway network to become part of the broader logistics network of Port Huanghua, thereby improving cargo connectivity, broadening the Group's service coverage and enhancing its ability to provide integrated railway-road-water transportation solutions.

The Directors believe that the Subscription will provide the Group with additional long-term capital to support the above strategic development, reduce reliance on debt financing for capital expenditure, and strengthen the Group's capital base and financial flexibility. In addition, the Subscriber, being a municipal state-owned transportation platform in Cangzhou, is expected to bring local transportation resources, infrastructure development experience and strategic support to the Group. The Board considers that the Subscription will facilitate the Group's participation in the development of the Huanghua Port Railway C&D System, and promote coordination between railway, road, waterway and new energy transportation resources.

The Subscriber and the Company are based in the same municipality, Cangzhou. The Subscriber is a municipal state-owned transportation platform in Cangzhou, holds comprehensive local transportation assets including expressways, road freight fleets, logistics yards and port auxiliary facilities. The Board believes that the introduction of local state-owned capital as the largest Shareholder will bring robust resource synergy and financial backing. This strategic alignment is expected to unlock brand-new development opportunities for the Group, enhance its market competitiveness, and create long-term value for the Company and its Shareholders as a whole.

The Directors have considered various fundraising alternatives that will not result in dilution for the Shareholders, including debt financing and other equity fundraising activities such as rights issue and open offer. The Directors noted the following issues regarding such fundraising alternatives:

- the obtaining of additional debt financing, such as bank loans, will increase the Group's interest expense and financial burden. It will also have an unfavourable impact on the Group's financial position by increasing its gearing level and exposing it to higher financial risks. Moreover, the funds will only be available for a limited period of time and have to be repaid in full upon expiry of the term of the

borrowings. Where the lenders demand security for the borrowings, the Group's assets may have to be charged and become subject to encumbrances. Another drawback of debt financing is that it is generally subject to extensive and lengthy due diligence and negotiations over the terms, which is undesirable in that it will both increase the Group's administrative workload and cause delays in implementation of its business plans; and

- as regards rights issue or open offer, while they could theoretically avoid dilution by allowing all existing Shareholders to participate in the subscription of new Shares to be issued by the Company pro rata to their existing shareholding, the complication is that the Share price exhibited a general decreasing price trend in the preceding 12-month period, and the prevailing adverse market conditions have in general affected investor sentiment. As a result, the existing Shareholders might not be highly motivated to participate in any issue of new Shares, which would likely limit the amount of proceeds that the Company could raise. As compared with other fundraising activities, a rights issue or an open offer is also a relatively more complex exercise that involves (i) identification and engagement of underwriter(s) and negotiations of underwriting terms; (ii) substantial administrative work in relation to preparation and issue of offer documents; and (iii) considerable additional costs, such as fees and charges of reporting accountants, legal advisers, financial advisers and brokerage agents, printing charges of offer documents, and costs associated with registration and despatch of new Shares issued to a large number of Shareholders.

Taking into account such limitations of the fundraising alternatives and the potential advantages of the Subscriber's increased shareholding in the Company as discussed above, the Directors have singled out the Subscription as the most desirable fundraising method to meet the Group's capital needs.

Based on the factors discussed above, the Directors (other than the members of the Independent Board Committees, who will express their views after receiving advice from the Independent Financial Adviser) are of the view that the terms of the Subscription are fair and reasonable and in the interests of the Shareholders as a whole, and that the Subscription, although not being in the ordinary and usual course of business of the Group, is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Mr. Liu Yongliang, an executive Director, owns the entire issued share capital of Jinghai Group and is hence presumed to be acting in concert with the Subscriber in respect of the Company under Note 1 to class (1) of the definition of "acting in concert" under the Takeovers Code and deemed to be interested in the Subscription Agreement and the transaction contemplated thereunder. Save as disclosed above, as at the date of approval by the Board of such matters, none of the Directors or their respective close associates was materially interested in such matters. Mr. Liu Yongliang had abstained from voting on the Board resolutions approving such matters in accordance with the requirements under the articles of association of the Company.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The gross proceeds from the Subscription will be approximately HK\$300.4 million, while the net proceeds from the Subscription, after deducting all relevant fees, costs and expenses (including but not limited to professional advisors' fees and disbursements) incidental to the Subscription, are estimated to be approximately HK\$299.2 million. The estimated net Subscription Price, after deducting such fees, costs and expenses, is approximately HK\$0.49865 per Subscription Share.

