

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



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)

ANNOUNCEMENT

- (I) VERY SUBSTANTIAL ACQUISITION
AND CONNECTED TRANSACTION**
- (II) REVERSE TAKEOVER INVOLVING
A NEW LISTING APPLICATION**
- (III) ISSUE OF CONSIDERATION SHARES AND
SUBSCRIPTION SHARES, AND PROPOSED PLACING OF SHARES
UNDER SPECIFIC MANDATE**
- (IV) PROPOSED CHANGE OF DIRECTORS**
- (V) APPLICATION FOR WHITEWASH WAIVER**
- (VI) SPECIAL DEAL**
- (VII) INCREASE IN AUTHORISED SHARE CAPITAL
AND**
- (VIII) RESUMPTION OF TRADING**

Financial Adviser to the Company



THE SALE AND PURCHASE AGREEMENT

On 11 July 2017 (before trading hours), the Company entered into the Sale and Purchase Agreement with the Vendors. The Company has conditionally agreed to acquire from the Vendors the right and power to control over, and the right to enjoy the economic benefits in, the pawn loan business operated by the Target Group through the Structured Contracts.

The consideration for the Acquisition is HK\$3,281,768,760. It will be satisfied by the allotment and issue of the Consideration Shares, representing (i) approximately 191.72% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 49.63% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares, the Subscription Shares, the Placing Shares and after conversion or exercise in full of all convertible securities, share options and warrants or other derivatives in issue as at the date of this announcement, at the Issue Price of HK\$0.23 per Share to the Vendors and/or their nominee(s).

The Consideration Shares will be allotted and issued at Completion under the Specific Mandate proposed to be obtained at the EGM.

THE SUBSCRIPTION AGREEMENT

On 11 July 2017 (before trading hours), the Company and the Subscribers entered into the Subscription Agreement. The Subscribers have conditionally agreed to subscribe for (on a several but not joint basis) the Subscription Shares, representing (i) approximately 47.32% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.25% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares, the Subscription Shares, the Placing Shares and after conversion or exercise in full of all convertible securities, share options and warrants or other derivatives in issue as at the date of this announcement, at the Issue Price with an aggregate consideration of HK\$809,999,850.

Completion of the Acquisition, the completion of the Subscription and the completion of the Placing are inter-conditional.

PROPOSED PLACING

As at the date of this announcement, the Bonds in the principal amount of HK\$4.032 billion remain outstanding. It is proposed that the Company will conduct the Placing which will be completed at the same time as completion of the Acquisition to raise funds to repay part of the principal amount of the Bonds.

The Placing would be inter-conditional with the Acquisition and the Subscription. Completion of the Placing would be conditional upon all the conditions precedent in relation to the Acquisition and the Subscription having been fulfilled or otherwise waived.

The Company intends to issue 3,478,260,869 new Shares under the Specific Mandate to investors who are independent third parties and not acting in concert with the Vendors at the Issue Price of HK\$0.23 per Share under the Placing. The aggregate proceeds from the Placing would amount to approximately HK\$800,000,000.

The Company intends to enter into the Placing Agreement before the despatch of the circular to the Shareholders in respect of the Acquisition. Further details about the Placing will be contained in the announcement to be issued by the Company upon the signing of the Placing Agreement in compliance with the Listing Rules and the circular to be despatched to the Shareholders in respect of the Acquisition.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares, the Subscription Shares and the Placing Shares.

PROPOSED CHANGE OF DIRECTORS

It is a condition precedent to Completion that the appointment of the 7 individuals nominated by CITIC AMC as Directors upon Completion will be approved at the EGM and all the existing Directors (except for the Retained Directors) will resign at Completion. Upon Completion, the Board will comprise 12 members, including 4 executive Directors, 1 non-executive Director and 2 independent non-executive Directors nominated by CITIC AMC and 3 executive Directors and 2 independent non-executive Directors from the existing Board.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed(s) 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders at the EGM.

The Acquisition constitutes a reverse takeover for the Company under Rule 14.06(6)(a) of the Listing Rules, on the basis that the Acquisition (i) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules; and (ii) results in a change in control (as defined under the Takeovers Code) of the Company as the Vendors and parties acting in concert with any of them, will hold an aggregate of more than 30% of the voting rights of the Company upon Completion, although none of the Vendors would be a controlling shareholder (as defined under the Listing Rules) entitled to exercise or control the exercise of 30% or more of the voting rights of the Company upon Completion.

Under Rule 14.54 of the Listing Rules, the Company will be treated as if it were a new listing applicant. The Acquisition is subject to the approval by the Listing Committee of a new listing application to be made by the Company. Such new listing application is required to comply with all the requirements under the Listing Rules and, in particular, the requirements under Chapters 8 and 9 of the Listing Rules. As at the date of this announcement, the new listing application has not been submitted to the Stock Exchange. The Company will initiate the new listing application process as soon as practicable.

It is a condition precedent to Completion that the approval of the new listing application by the Listing Committee has been obtained. In the event that the approval for the new listing application is not granted by the Listing Committee, the Sale and Purchase Agreement will not become unconditional and the Acquisition will not proceed.

Further, the Acquisition constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules, as CITIC AMC, being one of the Vendors and a substantial shareholder of the Target Company, proposes to nominate 7 Directors out of a total of 12 Directors in the Board upon Completion, subject to the retirement and rotation requirements under the Articles of Association of the Company.

The Acquisition will be subject to the approval by the Independent Shareholders at the EGM.

IMPLICATIONS OF THE ACQUISITION UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

The Vendors, being shareholders of the Target Company, which is a private company, and the holders of the Consideration Shares upon Completion, are acting in concert under the Takeovers Code.

Immediately following the allotment and issue of the Consideration Shares, the shareholding of the Vendors and parties acting in concert with any of them will be approximately 49.70% of the Shares in issue as enlarged by the allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares but before conversion or exercise of any convertible securities, share options, warrants or other derivatives of the Company in issue as at the date of this announcement. Under Rule 26.1 of the Takeovers Code, the Vendors and parties acting in concert with any of them would be required to make an unconditional mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Vendors and parties acting in concert with any of them, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive.

An application will be made by CITIC AMC for and on behalf of the Vendors to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted, will be subject to the approval of the Independent Shareholders in respect of the Whitewash Waiver at the EGM by way of poll.

The Executive will not normally grant the Whitewash Waiver, or if granted will be invalidated if:

- (i) the Vendors and parties acting in concert with any of them having acquired any voting rights of the Company in the 6 months prior to the date of this announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements in relation to the Acquisition; and
- (ii) the Vendors and parties acting in concert with any of them having any acquisitions or disposals of voting rights of the Company between the date of this announcement and Completion unless with the prior consent of the Executive.

The Whitewash Waiver will be a condition precedent to Completion. The Executive may or may not grant the Whitewash Waiver. In the event that the Whitewash Waiver is not granted by the Executive or the Whitewash Waiver is not approved by the Independent Shareholders, CITIC AMC will consider whether to waive the condition precedent and complete the Acquisition by making a general offer for the Shares under the Takeovers Code.

IMPLICATIONS OF THE PARTIAL REPAYMENT OF BONDS UNDER THE TAKEOVERS CODE AND SPECIAL DEAL

As at the date of this announcement, one of the Bondholders, namely China Life, is a Shareholder. As such, the application of the proceeds from the Placing by the Company to partially repay the Bonds under the Placing Agreement will constitute a special deal under Note 5 of Rule 25 of the Takeovers Code. The Special Deal would therefore require (i) the consent of the Executive, (ii) an independent financial adviser to state in its opinion that the terms of the Special Deal are fair and reasonable, and (iii) approval of the Independent Shareholders in the EGM.

POTENTIAL CONTINUING CONNECTED TRANSACTIONS

The transactions contemplated under the Structured Contracts will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon Completion. Further disclosure will be made in the circular to be despatched by the Company to the Shareholders in compliance with the requirements of the Listing Rules if and when required.

Members of the Target Group have entered into certain transactions with entities which will become connected persons of the Company upon Completion and such transactions may continue after Completion. These transactions may constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of such continuing connected transactions will be disclosed in the circular to be despatched by the Company to the Shareholders in compliance with the requirements of the Listing Rules if and when required.

POTENTIAL ISSUE OF THE CONVERTIBLE BONDS

The Company is also contemplating the issue of the Convertible Bonds to raise funds. As at the date of this announcement, no definite timetable has been set for the issue of the Convertible Bonds.

The Company will make further announcement(s) in respect of the proposed issue of the Convertible Bonds in compliance with the Listing Rules and the Takeovers Code as and when the CB Subscription Agreement is entered into.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An independent board committee of the Company comprising Messrs. Suo Suo Stephen, Yip Tak On, Jing Baoli, Bao Liang Ming and Xue Baozhong, being all the non-executive Directors, who have no direct or indirect interest in the Acquisition, the Subscription, the Whitewash Waiver and the Special Deal, will be formed to advise the Independent Shareholders in relation to the Acquisition, the Subscription, the Whitewash Waiver and the Special Deal.

The Company will, with the approval of the independent board committee of the Company, appoint an independent financial adviser in accordance with the requirements under the Listing Rules and the Takeovers Code to advise the independent board committee of the Company and the Independent Shareholders on the Acquisition, the Subscription, the Whitewash Waiver and the Special Deal. A further announcement will be made by the Company upon the appointment of the independent financial adviser as soon as possible.

INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$4,000,000,000 divided into 20,000,000,000 Shares to HK\$8,000,000,000 divided into 40,000,000,000 Shares.

DESPATCH OF CIRCULAR

The Company will despatch a circular in accordance with requirements under the Listing Rules and Rule 8.2 of the Takeovers Code. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to the Shareholders a circular within 21 days from the publication of this announcement, that is, on or before 22 August 2017. Such circular will contain, among other things,

- (i) further details of the Acquisition, the Subscription, the Placing, the Whitewash Waiver and the Special Deal;
- (ii) the recommendation of the independent board committee of the Company in relation to the Acquisition, the Subscription, the Whitewash Waiver and the Special Deal;
- (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition, the Subscription, the Whitewash Waiver and the Special Deal;

- (iv) financial information of the Target Group and the Enlarged Group;
- (v) information relating to the change of Directors; and
- (vi) a notice of the EGM.

In view of the process required in connection with the new listing application by the Company, the date of despatch of the circular is uncertain as at the date of this announcement, and expected to be a date after the expiry of 21 days after the date of this announcement. As such, an application will be made to the Executive for a consent for an extension of the latest time for the despatch of the circular pursuant to Rule 8.2 of the Takeovers Code. The Company will make further announcement on the expected despatch date of the circular. Shareholders and potential investors should refer to the circular for further details of the Acquisition, the Subscription and the Placing.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been halted at the request of the Company with effect from 9:00 a.m. on 11 July 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 2 August 2017.

CAUTION

It should be noted that each of the Acquisition and the Subscription is subject to a number of conditions, which may or may not be fulfilled. In addition, the Placing may or may not materialise and the approval of the new listing application to be made by the Company, the Whitewash Waiver and the Special Deal may or may not be granted by the Stock Exchange, the Executive and/or approved by the Independent Shareholders. The Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the Shares of the Company.

THE ACQUISITION

On 11 July 2017 (before trading hours), the Company entered into the Sale and Purchase Agreement with the Vendors. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

The principal terms of the Sale and Purchase Agreement are set out below.

Subject matter

The Company has conditionally agreed to, through its wholly-owned subsidiary established in the PRC, acquire from the Vendors the right and power to control over, and the right to enjoy the economic benefits in, the pawn loan business operated by the Target Group through the Structured Contracts. Further information on the Structured Contracts is set out in the section headed “Information of the Structured Contracts — Structured Contracts” below.

The Target Group is primarily engaged in the pawn loan business in the PRC. Further information on the Target Group is set out in the section headed “Information of the Target Group” below.

