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Canggang Railway Limited

滄港鐵路有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2169)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS

The Board of Canggang Railway Limited is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

| | Year ended 31 December | |
|---|-------------------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 258,934 | 349,048 |
| Operating profit | 106,251 | 109,546 |
| Profit before taxation | 76,662 | 84,678 |
| Profit for the year | 55,082 | 58,566 |
| Earnings per share, basic and diluted (RMB cents) | 1.47 | 1.52 |

The Board recommended the payment of a final dividend of RMB0.6 cent per share for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

| | <i>Notes</i> | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| Revenue | 3 | 258,934 | 349,048 |
| Operating expenses: | | | |
| Staff costs | 5(b) | (54,945) | (57,106) |
| Outsourcing service charges and other labor costs | | (20,860) | (56,207) |
| Cargo logistics | | (24,131) | (26,080) |
| Depreciation | 5(c) | (35,671) | (36,494) |
| Fuel used | | (23,502) | (25,536) |
| Repairs and maintenance | | (14,225) | (11,586) |
| General and administration expenses | | (9,945) | (11,496) |
| Impairment reversal/(loss) of trade receivables | | 56 | (292) |
| Other expenses | | (10,343) | (19,503) |
| Total operating expenses | | (193,566) | (244,300) |
| Other income, net | 4 | 40,883 | 4,798 |
| Operating profit | | 106,251 | 109,546 |
| Finance costs | 5(a) | (29,589) | (24,868) |
| Profit before taxation | 5 | 76,662 | 84,678 |
| Income tax | 6 | (21,580) | (26,112) |
| Profit for the year | | 55,082 | 58,566 |
| Attributable to: | | | |
| Equity owners of the Company | | 56,461 | 58,978 |
| Non-controlling interests | | (1,379) | (412) |
| Profit for the year | | 55,082 | 58,566 |
| | | | (Restated) |
| Earnings per share (RMB cents) | | | |
| – Basic and diluted | 8 | 1.47 | 1.52 |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | 2024 | 2023 |
|--|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit for the year | 55,082 | 58,566 |
| Other comprehensive income for the year (after tax): | | |
| Item that may be reclassified subsequently to profit or loss: | | |
| – Exchange differences on translation into presentation currency of the Group | (1,167) | 524 |
| Total comprehensive income for the year | 53,915 | 59,090 |
| Attributable to: | | |
| Equity owners of the Company | 55,294 | 59,502 |
| Non-controlling interests | (1,379) | (412) |
| Total comprehensive income for the year | 53,915 | 59,090 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| | <i>Notes</i> | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|--------------|-------------------------------|------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 776,932 | 787,164 |
| Right-of-use assets | | 189,009 | 184,204 |
| Financial assets at fair value through profit or loss | 11 | 38,418 | – |
| Deferred tax assets | | 961 | 6,381 |
| Prepayments and other receivables | 10 | 39,273 | 5,671 |
| | | <u>1,044,593</u> | <u>983,420</u> |
| Current assets | | | |
| Inventories | | 46,664 | 56,096 |
| Trade and bills receivables | 9 | 81,274 | 71,356 |
| Prepayments and other receivables | 10 | 46,026 | 102,719 |
| Cash and cash equivalents | | 155,992 | 112,392 |
| | | <u>329,956</u> | <u>342,563</u> |
| Current liabilities | | | |
| Bank and other loans | 15 | 157,155 | 202,073 |
| Trade payables | 12 | 23,444 | 19,498 |
| Other payables | 13 | 7,709 | 23,903 |
| Contract liabilities | 14 | 6,269 | 7,113 |
| Current taxation | | 8,365 | 7,632 |
| | | <u>202,942</u> | <u>260,219</u> |
| Net current assets | | <u>127,014</u> | <u>82,344</u> |
| Total assets less current liabilities | | <u>1,171,607</u> | <u>1,065,764</u> |
| Non-current liabilities | | | |
| Bank and other loans | 15 | 364,612 | 290,683 |
| NET ASSETS | | <u>806,995</u> | <u>775,081</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | | 8,607 | 8,607 |
| Reserves | | 770,637 | 737,344 |
| Total equity attributable to equity owners of the Company | | <u>779,244</u> | <u>745,951</u> |
| Non-controlling interests | | <u>27,751</u> | <u>29,130</u> |
| TOTAL EQUITY | | <u>806,995</u> | <u>775,081</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1 CORPORATE INFORMATION

