

# CANGGANG RAILWAY LIMITED

## 滄港鐵路有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2169



**2024**  
INTERIM  
REPORT

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### BOARD OF DIRECTORS

#### Executive Directors

Mr. Liu Yongliang (劉永亮) (*Chairman*)

Mr. Yi Weiming (衣維明)

(*Chief Executive Officer*)

#### Non-executive Directors

Mr. Xu Zhihua (徐志華)

Mr. Qin Shaobo (秦少博)

#### Independent non-executive Directors

Mr. Liu Changchun (劉長春)

Mr. Zhao Changsong (趙長松)

Ms. Lyu Qinghua (呂清華)

### AUDIT COMMITTEE

Ms. Lyu Qinghua (呂清華) (*Chairlady*)

Mr. Xu Zhihua (徐志華)

Mr. Liu Changchun (劉長春)

### REMUNERATION COMMITTEE

Mr. Liu Changchun (劉長春) (*Chairman*)

Mr. Xu Zhihua (徐志華)

Ms. Lyu Qinghua (呂清華)

### NOMINATION COMMITTEE

Mr. Liu Yongliang (劉永亮) (*Chairman*)

Mr. Xu Zhihua (徐志華)

Mr. Liu Changchun (劉長春)

### JOINT COMPANY SECRETARIES

Mr. Li Juncheng (李俊呈)

Ms. Lam Wing Chi (林穎芝)

### AUTHORISED REPRESENTATIVES

Mr. Yi Weiming (衣維明)

Ms. Lam Wing Chi (林穎芝)

### AUDITOR

KPMG

Certified Public Accountants

*Public Interest Entity Auditor registered*

*in accordance with the*

*Financial Reporting Council Ordinance*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

### LEGAL ADVISERS AS TO HONG KONG LAW

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19/F, Edinburgh Tower

The Landmark

15 Queen's Road Central

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**PRINCIPAL BANKS****Hong Kong**

Bank of China (Hong Kong) Limited

**The PRC**

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

**CAYMAN ISLANDS SHARE  
REGISTRAR AND  
TRANSFER OFFICE**

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

**BRANCH SHARE REGISTRAR IN  
HONG KONG**

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Investor Services Limited  
Shops 1712-1716, 17th Floor  
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**REGISTERED OFFICE**

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

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

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

**PRINCIPAL PLACE OF BUSINESS IN  
HONG KONG**

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

**COMPANY'S WEBSITE**

<http://www.czcgtl.com>

**STOCK CODE**

2169



## DEFINITIONS AND GLOSSARY

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“Canggang Railway Line”	a local freight railway line in Cangzhou, Hebei Province, which connects Cangzhou and Bohai New Area which contains Port Huanghua, from Cangzhou Station* (滄州站) to Gangkou Station* (港口站)
“CG Code”	the corporate governance code as set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China excluding for the purposes of this interim report only, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	Canggang Railway Limited (滄港鐵路有限公司) (stock code: 2169), an exempted company incorporated in the Cayman Islands with limited liability on 19 October 2018
“Director(s)”	the director(s) of the Company
“Greenport BVI”	Greenport Railway Limited, a limited liability company incorporated under the laws of the BVI on 12 October 2018 and wholly owned by Mr. Yi Weiming
“Group”, “us” or “we”	the Company and its subsidiaries from time to time, or where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong



“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Jinghai BVI”	Jinghai Group Investment Limited (京海集團投資有限公司), a limited liability company incorporated under the laws of the BVI on 12 October 2018 and wholly owned by Mr. Liu Yongliang
“Listing”	the Shares were listed on the Main Board of the Stock Exchange
“Listing Date”	23 October 2020, since which the Shares of the Company have been listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 of the Listing Rules
“Prospectus”	the prospectus of the Company dated 12 October 2020
“Reporting Period”	the six months ended 30 June 2024
“RMB” and “RMB cents”	Renminbi, the lawful currency of the PRC
“share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



## DEFINITIONS AND GLOSSARY

“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

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



The Board of Canggang Railway Limited is pleased to present the unaudited consolidated interim results of the Group for the six months ended 30 June 2024, together with the comparative figures for the six months ended 30 June 2023.

### 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 of our freight transportation, extended our leading position in rail freight transportation business and continued to maintain our leading market position in Hebei Province. We are preparing to further expand our railway to enhance our services to our existing customers and to seek potential customers.

In the first half of 2024, the Chinese railway market faced a mixed picture. On the positive side, the “Railway+” strategy, which aims to integrate rail transport with other logistics solutions, started to gain some traction, with a few high-profile pilot projects launched in key regions. However, the market also encountered some headwinds. The pace of infrastructure investment by the government remained cautious, as concerns over debt levels led to more selective project approvals. This impacted the Group’s ability to expand the networks and upgrade aging assets as quickly as desired. Furthermore, competition from other modes of freight transport, such as road and air, also remained intense, as supply chain shifts and evolving customer preferences put pressure on rail’s market share in certain segments. We have been working hard to differentiate our services and improve efficiency to stay competitive. Last but not least, the continuing environmental challenges, including extreme weather events and emissions reduction targets, added complexity to railway operations and investment planning. Adapting to these sustainability imperatives became an increasing priority for the Group. Overall, in the first half of 2024, the Chinese railway market navigating a mix of opportunities and constraints, requiring the Group to demonstrate agility, innovation and a keen focus on customer needs to succeed in this evolving landscape.

All employees of the Company worked together to achieve the Company’s business objectives and responded effectively to various risks and challenges. In the first half of 2024. We completed a total transportation of 6.9 million tonnes of cargo during the Reporting Period, representing a decrease of 16.6% or 1.4 million tonnes as compared to 8.3 million tonnes for the six months ended 30 June 2023. The decrease was mainly attributable to the deterioration of the market.

Accompanied by our freight transportation service, the decrease in revenue from our ancillary services by 42.3% during the six months ended 30 June 2024 as compared with the corresponding period in 2023, was mainly due to the drop in our loading and unloading services because the fall of our core rail freight transportation and the reduction in our construction services.



## MANAGEMENT DISCUSSION AND ANALYSIS

On 18 January 2024, we obtained the approval from the Development and Reform Commission of Hebei Province in relation to the expansion of our geographic presence and business to the Comprehensive Industrial Park in Bohai New Area. We are applying for land acquisition and currently in the mid of related procedures. The Directors are expecting to begin the construction of the new branch line in the second half of 2024.