Conditions precedent

Completion is conditional upon the satisfaction (or, if applicable, the waiver) of the following conditions precedent:

- (a) the approval of Independent Shareholders at the EGM to the Sale and Purchase Agreement, the Subscription Agreement, the Placing Agreement and the transactions contemplated thereunder, including without limitation,
 - (i) the Specific Mandate in relation to the allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares;
 - (ii) the proceeds from the Placing will only be used for the repayment of the principal amount of the Bonds;
 - (iii) the entering into of the Structured Contracts;
 - (iv) the Whitewash Waiver;
 - (v) the appointment of 7 individuals nominated by CITIC AMC as Directors with effect upon Completion;
 - (vi) the increase of the authorised share capital of the Company from HK\$4,000,000,000 divided into 20,000,000,000 Shares to HK\$8,000,000,000 divided into 40,000,000,000 Shares; and
 - (vii) the Special Deal;

- (b) all the existing Directors (except for the Retained Directors), having resigned with effect upon Completion;
- (c) the Company having completed the due diligence review of the Target Group and its assets and other affairs as determined by the Company and the results of such review being satisfactory to the Company in its absolute discretion;
- (d) the Vendors having completed the due diligence review of the Group and its assets and other affairs as determined by the Vendors and the results of such review being satisfactory to the Vendors in its absolute discretion;
- (e) the Company having received an opinion issued by a competent PRC legal adviser of the Vendors in respect of the Target Group related matters (and in particular, to the legality of the use of the Structured Contracts) in the form and substance satisfactory to the Company;
- (f) all necessary consents, approval, authorisation, permit, waiver, order, concession and notices from the creditors and Shareholders or any relevant governmental or regulatory authorities in the Cayman Islands for the entering into or the implementation or completion of the transactions contemplated under the Sale and Purchase Agreement by the Company having been obtained and not having been revoked or withdrawn before Completion;
- (g) all necessary consents, approval, authorisation, permit, waiver, order, concession and notices from the creditors and shareholders of the Vendors or any third parties or any relevant governmental or regulatory authorities for the entering into or the implementation or completion of the transactions contemplated under the Sale and Purchase Agreement by the Vendors having been obtained and not having been revoked or withdrawn before Completion;
- (h) approval in principle by the Listing Committee of the new listing application by the Company having been granted and not having been revoked or withdrawn;
- (i) the Listing Committee having granted (either unconditionally or subject only to conventional conditions) the listing of, and permission to deal in, the Consideration Shares, the Subscription Shares and the Placing Shares on the Stock Exchange and such permission not subsequently being revoked or withdrawn;
- (j) the Whitewash Waiver having been granted by the Executive to CITIC AMC for and on behalf of the Vendors and such waiver remaining valid;

- (k) no material adverse change having occurred to the business, operations and financial performance of the Target Group between the date of this announcement and the Completion Date;
- (l) no material adverse change having occurred to the business, operations and financial performance of the Group between the date of this announcement and the Completion Date, save for the disposal of any of the Assets;
- (m) the representations and warranties given by the Vendors in the Sale and Purchase Agreement remaining true, accurate and not misleading in all material aspects, as such representations and warranties being made at the Completion Date with reference to the circumstances and facts then existing;
- (n) the representations and warranties given by the Company in the Sale and Purchase Agreement remaining true, accurate and not misleading in all material aspects, as such representations and warranties being made at the Completion Date with reference to the circumstances and facts then existing;
- (o) the Vendors having performed or complied with, in all material respects, all of their undertakings and obligations required to be performed or complied with under the Sale and Purchase Agreement prior to Completion;
- (p) the Company having performed or complied with, in all material respects, all of their undertakings and obligations required to be performed or complied with under the Sale and Purchase Agreement prior to Completion;
- (q) full and complete discharge of the pledge of the shares of the Target Company by Jianlong Biotech;
- (r) no prohibition by laws, regulations, rules or orders from any relevant governmental or regulatory authorities preventing Completion;
- (s) all the conditions precedent for the completion of the transactions under the Subscription Agreement having been fulfilled according to the terms therein and the Subscription Agreement not having been terminated according to the terms therein;

- (t) the Company having signed the Placing Agreement on terms which have substantially been agreed with CITIC AMC and conformed to the terms as agreed in the Sale and Purchase Agreement, and the conditions thereto having been fulfilled according to the terms therein and such agreement not having been terminated according to their terms;
- (u) the Company having repaid not less than HK\$1,250 million of the principal amount of the Bonds (of which the Company shall use the proceeds arising from the Expressway Disposal), the source of funds for which shall not be the proceeds from the Subscription and the Placing;
- (v) the Bondholders having agreed in writing that they will not demand for, or take any action in respect of, repayment of the outstanding Bonds for a period of 365 days from the Completion Date (after the partial repayment by the Company of the Bonds as stated in condition (u) above and using the proceeds from the Placing on or before the Completion Date), and that the proceeds from the Subscription shall only be applied by the Company for the development of the pawn loan business operated by the Target Group or other ordinary business operated by the Company;
- (w) the Vendors and the Subscribers who are Chinese Investors having signed the Chinese Investor Undertaking, and the aggregate voting rights held, whether directly or indirectly by Chinese Investors of the Company upon Completion shall be in compliance with the requirements under the guidance letter of the Stock Exchange HKEx-GL-77-14;
- (x) Mr. Cao Zhong, a Director, having signed the Chinese Investor Undertaking;
- (y) the Structured Contracts having been entered into prior to the despatch of the Circular and becoming effective upon Completion; and
- (z) the Special Deal having been approved by the Executive in accordance with Rule 25 of the Takeovers Code and such approval remaining valid and all its conditions (if any) having been satisfied.

The conditions precedent set out in paragraphs (a)(iv), (c), (e), (g), (j), (k), (m), (o), (q), (w) and (y) above may be waived by the Company by its serving a written notice to CITIC AMC. The conditions precedent set out in paragraphs (a)(iv), (b), (d), (f), (j), (l), (n), (p), (s), (t), (u), (v), (x) and (y) above may be waived by CITIC AMC on behalf of all the Vendors by its serving a written notice to the Company. None of the other conditions precedent set out above may be waived by any party.

The Company considers that the option to waive the conditions precedent, in particular condition (e), to the Sales and Purchase Agreement will provide the Company with more flexibility and certainty in terms of deal execution while complying with mandatory regulatory requirements in the PRC.

As at the date of this announcement, except those specifically set out in the above conditions, none of such other consents and approvals has been identified so far.

The Company intends to dispose the Assets specified in condition (l) above to independent third parties who are not Shareholders, and expects that the repayment as specified in condition (u) will be satisfied by the proceeds from the Expressway Disposal.

The Company intends to enter into the written agreement as specified in condition (v) with the Bondholders, pursuant to which the Bondholders would undertake, among other things, that they would not demand for, or take any action in respect of, any additional repayment of the Bonds for a period of 365 days from the Completion Date (after the partial repayment by the Company of the Bonds as stated in condition (u) above and using the proceeds from the Placing on or before the Completion Date).

As at the date of this announcement, none of the above conditions precedent has been satisfied or waived.

The Directors undertake that the Company will not waive conditions (w) and (y). If any of the conditions precedent set out above has not been fulfilled (or, if applicable, waived by the Company or CITIC AMC on behalf of all the Vendors) on or before 30 June 2018 (or such later date as may be agreed between the parties), the Sale and Purchase Agreement will terminate with immediate effect.

Consideration

The consideration for the Acquisition is HK\$3,281,768,760. It will be satisfied by the allotment and issue of the Consideration Shares at the Issue Price to the wholly-owned subsidiaries of the Vendors. The consideration was determined after arm's length negotiations between the Company and the Vendors with reference to the financial conditions of the Target Group (and in particular, the unaudited consolidated total equity attributable to the owners of the Target Company as of 30 June 2017, being approximately RMB2,193.6 million), the prevailing market prices of the Shares and the recent market conditions.

The Consideration Shares represent:

- (i) approximately 191.72% of the total Shares in issue as at the date of this announcement;
- (ii) approximately 65.72% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares only but before conversion or exercise in full of any convertible securities, share options and warrants or other derivatives in issue as at the date of this announcement;

- (iii) approximately 56.55% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares and the Subscription Shares but before conversion or exercise in full of any convertible securities, share options and warrants or other derivatives in issue as at the date of this announcement;
- (iv) approximately 49.70% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares but before conversion or exercise in full of any convertible securities, share options and warrants or other derivatives in issue as at the date of this announcement; and
- (v) approximately 49.63% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares, the Subscription Shares, the Placing Shares and after conversion or exercise in full of all convertible securities, share options and warrants or other derivatives in issue as at the date of this announcement.

Further details on the effect of the Acquisition on the shareholding structure of the Company are set out in the section headed “Effect on the Shareholding Structure of the Company” below.

The Issue Price of HK\$0.23 for each Consideration Share represents:

- (a) a discount of approximately 19.30% over the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 9.59% over the average of the closing price per Share of approximately HK\$0.254 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (c) a discount of approximately 9.41% over the average of the closing price per Share of approximately HK\$0.254 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (d) a premium of approximately 1.00% over the average of the closing price per Share of approximately HK\$0.228 for the last thirty trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The issue price of the Consideration Shares was determined after arm’s length negotiations between the Company and the Vendors with reference to the financial conditions of the Company, the prevailing market prices of the Shares, the recent fluctuations in the price of the Shares and the recent market conditions.

Structured Contracts

Prior to the despatch of the circular in relation to the Acquisition to the Shareholders, the relevant parties will enter into the Structured Contracts which will take effect upon Completion. The terms of the Structured Contracts are set out in the section headed “Information of the Structured Contracts” below.

Ranking of the Consideration Shares

The Consideration Shares will rank equally among themselves and pari passu in all respects with all other Shares in issue, including but not limited to the Subscription Shares and the Placing Shares, on the date of the allotment and issue of the Consideration Shares. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM.

Completion

Completion is scheduled to take place on the 5th business day after the last condition precedent having been fulfilled (or, if applicable, waived) or a later date as may be agreed by the parties in writing.

THE SUBSCRIPTION

On 11 July 2017 (before trading hours), the Company as the issuer and the Subscribers entered into the Subscription Agreement.

Each of the Subscribers and its ultimate beneficial owners is a third party independent of the Company, the Vendors and their respective connected persons and is not acting in concert with the Vendors or any of the respective concert parties of the Vendors.

Subject matter

As disclosed in the section headed “Effect on the Shareholding Structure of the Company” below in this announcement, Starry Wealth, Trendy Sky, Oriental Gold, Beijing Kaiweiming and Shenzhen Heruikang, being Subscribers, will subscribe for 869,565,000 Subscription Shares, 1,739,130,000 Subscription Shares, 304,347,826 Subscription Shares, 304,347,826 Subscription Shares and 304,347,826 Subscription Shares, respectively.

The Subscribers have conditionally agreed to subscribe for (on a several but not joint basis) the Subscription Shares (with an aggregate consideration of HK\$809,999,850) at the Issue Price.

The Subscription Shares represent:

- (i) approximately 47.32% of the total Shares in issue as at the date of this announcement;
- (ii) approximately 32.12% of the total Shares in issue as enlarged by the allotment and issue of the Subscription Shares only but before conversion or exercise in full of any convertible securities, share options and warrants or other derivatives in issue as at the date of this announcement;

- (iii) approximately 13.96% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares and the Subscription Shares but before conversion or exercise in full of any convertible securities, share options and warrants or other derivatives in issue as at the date of this announcement;
- (iv) approximately 12.27% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares but before conversion or exercise in full of any convertible securities, share options and warrants or other derivatives in issue as at the date of this announcement; and
- (v) approximately 12.25% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares, the Subscription Shares, the Placing Shares and after conversion or exercise in full of all convertible securities, share options and warrants or other derivatives in issue as at the date of this announcement.

Further details on the effect of the Subscription on the shareholding structure of the Company are set out in the section headed “Effect on the Shareholding Structure of the Company” below.

Consideration

The aggregate amount of the consideration for the Subscription Shares is approximately HK\$809,999,850. It shall be payable by the Subscribers in cash upon completion of the Subscription.

The Issue Price of HK\$0.23 for each Subscription Share is the same as the issue price for the Consideration Shares, which represents:

- (a) a discount of approximately 19.30% over the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 9.59% over the average of the closing price per Share of approximately HK\$0.254 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (c) a discount of approximately 9.41% over the average of the closing price per Share of approximately HK\$0.254 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (d) a premium of approximately 1.00% over the average of the closing price per Share of approximately HK\$0.228 for the last thirty trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The issue price of the Subscription Shares was determined after arm's length negotiations between the Company and the Subscribers with reference to the financial conditions of the Company, the prevailing market prices of the Shares, the recent fluctuations in the price of the Shares, the issue price of the Consideration Shares and the recent market conditions.

Ranking of the Subscription Shares

The Subscription Shares will rank equally among themselves and *pari passu* in all respects with all other Shares, including but not limited to the Consideration Shares and the Placing Shares, in issue on the date of their allotment and issue.

The Subscription Shares will be allotted and issued under the Specific Mandate proposed to be obtained at the EGM.

Conditions precedent

Completion of the Subscription is conditional upon satisfaction of the following conditions:

- (a) all the conditions precedent for completion of the Sale and Purchase Agreement and the Placing Agreement having been fulfilled or otherwise waived according to their respective terms and such agreements not having been terminated according to their terms, respectively;
- (b) the approval of the Shareholders at the EGM on the matters in relation to the allotment and issue of the Subscription Shares including but limited to the Specific Mandate, having been obtained;
- (c) the Listing Committee having granted the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange and such permission not subsequently being revoked or withdrawn;
- (d) all necessary consents, approval, authorisation, permit, waiver, order, concession and notices from the creditors and shareholders of the Subscribers or any third parties or any relevant governmental or regulatory authorities for the entering into or the implementation or completion of the transaction contemplated under the Subscription Agreement by the Subscribers having been obtained and not having been revoked or withdrawn before the completion of the Subscription; and
- (e) no prohibition by laws, regulations, rules or orders from any relevant governmental or regulatory authorities preventing completion of the Subscription.

None of the conditions precedent set out above may be waived by the parties. As at the date of this announcement, none of the above conditions precedent has been satisfied. If any of the conditions precedent set out above has not been fulfilled on or before 30 June 2018 (or such later date as may be agreed between the Company and the Subscribers), the Subscription Agreement will terminate with immediate effect.

Completion of the Acquisition, the completion of the Subscription and the completion of the Placing are inter-conditional.

Completion

Completion of the Subscription is scheduled to take place contemporaneously with completion of the Acquisition.