Canggang Railway Limited (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 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except for certain financial instruments which are measured at their fair values.

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

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

(c) **Changes in accounting policies**

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

| | |
|--------------------------------|---|
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3 REVENUE

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

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

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Revenue from contracts with customers | | |
| Disaggregated by major service lines: | | |
| – Rail freight transportation | <u>222,443</u> | <u>243,523</u> |
| – Ancillary services | | |
| – Loading and unloading | 27,473 | 25,748 |
| – Road freight transportation | 939 | 5,462 |
| – Construction, maintenance and repair | 6,963 | 70,209 |
| – Others | <u>1,116</u> | <u>4,106</u> |
| Subtotal | <u>36,491</u> | <u>105,525</u> |
| | <u>258,934</u> | <u>349,048</u> |

- (ii) For the years ended 31 December 2024 and 2023, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are set out below:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|------------|------------------------|------------------------|
| Customer A | 82,017 | 90,828 |
| Customer B | 47,025 | 45,030 |
| Customer C | 31,386 | * |
| Customer D | * | 62,385 |
| | <u> </u> | <u> </u> |

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

4 OTHER INCOME, NET

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Net income/(loss) on trading business | 11,666 | (3,807) |
| Consultation service income | 5,697 | – |
| Government grants | 282 | 3,291 |
| Interest income from bank deposits | 1,806 | 3,489 |
| Interest income from a loan to a third party | 213 | 299 |
| Compensation income | – | 492 |
| Net (losses)/gains on disposal of property, plant and equipment | (160) | 902 |
| Gain on lease remeasurement | 1,384 | – |
| Net losses on liquidation of an associate | – | (167) |
| Gain on financial assets at fair value through profit or loss | 19,453 | – |
| Others | 542 | 299 |
| | <u> </u> | <u> </u> |
| | <u>40,883</u> | <u>4,798</u> |

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Total interest expense on bank and other loans | <u>29,589</u> | <u>24,868</u> |

| | | |
|--|----------------------|----------------|
| (b) Staff costs: | | |
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Salaries, wages and other benefits | 48,446 | 49,264 |
| Contributions to defined contribution retirement plans | 6,499 | 7,842 |
| | <u>54,945</u> | <u>57,106</u> |
| (c) Other items: | | |
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Depreciation | | |
| – property, plant and equipment | 31,219 | 31,904 |
| – right-of-use assets | 4,465 | 4,590 |
| | <u>35,684</u> | <u>36,494</u> |
| Less: depreciation capitalised in the cost of qualifying assets | <u>(13)</u> | <u>–</u> |
| | <u>35,671</u> | <u>36,494</u> |
| Short-term lease charges with remaining lease term of not more than 12 months | 99 | 247 |
| Auditors' remuneration | | |
| – annual audit services | 870 | 1,300 |
| Cost of inventories | 24,176 | 31,673 |
| | <u>24,176</u> | <u>31,673</u> |

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | | |
|---|----------------------|----------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Current tax | | |
| Provision for the year | 16,231 | 26,700 |
| Over-provision in previous years | (71) | – |
| | <u>16,160</u> | <u>26,700</u> |
| Deferred tax | | |
| Origination and reversal of temporary differences | 5,420 | (588) |
| | <u>5,420</u> | <u>(588)</u> |
| | <u>21,580</u> | <u>26,112</u> |