### FINANCIAL REVIEW

#### Revenue

	Six months ended 30 June			
	2024		2023	
	<i>RMB in thousands, other than percentages</i>			
Rail freight transportation	<b>112,722</b>	<b>85.4%</b>	144,758	81.2%
Ancillary services				
Loading and unloading	<b>8,786</b>	<b>6.7%</b>	16,851	9.5%
Road freight transportation	<b>459</b>	<b>0.3%</b>	2,860	1.6%
Construction, maintenance and repair	<b>4,978</b>	<b>3.8%</b>	11,619	6.5%
Others	<b>5,106</b>	<b>3.8%</b>	2,177	1.2%
Subtotal	<b>19,329</b>	<b>14.6%</b>	33,507	18.8%
Total	<b>132,051</b>	<b>100.0%</b>	178,265	100.0%

Our revenue decreased by 25.9% or RMB46.2 million from RMB178.3 million for the six months ended 30 June 2023 to RMB132.1 million for the six months ended 30 June 2024, primarily due to the decrease in revenue from our core rail freight transportation business of RMB32.0 million relating to the deterioration of the market.

Our revenue from ancillary businesses decreased from RMB33.5 million for the six months ended 30 June 2023 to RMB19.3 million for the six months ended 30 June 2024. Such decrease was mainly due to the fall of our core rail freight transportation and the reduction in our construction services.



### Operating expenses

Our operating expenses include staff costs, outsourcing service charges and other labor costs, cargo logistics, depreciation, fuel used, repair and maintenance, general and administration expenses, impairment loss on trade receivables and other expenses. The operating expenses decreased by 28.7% or RMB36.9 million from RMB128.7 million for the six months ended 30 June 2023 to RMB91.7 million for the six months ended 30 June 2024. The decrease was primarily due to the decrease in our outsourcing service charges and other labor costs by 56.2% or RMB11.8 million following the significant decrease of our ancillary services and the decrease in our other expenses by 79.8% or RMB10.7 million related to our construction service such as material and labour cost as a result of the drop in the construction services business during the six months ended 30 June 2024.

Due to the disruption to the PRC economy, to improve the Company's liquidity, we seek to maintain strict control over outstanding receivables and our senior management regularly reviews overdue balances to mitigate our credit risk. As a result of our efforts, the recovery of our trade receivables was improved as compared to the previous year and hence we have reversed the impairment loss on trade receivables of RMB0.8 million during the six months period ended 30 June 2024. Our trade and bills receivables increased by 15.9% or RMB11.3 million from RMB71.4 million for the year ended 31 December 2023 to RMB82.7 million for the six months ended 30 June 2024. Our prepayment and other receivables decreased by 67.0%, or RMB68.8 million from RMB102.7 million for the year ended 31 December 2023 to RMB33.9 million for the six months ended 30 June 2024 was mainly driven by the settlement of a short-term loan of RMB29.0 million with Beijing Tianrun Botian Investment Management Co., Ltd.\* (北京天潤博天投資管理有限公司) on 22 January 2024 and, the utilization of deposits paid to the suppliers for our trading business.

### Segment result and segment margin

For our rail freight transportation, the segment result was RMB46.1 million and RMB60.0 million and the segment margin was 40.9% and 41.5%, for the six months ended 30 June 2024 and 2023, respectively. Segment result decreased by 23.3% or RMB13.9 million as compared to the same period in 2023.

For our ancillary businesses, the segment result was loss of RMB2.2 million and RMB4.4 million for the six months ended 30 June 2024 and 2023, respectively. The decrease in segment result was primarily due to less revenue was generated from our road transportation business which possesses of high fixed cost because of the depreciation of vehicles and the fall of our loading and unloading operation.

Due to the market downturn, as of 30 June 2024, our profit before taxation has decreased by RMB7.9 million.

### Other income

Our other income increased by 89.5% or RMB4.4 million from RMB4.9 million for the six months ended 30 June 2023 to RMB9.2 million for the six months ended 30 June 2024, primarily due to the fair value gain on the financial assets measured at fair value through profit and loss (“FVTPL”) and the trading income generated during the six months period ended 30 June 2024.

### Finance costs

Our finance costs increased by 23.2% or RMB3.0 million from RMB12.9 million for the six months ended 30 June 2023 to RMB15.9 million for the six months ended 30 June 2024, primarily due to the growth of the average loan balance.

### Income tax expense

Our income tax expense decreased by 26.8% or RMB2.8 million from RMB10.5 million for the six months ended 30 June 2023 to RMB7.7 million for the six months ended 30 June 2024 mainly due to the decrease in profit contributed from the rail freight transportation. Our effective tax rate dropped from 25.4% for the six months ended 30 June 2023 to 22.9% for the six months ended 30 June 2024 mainly due to non-taxable fair value gain on the financial assets measured at FVTPL.

### Profit for the period and net profit margin

As a result of the foregoing, our profit for the period decreased by 16.4% or RMB5.1 million from RMB31.0 million for the six months ended 30 June 2023 to RMB25.9 million for the six months ended 30 June 2024. Our net profit margin increased from 17.4% for the six months ended 30 June 2023 to 19.6% for the six months ended 30 June 2024. The increase in our net profit margin for the six months ended 30 June 2024 as compared to the same period in 2023 was mainly due to the fair value gain on the financial assets measured at FVTPL.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group had net current assets of approximately RMB278.6 million (31 December 2023: RMB82.3 million). The Group continued to maintain a strong financial position. During the Reporting Period, our cash and cash equivalent increased by RMB100.6 million to RMB213.0 million as at 30 June 2024 from RMB112.4 million as at 31 December 2023, which was mainly due to the fund raised from our debt financing and the increase in financing of our loan. 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 2024 and 2025.

As at 30 June 2024, our interest-bearing borrowings were RMB548.6 million, of which RMB460.8 million was long-term borrowing. We had unutilized and unrestricted banking facilities of RMB10.9 million, none of which were guaranteed or secured by our related parties.



The gearing ratio, which is calculated by total debt (being bank and other loans) divided by total equity then multiplied by 100%, was approximately 68.5% as at 30 June 2024 (31 December 2023: approximately 64.1%). The increase was mainly attributed to the increase in the ending balance of our bank and other loans. Despite the increase in the gearing ratio, our net current assets, and cash and cash equivalents have all shown growth.