Use of proceeds

The gross proceeds from the Subscription will amount to approximately HK\$809,999,850. The net issue price per Subscription Share would be approximately HK\$0.23.

The Company intends to apply all of the net proceeds of the Subscription to expand the pawn loan business to be operated by the Target Group or to be used in the ordinary business operation of the Company. In view of the current indebtedness of the Company and in order to ensure the proceeds of the Subscription will be used as disclosed above, the Company and the Subscribers agreed that such proceeds shall not be applied for the repayment of indebtedness of the Company incurred before the Completion Date (including the indebtedness resulted therefrom incurred after the Completion Date).

PROPOSED PLACING

As at the date of this announcement, the Bonds in the principal amount of HK\$4.032 billion remain outstanding. It is proposed that the Company will conduct the Placing to independent third parties who are not acting in concert with the Vendors or their concert parties, which will be completed simultaneously with the Acquisition, in order to raise funds to repay part of the principal amount of the Bonds. The Placing would be inter-conditional with the Acquisition and the Subscription. Completion of the Placing would be conditional upon all the conditions precedent in relation to the Acquisition and the Subscription having been fulfilled or otherwise waived.

In addition to the partial repayment of the Bonds to be made using the proceeds from the Expressway Disposal, the Company intends to issue 3,478,260,869 Placing Shares under the Specific Mandate to investors who are independent third parties and not acting in concert with the Vendors or their concert parties at the Issue Price of HK\$0.23 per Share under the Placing. The aggregate proceeds from the Placing would amount to approximately HK\$800,000,000 and will be applied to further repay the Bonds. The remaining outstanding principal of the Bonds is expected to be repaid with the proceeds from the potential issue of the Convertible Bonds. Further details of the Expressway Disposal have been disclosed in the Company's announcement dated 9 January 2017.

The Company will enter into Placing Agreement before the despatch of the circular to the Shareholders in respect of the Acquisition. Further details about the Placing will be contained in the announcement to be issued by the Company upon the signing of the Placing Agreement in compliance with the Listing Rules and the circular to be despatched to the Shareholders in respect of the Acquisition.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares, the Subscription Shares and the Placing Shares.

PROPOSED CHANGE OF DIRECTORS

It is a condition precedent to the Sale and Purchase Agreement that the appointment of the 7 individuals nominated by CITIC AMC as Directors upon Completion will be approved at the EGM and all the existing Directors (except for the Retained Directors) will resign upon Completion. Upon Completion, the Board will comprise 12 members, including 4 executive Directors, 1 non-executive Director and 2 independent non-executive Directors nominated by CITIC AMC and 3 executive Directors and 2 independent non-executive Directors from the existing Board.

The proposed directors to be nominated by CITIC AMC will be done in the following steps:

- (i) candidates are nominated by CITIC AMC;
- (ii) the qualifications and experience of the proposed candidates are reviewed and examined by the nomination committee of the Board;
- (iii) the nomination committee will make recommendations to the Board in relation to the appointment of the proposed candidates;
- (iv) the Board and the Shareholders will approve and appoint the proposed directors at the EGM based on the recommendations from the nomination committee; and
- (v) the appointed directors will be subject to the retirement and rotation requirements under the articles of association of the Company.

The biographical details of the new Directors will be included in further announcement(s) and/or the circular to be despatched by the Company to the Shareholders in relation to the Acquisition as and when required.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement:

- (a) the Company has 7,442,395,970 Shares in issue; and
- (b) save for the options issued under the Company's Share Option Scheme that confer the holders the right to subscribe for 37,833,324 Shares, the Company does not have any outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares or any rights to subscribe for any Shares.

The shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Acquisition, the Subscription and the Placing is as follows:

| | As at the date of this announcement | | Upon allotment and issue of the Consideration Shares (assuming that none of the outstanding employee share options are exercised) <i>(Note 1)</i> | | Upon allotment and issue of the Consideration Shares and the Subscription Shares (assuming that none of the outstanding employee share options are exercised) <i>(Note 1)</i> | | Upon allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares (assuming that none of the outstanding employee share options are exercised) <i>(Note 1)</i> | | Upon allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares (assuming that all of the outstanding employee share options are exercised) <i>(Note 1)</i> | |
|-------------------------------|-------------------------------------|------------------|--|------------------|--|------------------|--|------------------|---|------------------|
| | <i>Number of shares</i> | <i>Approx. %</i> | <i>Number of shares</i> | <i>Approx. %</i> | <i>Number of shares</i> | <i>Approx. %</i> | <i>Number of shares</i> | <i>Approx. %</i> | <i>Number of shares</i> | <i>Approx. %</i> |
| | | | | | | | | | | |
| Existing Directors | | | | | | | | | | |
| Mr. Cao Zhong | 982,125,000 | 13.20% | 982,125,000 | 4.52% | 982,125,000 | 3.89% | 982,125,000 | 3.42% | 982,125,000 | 3.42% |
| Mr. Fung Tsun Pong | 958,345,610 | 12.88% | 958,345,610 | 4.41%* | 958,345,610 | 3.80%* | 958,345,610 | 3.34%* | 958,345,610 | 3.33%* |
| Mr. Tsang Kam Ching, David | 7,581,224 | 0.10% | 7,581,224 | 0.03% | 7,581,224 | 0.03% | 7,581,224 | 0.03% | 10,692,335 | 0.04% |
| Mr. Gao Zhiping | - | - | - | - | - | - | - | - | 3,111,111 | 0.01% |
| Mr. Yip Tak On | - | - | - | - | - | - | - | - | 555,555 | 0.00% |
| Mr. Jing Baoli | - | - | - | - | - | - | - | - | 555,555 | 0.00% |
| Sub-total | 1,948,051,834 | 26.18% | 1,948,051,834 | 8.97% | 1,948,051,834 | 7.72% | 1,948,051,834 | 6.79% | 1,955,385,166 | 6.80% |

| | As at the date of this announcement | | Upon allotment and issue of the Consideration Shares (assuming that none of the outstanding employee share options are exercised) | | Upon allotment and issue of the Consideration Shares and the Subscription Shares (assuming that none of the outstanding employee share options are exercised) | | Upon allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares (assuming that none of the outstanding employee share options are exercised) | | Upon allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares (assuming that all of the outstanding employee share options are exercised) | |
|--|--|--------------|--|---------------|--|---------------|--|---------------|---|---------------|
| | | | (Note 1) | | (Note 1) | | (Note 1) | | (Note 1) | |
| | Number of shares | Approx. % | Number of shares | Approx. % | Number of shares | Approx. % | Number of shares | Approx. % | Number of shares | Approx. % |
| CITIC AMC and its concert parties | | | | | | | | | | |
| CITIC AMC | - | - | 8,566,030,770 | 39.45% | 8,566,030,770 | 33.95% | 8,566,030,770 | 29.84% | 8,566,030,770 | 29.80% |
| Minority Vendors* | | | | | | | | | | |
| Tibet Junhe | - | - | 1,492,936,791 | 6.88% | 1,492,936,791 | 5.92% | 1,492,936,791 | 5.20% | 1,492,936,791 | 5.19% |
| Beijing Wanhao | - | - | 1,270,073,145 | 5.85% | 1,270,073,145 | 5.03% | 1,270,073,145 | 4.42% | 1,270,073,145 | 4.42% |
| Tibet Dazi | - | - | 952,554,859 | 4.39% | 952,554,859 | 3.78% | 952,554,859 | 3.32% | 952,554,859 | 3.31% |
| Beijing Jingzhihu | - | - | 662,937,359 | 3.05% | 662,937,359 | 2.63% | 662,937,359 | 2.31% | 662,937,359 | 2.31% |
| Shanghai Chenggao | - | - | 304,816,086 | 1.40% | 304,816,086 | 1.21% | 304,816,086 | 1.06% | 304,816,086 | 1.06% |
| Wenzhou Xina | - | - | 304,816,086 | 1.40% | 304,816,086 | 1.21% | 304,816,086 | 1.06% | 304,816,086 | 1.06% |
| Shenzhen Zhongjiu | - | - | 220,269,363 | 1.01% | 220,269,363 | 0.87% | 220,269,363 | 0.77% | 220,269,363 | 0.77% |
| Qingdao Yuantai | - | - | 220,269,363 | 1.01% | 220,269,363 | 0.87% | 220,269,363 | 0.77% | 220,269,363 | 0.77% |
| Jianlong Biotech | - | - | 146,846,242 | 0.68% | 146,846,242 | 0.58% | 146,846,242 | 0.51% | 146,846,242 | 0.51% |
| Shenzhen Qianhai | - | - | 127,009,762 | 0.59% | 127,009,762 | 0.50% | 127,009,762 | 0.44% | 127,009,762 | 0.44% |
| Sub-total | - | - | 14,268,559,826 | 65.72% | 14,268,559,826 | 56.55% | 14,268,559,826 | 49.70% | 14,268,559,826 | 49.63% |
| Subscribers | | | | | | | | | | |
| Oriental Gold* | - | - | - | - | 304,347,826 | 1.21% | 304,347,826 | 1.06% | 304,347,826 | 1.06% |
| Beijing Kaiweiming* | - | - | - | - | 304,347,826 | 1.21% | 304,347,826 | 1.06% | 304,347,826 | 1.06% |
| Shenzhen Heruikang* | - | - | - | - | 304,347,826 | 1.21% | 304,347,826 | 1.06% | 304,347,826 | 1.06% |
| Starry Wealth* | - | - | - | - | 869,565,000 | 3.45% | 869,565,000 | 3.03% | 869,565,000 | 3.02% |
| Trendy Sky* | - | - | - | - | 1,739,130,000 | 6.89% | 1,739,130,000 | 6.06% | 1,739,130,000 | 6.05% |
| Sub-total | - | - | - | - | 3,521,738,478 | 13.96% | 3,521,738,478 | 12.27% | 3,521,738,478 | 12.25% |

* Shares held by public (Note 3)

| | As at the date of this announcement | | Upon allotment and issue of the Consideration Shares (assuming that none of the outstanding employee share options are exercised) (Note 1) | | Upon allotment and issue of the Consideration Shares and the Subscription Shares (assuming that none of the outstanding employee share options are exercised) (Note 1) | | Upon allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares (assuming that none of the outstanding employee share options are exercised) (Note 1) | | Upon allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares (assuming that all of the outstanding employee share options are exercised) (Note 1) | |
|-------------------------------------|-------------------------------------|----------------|---|----------------|---|----------------|---|----------------|--|----------------|
| | Number of shares | Approx. % | Number of shares | Approx. % | Number of shares | Approx. % | Number of shares | Approx. % | Number of shares | Approx. % |
| Other Public Shareholders | | | | | | | | | | |
| Placees in the Placing* (Note 2) | - | - | - | - | - | - | 3,478,260,869 | 12.11% | 3,478,260,869 | 12.10% |
| Other public Shareholders* | 5,494,344,136 | 73.82% | 5,494,344,136 | 25.31% | 5,494,344,136 | 21.77% | 5,494,344,136 | 19.14% | 5,524,844,128 | 19.22% |
| Sub-total | 5,494,344,136 | 73.82% | 5,494,344,136 | 25.31% | 5,494,344,136 | 21.77% | 8,972,605,005 | 31.25% | 9,003,104,997 | 31.32% |
| Total | 7,442,395,970 | 100.00% | 21,710,955,796 | 100.00% | 25,232,694,274 | 100.00% | 28,710,955,143 | 100.00% | 28,748,788,467 | 100.00% |
| Public float | 5,494,344,136 | 73.82% | 12,155,218,802 | 55.99% | 15,676,957,280 | 62.13% | 19,155,218,149 | 66.72% | 19,185,718,141 | 66.74% |

Note 1: The completion of the Acquisition, the Subscription and the Placing will take place simultaneously. Shareholders and public investors should note that the above changes in shareholding structure are for illustrative purpose only.

Note 2: As at the date of this announcement, the Company expects that none of the placee will become a substantial shareholder (as defined in the Listing Rules) of the Company upon completion of the Acquisition, the Subscription and the Placing and will be counted toward the public float of the Company.

Note 3: Except for CITIC AMC, none of Vendors and the Subscribers (i) will become a core connected person (as defined in the Listing Rules) of the Company; (ii) agrees to acquire the Consideration Shares and/or the Subscription Shares by financing provided directly or indirectly by a core connected person; and (iii) is accustomed to take instructions from a core connected person in relation to the acquisition, disposal, voting or other disposition of the Consideration Shares and/or the Subscription Shares, upon completion of the Acquisition, the Subscription and the Placing. Accordingly, the shares held by the Vendors (except for CITIC AMC) and the Subscribers should be counted toward the public float of the Company.

* Shares held by public (Note 3)

Upon completion of the Acquisition, the Subscription and the Placing (assuming that the outstanding employee share options are not exercised), the Company would maintain a sufficient public float, being not less than 25.0%.