7 DIVIDENDS

(i) Dividends payable to owners of the Company attributable to the year

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Final dividend proposed after the end of the reporting period of RMB0.6 cent per ordinary share (2023: RMB0.6 cent) | <u>24,000</u> | <u>24,000</u> |

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

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

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Final dividend in respect of the previous year, approved and paid during the year, of RMB0.6 cent per ordinary share (2023: RMB2.80 cents) | <u>22,001</u> | <u>28,000</u> |

8 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year ended 31 December 2024 is calculated based on the profit attributable to owners of the Company of RMB56,461,000 (2023: RMB58,978,000) and the weighted average of 3,847,792,000 ordinary shares in issue during the year (2023: 3,870,674,592 ordinary shares in issue during the year), calculated as follows:

| | 2024 | 2023 (Restated) |
|---|----------------------|----------------------|
| Issued ordinary shares at 1 January | 3,847,792,000 | 3,908,800,000 |
| Effect of shares purchased in respect of the share award scheme | <u>—</u> | <u>(38,125,408)</u> |
| Weighted average number of ordinary shares at 31 December | <u>3,847,792,000</u> | <u>3,870,674,592</u> |

Weighted average number of ordinary shares in issue and basic earnings per share were stated after taking into account the effect of the share subdivision. Comparative figures have also been restated on the assumption that the share subdivision had been effective in prior year.

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2024 and 2023.

9 TRADE AND BILLS RECEIVABLES

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Trade receivables | 58,261 | 47,370 |
| Bills receivables (<i>Note (ii)</i>) | <u>23,013</u> | <u>23,986</u> |
| | <u><u>81,274</u></u> | <u><u>71,356</u></u> |

Notes:

- (i) All of the trade and bills receivables, net of loss allowance, are expected to be recovered within one year.
- (ii) At 31 December 2024, the carrying amounts of the Group's bills receivables that have been endorsed to the Group's suppliers and other creditors for the settlement of the Group's trade and other payables but have not been derecognised in the consolidated financial statements were RMBNil (2023: RMB2,200,000).

Aging analysis

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

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| Within 1 month | 32,304 | 32,643 |
| 1-6 months | 14,755 | 11,270 |
| 6-12 months | 8,597 | 3,383 |
| More than 12 months | <u>2,605</u> | <u>74</u> |
| | <u><u>58,261</u></u> | <u><u>47,370</u></u> |

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

10 PREPAYMENTS AND OTHER RECEIVABLES

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Receivables relating to disposal of property, plant and equipment | 2,884 | 5,635 |
| Receivables relating to liquidation of an associate | – | 3,281 |
| Receivables relating to disposal of an associate | 700 | 1,139 |
| Other receivables | 3,088 | – |
| Loan to a third party (<i>Note (i)</i>) | – | 29,000 |
| | <hr/> | <hr/> |
| Financial assets measured at amortised cost | 6,672 | 39,055 |
| | <hr/> | <hr/> |
| Value-added tax recoverable | 1,374 | 1,636 |
| Prepayments for constructions | 39,273 | 3,780 |
| Deposits for other purpose | 1,480 | 2,912 |
| Prepayments for purchase of inventories and prepaid expenses | 36,500 | 61,007 |
| | <hr/> | <hr/> |
| | 85,299 | 108,390 |
| | <hr/> | <hr/> |
| Less: Non-current portion | | |
| – Prepayments for constructions (<i>Note (ii)</i>) | (39,273) | (3,780) |
| – Receivables relating to disposal of property, plant and equipment (<i>Note (ii)</i>) | – | (1,891) |
| | <hr/> | <hr/> |
| Current portion of prepayments and other receivables | 46,026 | 102,719 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes:

- (i) On 19 December 2023, Canggang Company and Beijing Tianrun Botian Investment Management Co., Ltd. (北京天潤博天投資管理有限公司)*, entered into a short-term loan agreement of RMB29,000,000 with a loan period from 19 December 2023 to 22 January 2024 and an interest rate of 15% per annum. The loan receivable and interest was fully settled on 22 January 2024.