### **Pledge of assets**

As at 30 June 2024, certain of our property, plant and equipment with carrying amount of approximately RMB7.1 million (31 December 2023: RMB7.3 million), were secured for our bank loans. Also, our property, plant and equipment with carrying amount of approximately RMB121.0 million (31 December 2023: RMB127.9 million) were pledged for our other loans.

As at 30 June 2024, a certain portion of our right-of-use assets with carrying amount of approximately RMB111.1 million (31 December 2023: RMB112.4 million) were pledged for our bank loans.

### **Contingent liabilities**

As at 30 June 2024 and 31 December 2023, the Group did not have any contingent liabilities.

### **Foreign exchange risk**

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

## **CAPITAL EXPENDITURE AND COMMITMENTS**

### **Capital Expenditure**

During the Reporting Period, we have invested RMB21.1 million for our capital expenditure which was mainly related to the upgrading and renovating of the basic infrastructure of our Canggang Railway Line. We financed our capital expenditure through the proceed from the initial public offering, cash generated from operations and banking facilities.

### **Capital Commitments**

As at 30 June 2024, our outstanding capital commitments in respect of property, plant and equipment amounted to approximately RMB6.1 million (31 December 2023: RMB2.1 million). Save as disclosed in this interim report, we did not have any other material capital commitment.



## MANAGEMENT DISCUSSION AND ANALYSIS

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

Save as disclosed in this interim report and the Prospectus, there were no significant investments held by the Group during the Reporting Period, nor was there any material acquisition or disposal of subsidiaries, associates and joint venture during the Reporting Period. Save as disclosed in this interim report and the Prospectus, there was no other plan for significant investments or additions of capital assets as at 30 June 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 sale of treasury shares) during the Reporting Period. As at 30 June 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

### Share Subdivision

On 19 January 2024, the Shareholders have approved the proposed Share Subdivision at the EGM, in which each issued and unissued Share with a par value of HK\$0.01 each be subdivided into four (4) Subdivided Shares with a par value of HK\$0.0025 each and such Share Subdivision was effective on 23 January 2024. Upon the Share Subdivision becoming effective, 4,000,000,000 Subdivided Shares are in issue and fully paid or credited as fully paid. The authorised share capital of the Company has become HK\$100,000,000 divided into 40,000,000,000 Subdivided Shares of par value of HK\$0.0025 each. Details are set out in the Company's circular dated 3 January 2024 (the "Circular"). Capitalized terms shall have the meanings ascribed to them in the Circular.

### EVENTS AFTER THE REPORTING PERIOD

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

### EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 654 employees (31 December 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 staffs is the key to success. In order to retain our staff and motivate them for better performance, the remuneration package, including basic salary and other employee benefits such as bonus, are reviewed annually according to their individual performance. We are also committed to provide a caring environment to retain our staff and for better performance. We provided sufficient trainings and persuaded our staff to attend other courses to maintain their professionalism and qualifications.

**USE OF NET PROCEEDS FROM THE LISTING**

The net proceeds from the global offering of the Company were approximately HK\$206.4 million (equivalent to approximately RMB173.7 million), after deducting the underwriting fees and commission and other related listing expenses paid and payable by us, which was intended to be applied in the manner as set out in the section headed “Future Plan and Use of Proceeds” of the Prospectus. An analysis of the utilization of the net proceeds from the Listing Date up to 30 June 2024 is set out below:

	Revised percentage	Revised allocation of net proceeds  RMB million	Utilized		Utilized		Expected timeline for full utilization <sup>(1)</sup>
			At 31 December 2023		At 30 June 2024		
			RMB million	RMB million	RMB million	RMB million	
To construct of our branch line connecting the Northern Shandong Industrial Park	-	-	-	-	-	-	-
To construct of our branch line connecting the Comprehensive Industrial Park	40.5%	70.4	1.9	68.5	2.0	68.4	2025
To upgrade and renovating infrastructure for our Canggang Railway Line	36.5%	63.4	63.4	-	63.4	-	-
To purchase one new locomotive	5.0%	8.6	-	8.6	-	8.6	2026 <sup>(2)</sup>
To upgrade our communications, signal automation, and remote monitoring systems	2.5%	4.4	4.4	-	4.4	-	-
To repay of our bank loan	3.2%	5.5	5.5	-	5.5	-	-
To settle amounts payable in connection with our purchase of land use rights	12.3%	21.4	21.4	-	21.4	-	-
<b>Total</b>	<b>100%</b>	<b>173.7</b>	<b>96.6</b>	<b>77.1</b>	<b>96.7</b>	<b>77.0</b>	

**Notes:**

- The expected timeline for the application of the unutilized net proceeds is based on the best estimation of the future market conditions made by the Group. It is subject to uncertainties brought by the international macro-environment and future market conditions and business developments and in need. In particular, the schedule of obtaining the necessary administrative approval from the government for construction of our branch line connecting the Comprehensive Industrial Park is still remained unclear as at the date of this interim report and beyond the control of the Company. In view of the significant effects to the economy and business environment, we shall update and re-visit our plan continuously. If there is any further change to the proposed usage of the net proceeds and/or expected timelines, the Company will make a further announcement in full compliance with the Listing Rules as and when appropriate.



## OTHER INFORMATION

2. We continue to innovate and actively improve our company's responsibility to the society. After we compared the classic diesel locomotive with the new energy locomotive and in view of the environmental impact of the classic diesel locomotives, in 2022, our management re-evaluated our plans to purchase a new locomotive using new energy to ensure that we can improve our operational efficiency while also making a greater contribution to society. We are currently in the market research phase, and we plan to order the new locomotive by the end of 2024. However, due to the long manufacturing cycle of locomotives (about one year), the use of net proceeds from the Listing for the purchase of locomotive equipment will be fully utilized in 2026.

### SHARE OPTION SCHEME

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

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

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

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

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other scheme of our Group shall not in aggregate exceed 10% of the Shares in issue as the Listing Date (such 10% limit representing 100,000,000 Shares (400,000,000 Shares after Share Subdivision)) (the “Scheme Mandate Limit”). The Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of our Shares in issue as of the date of the Shareholders’ approval.

