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CHINA RESOURCES AND TRANSPORTATION GROUP LIMITED

中國資源交通集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 269)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Board wishes to inform the Shareholders and potential investors that the Group is expected to record a substantial increase in net loss for the six months ended 30 September 2014 as compared to the six months ended 30 September 2013.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Resources and Transportation Group Limited (the “Company” together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Based on the preliminary review of the draft unaudited consolidated income statement of the Group for the six months ended 30 September 2014, the board of directors of the Company (the “Board”) wishes to inform the shareholders (the “Shareholders”) and potential investors

of the Company that the Group is expected to record a substantial increase in net loss for the six months ended 30 September 2014 as compared to the six months ended 30 September 2013, which is mainly attributable to:

- (i) the significant increase in finance costs arising from bank borrowings and convertible bonds issued by the Company (collectively the “Specific Borrowings”). These Specific Borrowings were made primarily to finance the construction of the Group’s 265-kilometer heavy haul toll expressway in Inner Mongolia (the “Zhunxing Expressway”). During the construction phase of Zhunxing Expressway, all finance costs arising from these Specific Borrowings were capitalized to the Group’s concession intangible assets. Upon the traffic opening and commencement of toll collection of Zhunxing Expressway on 21 November 2013, the Group ceased capitalizing such finance costs and recognized them directly in the Group’s consolidated income statement pursuant to Hong Kong Accounting Standard 23, *Borrowing Costs*. The total amount of finance costs incurred for the six months ended 30 September 2014 is expected to be approximately HK\$892 million of which all are charged to the Group’s consolidated income statement (six months ended 30 September 2013: total amount of finance costs incurred was HK\$683 million of which HK\$652 million was capitalized to the Group’s concession intangible assets and HK\$31 million was charged to the Group’s consolidated income statement) ; and
- (ii) the commencement of amortization of the Group’s concession intangible assets upon the traffic opening and commencement of toll collection of Zhunxing Expressway on 21 November 2013. The amount of the amortization for the six months ended 30 September 2014 is expected to be approximately HK\$309 million (six months ended 30 September 2013: HK\$Nil).

Notwithstanding the above, the Board would like to disclose that toll income from the operation of Zhunxing Expressway for the six months ended 30 September 2014 is approximately HK\$531 million (six months ended 30 September 2013: HK\$Nil).

The Board is also pleased to state that the Group is expected to record a positive EBITDA (defined as earnings before interest, tax, depreciation, amortization and non-cash fair value changes of assets and liabilities) for the six months ended 30 September 2014 compared to a negative EBITDA for the six months ended 30 September 2013, primarily contributed by the toll income from Zhunxing Expressway.

The Board wishes to state that this announcement is made based on a preliminary review of the draft unaudited consolidated income statement of the Group for the six months ended 30 September 2014. Detailed financial results of the Group for the six months ended 30 September 2014 will be disclosed in the interim results announcement which is expected to be published by the end of October 2014.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Resources and Transportation Group Limited
Cao Zhong
Chairman

Hong Kong, 17 October 2014

As at the date of this Announcement, the Board comprises five executive Directors, namely Messrs Cao Zhong, Fung Tsun Pong, Duan Jingquan, Tsang Kam Ching, David and Gao Zhiping; a non-executive Director namely Mr. Suo Suo Stephen; and three independent non-executive Directors, namely Messrs Yip Tak On, Jing Baoli and Bao Liang Ming.