* The official name of this entity is in Chinese. The English translation name is for identification purpose only.

- (ii) Except for the non-current portion of prepayments for constructions, other prepayments and other receivables, net of loss allowance, are expected to be recovered or recognised as expenses within one year.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets measured at FVTPL:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Listed securities held for trading: | | |
| – Equity securities listed in Hong Kong | 34,454 | – |
| Unlisted equity securities | <u>3,964</u> | <u>–</u> |
| | <u><u>38,418</u></u> | <u><u>–</u></u> |

12 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:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|----------------|------------------------|------------------------|
| Within 1 month | 13,320 | 11,831 |
| 1 to 3 months | 3,923 | 2,906 |
| 3 to 6 months | 2,638 | 3,515 |
| 6 to 12 months | 1,663 | 349 |
| Over 12 months | <u>1,900</u> | <u>897</u> |
| | <u><u>23,444</u></u> | <u><u>19,498</u></u> |

13 OTHER PAYABLES

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Payables for acquisitions of property, plant and equipment | 203 | 7,449 |
| Payables for acquisitions of right-of-use assets | – | 5,530 |
| Payables for staff costs and other labor costs | 1,912 | 5,052 |
| Dividends payable | 2,432 | 2,380 |
| Others | <u>3,162</u> | <u>3,492</u> |
| Financial liabilities measured at amortised cost | <u><u>7,709</u></u> | <u><u>23,903</u></u> |

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

14 CONTRACT LIABILITIES

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Prepayments received from customers for rail freight transportation and related ancillary services | 3,268 | 4,084 |
| Prepayments received from customers for trading business | <u>3,001</u> | <u>3,029</u> |
| | <u>6,269</u> | <u>7,113</u> |

15 BANK AND OTHER LOANS

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

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--------------|------------------------|------------------------|
| Bank loans: | | |
| – Secured | 378,504 | 383,526 |
| – Unsecured | <u>48,059</u> | <u>47,071</u> |
| | <u>426,563</u> | <u>430,597</u> |
| Other loans: | | |
| – Secured | 93,652 | 60,659 |
| – Unsecured | <u>1,552</u> | <u>1,500</u> |
| | <u>95,204</u> | <u>62,159</u> |
| | <u>521,767</u> | <u>492,756</u> |

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

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

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|----------------------------------|------------------------|------------------------|
| Within 1 year or on demand | <u>157,155</u> | <u>202,073</u> |
| After 1 year but within 2 years | 187,744 | 128,266 |
| After 2 years but within 5 years | <u>176,868</u> | <u>162,417</u> |
| | <u>364,612</u> | <u>290,683</u> |
| | <u>521,767</u> | <u>492,756</u> |

- (c) At 31 December 2024, the Group's secured bank loans of RMB378,504,000 (2023: RMB383,526,000) were secured by the following assets and future rail transportation revenue of the Group:

| | 2024 | 2023 |
|-------------------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Carrying amount: | | |
| Property, plant and equipment | 6,976 | 7,297 |
| Right-of-use assets | 103,602 | 112,385 |
| | <u>110,578</u> | <u>119,682</u> |

Included in the Group's secured bank loans as at 31 December 2024, RMB48,048,000 (2023: RMB50,041,000) were also guaranteed by Cangzhou Railway Logistics Services Company Limited ("Cangzhou Logistics"), a wholly-owned subsidiary of the Company.

- (d) At 31 December 2024, the Group's secured other loans of RMB93,652,000 (2023: RMB60,659,000) were secured by the following assets of the Group:

| | 2024 | 2023 |
|-------------------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Carrying amount: | | |
| Property, plant and equipment | 190,193 | 127,860 |

Included in the Group's secured other loans as at 31 December 2024, RMB63,130,000 (2023: RMB9,020,000) were guaranteed by Cangzhou Logistics and RMB30,523,000 (2023: RMB51,639,000) were secured by equity interests of Canggang Company held by Cangzhou Logistics.