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

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

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

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

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





## OTHER INFORMATION

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

No share options had been granted, exercised, cancelled, lapsed or subject to any vesting conditions under the Share Option Scheme since the adoption of the Share Option Scheme. As of 1 January 2024 and 30 June 2024, the total number of shares available for issue under the Share Option Scheme was 100,000,000, representing 10% of the entire issued share capital of the Company (400,000,000 Shares after Share Subdivision).

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

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

### 2022 SHARE AWARD SCHEME

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

The purposes of the 2022 Share Award Scheme are to recognize the contributions of certain directors and employees of the Group, certain directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company, certain service providers or other eligible participant(s) and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

Under the rules constituting the 2022 Share Award Scheme, the individuals eligible for participation in the 2022 Share Award Scheme (the “Eligible Participants”) include any director and employee of the Group; any director and employee of the holding companies, fellow subsidiaries or associated companies of the Company; or any person who provides services (“Service Providers”) to the Group on a continuing or recurring basis in the Group’s ordinary and usual course of business which are in the interests of the long term growth of the Group whom the Board believes and in its sole discretion, determines that have contributed or will contribute to the Group but excluding the following persons: (i) any seconded employee, part-time employee or non-full time employee of the Group; (ii) any employee of the Group who at the relevant time has given or been given notice terminating his employment, office or directorship as the case may be; and (iii) any other person that the Board may determine from time to time.

For the avoidance of doubt, Service Providers should exclude (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions; and (ii) professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

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

As of 1 January 2024 and 30 June 2024, the total number of Shares available for granting under the 2022 Share Award Scheme was 100,000,000 Shares, representing 10% of the entire issued share capital of the Company as at the Adoption Date (400,000,000 Shares after Share Subdivision). The maximum number of Shares which may be issued upon exercise of all awards and options to be granted under the 2022 Share Award Scheme and any other scheme of our Group shall not in aggregate exceed 10% of the Shares in issue as the Listing date (such 10% limit representing 100,000,000 Shares (400,000,000 Shares after Share Subdivision)).

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

Awarded shares may be acquired by the trustee by way of purchase of Shares on the Stock Exchange at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board). No Shares shall be purchased by the trustee during the black-out period.



## OTHER INFORMATION

Such awarded shares shall then be held by the trustee for the Eligible Participants in accordance with the provisions of the 2022 Share Award Scheme prior to vesting. The trustee (and its nominee) shall not exercise any voting rights in respect of any Shares held by it as nominee or under the trust constituted by the trust deed (including but not limited to any Awarded Shares, the returned Shares, any bonus Shares and scrip Shares). The Grantees shall not have any right to receive any Awarded Shares set aside for them unless and until the trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Grantees. The Board may from time to time, during the granting of award, or at its discretion, determine the earliest vesting date and other subsequent date(s), if any, in relation to the vesting period.

The 2022 Share Award Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date but may be terminated earlier as determined by the Board provided that such termination shall not affect any subsisting rights of any Grantee hereunder. The remaining life of the 2022 Share Award Scheme is around eight years.

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

The number of Shares that may be issued in respect of Share Option Scheme and 2022 Share Award Scheme granted under all shares schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period is nil.

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

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

### Interest in the Company (long position)

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of Shares interested <sup>(3)</sup>	Percentage of shareholding
Mr. Liu Yongliang	Interest in a controlled corporation <sup>(1)</sup>	2,631,900,000	65.80%
Mr. Yi Weiming	Interest in a controlled corporation <sup>(2)</sup>	72,000,000	1.80%

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

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

<sup>(3)</sup> The number of Shares interested in this column have taken the Share Subdivision into account.

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



## OTHER INFORMATION

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

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

#### Interest in the Company (long position)

Name	Nature of interest	Number of Shares <sup>(2)</sup>	Approximate % of shareholding
Jinghai BVI	Beneficial owner	2,631,900,000	65.80%
Mr. Liu Yongliang <sup>(1)</sup>	Interest in a controlled corporation	2,631,900,000	65.80%

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

<sup>(2)</sup> The number of Shares interested in this column have taken the Share Subdivision into account.

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

### CORPORATE GOVERNANCE

Since the Listing of our Shares on the Stock Exchange on 23 October 2020, the Company has been committed to maintaining high standard of corporate governance. The Board believes that good corporate governance is the basis in ensuring the proper management in the interest of all our shareholders and other stakeholders. Improvement of the corporate governance is a long and systematic project, which requires strong commitment and perseverance. As it always has, the Company will continuously improve the risk assessment and monitoring procedures, internal control policy, enhancing our transparency and disclosures quality to our shareholders to promote the sustainable and robust development of the Company in light of evolving business and regulatory environment and to meet the expectations of stakeholders.

The Group is an established and expanding local railway operator based in Hebei Province. With our Canggang Railway Line, we continue to provide our customers with comprehensive services and one-stop solutions of our freight transportation. As a listed company, we are committed to providing high-quality and reliable services, creating value through sustainable growth and development.

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

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

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

During the Reporting Period, the Company has applied the principles and code provisions as set out in the CG Code, and has complied with all the applicable code provisions as set out in Part 2 of the CG Code.

## DIRECTORS

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

### Executive Directors

Mr. Liu Yongliang (*Chairman*)

Mr. Yi Weiming (*Chief executive officer*)

### Non-executive Directors

Mr. Xu Zhihua

Mr. Qin Shaobo

### Independent Non-executive Directors

Mr. Liu Changchun

Mr. Zhao Changsong

Ms. Lyu Qinghua



## OTHER INFORMATION

### MODEL CODE FOR SECURITIES TRANSACTIONS

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

### NON-COMPETITION UNDERTAKING

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

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

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules at all times from the date of Listing to 30 June 2024.

### AUDIT COMMITTEE

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

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

### INTERIM DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

**CHANGES IN INFORMATION IN RESPECT OF DIRECTORS**

There was no change in the information of our Directors and chief executives of the Company subsequent to the date of the 2023 annual report and up to the date of this interim report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

**CHANGE IN CONSTITUTIONAL DOCUMENTS**

On 18 June 2023, a special resolution of the Shareholders was passed to adopt the second amended and restated articles of the Company to (i) bringing the existing memorandum and articles of association in line with the latest legal and regulatory requirements; and (ii) making other consequential and housekeeping amendments, the second amended and restated articles of the Company are available on the websites of the Stock Exchange and the Company.