EXPECTED TIMETABLE

Set out below is the tentative timetable in relation to the Acquisition, the Subscription and the Placing:

| Key events | Expected date |
|---|--|
| Submission of the new listing application to the Stock Exchange | On or before Friday, 29 September 2017 |
| Despatch date of the circular | Thursday, 7 December 2017 |
| Expected date of the EGM | Friday, 29 December 2017 |
| Completion of the Acquisition, the Subscription and the Placing | Friday, 5 January 2018 |

INFORMATION OF THE STRUCTURED CONTRACTS

Reasons for the Structured Contracts

As advised by the PRC legal adviser of the Company, the Administrative Measures for Pawning (典當管理辦法) jointly issued by the MOFCOM and the Ministry of Public Security (公安部) which came into effect on 1 April 2005 (the “**Pawning Measures**”), which regulate the pawn loan business in the PRC, do not explicitly permit foreign invested companies to operate a pawn loan business in the PRC.

According to the Foreign Investment Catalogue jointly promulgated by the National Development and Reform Commission and the MOFCOM on 28 June 2017 and will become effective on 28 July 2017, foreign investments in the pawn loan business are neither expressly prohibited nor restricted. According to Article 71 of the Pawning Measures, rules and regulations governing the investment by foreign invested companies in the pawn loan business in the PRC will be separately announced by MOFCOM and other relevant authorities.

As at the date of this announcement, no relevant rules and regulations have been announced by MOFCOM or the relevant local authorities of places where the Target Group operates in the PRC (excluding the pilot trade free zone) (自由貿易試驗區).

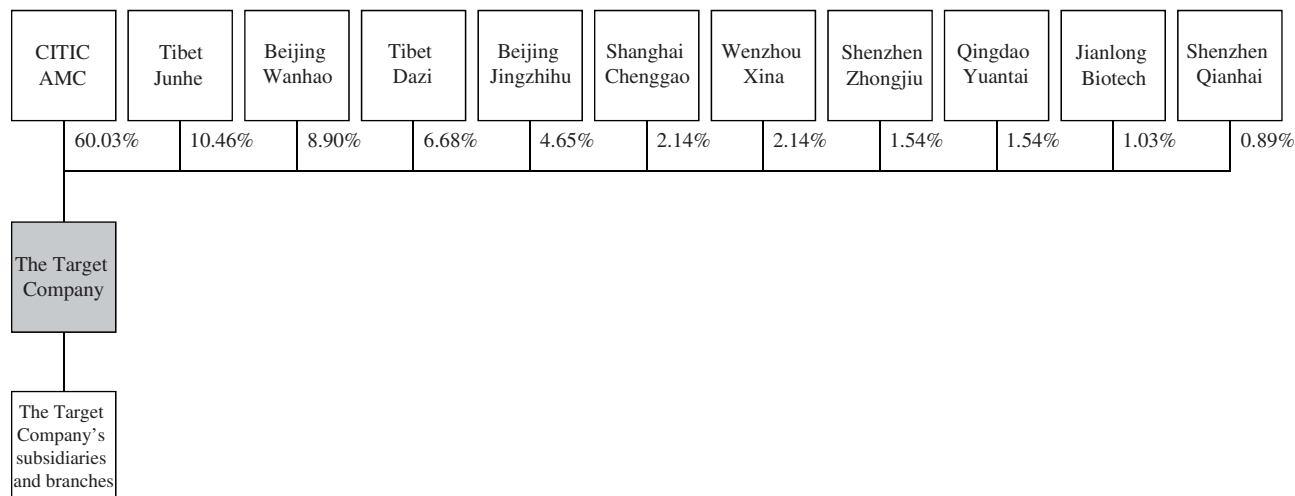
According to the Administrative Licensing Law of the PRC (中華人民共和國行政許可法), administrative licensing regimes may only be set up and implemented where there are established laws setting out relevant procedures, parameters, conditions and scope of administrative power. As the approval of investment in pawn loan business by foreign invested companies in the PRC falls under an administrative act, no approval can be granted and no license can be issued to a foreign invested company if there are no established laws governing the investments by foreign invested companies in pawn loan business.

In order for the Group to control and manage the pawn loan business of the Target Group in the PRC, the parties will enter into the Structured Contracts, under which all the business, financial and operating activities of the Target Group will be managed by the Group through the PRC Subsidiary. The Structured Contracts are designed to provide the Company with the right and power to control over and the right to enjoy the economic benefits in the pawn loan business operated by the Target Group. Through the Structured Contracts, the control over, and the economic benefits from, the business of the Target Group will flow to the Group through the PRC Subsidiary.

Ownership structure of the Target Company

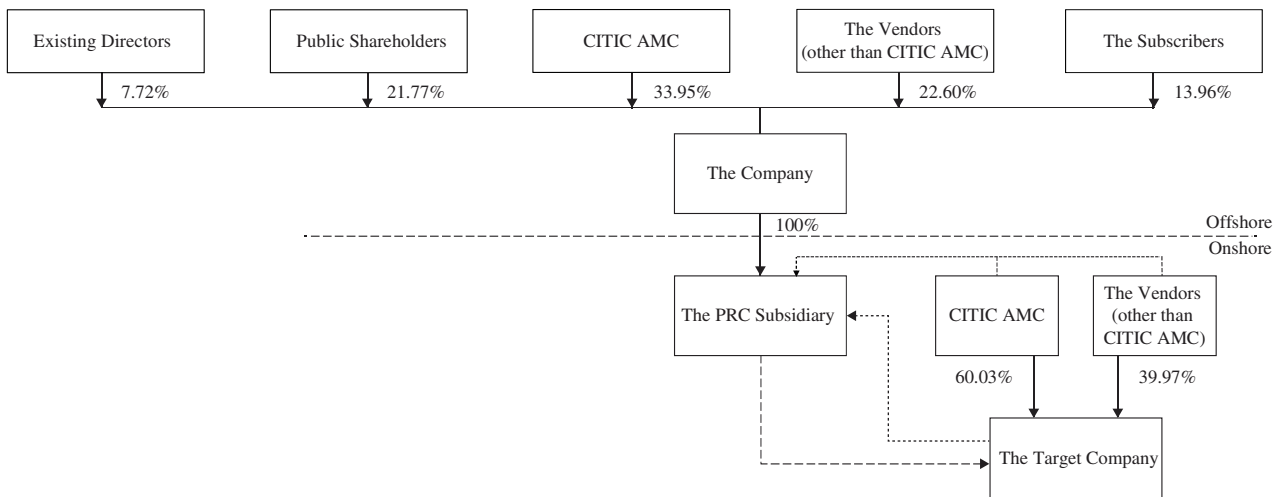
Set out below is the simplified ownership structure of the Target Company as at the date of this announcement and immediately upon Completion (assuming that none of the outstanding employee share options are exercised).

As at the date of this announcement



Note: Numbers may not add up to 100% due to rounding.

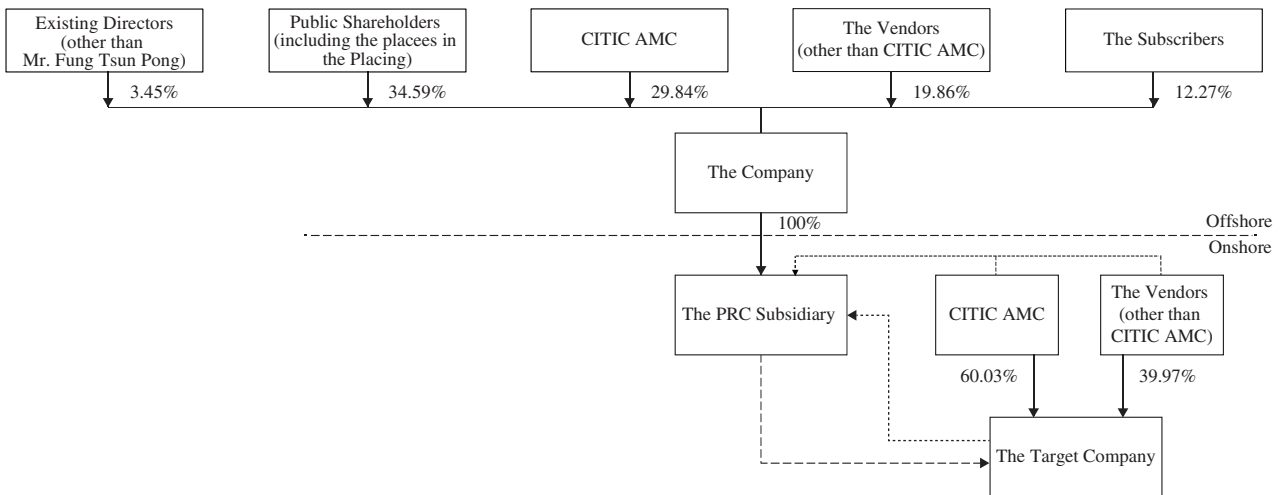
Immediately after completion of the Acquisition and the Subscription



“←” denotes legal and beneficial ownership in the equity interest and “←---” denotes contractual relationship.

Note: Numbers may not add up to 100% due to rounding.

Immediately after completion of the Acquisition, the Subscription and the Placing



“←” denotes legal and beneficial ownership in the equity interest and “←---” denotes contractual relationship.

Note: Numbers may not add up to 100% due to rounding.

(3) *Equity Pledge Agreement*

Parties: The PRC Subsidiary
The PRC Shareholders
The Target Company

Subject: The PRC Shareholders agree to pledge all of their equity interests in the Target Company to the PRC Subsidiary to secure the due performance of all duties and obligations of the PRC Shareholders and the PRC Subsidiary under the Structured Contracts or their representations, warranties and undertakings under the Structured Contracts.

(4) *Shareholder Rights Entrustment Agreement and Power of Attorney*

Parties: The PRC Subsidiary
The PRC Shareholders
The Target Company

Subject: The PRC Shareholders, among other things, irrevocably and unconditionally undertake to entrust the PRC Subsidiary or any person as designated by the PRC Subsidiary to exercise on their behalf full shareholders' rights under the articles of association of the Target Company and applicable PRC laws and regulations. Such rights include, among others,

- (i) on behalf of the PRC Shareholders, convening and attending the meetings of shareholders of the Target Company, receiving any notice of the said meetings and procedures and signing the minutes or resolutions thereof, exercising as equity holder the voting rights on all matters requiring shareholders' consideration and approval, including but not limited to nomination, appointment and removal of directors, legal representative, supervisors and senior management of the Target Company, and execution and filing of documents to the relevant authorities and the companies registry;

- (ii) on behalf of the PRC Shareholders, passing resolutions or authorization on the disposal of the assets of the Target Company;
- (iii) on behalf of the PRC Shareholders, passing resolutions on the dissolution and liquidation of the Target Company, forming a liquidation committee and exercising the rights and powers of the committee, including but not limited to dealing with the assets of the Target Company;
- (iv) deciding on transfer or disposal of the equity interests held by the PRC Shareholders in the Target Company, and signing all necessary documents and performing all necessary procedures for the purpose thereof on behalf of the PRC Shareholders;
- (v) signing on behalf of the PRC Shareholders all documents which need to be signed by the PRC Shareholders and filed to company registration departments or authorities; and
- (vi) other shareholders' rights under applicable PRC laws and regulations and the articles of association of the Target Company.

Information on the registered owners of the Target Company

The PRC Shareholders are the registered owners of the Target Company. For further information of the PRC Shareholders, please refer to the section headed "Information of the Vendors" below of this announcement.

Compliance of Structured Contracts with laws and regulations of the PRC

Among the Structured Contracts, the Equity Pledge Agreement is required to be registered with the relevant administration bureau for industry and commerce under the PRC Laws. The Group will carry out the relevant filing and registration of the Equity Pledge Agreement after Completion.

Upon execution of the Structured Contracts, it is expected that the PRC legal adviser to the Company will provide an opinion to the effect that (i) save as disclosed in the sections headed “Information of the Structured Contracts — Dispute Resolutions” and “Risk factors in relation to the Structured Contracts”, and subject to completion of the equity pledge registration in relation to the Equity Pledge Agreement, the execution, delivery and performance of each of the Structured Contracts do not result in any violation of or penalty under any PRC laws made by the National People’s Congress of the PRC as well as its Standing Committee and PRC regulations made by the State Council of PRC; and each of the Structured Contracts is valid, legally binding and enforceable to each party to such agreements under the PRC Laws; and (ii) the Structured Contracts would not be deemed as concealing illegal intentions with a lawful form and would not be voided under the PRC Contract Law.

On the basis of the above, the Directors believe that the Structured Contracts upon Completion would be enforceable under the relevant laws and regulations in the PRC, and to provide a mechanism that enables the PRC Subsidiary to exercise effective control over the Target Group.

Dispute resolutions

The Structured Contracts will be governed by and constructed in accordance with the laws of the PRC. They contain a provision for resolving disputes by arbitration at China International Economic and Trade Arbitration Commission (CIETAC) in accordance with its then prevailing arbitration rules in Beijing when disputes cannot be friendly settled within 30 days.

The Structured Contracts include a clause in relation to dispute resolution among the parties where upon request by a disputing party, the arbitral body may:

- (1) award remedies over shares and/or assets of the Target Company;
- (2) injunctive relief, such as requesting Target Company to carry out the business, or forcing Target Company to transfer its assets; and/or
- (3) subject to the laws of the PRC, before CIETAC constitutes arbitration tribunal in accordance with its then prevailing arbitration rules or in appropriate circumstances, courts in the PRC, Hong Kong and the Cayman Islands and the place where the main assets of the Company or the Target Company are located are of competent authorities to grant interim remedies in support of arbitration pending formation of arbitral tribunal or in appropriate cases.