- (e) As at 31 December 2024, the Group's unsecured bank loans amounting to RMB48,059,000 (2023: RMB47,071,000), guaranteed by Cangzhou Logistics, are interest-bearing at 4.50% (2023: 5.50%) per annum.

As at 31 December 2024, the Group's unsecured other loans amounting to RMB1,552,000 (2023: RMB1,500,000) are interest-bearing at 4.75% (2023: 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:

| | 2024 | | 2023 | |
|--|---------------|-----------------------|---------------|-----------------------|
| | Effective | | Effective | |
| | interest rate | | interest rate | |
| | % | <i>RMB'000</i> | % | <i>RMB'000</i> |
| Fixed rate borrowings | | | | |
| Bank loans | 3.65%-5.5% | 383,005 | 3.0%-5.5% | 430,597 |
| Other loans | 4.0%-6.56% | 95,204 | 4.0%-4.75% | 62,159 |
| | | <u>478,209</u> | | <u>492,756</u> |
| Variable rate borrowings | | | | |
| Bank loans | 4.8% | 43,558 | - | - |
| Total borrowings | | <u><u>521,767</u></u> | | <u><u>492,756</u></u> |
| Fixed rate borrowings as a percentage of total borrowings | | <u><u>92%</u></u> | | <u><u>100%</u></u> |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

The year of 2024 was a pivotal year for the Company, marked by a commitment to staying open-minded, embracing change, overcoming challenges and developing with innovation despite extremely complex and challenging market conditions. Over the past year, the production and operations of the Company have been under tremendous pressure and challenges due to a variety of unfavorable factors, including prolonged decline in coal prices, profound shifts in the market structure, the sluggish recovery of the national macro-economy and weak end-user demand. In response to these challenging conditions, the management of the Company adhered to the “Railway+” strategy as a guide, closely focusing on market development with a market-oriented and efficiency-centered manner. We convened a number of market analysis seminars to thoroughly analyze the market situation and formulate targeted response measures. By adopting our business direction and adjusting marketing strategies in a timely manner, we successfully stabilized our operations under difficult market conditions and maintained a healthy development trend.

The marketing team guided by the principles of “overseas expansion” and “extensive investigation and research” as instructed by the management, carried out multiple visits to upstream markets, including Shaanxi, Inner Mongolia, Ningxia, Xinjiang and Gansu. These efforts aimed to engaged with key customers to promote and publicize the competitive advantages of “Canggang Railway Line – Port Huanghua”, gather market information, understand customer needs and explore new market opportunities. As a result of our efforts, we achieved significant growth in certain areas during the Reporting Period. In particular, rail freight transportation of gravel reached 2.3 million tonnes, representing a year-on-year increase of 43.8% or 0.7 million tonnes. Rail freight transportation of ore fines totaled 3.3 million tonnes, a year-on-year increase of 77.5% or 1.5 million tonnes. In addition, rail freight transportation of semi-coke reached 1.3 million tonnes, marking a year-on-year increase of 72.1% or 0.6 million tonnes. However, during the Reporting Period, rail freight transportation of coal, coke and oil products declined to 7.1 million tonnes, a year-on-year decrease of 29.7% or 3.0 million tonnes. This reduction in transportation volumes was largely offset by the significant increase in the transportation volumes of gravel, ore fines and semi-coke.

During the Reporting Period, we completed a total transportation of 15.4 million tonnes of cargo, representing a decrease of 3.1% or 0.5 million tonnes compared to 15.9 million tonnes for the year ended 31 December 2023.