**APPRECIATION**

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



# UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(For the six months ended 30 June 2024)

	Note	2024 RMB'000	2023 RMB'000
<b>Revenue</b>	5	<b>132,051</b>	178,265
<b>Operating expenses:</b>			
Staff costs	7(b)	(28,192)	(33,192)
Outsourcing service charges and other labor costs		(9,208)	(21,002)
Cargo logistics		(12,849)	(14,858)
Depreciation	7(c)	(17,493)	(19,079)
Fuel used		(11,832)	(14,160)
Repairs and maintenance		(5,937)	(6,847)
General and administration expenses		(4,236)	(7,172)
Reversal of impairment loss/(impairment loss) on trade receivables		751	1,117
Other expenses		(2,722)	(13,471)
Total operating expenses		(91,718)	(128,664)
Other income	6	9,221	4,867
<b>Operating profit</b>		<b>49,554</b>	54,468
Finance costs	7(a)	(15,937)	(12,935)
<b>Profit before taxation</b>	7	<b>33,617</b>	41,533
Income tax	8	(7,715)	(10,542)
<b>Profit for the period</b>		<b>25,902</b>	30,991
<b>Attributable to:</b>			
Equity shareholders of the Company		26,351	31,144
Non-controlling interests		(449)	(153)
<b>Profit for the period</b>		<b>25,902</b>	30,991
<b>Earnings per share (RMB)</b>			
– Basic and diluted	10	0.01	0.01

# UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(For the six months ended 30 June 2024)

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<b>Profit for the period</b>	<b>25,902</b>	30,991
<b>Other comprehensive income for the period (after tax):</b>		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency of the Group	<b>345</b>	(975)
<b>Total comprehensive income for the period</b>	<b>26,247</b>	30,016
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>26,696</b>	30,169
Non-controlling interests	<b>(449)</b>	(153)
<b>Total comprehensive income for the period</b>	<b>26,247</b>	30,016

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As at 30 June 2024)

	Note	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	11	792,682	787,164
Right-of-use assets		182,017	184,204
Deferred tax assets		6,205	6,381
Prepayments and other receivables		3,054	5,671
<b>Total non-current assets</b>		<b>983,958</b>	983,420
<b>Current assets</b>			
Inventories	12	60,746	56,096
Trade and bills receivables	13	82,668	71,356
Prepayments and other receivables	14	33,909	102,719
Financial assets at fair value through profit and loss ("FVTPL")	15	20,503	–
Cash and cash equivalents	16	213,004	112,392
<b>Total current assets</b>		<b>410,830</b>	342,563
<b>Current liabilities</b>			
Bank and other loans	20	87,822	202,073
Trade payables	17	20,063	19,498
Other payables	18	14,006	23,903
Contract liabilities	19	2,281	7,113
Current taxation		8,466	7,630
<b>Total current liabilities</b>		<b>132,638</b>	260,219
<b>Net current assets</b>		<b>278,192</b>	82,344
<b>Total assets less current liabilities</b>		<b>1,262,150</b>	1,065,764

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As at 30 June 2024)

	Note	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
<b>Non-current liabilities</b>			
Bank and other loans	20	460,822	290,683
<b>Total non-current liabilities</b>		460,822	290,683
<b>NET ASSETS</b>		801,328	775,081
<b>CAPITAL AND RESERVES</b>			
Share capital		8,607	8,607
Reserves		764,040	737,344
<b>Total equity attributable to equity shareholders of the Company</b>		772,647	745,951
<b>Non-controlling interests</b>		28,681	29,130
<b>TOTAL EQUITY</b>		801,328	775,081



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024  
(Expressed in RMB)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000 (Note 19(b))	Share premium RMB'000	Other reserve RMB'000	Share award scheme RMB'000 (Note 19(c))	Statutory reserve RMB'000	Safety production fund reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	8,607	107,871	97,830	(49,916)	72,855	-	(8,438)	530,266	759,075	29,542	788,617
Changes in equity for the six months ended 30 June 2023:											
Profit for the period	-	-	-	-	-	-	-	31,144	31,144	(153)	30,991
Other comprehensive income	-	-	-	-	-	-	(975)	-	(975)	-	(975)
Total comprehensive income	-	-	-	-	-	-	(975)	31,144	30,169	(153)	30,016
Appropriation to reserves	-	-	-	-	3,468	-	-	(3,468)	-	-	-
Safety production fund reserve	-	-	-	-	-	1,540	-	(1,540)	-	-	-
- Appropriation	-	-	-	-	-	(1,540)	-	1,540	-	-	-
- Utilisation	-	-	-	-	-	-	-	-	(44,626)	-	(44,626)
Purchase of own shares	-	-	-	(44,626)	-	-	-	-	-	-	-
At 30 June 2023	8,607	107,871	97,830	(94,542)	76,323	-	(9,413)	557,942	744,618	29,389	774,007

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(Expressed in RMB)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000 (Note 19(b))	Share premium RMB'000	Other reserve RMB'000	Share for share award scheme RMB'000 (Note 19(c))	Statutory reserve RMB'000	Safety production fund reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	8,607	107,871	97,830	(94,542)	79,457	-	(7,914)	554,642	745,951	29,130	775,081
Changes in equity for the six months ended 30 June 2024:											
Profit for the period	-	-	-	-	-	-	-	26,351	26,351	(449)	25,902
Other comprehensive income	-	-	-	-	-	-	345	-	345	-	345
Total comprehensive income	-	-	-	-	-	-	345	26,351	26,696	(449)	26,247
Appropriation to reserves	-	-	-	-	2,669	-	-	(2,669)	-	-	-
Safety production fund reserve	-	-	-	-	-	1,814	-	(1,814)	-	-	-
- Appropriation	-	-	-	-	-	(1,814)	-	1,814	-	-	-
- Utilisation	-	-	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2024	8,607	107,871	97,830	(94,542)	82,126	-	(7,569)	578,324	772,647	28,681	801,328