The Company intends to apply the net proceeds from the Subscription as follows:

- (i) approximately HK\$260.3 million, representing approximately 87% of the net proceeds from the Subscription, for the capital expenditure and other related expenditure in connection with the establishment of the necessary railway, road freight transportation and/or ancillary facilities to link Port Huanghua with the relevant railway station of the Group's Canggang Railway Line, including but not limited to construction, acquisition, upgrading or improvement of railway connection facilities, deployment of AI-powered transportation infrastructure and facilities or other road connection arrangements, development of yards, loading and unloading facilities, dispatch and control systems, and other supporting infrastructure;
- (ii) approximately HK\$29.9 million, representing approximately 10% of the net proceeds from the Subscription, for the upgrade and modification of railway turnouts along the Canggang Railway Line, including the replacement, improvement and related installation works of turnouts and ancillary railway facilities, with a view to enhancing operational safety, transportation efficiency and line capacity; and
- (iii) approximately HK\$9.0 million, representing approximately 3% of the net proceeds from the Subscription, for the upgrade and enhancement of the Group's existing intelligent dispatching systems and computer-based railway signalling systems for the Canggang Railway Line, including replacement, optimisation or improvement of relevant hardware, software and communication equipment, system compatibility enhancement, testing, commissioning and other related expenditure, with a view to improving the Group's dispatching efficiency, signalling reliability and digital operation capabilities.

FUND RAISING ACTIVITY BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any fund-raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set forth below are the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after Completion, assuming that there is no other change in the share capital and shareholding structure of the Company from the date of this announcement up to the Completion Date:

Shareholder	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Subscriber and parties presumed to be acting in concert with it				
Jinghai Group (<i>Note 1</i>)	1,613,558,000	40.34	1,613,558,000	35.08
Subscriber (<i>Note 2</i>)	1,159,300,000	28.98	1,759,300,000	38.25
<i>Subtotal</i>	2,772,858,000	69.32	3,372,858,000	73.32
Greenport Railway (<i>Note 3</i>)	72,000,000	1.80	72,000,000	1.57
<i>Subtotal for non-public Shareholders</i>	2,844,858,000	71.12	3,444,858,000	74.89
Public Shareholders	1,155,142,000	28.88	1,155,142,000	25.11
Total	4,000,000,000	100.00	4,600,000,000	100.00

Note:

- (1) Jinghai Group is directly wholly owned by Mr. Liu Yongliang, an executive Director, as at the date of this announcement. Jinghai Group is presumed to be acting in concert with the Subscriber in respect of the Company under class (1) of the definition of “acting in concert” under the Takeovers Code, given that Jinghai Group and the Subscriber each own more than 20% of the voting rights of the Company as at the date of this announcement and are hence each an associated company of the Company.
- (2) As at the date of this announcement, the Subscriber holds 1,159,300,000 Shares. Pursuant to the Subscription Agreement, the Subscriber shall subscribe, or procure its nominated wholly-owned subsidiary to subscribe, for the Subscription Shares, i.e. 600,000,000 new Shares. Accordingly, 1,759,300,000 Shares represent the total number of Shares to be held by the Subscriber and such nominated wholly-owned subsidiary of the Subscriber (if any) upon Completion.
- (3) Greenport Railway is directly wholly owned by Mr. Yi Weiming, an executive Director.