FUTURE DEVELOPMENT

As at 31 December 2024, 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

| | For the year ended 31 December | | | |
|--------------------------------------|---|--------------------|-----------------------|--------------------|
| | 2024 | | 2023 | |
| | <i>RMB in thousands, other than percentages</i> | | | |
| Rail freight transportation | 222,443 | 85.9% | 243,523 | 69.8% |
| Ancillary services | | | | |
| Loading and unloading | 27,473 | 10.6% | 25,748 | 7.4% |
| Road freight transportation | 939 | 0.4% | 5,462 | 1.5% |
| Construction, maintenance and repair | 6,963 | 2.7% | 70,209 | 20.1% |
| Others | 1,116 | 0.4% | 4,106 | 1.2% |
| Subtotal | <u>36,491</u> | <u>14.1%</u> | <u>105,525</u> | <u>30.2%</u> |
| Total | <u><u>258,934</u></u> | <u><u>100%</u></u> | <u><u>349,048</u></u> | <u><u>100%</u></u> |

Our revenue decreased by 25.8% or RMB90.1 million from RMB349.0 million for the year ended 31 December 2023 to RMB258.9 million for the Reporting Period. The decrease was primarily due to the decrease in revenue from rail freight transportation of RMB21.1 million and ancillary businesses of RMB69.0 million.

Our revenue from rail freight transportation decreased by 8.7% or RMB21.1 million from RMB243.5 million for the year ended 31 December 2023 to RMB222.4 million for the Reporting Period, mainly due to the reduction in the transportation of coal resulting from a decrease in market demand for coal in 2024, but the impact of the reduction in the transportation of coal was partially offset by the higher degree of growth of the transportation of gravel, ore fines and semi-coke.

Our revenue from ancillary businesses decreased by 65.4% or RMB69.0 million from RMB105.5 million for the year ended 31 December 2023 to RMB36.5 million for the Reporting Period. This decrease in revenue from ancillary businesses was primarily attributable to the decline in revenue from construction services (our revenue from construction, maintenance and repair was RMB7.0 million for the Reporting Period, representing a decrease of RMB63.2 million from RMB70.2 million for the year ended 31 December 2023, which was mainly because we undertook the construction of a special railway line for our customer of RMB62.4 million for the year ended 31 December 2023) and revenue from road freight transportation during the Reporting Period as a result of the market downturn.

Operating expenses

Our operating expenses include staff costs, outsourcing service charges and other labor costs, cargo logistics, depreciation, fuel used, repairs and maintenance, general and administration expenses, impairment loss on trade receivables and other expenses. Operating expenses decreased by 20.8% or RMB50.7 million from RMB244.3 million for the year ended 31 December 2023 to RMB193.6 million for the Reporting Period. This decrease in operating expenses was primarily due to a decline in the construction business during the Reporting Period, which resulted in a reduction in other expenses, outsourcing service charges and other labor costs totalling RMB36.3 million. During the Reporting Period, our operating expenses decreased by approximately RMB14.0 million due to a reduction in rail freight transportation and the implementation of initiatives by the Company to reduce manpower, expenditure and consumption while enhancing efficiency.

To improve the Company's liquidity, we have maintained strict control over outstanding receivables with our senior management regularly reviewing overdue balances to mitigate our credit risk. As a result of these efforts, the recovery of our trade receivables was satisfactory, with a reversal of impairment of trade receivables amounting to RMB0.1 million. Additionally our trade and bills receivables increased by 13.9% or RMB9.9 million from RMB71.4 million for the year ended 31 December 2023 to RMB81.3 million for the Reporting Period.

Other income, net

Our other income, net increased by 752.1% or RMB36.1 million from RMB4.8 million for the year ended 31 December 2023 to RMB40.9 million for the Reporting Period, primarily due to the income generated from trading business and the increase in fair value gains on financial assets at fair value through profit or loss during the Reporting Period, compared with the corresponding period last year.

Segment result and segment margin

For our rail freight transportation, the segment result was RMB105.7 million and RMB93.4 million and the segment margin was 43.4% and 42.0%, for the years ended 31 December 2023 and 2024, respectively. The decrease in segment result and segment margin was primarily due to the reduction in rail freight transportation and the decrease in average freight rates.