The notes on pages 32 to 58 form part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2024  
(Expressed in RMB)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
<b>Operating activities</b>			
Profit before taxation		33,617	41,533
Adjustments for:			
Depreciation	7(c)	17,493	19,079
Reversal of impairment loss on trade receivables		(751)	(1,117)
Finance costs	7(a)	15,937	12,935
Interest income	6	(810)	(2,432)
Net gains on disposal of property, plant and equipment	6	(38)	(365)
Gain on fair value on financial assets measures at FVTPL	6	5,538	–
Changes in working capital:			
Increase in inventories		(4,650)	(8,891)
Decrease/(increase) in trade and bills receivables, prepayments and other receivables		58,465	(12,233)
Decrease in trade payables and other payables		(9,332)	(22,425)
Decrease/(increase) in contract liabilities		(4,832)	36,670
<b>Cash generated from operations</b>		<b>99,561</b>	<b>62,754</b>
Income tax paid		(6,705)	(18,578)
<b>Net cash generated from operating activities</b>		<b>92,856</b>	<b>44,176</b>

## CONSOLIDATED CASH FLOW STATEMENT



for the six months ended 30 June 2024  
(Expressed in RMB)

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<b>Investing activities</b>		
Payments for purchase of property, plant and equipment and right-of-use assets	(21,054)	(18,480)
Payments for purchase of financial assets at FVTPL	(14,965)	–
Proceeds from disposal of property, plant and equipment	2,667	640
Interest received	810	2,432
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(32,540)</b>	(15,408)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Financing activities</b>		
Proceeds from new bank and other loans	205,700	210,000
Repayments of bank and other loans	(150,337)	(171,661)
Borrowing costs paid	(15,412)	(12,410)
Payment for shares purchased in respect of the Share Award Scheme	–	(44,626)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>	<b>39,951</b>	(18,697)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Net increase in cash and cash equivalents</b>	<b>100,267</b>	10,071
<b>Cash and cash equivalents at 1 January</b>	<b>112,392</b>	193,802
<b>Effect of foreign exchange rate changes</b>	<b>345</b>	(975)
	<hr/>	<hr/>
<b>Cash and cash equivalents at 30 June</b>	<b>213,004</b>	202,898
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>



## I CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 19 October 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries are principally engaged in the provision of rail freight transportation and related ancillary services by operating freight railway and railway yards in the PRC.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “IASB”). It has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are set out in Note 4 below.

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

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

The financial information relating to the financial year ended 31 December 2023 that is included in the unaudited condensed consolidated interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.



### 3 USE OF JUDGEMENTS AND ESTIMATES

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

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

#### **Measurement of fair values**

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

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

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

Significant valuation issues are reported to the Audit Committee.

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

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

### 3 USE OF JUDGEMENTS AND ESTIMATES (Continued)

#### Measurement of fair values (Continued)

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

### 4 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's interim financial information.

- Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
- Amendments to HKAS 1 *Non-current Liabilities with Covenants (the "2022 Amendments")*
- Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements*
- Amendments to HKFRS 16 *Lease Liability in a Sale and Leaseback*

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

#### **Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to HKAS 1 – Non-current Liabilities with Covenants (the "2022 Amendments")**

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.



#### 4 CHANGES IN ACCOUNTING POLICIES (Continued)

**Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current (the “2020 Amendments”) and Amendments to HKAS 1 – Non-current Liabilities with Covenants (the “2022 Amendments”) (Continued)**

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 1 January 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

**Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements**

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information of the Group.

**Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback**

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

5 REVENUE

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

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

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>Revenue from contracts with customers</b>		
Disaggregated by major service lines:		
– Rail freight transportation	112,722	144,758
– Ancillary services		
– Loading and unloading	8,786	16,851
– Road freight transportation	459	2,860
– Construction, maintenance and repair	4,978	11,619
– Others	5,106	2,177
Subtotal	<b>19,329</b>	33,507
	<b>132,051</b>	178,265

- (ii) For the six months ended 30 June 2024 and 2023, the Group's customers with whom transactions exceeded 10% of the Group's revenue in the respective periods are set out below:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Customer A	24,215	20,177
Customer B	13,390	*
Customer C	19,304	34,940
Customer D	21,191	*

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

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



**5 REVENUE** (Continued)

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

The aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group’s existing contracts as at 30 June 2024 and 31 December 2023 are as follows, which represent revenue expected to be recognised in the future from construction, maintenance and repair contracts entered into by the customers with the Group.

	<b>At 30 June 2024 RMB'000</b>	<b>At 31 December 2023 RMB'000</b>
Within 1 year	<b>1,709</b>	1,709
Over 1 year	<b>6,111</b>	6,965
	<b>7,820</b>	8,674

**(b) Segment reporting**

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

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

*(i) Segment results*

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



## NOTES TO THE FINANCIAL STATEMENTS

### 5 REVENUE *(Continued)*

#### (b) Segment reporting *(Continued)*

##### (i) Segment results *(Continued)*

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is “adjusted operating profit”. To arrive at adjusted operating profit, the Group’s operating profit is adjusted for items not specifically attributed to individual segments, such as general and administration expenses and other income. No inter-segment revenue has occurred during the six months ended 30 June 2024 and 2023. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

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



5 REVENUE (Continued)

(b) Segment reporting (Continued)

(i) Segment results (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Revenue from external customers		
– Rail freight transportation	<b>112,722</b>	144,758
– Ancillary services	<b>19,329</b>	33,507
	<b>132,051</b>	178,265
Segment result		
– Rail freight transportation	<b>46,056</b>	60,013
– Ancillary services	<b>(2,238)</b>	(4,357)
	<b>43,818</b>	55,656



**5 REVENUE (Continued)**
**(b) Segment reporting (Continued)**
*(ii) Reconciliation of segment results*

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Segment result	<b>43,818</b>	55,656
General and administration expenses	<b>(3,485)</b>	(6,055)
Other income	<b>9,221</b>	4,867
Finance costs	<b>(15,937)</b>	(12,935)
Consolidated profit before taxation	<b>33,617</b>	41,533

*(iii) Geographic information*

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

**(c) Seasonality of operations**

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



**6 OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Government grants	282	1,785
Interest income	810	2,432
Net gains on disposal of property, plant and equipment	38	365
Gain on fair value on financial assets measures at FVTPL	5,538	–
Net trading profit	1,957	–
Others	596	285
	<u>9,221</u>	<u>4,867</u>

**7 PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging:

**(a) Finance costs:**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Total interest expense on bank and other loans	<u>15,937</u>	<u>12,935</u>

