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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)

**PROPOSED AMENDMENTS TO
THE TERMS AND CONDITIONS OF
THE 2016 CONVERTIBLE BONDS**

Reference is made to the announcements of the Company dated 28 November 2014, 28 January 2015, 10 February 2015 and 6 November 2015, and circular of the Company dated 9 January 2015 in relation to, among other things, the issue of the 2016 Convertible Bonds.

As at the date of this announcement, none of the 2016 Convertible Bonds have been redeemed nor converted and the conversion price of the 2016 Convertible Bonds is HK\$1.07 per Conversion Share taking into account the intervening adjustments since the issue of the 2016 Convertible Bonds.

The Board announces that on 10 August 2016, the Company and the Bondholder entered into the Amendment Agreement.

THE AMENDMENT AGREEMENT

Date

10 August 2016

Parties

the Company and the Bondholder

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except for the holding of the 2016 Convertible Bonds, each of the Bondholder and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

The Proposed Amendments

Pursuant to Amendment Agreement, the Company and the Bondholder agreed to amend certain terms and conditions of the 2016 Convertible Bonds as follows:

- i. the maturity date for the 2016 Convertible Bonds will be extended from 24 October 2016 to 24 January 2017;
- ii. the conversion right of the Bondholder will similarly be extended to cover the period from 24 October 2016 to 24 January 2017;
- iii. the conversion price, which was originally HK\$0.20 per share of HK\$0.01 each and is currently HK\$1.07 per Share as a result of intervening adjustments since the issue of the 2016 Convertible Bonds, will be reset at HK\$0.20 per Share; and
- iv. provisions will be added to make clear that no transfer or conversion of 2016 Convertible Bonds is permitted to the extent it triggers a change in control under the Hong Kong Code on Takeovers and Mergers.

Except as disclosed above, there are no other material amendments to the terms of the 2016 Convertible Bonds.

Conditions precedent

The Proposed Amendments are subject to the following conditions precedent:

- i. the Shareholders in the EGM approving the Proposed Amendments including the extension of conversion period for the conversion of the 2016 Convertible Bonds;
- ii. all necessary consents and approvals required to be obtained on part of the Bondholder in respect of the Proposed Amendments having been obtained; and

- iii. the Stock Exchange approving the Proposed Amendments including the listing on the Stock Exchange of Conversion Shares arising from conversion of the 2016 Convertible Bonds during the extended conversion period as mentioned above.

In the event that the conditions precedent set out above are not satisfied by 24 October 2016, the Amendment Agreement shall terminate and cease to be of any effect and neither party thereto shall have any claim against the other party for any costs, damages, compensation or otherwise in respect of the Amendment Agreement other than in respect of antecedent breaches thereof.

Adjusted conversion price per Conversion Share

The adjusted conversion price of HK\$0.20 per Conversion Share represents:

- i. a discount of 81.31% to the original conversion price (taking into account the intervening adjustments since the issue of the 2016 Convertible Bond) of HK\$1.07 per Conversion Share;
- ii. a premium of 83.49% to the closing price of HK\$0.109 per Share as quoted on the Stock Exchange on 10 August 2016 (the date of the Amendment Agreement);
- iii. a premium of 85.87% to the average closing price of approximately HK\$0.108 per Share as quoted on the Stock Exchange for the last five trading days up to and including 10 August 2016 (the date of the Amendment Agreement); and
- iv. a premium of 85.01% to the average closing price of approximately HK\$0.108 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 10 August 2016 (the date of the Amendment Agreement).

Assuming the conversion rights attaching to the 2016 Convertible Bonds are exercised in full at the adjusted conversion price of HK\$0.20 per Conversion Share, 4,000,000,000 Conversion Shares will fall to be issued to the Bondholder, representing approximately 59.23% of the issued capital of the Company as at the date of this announcement and approximately 37.20% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares.

Specific Mandate to issue the Conversion Shares

On 28 January 2015, Shareholders granted an Original Specific Mandate to the Directors for the allotment and issue of new Shares upon exercise of the conversion rights attached to the 2016 Convertible Bonds. Due to the extended maturity date of the 2016 Convertible Bonds, the Conversion Shares will be issued under a revised Specific Mandate which will supersede the Original Specific Mandate and is subject to the approval of the Shareholders at the EGM.

Ranking

The Conversion Shares, when fully paid, issued and allotted, will rank *pari passu* in all respects with all Shares in issue as at the date of issue of the Conversion Shares.

Listing application for the Conversion Shares

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and the permission to deal in the Conversion Shares.

LISTING RULES IMPLICATION

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities.

The Company has obtained the approval of the Stock Exchange in respect of the Proposed Amendments subject to obtaining the Shareholders' approval on the Proposed Amendments.

REASONS AND BENEFITS OF THE PROPOSED AMENDMENTS

The Group is principally engaged in expressway operations, trading of petroleum and related products, compressed natural gas stations operations and timber operations.

The Board considers that the extended time for the repayment to the Bondholder will be beneficial to the Company and its operations by alleviating the pressure on its cashflows and profits. Furthermore, the amendment of conversion price will incentivise the Bondholder to convert all or part of the 2016 Convertible Bonds not previously converted by bringing it closer to the current market level of the share price. Based on the above, the Board is of the view that the terms of the Amendment Agreement and 2016 Convertible Bonds (as amended by the Amendment Agreement) are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

GENERAL

The entering into of the Amendment Agreement, the Proposed Amendments and the allotment and issue of the Conversion Shares under the Specific Mandate are subject to Shareholders' approval at the EGM. A circular containing further information regarding the Proposed Amendments together with the notice of the EGM is expected to be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

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

“2016 Convertible Bonds”	the 9% convertible bonds in the aggregate principal amount of HK\$800 million issued by the Company, details of which are set out in the Company's announcement dated 28 November 2014
“Amendment Agreement”	the amendment agreement dated 10 August 2016 entered into between the Company and the Bondholder in relation to the 2016 Convertible Bonds amendments
“Board”	the board of Directors
“Bondholder”	Strait Capital Service Limited, an exempted company incorporated in the Cayman Islands with limited liability
“Company”	China Resources and Transportation Group Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 269)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Share(s)”	the new Shares to be issued upon the exercise of the conversion rights attached to the 2016 Convertible Bonds
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve the Amendment Agreement and the transactions contemplated therein, including the grant of the Specific Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Specific Mandate”	the specific mandate to allot and issue new Shares granted to the Board pursuant to the ordinary resolution 4(b) at the extraordinary general meeting of the Company held on 28 January 2015
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Amendments”	the proposed amendments to the 2016 Convertible Bonds pursuant to the terms of the Amendment Agreement
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Specific Mandate”	the specific mandate proposed to be granted to the Directors at the EGM to allot, issue and deal with the Shares to be allotted upon conversion of the 2016 Convertible Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Agreement” the subscription agreement dated 28 November 2014 entered into between the Company and the Bondholder in relation to the subscription of the 2016 Convertible Bonds

“%” per cent

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

Hong Kong, 10 August 2016

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