The Company has been advised by its PRC legal advisers that the above mentioned provisions regarding injunctive relief or interim remedies contained in the Structured Contracts may not be enforceable in the PRC, and that under the laws and regulations of the PRC, arbitral body does not have the power to grant any injunctive relief or liquidation order in case of dispute. Such remedies may not be available to the Company or its subsidiaries timely or at all notwithstanding the relevant contractual provisions contained in the Structured Contracts.

Liquidation

Pursuant to the Shareholder Rights Entrustment Agreement, in the event of dissolution or liquidation of the Target Company, the PRC Subsidiary or its nominee shall be authorised, on behalf of the PRC Shareholders, to form the liquidation committee of the Target Company. The PRC Shareholders shall further procure the Target Company to assist the liquidator in the relevant dissolution or liquidation and undertake that, all the proceeds obtained therefrom shall be transferred, at nil consideration, to the PRC Subsidiary.

Succession

Under the Structured Contracts, the PRC Shareholders have undertaken to the PRC Subsidiary that they will make their directors, direct shareholders (or partner) and ultimate shareholders (or actual controller) properly arrange and sign all necessary documents to ensure that, in the event of liquidation, death, incapacity, bankruptcy, divorce or other circumstances that may affect the exercise of their voting rights, their successors and other persons who may acquire the equity interests or related rights hereunder shall not affect or impede the performance of the Structured Contracts.

Internal control measures to be implemented by the Group

In order to have effective control over, and safeguard the assets of, the Target Company, the Exclusive Option Agreement provides that, without the prior written consent of the PRC Subsidiary, the PRC Shareholders and the Target Company shall not, and shall procure the management of the Target Company not to, at any time sell, transfer, gift, mortgage or dispose of in any manner any legal or beneficial interests in the assets, business or revenue of the Target Company, or allow any security interest created thereon. The PRC Shareholders and the Target Company shall always operate all of the Target Company's businesses in the ordinary and usual course of business and shall maintain the asset value of the Target Company and refrain from any action or omission that may affect the Target Company's operating status and asset value.

In addition to the abovementioned internal control measures as provided in the Structured Contracts, the Company intends to implement upon Completion, through the Target Company, additional internal control measures on the Target Company with reference to the internal control measures adopted by the Group from time to time, which may include (without limitation):

- requiring the Target Company to make available monthly management accounts and submit key operating data and bank statements after each month-end and provide explanations on any material fluctuations to the Target Company;
- requiring the Target Company to assist and facilitate the PRC Subsidiary to conduct periodically onsite internal audit on the Target Company; and
- if required, engaging legal advisers and/or other professionals to deal with specific issues arising from the Structured Contracts and ensure that the operation of the Target Company will from time to time comply with applicable laws and regulations in all material respects.

Undertaking to mitigate any potential conflict of interests between the Company and the PRC Shareholders

The PRC Shareholders may have potential conflict of interest with the Company. To mitigate any potential conflict of interest, the PRC Shareholders will undertake in the Shareholder Rights Entrustment Agreement and the Power of Attorney that during the period that the Structured Contracts remain effective, if the PRC Shareholders are officers and directors of the Company, such power of attorney for the attorneys to exercise on their behalf full shareholders' rights will be granted to other officers and directors of the Company.

Board's view on the Structured Contracts

Based on the above and subject to further due diligence exercise to be conducted on the Target Group, the Board is of the view that the Structured Contracts upon Completion are narrowly tailored to achieve the Target Company's business purpose and are enforceable under the relevant laws and regulations of the PRC. The Structured Contracts enable the PRC Subsidiary to gain control over the Target Group, and capture the economic interests and benefits of the Target Group.

The Company will unwind the Structured Contracts as soon as relevant PRC rules and regulations governing foreign investment in the operation of pawn loan business are issued which allow the PRC Subsidiary to directly operate the pawn loan business in the PRC. The PRC Shareholders will undertake to the Company on Completion that subject to the relevant laws and regulations, in the event that the Company acquires the shares of the Target Company, they must invest the consideration paid (after deducting tax) directly to offshore in due course and the wholly-owned subsidiaries of the Vendors shall pay such investment amount to the Company.

The Company is fully aware of the requirements under Guidance Letter HKEx-GL77-14 issued by the Stock Exchange (the “**Guidance Letter**”). As of the date of this announcement, the Company is not aware of any deviation of the Structured Contracts from such guidance letter.

Consolidation of the financial results of the Target Group in the Company’s consolidated accounts

With the entering into the Structured Contracts (including the Exclusive Management Consultancy Services Agreement for the Group to manage and operate the Target Company, the Exclusive Option Agreement for the Group to acquire the equity interests in and assets of the Target Company subject to compliance with the PRC Laws, the Equity Pledge Agreement over certain equity interests of the Target Company, and the Shareholder Rights Entrustment Agreement and the Power of Attorney for the Group to exercise all of its rights and powers as a shareholder of the Target Company), the Directors believe that, notwithstanding the lack of equity ownership, the Structured Contracts give the Group control over the Target Group in substance. When the Structured Contracts become effective, it is currently expected that the Target Company and its subsidiaries will be regarded as indirect wholly-owned subsidiaries of the Company, and the consolidated financial position and operating results of the Target Group will be included in the Group’s consolidated financial statements. The Company has been in discussions with its auditors on the Company having the right to consolidate the financial results of the Target Group under the prevailing accounting principles. The Company’s auditors will provide its confirmation in the circular of the Company with respect to the Acquisition.

Chinese Investor Undertaking

In order to satisfy the requirement of the control of Chinese Investors over the Target Company as required by the Stock Exchange under the Guidance Letter, HKEx-GL-77-14, each of the Vendors (excluding Shenzhen Zhongjiu), the Chinese Subscribers and Mr. Cao Zhong, a Director, who are Chinese Investors, is expected to severally give an undertaking to the Company, to the extent applicable, that, among others:

- (a) it will need to obtain a prior written consent from the Company as to the identity of the transferee(s), and will need to confirm with the Company that the Structured Contracts will still be regarded as controlled by Chinese Investors under the Draft Law and other laws and regulations applicable to listed companies and guidelines published by the Stock Exchange;
- (b) it will not transfer any Shares held by it to Foreign Investor(s) (as defined under the Draft Law) if such transfer would result in Chinese Investors' aggregate voting rights of the Company decreasing to 50% or less on a fully diluted basis;
- (c) it should maintain its identity as a Chinese Investor or transfer the Shares held by it to Chinese Investor(s) immediately before it loses its identity as a Chinese Investor; and
- (d) when it transfers the Shares held by it to any third parties, it will procure the transferee(s) to make the same undertaking as described above.

There will be no understanding, agreements (both verbal and in writing) or arrangements (both formal and informal) among the Vendors, the Subscribers or any existing shareholder of the Company in relation to their voting rights of the Company immediately after Completion.

The Chinese Investor Undertaking will become effective from Completion and will remain effective until the earlier of (i) compliance with the requirements from the Stock Exchange or other regulatory authorities in respect of maintaining Chinese Investors' control over the Target Company not being required, or (ii) subject to the restrictions under the Chinese Investor Undertaking, the Vendors (excluding Shenzhen Zhongjiu), the Chinese Subscribers and Mr. Cao Zhong having disposed of all of their beneficial interest in the Shares.

RISK FACTORS IN RELATION TO THE STRUCTURED CONTRACTS

The Structured Contracts may not be in compliance with changes in the PRC laws and regulations

There is no assurance that the Structured Contracts could comply with future changes in the PRC foreign investment legal regime and the PRC government may determine that the Structured Contracts do not comply with applicable regulations.

On 19 January 2015, the MOFCOM circulated the Draft Law, which proposed changes to the PRC foreign investment legal regime and the treatment of the variable interest entity (the “**VIE**”) structure, including contractual arrangement such as the Structured Contracts. The Draft Law, if finally adopted, may have material impact on the PRC foreign investment legal regime. According to the PRC legal adviser of the Company, the Draft Law is currently in consultation stage and has not yet been effective or legally binding. As there are uncertainties on the final content and interpretations of the Draft Law, there is no assurance that the Structured Contracts will comply with the Draft Law when it is adopted and becomes law.

Under the MOFCOM’s notes accompanying the Draft Law (the “**Notes**”), in the event that the Group’s business falls within the restricted or prohibited lists of the new foreign investment law, the Group will have to

- (i) report to competent authority: if the reporting regime is finally adopted, the existing VIE structure being permitted to continue following reporting to MOFCOM of the VIE structure should be ultimately controlled by a PRC investor, but the Draft Law and the Notes have not mentioned how to deal with the existing VIE structures ultimately controlled by a foreign investor and whether the relevant entity could continue its business operations under the reporting regime;
- (ii) obtain verification from the competent authority: if the verification regime is finally adopted, the existing VIE structure being permitted to continue following verification, on the application of the investor, by MOFCOM of the VIE structure should be ultimately controlled by a PRC investor, but the Draft Law and the Notes have not mentioned how to deal with the existing VIE structures ultimately controlled by a foreign investor and whether the relevant entity could continue its business operations under the verification regime; or
- (iii) obtain access permission from the competent authorities: if the access permission regime is finally adopted, the existing VIE structure will be permitted to continue following access permission by MOFCOM after taking into account a number of considerations including, without limitation, the identity (whether PRC investor or foreign investor) of the ultimate control person.

However, there is no guarantee that the Group will be able to obtain such verification or permission. If the Group is unable to obtain such verification or permission, the Group may be required to terminate the contractual arrangements under the Structured Contracts. As a result, the Group will lose control of the Target Company, which would, in turn, result in a material adverse effect on the Group's business, financial condition and results of operations.

The Company will monitor the development of the Draft Law and discuss with its PRC legal adviser on a regular basis in order to assess its possible impact on the Structured Contracts and the business of the Target Group. In case there would be material impact on the Group or the business of the Target Group, the Company will timely publish announcements in relation to material developments of and arising from the Draft Law.

Despite the foregoing, there is currently no indication that the Structured Contracts will be interfered or objected by any PRC regulatory authorities. The PRC legal adviser to the Company has advised that the relevant PRC regulatory authorities may have different opinions in the future on the interpretation of the relevant regulations and would not agree that the Structured Contracts comply with the PRC Laws, and the authorities may deny the validity, effectiveness and enforceability of the Structured Contracts. If the PRC regulatory authorities consider that the Structured Contracts do not comply with the PRC Laws, or if these regulations or their interpretations change in the future, the Group could be subject to severe penalties or be forced to relinquish the Group's interests in those operations.

The Structured Contracts may not be as effective as direct ownership in providing control over the Target Company.

Upon Completion, the Group will rely on the contractual arrangements under the Structured Contracts to operate the pawn loan business of the Target Group. These contractual arrangements may not be as effective in providing the Group with control over the Target Group as direct ownership. If the Group has direct ownership of the Target Group, the Group will be able to exercise its rights as a shareholder to effect changes in the board of directors of the Target Company, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level.

Under the Structured Contracts, the Group will rely on the performance by the PRC Shareholders of their obligations under the Structured Contracts to exercise control over the Target Company. The Structured Contracts with the PRC Shareholders may not be as effective in ensuring the Group's control over the Target Group's operation in PRC as direct ownership would be.

The shareholders of the Target Company may potentially have a conflict of interest with the Group.

The Group's control over the Target Company will be based on the contractual arrangements with the PRC Shareholders under the Structured Contracts. The PRC Shareholders may potentially have a conflict of interest with the Group, and they may not act in the best interests of the Group or may not perform their obligations under the Structured Contracts. Such risks exist and they are expected to continue to exist throughout the period in which the Group intends to operate the pawn loan business under the Structured Contracts with the Target Company.

Under the Shareholder Rights Entrustment Agreement, each of the PRC Shareholders will irrevocably authorize the PRC Subsidiary or any person as designated by the PRC Subsidiary (including but not limited to the directors of the PRC Subsidiary and their respective successors or liquidators) as his representative to exercise his voting rights as shareholder of the Target Company. Therefore, the risk of potential conflict of interests between the PRC Subsidiary and the PRC Shareholders is not substantial. However, in the unlikely event that conflict of interests arises and cannot be resolved, the PRC Subsidiary will consider removing and replacing the PRC Shareholders.

Approvals will be required and a substantial amount of costs and time may be involved in transferring the ownership of the Target Company to the Group under the Exclusive Option Agreement.

The Exclusive Option Agreement grants the PRC Subsidiary or its nominee a right to acquire part or all of the equity interests in the Target Company from the PRC Shareholders at the lowest price permitted by the PRC Laws. Nevertheless, the exercise of the exclusive option is subject to the PRC Laws, in particular, the limitations on foreign ownership in PRC companies that engage in pawn loan business and the requirements on the transfer of state-owned equity or assets. The exercise of the acquisition right would involve the transfer of state-owned equity and the assessment and valuation of the state-owned assets, which would (unless otherwise provided by the law at the time of the acquisition) require the approval of the competent administrative authority. In addition, a substantial amount of costs and time may be involved in transferring the ownership of the Target Company to the PRC Subsidiary if it chooses to exercise the option to acquire all or part of the PRC Shareholders' equity interests in the Target Company under the Exclusive Option Agreement, which may have a material adverse impact on the Group's business, prospects and results of operation.