**(b) Staff costs:**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Salaries, wages and other benefits	25,244	29,487
Contributions to defined contribution retirement plans	<u>2,948</u>	<u>3,705</u>
	<u>28,192</u>	<u>33,192</u>

**7 PROFIT BEFORE TAXATION** *(Continued)*
**(b) Staff costs:** *(Continued)*

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

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

**(c) Other items:**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Depreciation		
– property, plant and equipment (Note 11)	<b>15,306</b>	16,844
– right-of-use assets	<b>2,187</b>	2,235
	<b>17,493</b>	19,079
Short-term lease charges with remaining lease term of not more than 12 months	<b>180</b>	134
Auditors' remuneration	<b>500</b>	650
Cost of inventories	<b>11,850</b>	14,185



**8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<b>Current tax</b>		
Provision for the period	<b>7,891</b>	10,808
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>(176)</b>	(266)
	<b>7,715</b>	10,542

**9 DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2023: Nil).

**10 EARNINGS PER SHARE**
**(a) Basic earnings per share**

The basic earnings per share for the six months ended 30 June 2024 is calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB26,351,000 (six months ended 30 June 2023: RMB31,144,000) and the weighted average number of ordinary share, in issue of 3,847,792,000 shares (six months ended 30 June 2023: 3,898,632,000 shares) during the period.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
Issued ordinary shares at 1 January	<b>3,847,792,000</b>	3,908,800,000
Effect of shares purchased in respect of the Share Award Scheme	<u>—</u>	<u>(10,168,000)</u>
Weighted average number of ordinary shares at 30 June	<b><u>3,847,792,000</u></b>	<b><u>3,898,632,000</u></b>

Note:

The weighted average number of ordinary shares for the purpose of basic earnings per share for the period ended 30 June 2024 has been adjusted for the share subdivision on 19 January 2024 as if they have taken place since the beginning of the period.

The basic earnings per share for the period ended 30 June 2023 are restated to consider the effect of the share subdivision retrospectively as if they have taken place since the beginning of the comparative period.

**(b) Diluted earnings per share**

There were no dilutive potential shares outstanding during the six months ended 30 June 2024 and 2023.



## 11 PROPERTY, PLANT AND EQUIPMENT

- (i) The Group's property, plant and equipment are all located in the PRC.
- (ii) During the six months ended 30 June 2024, the Group paid RMB20,096,000 for upgrading and renovating the basic infrastructure of the Canggang Railway Line to enhance the safety and increase the overall capacity of railway operation.
- (iii) At 30 June 2024, property certificates of certain items of the Group's properties with carrying amounts of RMB55,740,000 (31 December 2023: RMB57,649,000), were not obtained. The Directors consider that there is no legal restriction for the Group to access and use such properties and it should not lead to any significant adverse impact on the operations of the Group.

## 12 INVENTORIES

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Fuel	2,483	2,425
Coal held for trading	22,812	27,406
Gravel held for trading	24,290	18,954
Materials and consumables	11,161	7,311
	<b>60,746</b>	<b>56,096</b>

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

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Carrying amount of inventories used	11,850	14,185

## NOTES TO THE FINANCIAL STATEMENTS

### 13 TRADE AND BILLS RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade receivables	62,646	47,370
Bills receivables (Notes (ii))	20,022	23,986
	<u>82,668</u>	<u>71,356</u>

Notes:

- (i) All of the trade and bills receivables, net of loss allowance, are expected to be recovered within one year.
- (ii) At 30 June 2024, the carrying amounts of the Group's bills receivables that had been endorsed to the Group's suppliers and other creditors to settle the Group's trade and other payables towards these suppliers but had not been derecognized in the consolidated financial statements were RMB2,674,000 (31 December 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:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 month	49,546	32,643
1 to 6 months	6,055	11,270
6 to 12 months	3,711	3,383
Over 12 months	3,334	74
	<u>62,646</u>	<u>47,370</u>

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


**14 PREPAYMENTS AND OTHER RECEIVABLES**

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Receivables relating to disposal of property, plant and equipment	3,234	5,635
Receivables relating to liquidation of an associate	–	3,281
Receivables relating to disposal of an associate	–	1,139
A loan to a third party (note (i))	–	29,000
	<hr/>	<hr/>
Financial assets measured at amortised cost	3,234	39,055
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Value-added tax recoverable	1,110	1,636
Deposits for trading business	7,856	3,780
Deposits for other purpose	5,104	2,912
Prepayments for purchase of inventories and prepaid expenses	19,659	61,007
	<hr/>	<hr/>
	36,963	108,390
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Less: Non-current portion		
– Prepayment for constructions (note (ii))	–	(3,780)
– Receivables relating to disposal of property, plant and equipment (note (ii))	(3,054)	(1,891)
	<hr/>	<hr/>
Current portion of prepayments and other receivables	33,909	102,719
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>



## NOTES TO THE FINANCIAL STATEMENTS

### 14 PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Note:

- (i) On 19 December 2023, Cangzhou Canggang Railway Company Limited 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 receivables relating to disposal of property, plant and equipment, which are expected to be recovered in 2–3 years, other prepayments and other receivables, net of loss allowance, are expected to be recovered or recognised as expenses within one year.

### 15 FINANCIAL ASSETS AT FVTPL

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Listed equity securities, at fair value	<u>20,503</u>	<u>—</u>

The equity securities listed in Hong Kong is denominated in Hong Kong dollar. It is classified as FVTPL as they were held for trading and the carrying amounts is mandatorily measured at FVTPL in accordance with HKFRS 9. The fair value of listed securities are based on quoted market prices listed in Hong Kong.