As at the date of this announcement, other than the 4,000,000,000 Shares in issue, the Company has no other convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

APPLICATION FOR LISTING OF SUBSCRIPTION SHARES

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber holds 1,159,300,000 Shares, representing approximately 28.98% of the issued share capital of the Company. Upon Completion, assuming that there is no other change in the issued share capital of the Company from the date of this announcement to the Completion (save and except for the allotment and issue of the Subscription Shares), the shareholding of the Subscriber in the Company will increase from approximately 28.98% to 38.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no other change in the share capital of the Company from the date of this announcement up to the Completion Date). Accordingly, under Rule 26.1 of the Takeovers Code, the allotment and issue of the Subscription Shares would give rise to an obligation on the part of the Subscriber to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and the parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

The Subscriber will make an application to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code for the Whitewash Waiver from compliance with the obligation to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and the parties acting in concert with it) under Rule 26.1 of the Takeovers Code in connection with the subscription of the Subscription Shares. The Whitewash Waiver, if granted, will be subject to, among other things, approval in respect of the Whitewash Waiver by at least 75% of the votes of the Independent Shareholders and in respect of the Subscription by more than 50% of the votes of the Independent Shareholders, in each case cast either in person or by proxy by way of poll at the EGM.

The Subscriber, its associates, and the parties acting in concert with any of them (including Jinghai Group, which is presumed to be acting in concert with the Subscriber in respect of the Company under class (1) of the definition of “acting in concert” under the Takeovers Code), and all other Shareholders who are involved or interested in the Subscription or the Whitewash Waiver (including Greenport Railway which is directly wholly owned by Mr. Yi Weiming, an executive Director who has been involved in discussion about the Subscription with the Subscriber) will be required to abstain from voting on the resolutions to be proposed at the EGM to approve the Subscription and the Whitewash Waiver.

The Executive may or may not grant the Whitewash Waiver. The Subscription will not proceed if the Whitewash Waiver is not granted.

As at the date of this announcement, the Company is not aware that the Subscription gives rise to any concern in relation to compliance with any other applicable rule or regulation (including the Listing Rules). In the event that any such concern arises after the issue of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular to the Shareholders in respect of the Subscription and the Whitewash Waiver. The Company is aware that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber is a substantial shareholder of the Company and hence a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction and is subject to the announcement, circular, Independent Shareholders' approval and reporting requirements under Chapter 14A of the Listing Rules.

The Subscriber and all other Shareholders who have a material interest in the Subscription (if any) are required under the Listing Rules to abstain from voting on the resolutions to be proposed at the EGM to approve the Subscription.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code Independent Board Committee (comprising all the non-executive Directors who have no direct or indirect interest in the Subscription or the Whitewash Waiver, namely Mr. Xu Zhihua, Mr. Liu Changchun, Mr. Zhao Changsong and Ms. Lyu Qinghua) has also been formed to make recommendations as to whether the Subscription and the Whitewash Waiver are fair and reasonable and as to voting on the resolutions to be proposed at the EGM to approve the Subscription and the Whitewash Waiver.

Pursuant to the Listing Rules, the Listing Rules Independent Board Committee (comprising all the independent non-executive Directors who have no material interest in the Subscription, namely Mr. Liu Changchun, Mr. Zhao Changsong and Ms. Lyu Qinghua) has been formed to advise the Independent Shareholders as to whether the terms of the Subscription are fair and reasonable, whether the Subscription is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and how to vote on the resolution to be proposed at the EGM to approve the Subscription.

The Independent Financial Adviser has been appointed pursuant to Rule 2.1 of the Takeovers Code with the approval of the Takeovers Code Independent Board Committee and pursuant to Rule 14A.44 of the Listing Rules with the approval of the Board to advise the Independent Board Committees and the Independent Shareholders on the matters described in the paragraphs above in respect of the Subscription and the Whitewash Waiver.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, pass the requisite resolutions to approve, among other things, the Subscription and the grant of the Specific Mandate, and the Whitewash Waiver.

The voting at the EGM will be conducted by way of poll.

The Subscription and the Whitewash Waiver are subject to approval by more than 50% and at least 75% of the votes cast by the Independent Shareholders either in person or by proxy respectively at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Subscription and the Specific Mandate; (ii) the Whitewash Waiver; (iii) a letter from the Independent Board Committees containing their advice to the Independent Shareholders in respect of the Subscription and the Whitewash Waiver; (iv) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committees and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver; and (v) a notice of EGM together with the form of proxy, is expected to be despatched to the Shareholders within 15 business days (i.e. days on which the Stock Exchange is open for the business of dealing in securities) from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier. The Company will seek the Executive's consent if it becomes clear that the circular may not be able to be issued within 21 days from the date of this announcement and will apply to the Executive for an extension of the despatch date of the circular. In that event, further announcement(s) will be made by the Company as and when appropriate.