The Company does not have any insurance which covers the risks relating to the Structured Contracts and the transactions contemplated thereunder.

The Company has no intention to purchase any insurance to cover the risks relating to the Structured Contracts upon Completion. If any event affecting the enforceability of the Structured Contracts or the operation of Structured Contracts arises in the future, the financial and operation results of the Group may be materially and adversely affected. The Group will continue to monitor the relevant legal and operational environment on a regular basis in order to comply with the applicable laws and regulations.

The contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed.

Under the PRC Laws, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transaction is conducted. The Group could face material adverse tax consequences if the PRC tax authorities determine that the contractual arrangements under the Structured Contracts do not represent arm's length negotiations and consequently adjust the income and expenses of the PRC Subsidiary for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could adversely affect the Group's financial position by increasing the relevant tax liabilities of the PRC Subsidiary without reducing the tax liabilities of the Target Company. In addition, the PRC tax authorities may impose late payment fees and other penalties to the Target Company for any unpaid taxes. As a result, any transfer pricing adjustment could have a material adverse effect on the Group's financial position and results of operations.

The Group may bear economic risk which may arise from difficulties in the operation of the Target Company.

Although the Group will not be obligated to share the losses of the Target Company under the Structured Contracts, as the ultimate beneficiary of the Target Company upon Completion, the Group will bear economic risks which may arise from difficulties in the operation of the Target Company's business. In the event that the Target Company requires financial assistance from the Group, the Group may decide and resolve, at its sole and absolute discretion, to provide financial support to the Target Company in any manner permitted by the PRC Laws in order to maintain the Target Company's sound operations.

INFORMATION OF THE TARGET GROUP

Business carried on by the Target Group

The Target Group has been principally engaged in pawn loan business in the PRC since 2008. As of the date of this announcement, the Target Group has 27 pawn shops in 15 provinces or municipalities in the PRC. The Target Group offers pawn loans through its local pawn shops primarily to small businesses and individuals.

The pawn loan business of the Target Group can be divided into three categories based on types of collateral, including real estate, equity interest and personal property. For each pawn loan that the Target Group provides, it generally charges interest and composite administrative fees based on the limits set by the Pawning Measures. Under the Pawning Measures, the maximum interest rate for pawn loans is the then benchmark interest rate for a six-month loan published by the People's Bank of China and the maximum monthly composite administrative fees for loans secured by real estate, equity interest and personal property collaterals are 2.7%, 2.4% and 4.2% of the principal amounts of loans, respectively.

According to the relevant PRC laws and regulations, the provision of pawn loans is a "Special Administrated Industry" which is administrated by the Ministry of Public Security and MOFCOM. As advised by CITIC AMC, as of the date of this announcement, the Target Group has obtained all the necessary licenses and permits for the operation of its business, including the Pawn Operations Business License and the Special Industry License.

According to the Pawning Measures, a pawn shop must have a minimum registered capital of (i) RMB3 million; (ii) RMB5 million in case it provides financing secured by real estate mortgages; or (iii) RMB10 million in case that it provides financing secured by pledges over equity interest. In each case, the minimum registered capital must be contributed in the form of cash. Pawn shops that establish branch offices in provinces and regions outside the jurisdiction of their registration must have a minimum registered capital of RMB15 million. For each such branch office, the pawn shop must provide a minimum working capital of RMB5 million.

As confirmed by CITIC AMC, during the three preceding financial years and as of the date of this announcement, the Target Group was in compliance with the Pawning Measures and other applicable PRC laws in all material aspects and there was no non-compliance record of the Target Group that had materially affected its operations.

As at the date of this announcement, the Company is still in the process of conducting due diligence review over the Target Group, including but not limited to its relevant licenses and permits and non-compliance record, no conclusion has been reached so far by the Directors.

As a satisfactory due diligence review result on the Target Group is one of the conditions precedent to the Completion, the Directors expect to express their view in relation to the Acquisition upon completion of the due diligence review over the Target Group.

Financial information on the Target Company

The audited consolidated total equity attributable to the owners of the Target Company as shown in the consolidated financial statements of the Target Company as at 31 December 2016 prepared by Zhongjia Friendship Certified Public Accountants Firm (中嘉友誼會計師事務所) in accordance with the generally accepted accounting principles of the PRC (the “**PRC GAAP**”) was RMB2,117.5 million and the unaudited consolidated total equity attributable to the owners of the Target Company as shown in the management accounts of the Target Company as at 30 June 2017 was RMB2,193.6 million.

The audited financial information of the Target Company prepared in accordance with the PRC GAAP for the respective periods was as follows:

For the years ended 31 December

| | 2016 (RMB'000) | 2015 (RMB'000) | 2014 (RMB'000) |
|--|-------------------|-------------------|-------------------|
| Revenue | 433,577 | 499,362 | 685,607 |
| Profit before taxation | 181,118 | 194,705 | 271,673 |
| Profit after taxation | 134,966 | 145,873 | 202,561 |
| Profit attributable to owners of the Target Company | 128,994 | 133,862 | 192,768 |

A full set of accountants' reports relating to the Target Group prepared under Hong Kong Financial Reporting Standards (the “**HKFRS**”) will be included in the circular to be despatched by the Company to the Shareholders. Shareholders should note that due to the differences between the PRC GAAP and the HKFRS, there may be differences between the financial information relating to the Target Group as presented in this announcement and the financial information to be presented in the circular to be despatched by the Company to the Shareholders as a result of any audit adjustments.

INFORMATION OF THE GROUP

The Group is principally engaged in expressway operation and petroleum trading business in the PRC.

INFORMATION OF THE VENDORS

(1) CITIC AMC

CITIC AMC is a company with limited liability incorporated in the PRC, which is primarily engaged in business such as asset management, short-term financing, pawn loans, finance lease and private equity investment. It is wholly-owned by CITIC Group, a large wholly state-owned multinational conglomerate with both financial and non-financial businesses. CITIC AMC has been the controlling shareholder of the Target Company since 2008. As of the date of this announcement, CITIC AMC holds approximately 60.03% equity interest in the Target Company.

(2) Tibet Junhe

Tibet Junhe is a company with limited liability incorporated in the PRC, which is primarily engaged in investments and sale of electronic equipment. It is owned as to 25% by Jianping Wang (王堅平), 25% by Jianzhong Wu (吳堅忠), 25% by Shenghua Zhang (張勝華) and the remaining 25% by Weichun Zhang (張偉春), all PRC citizens. It became a shareholder of the Target Company in June 2015. As of the date of this announcement, Tibet Junhe holds approximately 10.46% equity interest in the Target Company.

(3) Beijing Wanhao

Beijing Wanhao is a company with limited liability incorporated in the PRC, which is primarily engaged in investments, consulting and assets management. It is owned as to 50% by Ran Wan (宛然), a PRC citizen, and 50% by Tibet Nyingchi Dingfangyuan Investment Consulting Company Limited* (西藏林芝鼎方源投資顧問有限公司), a company incorporated in the PRC and primarily engaged in investments consulting, corporate planning and products design, which is owned as to 99% by its controlling shareholder, Shenzhen Yongfengsheng Investment Consulting Company Limited* (深圳市永豐盛投資顧問有限公司) (“**Shenzhen Yongfengsheng**”), a company incorporated in the PRC and primarily engaged in investments, consulting and domestic trade. Shenzhen Yongfengsheng is owned as to 50% by Jinsong Yan (嚴勁松) and 50% by Jianyi Deng (鄧建儀), both PRC citizens. It became a shareholder of the Target Company in October 2015. As of the date of this announcement, Beijing Wanhao holds approximately 8.90% equity interest in the Target Company.

(4) Tibet Dazi

Tibet Dazi is a limited liability partnership established in the PRC, which is primarily engaged in investments, consulting and market research. It is managed and operated by its general partner, Beijing Fenxin Investment Management Co. Ltd.* (北京奮信投資管理有限公司), a company incorporated in the PRC which is primarily engaged in investment management and financial consultancy and owned as to 50% by Hanghang Sha (沙航航) and 50% by Zhao Wang (王釗), both PRC citizens. It became a shareholder of the Target Company in October 2015. As of the date of this announcement, Tibet Dazi holds approximately 6.68% equity interest in the Target Company.

(5) Beijing Jingzhihu

Beijing Jingzhihu is a joint stock company with limited liability incorporated in the PRC with limited liability, which is primarily engaged in hotel and catering services, retail business, entertainment services and sports events management. It is controlled by Beijing Jingzhihu Property Co. Ltd.* (北京靜之湖置業有限公司), which holds 83.33% equity interest in Beijing Jingzhihu and is a company incorporated in the PRC which is primarily engaged in property development and wholly-owned by Jinxue Chen (陳進學), a PRC citizen. It became a shareholder of the Target Company in October 2015. As of the date of this announcement, Beijing Jingzhihu holds approximately 4.65% equity interest in the Target Company.

(6) Shanghai Chenggao

Shanghai Chenggao is a limited liability partnership established in the PRC, which is primarily engaged in investments, investment management and business consulting. It is managed and operated by its general partner, Beijing Chunxin Capital Management Co. Ltd.* (北京淳信資本管理有限公司) (“**Beijing Chunxin**”), a company incorporated in the PRC, which is primarily engaged in investment management and consultancy and owned as to 20% by CITIC AMC. Beijing Chunxin has six shareholders and there’s no single shareholder holding more than 20% equity interest in Beijing Chunxin or having control over its board of directors. Shanghai Chenggao became a shareholder of the Target Company in October 2016. As of the date of this announcement, Shanghai Chenggao holds approximately 2.14% equity interest in the Target Company.

(7) Wenzhou Xina

Wenzhou Xina is a limited liability partnership established in the PRC, which is primarily engaged in private-equity investments management and provision of services in cultural industry. It is controlled, managed and operated by its general partner Lifang Zhou (周麗芳), a PRC citizen. It became a shareholder of the Target Company in October 2016. As of the date of this announcement, Wenzhou Xina holds approximately 2.14% equity interest in the Target Company.

(8) Shenzhen Zhongjiu

Shenzhen Zhongjiu is a company with limited liability incorporated in the PRC, which is primarily engaged in investments, domestic trade and information consulting. It is controlled by Zhongjie Luan (樂中傑), a Hong Kong citizen since August 2013, who holds 80% equity interest in Shenzhen Zhongjiu. It became a shareholder of the Target Company in March 2013. As of the date of this announcement, Shenzhen Zhongjiu holds approximately 1.54% equity interest in the Target Company.

(9) Qingdao Yuantai

Qingdao Yuantai is a company with limited liability incorporated in the PRC, which is primarily engaged in sale of chemical materials and products. It is wholly-owned by Bo Gao (高波), a PRC citizen. It became a shareholder of the Target Company in March 2013. As of the date of this announcement, Qingdao Yuantai holds approximately 1.54% equity interest in the Target Company.

(10) Jianlong Biotech

Jianlong Biotech is a joint stock company with limited liability incorporated in the PRC, which is primarily engaged in production and sale of biologics and owned as to 22.64% by Haibiao Hao (郝海標), a PRC citizen. Jianlong Biotech is listed on National Equities Exchange and Quotations System (全國中小企業股份轉讓系統) and has over 200 shareholders and there is no single shareholder holding more than 22.64% equity interest in Jianlong Biotech or having control over its board of directors. Jianlong Biotech became a shareholder of the Target Company in March 2013. As of the date of this announcement, Jianlong Biotech holds approximately 1.03% equity interest in the Target Company.

(11) Shenzhen Qianhai

Shenzhen Qianhai is a company with limited liability incorporated in the PRC, which is primarily engaged in financial intermediaries services, equity investments, consulting and trade. It is controlled by Yonglin Li (李永林), a PRC citizen, who holds 60% equity interest in Shenzhen Qianhai. It became a shareholder of the Target Company in October 2015. As of the date of this announcement, Shenzhen Qianhai holds approximately 0.89% equity interest in the Target Company.

INFORMATION OF THE SUBSCRIBERS

(1) Starry Wealth

Starry Wealth Holdings Limited, a limited company incorporated under the laws of the British Virgin Islands, will subscribe for 869,565,000 Subscription Shares. It carries out the business of investment holdings. Mr. Chen Jiarong is the sole legal and beneficial owner of the entire issued and outstanding share capital of Starry Wealth Holdings Limited.

(2) Trendy Sky

Trendy Sky Limited, a limited company incorporated under the laws of the British Virgin Islands, will subscribe for 1,739,130,000 Subscription Shares. It carries out the business of investment holdings. Mr. Chan Po Siu is the sole legal and beneficial owner of the entire issued and outstanding share capital of Trendy Sky Limited.

(3) Oriental Gold

Oriental Gold is a company with limited liability incorporated in the British Virgin Islands, will subscribe for 304,347,826 Subscription Shares. It is primarily engaged in investments. It is wholly-owned by Zhuhai Hengqin Zhongzheng Huichun Investment Management and Consulting Partnership (Limited Partnership)* (珠海市橫琴中證匯樁投資管理諮詢合夥企業(有限合夥)), an enterprise primarily engaged in investment management and consultancy, whose limited partner is Mr. Mingyong Cao (曹明勇).