For our ancillary businesses, the segment result amounted to RMB10.9 million and loss of RMB18.1 million and the segment margin amounted to 10.3% and -49.7%, for the years ended 31 December 2023 and 2024, respectively. The decrease in segment result and segment margin was mainly attributable to the significant decline in the construction services business as a result of market downturn. Further, less revenue was generated from our road freight transportation business, which has high fixed cost due to the depreciation of vehicles.

Finance costs

Our finance costs increased by 19.0% or RMB4.7 million from RMB24.9 million for the year ended 31 December 2023 to RMB29.6 million for the Reporting Period, mainly due to the increase in borrowing.

Income tax expense

Our income tax expense decreased by 17.4% or RMB4.5 million from RMB26.1 million for the year ended 31 December 2023 to RMB21.6 million for the Reporting Period mainly due to the decrease in profit. Our effective tax rate decreased by 2.7% from 30.8% for the year ended 31 December 2023 to 28.1% for the Reporting Period, which was mainly because the fair value gains on financial assets at fair value through profit or loss are not taxable.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year decreased by 5.9% or RMB3.5 million from RMB58.6 million for year ended 31 December 2023 to RMB55.1 million for the Reporting Period. Our net profit margin increased from 16.8% for the year ended 31 December 2023 to 21.3% for the Reporting Period. The increase in net profit margin was mainly due to lower operating expenses and fair value gains on financial assets at fair value through profit or loss.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, the Group had net current assets of approximately RMB127.0 million (2023: net current assets of approximately RMB82.3 million). The Group continued to maintain a strong financial position. During the Reporting Period, our cash and cash equivalent increased by RMB43.6 million to RMB156.0 million as at 31 December 2024 from RMB112.4 million as at 31 December 2023, which was mainly due to our increase in loan financing. With our steady cash generated from operations and the banking facilities available to the Group, we have adequate financial resources to meet our working capital needs as well as to fund our budgeted construction and upgrade plans in 2025 and 2026.

As at 31 December 2024, our interest-bearing borrowings amounted to RMB521.8 million, of which RMB364.6 million was long-term borrowing. We had unutilized credit facilities from banks and other financial institutions of RMB45.0 million.

The gearing ratio, which is calculated by dividing total debt (being bank and other loans) by total equity as at the end date of the respective year and multiplying the result by 100%, was approximately 64.7% as at 31 December 2024 (2023: 63.6%). The increase was mainly attributable to the increase in the closing balance of bank and other loans.

Pledge of assets

As at 31 December 2024, RMB7.0 million property, plant and equipment (2023: RMB7.3 million) were pledged for our bank loans. Also, our property, plant and equipment with carrying amount of approximately RMB190.2 million (2023: RMB127.9 million) were pledged for our other loans.

As at 31 December 2024, a certain portion of our right-of-use assets with carrying amount of approximately RMB103.6 million (2023: RMB112.4 million) were pledged for our bank loans, and no right-of-use assets (2023: nil) were pledged for our other loans.

Contingent liabilities

As at 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 subject 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 RMB77.7 million for our capital expenditure which were mainly related to upgrading and renovating the relevant infrastructure of our Canggang Railway Line. We financed our capital expenditure through the proceeds from the global offering of the Company, cash generated from operations and banking facilities.

Capital Commitments

As at 31 December 2024, our outstanding capital commitments in respect of property, plant and equipment amounted to approximately RMB61.2 million (2023: RMB2.1 million). Save as disclosed in this announcement, we did not have any other material capital commitment.

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

Save as disclosed in this announcement and the Prospectus, there were no significant investments held by the Group during the Reporting Period, nor was there any material acquisition or disposal of subsidiaries, associates and joint venture during the Reporting Period. Save as disclosed in this announcement and the Prospectus, there was no other plan for significant investments or additions of capital assets as at 31 December 2024.

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 treasury shares as defined in the Listing Rules) during the Reporting Period. As at 31 December 2024, the Company did not hold any treasury shares.