## 16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Bank deposits	212,996	113,389
Cash on hand	8	3
	<hr/>	<hr/>
Cash at bank and on hand in the consolidated statement of financial position and cash and cash equivalents in the consolidated cash flow statement	<b>213,004</b>	<b>112,392</b>
	<hr/> <hr/>	<hr/> <hr/>

## 17 TRADE PAYABLES

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

As of the end of the Reporting Period, the aging analysis of the Group's trade payables, based on the invoice date, is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 month	9,481	11,831
1 to 3 months	2,808	2,906
3 to 6 months	3,450	3,515
6 to 12 months	2,066	349
Over 12 months	2,258	897
	<hr/>	<hr/>
	<b>20,063</b>	<b>19,498</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE FINANCIAL STATEMENTS

### 18 OTHER PAYABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Payables for acquisitions of property, plant and equipment	2,697	7,449
Payables for acquisitions of right-of-use assets	5,530	5,530
Payables for staff costs and other labour costs	1,653	5,052
Dividends payable	2,397	2,380
Others	1,730	3,492
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	<b>14,006</b>	23,903
	<hr/> <hr/>	<hr/> <hr/>

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

### 19 CONTRACT LIABILITIES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Prepayments received from customers for rail freight transportation and related ancillary services	2,281	4,084
Prepayment required from customers for trading business	–	3,029
	<hr/>	<hr/>
	<b>2,281</b>	7,113
	<hr/> <hr/>	<hr/> <hr/>

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



19 **CONTRACT LIABILITIES** (Continued)

**Movements in contract liabilities**

	<b>At 30 June 2024 RMB'000</b>	<b>At 31 December 2023 RMB'000</b>
Balance at 1 January	7,113	2,377
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	<b>(7,113)</b>	(2,377)
Increase in contract liabilities as a result of billing in advance of performance at the end of the year	<b>2,281</b>	7,113
Balance at 30 June/31 December	<b>2,281</b>	7,113

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

20 BANK AND OTHER LOANS

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Bank loans:		
– Secured	380,106	383,526
– Unsecured	49,000	47,071
	<u>429,106</u>	<u>430,597</u>
Other loans:		
– Secured	118,038	60,659
– Unsecured	1,500	1,500
	<u>119,538</u>	<u>62,159</u>
	<u><u>548,644</u></u>	<u><u>492,756</u></u>

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

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 year or on demand	87,822	202,073
After 1 year but within 2 years	298,681	128,266
After 2 years but within 5 years	162,141	162,417
	<u>460,822</u>	<u>290,683</u>
	<u><u>548,644</u></u>	<u><u>492,756</u></u>



20 BANK AND OTHER LOANS (Continued)

- (c) At 30 June 2024, the Group's secured bank loans of RMB380,106,000 (31 December 2023: RMB383,526,000) were secured by the following assets of the Group:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Carrying amount:		
Right-of-use assets	111,115	112,385
Property, plant and equipment	7,136	7,297
	<u>118,251</u>	<u>119,682</u>

Included in the Group's secured bank loans as at 30 June 2024, RMB98,000,000 were also guaranteed by Cangzhou Railway Logistics Services Company Limited ("Cangzhou Logistics") (31 December 2023: RMB50,041,000).

- (d) At 30 June 2024, the Group's secured other loans of RMB118,038,000 (31 December 2023: RMB60,659,000) were secured by the following assets of the Group:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Carrying amount:		
Property, plant and equipment	120,998	127,860

Included in the Group's secured other loans as at 30 June 2024, RMB109,978,000 (31 December 2023: RMB51,639,000) were also guaranteed by Cangzhou Logistics and secured by equity interests of Cangzhou Canggang Railway Company Limited held by Cangzhou Logistics.

**20 BANK AND OTHER LOANS (Continued)**

- (e) As at 30 June 2024, the Group's unsecured other loans amounting to RMB1,500,000 (2023: RMB1,500,000) are interest-bearing at 4.75% per annum.
- (f) The following table details the interest rate profile of the Group's borrowings at the end of each reporting period:

	As at 30 June 2024		As at 31 December 2023	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000
<b>Fixed rate borrowings</b>				
Bank loans	3.7%-5.5%	429,106	3.0%-5.5%	430,597
Other loans	3.4%-6.6%	119,538	4.0%-4.75%	62,139
		548,644		492,756
Total borrowings		548,644		492,756
Fixed rate borrowings as a percentage of total borrowings		100%		100%



21 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS

(a) Dividends

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

	2024 RMB'000	2023 RMB'000
Final dividend in respect of the previous year, approved and paid during the Reporting Period, of RMB0.6 cents per ordinary share (six months ended 30 June 2023: RMB2.8 cents per ordinary share)	24,000	28,000

(b) Share capital

*Authorised share capital*

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

On 19 January 2024, the Shareholders at the EGM have approved the proposed Share Subdivision, in which each issued and unissued Share with a par value of HK\$0.01 each be subdivided into four (4) Subdivided Shares with a par value of HK\$0.0025 each and such Share Subdivision was effective on 23 January 2024. Upon the Share Subdivision becoming effective, 4,000,000,000 Subdivided Shares are in issue and fully paid or credited as fully paid. The authorised share capital of the Company has become HK\$100,000,000 divided into 40,000,000,000 Subdivided Shares of par value of HK\$0.0025 each. Details are set out in the Company's circular dated 3 January 2024 (the "Circular"). Capitalized terms shall have the meanings ascribed to them in the Circular.



### 21 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS *(Continued)*

#### (c) Share award scheme

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

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

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

During the six months ended 30 June 2024, no shares were purchased by the Trustee (year ended 31 December 2023: 61,008,000), with an aggregate amount of approximately RMB44,626,000 (year ended 31 December 2023: RMB44,626,000). No shares were granted to any person under the share award scheme as at 30 June 2024.

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



**22 COMMITMENTS**

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

	<b>At 30 June 2024 RMB'000</b>	<b>At 31 December 2023 RMB'000</b>
Commitments in respect of property, plant and equipment:		
– contracted for	<b>6,126</b>	<b>2,082</b>

**23 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES**

The material related party transactions entered into by the Group during the six months ended 30 June 2024 and 2023 and the balances with related parties at the end of each Reporting Period are set out below.

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

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

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

**(b) Transactions with related parties during the period**

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000</b>	<b>2023 RMB'000</b>
Short-term lease charges		
– Chengyu Company	<b>6</b>	<b>6</b>

**23 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES**
*(Continued)*
**(c) Balances with related party**

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

	<b>At 30 June 2024 RMB'000</b>	<b>At 31 December 2023 RMB'000</b>
Payables for short-term leases – Chengyu Company	<b>3</b>	<b>3</b>

**(d) Other related party transactions**

On 12 August 2019, Chengyu Company has granted the Group a gratuitous right to use its leasehold land for operating the Group's railway and rail yards for a period of 20 years. No rental was charged during the six months ended 30 June 2024 and 2023.

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

The related party transactions in respect of short-term lease (see Note 23(b)) and lease of leasehold land (see Note 23(d)) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, those transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1)(a).