Oriental Gold is managed and operated by its general partner, CITIC Treasury (Shenzhen) Fund Management Co. Ltd.* (中證匯金(深圳)基金管理有限公司) (“**Zhongzheng Huijin**”). Zhongzheng Huijin is a company incorporated in the PRC and primarily engaged in investment management. Zhongzheng Huijin is owned (a) as to 40% by Shenzhen Qianhai Zhongzheng City Development Management Co. Ltd.* (深圳

市前海中證城市發展管理有限公司) (“**Qianhai Zhongzheng**”), (b) as to 30% by Shenzhen Qianhai Kaishi Investment Development Company Limited* (深圳市前海凱石投資發展有限公司) (“**Qianhai Kaishi**”), and (c) the remaining 30% by Xinyu Hexiang Investment Management Centre (Limited Partnership)* (新餘和祥投資管理中心(有限合夥)) (“**Xinyu Hexiang**”).

The single largest shareholder holding 35% of the equity interest of Qianhai Zhongzheng is Goldstone Investment Limited (金石投資有限公司). It is a wholly-owned subsidiary of CITIC Securities Company Limited (中信證券股份有限公司) (“**CITIC Securities**”), the shares of which are listed on both the Shanghai Stock Exchange (stock code: 600030) and the Stock Exchange (stock code: 6030). As at the date of this announcement, CITIC Securities is owned as to 16.66% by CITIC Group, the sole shareholder of CITIC AMC. CITIC CLSA Capital Markets Limited, a wholly owned subsidiary of CITIC Securities, is a financial adviser to CITIC AMC in respect of the Acquisition and the Subscription.

Xinyu Hexiang is owned as to 95% by Jiao Nong (農嬌) and as to 5% by Qiong Nong (農琼). Xinyu Hexiang is a party acting in concert with Qianhai Kaishi under an acting-in-concert agreement between them and therefore Qianhai Kaishi has the control over 60% of the voting rights of Zhongzheng Huijin.

Qianhai Kaishi is a company incorporated in the PRC. It is primarily engaged in investments, consulting, hotel management, property management, real estate development and domestic trade. It is controlled by Mr. Mingyong Cao (曹明勇), a PRC citizen, and is held as to 70% by Mr. Mingyong Cao (曹明勇), and is held as to 30% by Mr. Youmin Deng (鄧有民).

(4) Beijing Kaiweiming

Beijing Kaiweiming is a company with limited liability incorporated in the PRC, which is primarily engaged in investments and consulting, will subscribe for 304,347,826 Subscription Shares. Beijing Kaiweiming is controlled by Mr. Jilong Wang (王紀龍), a PRC citizen, who holds 95% equity interest in Beijing Kaiweiming, and is held as to 5% by Mr. Pin Lv (呂品).

(5) Shenzhen Heruikang

Shenzhen Heruikang is a company with limited liability incorporated in the PRC, which is primarily engaged in investments, real estate development and domestic trade, will subscribe for 304,347,826 Subscription Shares. Shenzhen Heruikang is owned as to 50% by Mr. Jianfeng Chen (陳劍峰) and the remaining 50% by Mr. Junkuan Ye (葉君寬), both PRC citizens.

REASONS FOR THE ACQUISITION AND THE SUBSCRIPTION

In view of the financial performance of its existing business, the Company has been looking for potential acquisition opportunities to diversify its existing business portfolio into new line of business with growth potential, and to broaden the source of income and eventually to enhance the value of the Group.

The Company has identified the acquisition of the Target Group's pawn loan business in the PRC as a good opportunity for this purpose on the basis of the following:

- ***Significant growth of the pawn loan industry in the PRC*** — The pawn loan industry in the PRC has experienced significant development in the last decade. It has benefited from the economic growth in China which brings about increased commercial activities and business expansion of enterprises of all sizes, and in turn creates ever-increasing capital needs. The pawn loan industry developed in part to specifically address the capital needs of small and medium enterprises (SMEs), which are historically underserved by traditional commercial banks.
- ***High entrance barriers and constraints on carrying out the pawn loan business in the PRC*** — The pawn loan industry in China is highly regulated and closely supervised by the competent commerce authorities and the public security bureaus, at both the national and provincial level. In addition to the Business License issued by the Administration of Industry and Commerce, a pawn loan service provider is required to obtain a Pawn Operations Business License issued by MOFCOM as well as a Special Industry License issued by local counterpart of Public Security Bureau to operate.
- ***The size and historical financial performance of the Target Group*** — the Target Group has an established business with good track record in developing its pawn loan business. Please refer to the section headed “Information of the Target Group” above for more information.

Upon Completion, CITIC AMC will nominate 7 new Directors, the Board expects these new Directors to bring substantial industry experience and knowledge in relation to the pawn loan business to the Company. Such experience and knowledge, together with various risk control mechanism to be implemented by the Board, would help to minimise the credit risk and default risk in relation to the pawn loan business.

In addition, it is expected that the introduction of CITIC AMC as a substantial Shareholder of the Company upon Completion will not only broaden the Company's shareholding base, but also create opportunities for cooperation with CITIC AMC in the financial sector and other new sectors to be explored in the future.

Although the existing Shareholders' shareholding may be subject to dilution upon Completion, the Board has noted that:

- (i) the asset position of the Company will be substantially enhanced by the Acquisition and the Subscription;
- (ii) the Company has been loss-making for the past 9 years, the Acquisition brings the Company the opportunity to acquire a business with 3 consecutive years of profit; and
- (iii) the Shareholders as a whole are adequately protected by the following:
 - (a) the Acquisition and the Subscription will be subject to the approval by the Independent Shareholders at the EGM, and
 - (b) the Independent Shareholders, before exercising their respective voting rights, will be advised by the independent board committee (comprising all the non-executive Directors) and the independent financial adviser.

The Board is of the view that the Subscription represents a good opportunity to raise additional funds for the expansion of the pawn loan business after Completion and broaden the Company's shareholder base and capital base.

Upon completion of the Acquisition, the Subscription and the Placing, the Group intends to focus on pawn loan business and expressway operation. The Board will also continue to look out for opportunities to make new investments and/or realise its current investments when suitable opportunities arise in the future.

On the basis of the above, the Board (excluding all the non-executive Directors, who will give their opinion based on the recommendation from the independent financial adviser to be appointed) is of the view that the terms of the Sale and Purchase Agreement and the Subscription Agreement, which have been agreed after arm's length negotiations between the relevant parties, are normal commercial terms and fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

None of the Vendors and the Subscribers has any relationship (formal or informal), business, financial or otherwise with (1) the other Vendors, the other Subscribers, and their respective ultimate beneficial owners, or (2) the Company and its connected persons. None of the Subscribers and its concert parties is acting in concert with any of the Vendors and its concert parties.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed(s) 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders at the EGM.

The Acquisition constitutes a reverse takeover for the Company under Rule 14.06(6)(a) of the Listing Rules, on the basis that the Acquisition: (i) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules; and (ii) results in a change in control (as defined under the Takeovers Code) of the Company as the Vendors and parties acting in concert with any of them, will hold an aggregate of more than 30% of the voting rights of the Company upon Completion, although none of them would be a controlling shareholder (as defined under the Listing Rules) entitled to exercise or control the exercise of 30% or more of voting rights of the Company upon Completion.

Under Rule 14.54 of the Listing Rules, the Company will be treated as if it were a new listing applicant. The Acquisition is therefore also subject to the approval by the Listing Committee of a new listing application to be made by the Company. Such new listing application is required to comply with all the requirements under the Listing Rules, in particular the requirements under Chapters 8 and 9 of the Listing Rules. As at the date of this announcement, none of the relevant materials regarding the new listing application has been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable. The Listing Committee may or may not grant its approval of the new listing application.

It is a condition precedent to the Completion that the approval of the new listing application by the Listing Committee has been obtained. In the event that the approval for the new listing application is not granted by the Listing Committee, the Sale and Purchase Agreement will not become unconditional and the Acquisition and the Subscription will not proceed.

Further, the Acquisition constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules, as CITIC AMC, being one of the Vendors and a substantial shareholder of the Target Company, proposes to nominate 7 Directors out of a total of 12 Directors in the Board upon Completion, subject to the retirement and rotation requirements under the Articles of Association of the Company.

The Acquisition will be subject to the approval by the Independent Shareholders at the EGM.

IMPLICATIONS OF THE ACQUISITION UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

The Vendors, being shareholders of the Target Company, which is a private company, and the holders of the Consideration Shares upon Completion, are parties acting in concert under the Takeovers Code.

Immediately following the allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares, the shareholding of the Vendors and parties acting in concert with them will be approximately 49.70% of the total Shares in issue as enlarged by the allotment and issue of the Consideration Shares, the Subscription Shares and the Placing Shares but before conversion or exercise of any convertible securities, share options, warrants or other derivatives in issue as at the date of this announcement. Under Rule 26.1 of the Takeovers Code, the Vendors and parties acting in concert with them would be required to make an unconditional mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Vendors and parties acting in concert with any of them, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive.

An application will be made by CITIC AMC for and on behalf of the Vendors to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to the approval of the Independent Shareholders in respect of the Whitewash Waiver at the EGM where voting on the relevant resolutions shall be taken by way of poll.

The Executive will not normally grant the Whitewash Waiver, or if granted will be invalidated if:

- (i) the Vendors and parties acting in concert with any of them having acquired any voting rights of the Company in the six months prior to the date of this announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements in relation to the Acquisition; and
- (ii) the Vendors and parties acting in concert with any of them having any acquisitions or disposals of voting rights of the Company between the date of this announcement and Completion unless with the prior consent of the Executive.

The Executive may or may not grant the Whitewash Waiver. In the event that the Whitewash Waiver is not granted by the Executive or the Whitewash Waiver is not approved by the Independent Shareholders, the Vendors have the right to waive the condition precedent and consider whether to complete the Acquisition by making a general offer for the Shares under the Takeovers Code.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, the Vendors confirm that:

- (i) save as agreed upon in the Sale and Purchase Agreement, none of the Vendors and parties acting in concert with any of them holds, owns, controls or has direction over any Shares, convertible securities, warrants, options or derivatives in respect of the Shares nor has entered into any outstanding derivatives in respect of the securities in the Company;
- (ii) none of the Vendors and parties acting in concert with any of them has received any irrevocable commitment to vote for or against the proposed resolutions approving the Acquisition or the Whitewash Waiver at the EGM;
- (iii) except for the Sale and Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the Vendors which might be material to the Acquisition or the Whitewash Waiver;
- (iv) except for the Sales and Purchase Agreement, there is no arrangement or agreement to which any of the Vendors is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Acquisition or the Whitewash Waiver; and
- (v) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which any of the Vendors and parties acting in concert with any of them has borrowed or lent.

As at the date of this announcement, the Company does not believe that the Acquisition gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If any concern arises after the publication of this announcement, the Company will endeavour to resolve it to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular prepared in accordance with the requirements under the Listing Rules and Rule 8.2 of the Takeovers Code. The Company notes that the Executive may not grant the Whitewash Waiver if the Acquisition does not comply with other applicable rules and regulations.

IMPLICATIONS OF THE PARTIAL REPAYMENT OF BONDS UNDER THE TAKEOVERS CODE AND SPECIAL DEAL

As at the date of this announcement, one of the Bondholders, namely China Life, is a Shareholder. As such, the application of the proceeds from the Placing by the Company to partially repay the Bonds under the Placing Agreement will constitute a special deal under Note 5 of Rule 25 of the Takeovers Code. The Special Deal would therefore require (i) the consent of the Executive, (ii) an independent financial adviser to state in its opinion that the terms of the Special Deal are fair and reasonable, and (iii) approval of the Independent Shareholders in the EGM.

POTENTIAL CONTINUING CONNECTED TRANSACTIONS

The transactions contemplated under the Structured Contracts will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon Completion. Further disclosure will be made in the circular to be despatched by the Company to the Shareholders in compliance with the requirements of the Listing Rules if and when required.

Members of the Target Group have entered into certain transactions with entities which will become connected persons of the Company upon Completion and such transactions may continue after Completion. These transactions will constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of such continuing connected transactions will be disclosed in the circular to be despatched by the Company to the Shareholders in compliance with the requirements of the Listing Rules if and when required.

POTENTIAL ISSUE OF THE CONVERTIBLE BONDS

The Company is also contemplating the issue of the Convertible Bonds to raise funds. As at the date of this announcement, no definite timetable has been set for the issue of the Convertible Bonds.

It is intended that the Convertible Bonds would be issued to existing holders of the Bonds and/or institutional investors and will have a principal amount of HK\$1,200,000,000 due on the second anniversary of the date of issue. The conversion price of the Convertible Bonds will be set at HK\$0.25 per Share. Assuming full conversion of the Convertible Bonds, an aggregate of 4,800,000,000 Conversion Shares would be allotted and issued by the Company. The Convertible Bonds is expected to bear interest from its issue date at the rate of 9.0% per annum of the principal amount of the Convertible Bonds outstanding.

The Company will make further announcement(s) in respect of the proposed issue of the Convertible Bonds in compliance with the requirements of the Listing Rules and the Takeovers Code as and when the CB Subscription Agreement is entered into.