EVENTS AFTER THE REPORTING PERIOD

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

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 648 employees (2023: 666 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 staff 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, is reviewed annually according to employee individual performance. We are also committed to provide a caring environment to retain our staff and to enable better performance. We provided sufficient trainings and persuaded our staffs to attend other courses to maintain their professionalism and qualifications.

CORPORATE GOVERNANCE CULTURE AND STRATEGY

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

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.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securitized transactions by the Directors. Specific enquiry has been made to all the Directors, all the Directors have confirmed that they have complied with the required standard set out in Model Code during the Reporting Period.

AUDIT COMMITTEE

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

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

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The financial figures in respect of Group's consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited ("**HLB**"), Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by HLB in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB on the preliminary announcement.

ANNUAL GENERAL MEETING

The AGM will be held on 18 June 2025. A notice convening the AGM will be published and despatched to the Shareholders in accordance with the requirements under the Articles of Association and the Listing Rules in due course.

FINAL DIVIDEND

As a token of the Group's gratitude for the support of our Shareholders, the Board recommended the payment of a final dividend of RMB0.6 cent per share for the year ended 31 December 2024 (2023: RMB0.6 cent per share). Subject to the approval of the Shareholders in the AGM, the final dividend will be payable on or around Wednesday, 9 July 2025 to Shareholders whose names appear on the register of members of the Company on Friday, 27 June 2025.

CLOSURES OF REGISTER OF MEMBERS

For Determining the Eligibility to Attend and Vote at the AGM

To determine the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 13 June 2025 to Wednesday, 18 June 2025 (both days inclusive), during which period no transfer of shares will be registered. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be Wednesday, 18 June 2025. In order to be eligible to attend and vote at the AGM, all transfer share documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 June 2025.

For Determining the Eligibility to the Proposed Final Dividend

To determine the entitlement of the Shareholders to receive the proposed final dividend, subject to the Shareholders' approval on the proposed final dividend at the AGM, the register of members of the Company will also be closed from Tuesday, 24 June 2025 to Friday, 27 June 2025 (both days inclusive), during which period no transfer of shares will be registered. The record date for determining the entitlement of the Shareholders to receive the proposed final dividend will be Friday, 27 June 2025. In order to be eligible to receive the proposed final dividend, all transfer share documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 June 2025.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.czcgtl.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report for the year ended 31 December 2024 will be dispatched to the Shareholders (upon requests from Shareholders) and made available on the above websites in due course.

APPRECIATION

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

DEFINITIONS

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

| | |
|---------------------------------------|---|
| “AGM” | the forthcoming annual general meeting of the Company to be held on 18 June 2025 |
| “Articles of Association” | the amended and restated articles of association of the Company adopted on 18 June 2024 and as amended, supplemented and otherwise modified from time to time |
| “Audit Committee” | the audit committee of the Company |
| “Board” | the board of directors of the Company |
| “Canggang Railway Line” | a local freight railway line in Cangzhou, Hebei Province, which connects Cangzhou and Bohai New Area which contains Port Huanghua, from Cangzhou Station* (滄州站) to Gangkou Station* (港口站) |
| “CG Code” | corporate governance code contained in Appendix 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 |
| “Group”, “our Group”, “we” or “us” | the Company and its subsidiaries from time to time, or where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time |

| | |
|-----------------------|---|
| “HK\$” and “HK cents” | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| “Hong Kong” | The Hong Kong Special Administrative Region of the PRC |
| “Listing” | the Shares were listed on the Main Board of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange |
| “Main Board” | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange |
| “Model Code” | the model code for securities transactions by directors of listed issuers as set out in Appendix C3 of the Listing Rules |
| “Prospectus” | the prospectus of the Company dated 12 October 2020 |
| “Reporting Period” | the year ended 31 December 2024 |
| “RMB” | 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 |
| “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, 26 March 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.*