The Whitewash Waiver may or may not be granted by the Executive. The Whitewash Waiver, if granted, will be subject to, among other things, approval in respect of the Whitewash Waiver by at least 75% of the votes of the Independent Shareholders and in respect of the Subscription by more than 50% of the votes of the Independent Shareholders, in each case cast either in person or by proxy at the EGM. Completion is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. In the event that the Whitewash Waiver is not so granted or approved, the Subscription will not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions they should take.

DEFINITIONS

In this announcement, the following terms shall have the meanings set forth below unless otherwise specified or the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“associated company”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business throughout the normal business hours
“Company”	Canggang Railway Limited, an exempted company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the date on which the Completion takes place pursuant to the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, pass the requisite resolutions to approve, among other things, the Subscription and the grant of the Specific Mandate, and the Whitewash Waiver

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Greenport Railway”	Greenport Railway Limited, a limited liability company incorporated under the laws of the British Virgin Islands which is directly wholly owned by Mr. Yi Weiming, an executive Director, as at the date of this announcement
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committees”	collectively, the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committees and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver
“Independent Shareholders”	the Shareholders other than (i) the Subscriber, its associates, and the parties acting in concert with any of them (including Jinghai Group, which is presumed to be acting in concert with the Subscriber in respect of the Company under class (1) of the definition of “acting in concert” under the Takeovers Code); (ii) all other Shareholders who have a material interest in the Subscription and are required under the Listing Rules to abstain from voting on the resolutions to be proposed at the EGM to approve the Subscription (if any); and (iii) all other Shareholders who are involved or interested in the Subscription or the Whitewash Waiver and are required to be excluded under Note 1 on dispensations from Rule 26 of the Takeovers Code (including Greenport Railway which is directly wholly owned by Mr. Yi Weiming, an executive Director who has been involved in discussion about the Subscription with the Subscriber)

“Jinghai Group”	Jinghai Group Investment Limited (京海集團投資有限公司), a limited liability company incorporated under the laws of the British Virgin Islands which is directly wholly owned by Mr. Liu Yongliang, an executive Director, as at the date of this announcement
“Last Trading Date”	28 September 2026, being the last trading day prior to the signing of the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Rules Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors who have no material interest in the Subscription (namely Mr. Liu Changchun, Mr. Zhao Changsong and Ms. Lyu Qinghua), which is formed in accordance with the Listing Rules to advise the Independent Shareholders in respect of the Subscription
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM for the Directors to allot and issue the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Hebei Cangzhou Traffic Holding Group Co., Ltd* (河北滄州交控集團有限責任公司), a limited liability company established under the laws of the PRC which is wholly owned by Cangzhou Municipal People’s Government State-owned Assets Supervision and Administration Commission* (滄州市人民政府國有資產監督管理委員會) as at the date of this announcement
“Subscription”	the subscription of the Subscription Shares by the Subscriber (or its nominated wholly-owned subsidiary) pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 29 September 2026 entered into between the Company as the issuer and the Subscriber as the subscriber
“Subscription Price”	HK\$0.50065 per Subscription Share
“Subscription Shares”	600,000,000 new Shares to be allotted and issued by the Company to the Subscriber (or its nominated wholly-owned subsidiary) pursuant to the Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers, as amended, modified and supplemented from time to time
“Takeovers Code Independent Board Committee”	an independent board committee of the Company comprising all the non-executive Directors who have no direct or indirect interest in the Subscription or the Whitewash Waiver (namely Mr. Xu Zhihua, Mr. Liu Changchun, Mr. Zhao Changsong and Ms. Lyu Qinghua), which is formed in accordance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders in respect of the Subscription and the Whitewash Waiver

“Whitewash Waiver”

the whitewash waiver being sought to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Subscriber to make a mandatory general offer under Rule 26 of the Takeovers Code for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and the parties acting in concert with it) which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement

“%”

per cent

By order of the Board
Canggang Railway Limited
Liu Yongliang
Chairman

Hong Kong, 29 September 2026

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* For identification purpose only