EQUITY FUND-RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 12 MONTHS

The Company has not conducted any equity fund-raising exercise in the 12 months immediately preceding the date of this announcement.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised capital of the Company was HK\$4,000,000,000 divided into 20,000,000,000 Shares, of which 7,442,395,970 Shares have already been issued. In order to ensure that the Company have sufficient Shares for the issue of the Consideration Shares, the Subscription Shares, the Placing Shares and the Conversion Shares, the Directors proposes to increase the authorised share capital to HK\$8,000,000,000 divided into 40,000,000,000 Shares of HK\$0.20 each.

The proposal to increase the authorised share capital of the Company is conditional upon the approved of the Shareholders by way of a special resolution at the EGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An independent board committee of the Company comprising Messrs. Suo Suo Stephen, Yip Tak On, Jing Baoli, Bao Liang Ming and Xue Baozhong, being all the non-executive Directors, will be formed to advise the Independent Shareholders in relation to the Acquisition, the Subscription, the Whitewash Waiver and the Special Deal.

The Company will, with the approval of the independent board committee of the Company, appoint an independent financial adviser in accordance with the requirements under the Listing Rules and the Takeovers Code to advise the independent board committee of the Company and the Independent Shareholders on the Acquisition, the Subscription, the Whitewash Waiver and the Special Deal. A further announcement will be made by the Company upon the appointment of the independent financial adviser as soon as possible.

DESPATCH OF CIRCULAR

The Company will despatch a circular in accordance with requirements under the Listing Rules and Rule 8.2 of the Takeovers Code. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to the Shareholders a circular within 21 days from the publication of this announcement, that is, on or before 22 August 2017. Such circular will contain, among other things,

- (i) further details of the Acquisition, the Subscription, the Placing, the Whitewash Waiver and the Special Deal;
- (ii) the recommendation of the independent board committee of the Company in relation to the Acquisition, the Subscription, the Whitewash Waiver and the Special Deal;
- (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Acquisition, the Subscription, the Whitewash Waiver and the Special Deal;
- (iv) financial information of the Target Group and the Enlarged Group;
- (v) information relating to the change of Directors; and
- (vi) a notice of the EGM.

In view of the process required in connection with the new listing application by the Company, the date of despatch of the circular is uncertain as at the date of this announcement, and is expected to be a date after the expiry of 21 days after the date of this announcement. As such, an application will be made to the Executive for a consent for an extension of the latest time for the despatch of the circular pursuant to Rule 8.2 of the Takeovers Code. The Company will make further announcement on the expected despatch date of the circular. Shareholders and potential investors should refer to the circular for further details of the Acquisition, the Subscription and the Placing.

EGM

The EGM will be held for the purpose of considering, and if thought fit, approving, inter alia, the Acquisition, the Subscription, the Specific Mandate, the Special Deal and the Whitewash Waiver.

As at the date of this announcement, (i) Mr. Cao Zhong, Mr. Fung Tsun Pong and Mr. Tsang Kam Ching, David, being executive Directors who have been involved in the discussion, negotiation and/or consideration of the Acquisition, are personally interested in 33,800,000 Shares, 310,590,610 Shares and 7,581,224 Shares, respectively; (ii) Champion Rise International Limited and Ocean Gain Limited, being companies wholly-owned by Mr. Cao Zhong and Mr. Fung Tsun Pong respectively, are interested in 948,325,000 Shares and 647,755,000 Shares respectively; and (iii) China Life, being a Bondholder, is interested in 50,000,000 Shares, are required to abstain from voting for the resolution(s) to be proposed at the EGM to approve the Acquisition, the Whitewash Waiver and the Special Deal.

RESUMPTION OF TRADING

Trading in the Shares of the Company on the Stock Exchange has been halted at the request of the Company with effect from 9:00 a.m. on 11 July 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 2 August 2017.

CAUTION

It should be noted that each of the Acquisition and the Subscription is subject to a number of conditions, which may or may not be fulfilled. In addition, the Placing may or may not materialise and the approval of the new listing application to be made by the Company, the Whitewash Waiver and the Special Deal may or may not be granted by the Stock Exchange, the Executive and/or approved by the Independent Shareholders. The Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the Shares of the Company.

DEFINITIONS

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

- | | |
|---------------------|---|
| “Acquisition” | the obtaining of the right and power to control over, and the right to enjoy the economic benefits in, the pawn loan business operated by the Target Group; |
| “acting in concert” | has the meaning given to it under the Takeovers Code; |

| | |
|--------------------------------|--|
| “Assets” | assets currently held by the Group, comprising (i) forestry resources and related land use rights in Guangdong, (ii) compressed natural gas dispensing stations in Sichuan, (iii) a piece of freehold land located in Australia and the cold storage facility thereon, and (iv) the Zhunxing Expressway operation in Inner Mongolia; |
| “Board” | the board of Directors; |
| “Bondholder(s)” | holders of the Bonds, comprising China Life and 5 other bondholders who are not Shareholders as at the date of this announcement; |
| “Bonds” | the bonds in the aggregate outstanding principal amount of HK\$4.032 billion issued by the Company which are held by China Life and 5 other Bondholders, detailed terms of which being included in the Company’s announcements dated 14 June 2013, 28 November 2014, 10 February 2015 and 14 August 2015; |
| “CB Subscription Agreement” | the agreement in relation to the proposed issue of the Convertible Bonds to be entered into by the Company; |
| “China Life” | China Life Insurance (Overseas) Company Limited, which holds 50,000,000 Shares in the Company as at the date of this announcement; |
| “Chinese Investor Undertaking” | the undertaking referred to in the section headed “Chinese Investor Undertaking” in this announcement; |
| “Chinese Investors” | has the meaning ascribed to it under the Draft Law, which includes natural persons of Chinese nationality, PRC Government and its subordinated departments and organisations and domestic enterprises controlled by any of the above; |
| “Chinese Subscribers” | the Subscribers that are Chinese Investors, including Oriental Gold, Beijing Kaiweiming and Shenzhen Heruikang; |
| “CITIC Group” | CITIC Group Corporation; |

| | |
|--------------------------|--|
| “Company” | China Resources and Transportation Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed and traded on the main board of the Stock Exchange (Stock Code: 269); |
| “Completion” | completion of the Acquisition; |
| “Completion Date” | the date on which Completion occurs; |
| “Consideration Share(s)” | 14,268,559,826 new Shares; |
| “Conversion Shares” | 4,800,000,000 Shares that will be allotted and issued by the Company upon the full conversion of the Convertible Bonds; |
| “Convertible Bonds” | 2 years 9% convertible bonds in the principal amount of HK\$1,200 million to be issued by the Company; |
| “Director(s)” | the director(s) of the Company; |
| “Draft Law” | the Foreign Investment Law of the People’s Republic of China (Draft for Comment) (中華人民共和國外國投資法(草案徵求意見稿)) circulated by the MOFCOM on 19 January 2015; |
| “EGM” | the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, inter alia, the Acquisition, the Subscription, the Specific Mandate, the Special Deal and the Whitewash Waiver; |
| “Enlarged Group” | the Group and the Target Group; |
| “Executive” | the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director; |
| “Expressway Disposal” | the disposal of 71% of the equity interest in Zhunxing as disclosed in the Company’s announcement dated 9 January 2017; |
| “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 PRC; |
| “Independent Shareholders” | (i) as regards the Acquisition, the Whitewash Waiver and the Special Deal, Shareholders other than the Vendors, parties acting in concert with any of them and other Shareholders (including Mr. Cao Zhong, Mr. Fung Tsun Pong and Mr. Tsang Kam Ching, David, China Life, Champion Rise International Limited and Ocean Gain Limited) who are interested or involved in the Acquisition, the Whitewash Waiver and the Special Deal; and (ii) as regards the Subscription and the Specific Mandate, Shareholders other than those who have material interest in the Subscription and the Specific Mandate; |
| “Issue Price” | HK\$0.23 per Share; |
| “Last Trading Day” | 10 July 2017, being the last full trading day for the Shares before the date of this announcement; |
| “Listing Committee” | the Listing Committee of the Stock Exchange; |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |
| “MOFCOM” | the Ministry of Commerce of the PRC; |
| “Placing” | the proposed placing of 3,478,260,869 new Shares by the Company pursuant to the Placing Agreement; |
| “Placing Agreement” | the agreement to be entered into by the Company for the allotment and placement of 3,478,260,869 new Shares at the Issue Price to be completed at the same time as completion of the Acquisition; |
| “Placing Share(s)” | 3,478,260,869 new Shares; |
| “PRC” | the People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan; |

| | |
|-------------------------------|---|
| “PRC Law(s)” | any and all laws, regulations, statutes, rules, decrees, notices, and supreme court’s judicial interpretations currently in force and publicly available in the PRC as of the date of this announcement; |
| “PRC Shareholders” | the Vendors, who are the registered shareholders of the Target Company; |
| “PRC Subsidiary” | a wholly foreign-owned enterprise to be established in the PRC, which, upon establishment, will become a wholly-owned subsidiary of the Company; |
| “Retained Directors” | being 3 existing executive Directors, namely Messrs. Cao Zhong, Tsang Kam Ching, David and Gao Zhiping and 2 existing independent non-executive Directors, namely Messrs. Yip Tak On and Jing Baoli; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Sale and Purchase Agreement” | the agreement entered into between the Company and the Vendors dated 11 July 2017 in relation to the Acquisition including all schedules and attachments including the Structured Contracts and its Chinese Investor Undertaking in agreed forms; |
| “Share(s)” | ordinary shares of HK\$0.20 each in the issued share capital of the Company; |
| “Share Option Scheme” | the share option scheme adopted by the Company on 16 July 2004; |
| “Shareholder(s)” | holder(s) of the Shares; |
| “Special Deal” | the settlement of certain of the Bonds held by the Bondholders by the application of the proceeds from the Placing, which constitutes a special deal under Rule 25 of the Takeovers Code; |
| “Specific Mandate” | the specific mandate to be granted to the Directors by the Shareholders at the EGM to allot and issue the Consideration Shares, the Subscription Shares and the Placing Shares; |

| | |
|--------------------------|---|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Structured Contract(s)” | a series of contracts to be entered into by the PRC Subsidiary, the Target Company and the PRC Shareholders (as the case may be) prior to the despatch of the circular, details of which are described in the section headed “Information of the Structured Contracts” of this announcement; |
| “Subscribers” | <ol style="list-style-type: none"> (1) Starry Wealth Holdings Limited (“Starry Wealth”); (2) Trendy Sky Limited (“Trendy Sky”); (3) 東方匯金有限公司 (Oriental Gold Converge Limited*) (“Oriental Gold”); (4) 北京凱韋銘投資諮詢有限公司 (Beijing Kaiweiming Investment Consulting Co. Ltd.*) (“Beijing Kaiweiming”); and (5) 深圳市合瑞康投資發展有限公司 (Shenzhen Heruikang Investment Development Co. Ltd.*) (“Shenzhen Heruikang”); |
| “Subscription” | the subscription of the Subscription Shares by the Subscribers; |
| “Subscription Agreement” | the agreement entered into between the Company and the Subscribers dated 11 July 2017 in relation to the Subscription; |
| “Subscription Share(s)” | 3,521,738,478 new Shares; |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers; |
| “Target Company” | 中安信邦資產管理有限公司 (ZhongAn XinBang Asset Management Corporation Ltd*); |
| “Target Group” | the Target Company and its subsidiaries and branch companies; |

“Vendors”

- (1) 中信資產管理有限公司 (CITIC Asset Management Corporation Ltd.*) (“**CITIC AMC**”),
- (2) 西藏君合投資有限公司 (Tibet Junhe Investment Co., Ltd.*) (“**Tibet Junhe**”),
- (3) 北京萬豪嘉美投資有限責任公司 (Beijing Wanhao Jiamei Investment Co., Ltd.*) (“**Beijing Wanhao**”),
- (4) 西藏達孜晟盈投資中心(有限合夥) (Tibet Dazi Shengying Investment Centre (Limited Partnership)*) (“**Tibet Dazi**”),
- (5) 北京靜之湖度假酒店有限公司 (Beijing Jingzhihu Holiday Inn Co., Ltd.*) (“**Beijing Jingzhihu**”),
- (6) 上海呈高投資合夥企業(有限合夥) (Shanghai Chenggao Investment Partnership (Limited Partnership)*) (“**Shanghai Chenggao**”),
- (7) 溫州市嘻納文化傳播合夥企業(有限合夥) (Wenzhou Xina Cultural Communication Partnership (Limited Partnership)*) (“**Wenzhou Xina**”),
- (8) 深圳市中久投資有限公司 (Shenzhen Zhongjiu Investment Co., Ltd.*) (“**Shenzhen Zhongjiu**”),
- (9) 青島源泰石化有限公司 (Qingdao Yuantai Petrochemical Co., Ltd.*) (“**Qingdao Yuantai**”),
- (10) 健隆生物科技股份有限公司 (Jianlong Biotechnology Co. Ltd*) (“**Jianlong Biotech**”), and
- (11) 深圳前海泛德互聯網金融服務有限公司 (Shenzhen Qianhai Fande Internet Finance Services Co., Ltd.*) (“**Shenzhen Qianhai**”);

| | |
|-----------------------|--|
| “Whitewash Waiver” | a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Vendors to make a mandatory general offer for all the Shares not already owned or acquired by the Vendors and parties acting in concert with any of them under Rule 26 of the Takeovers Code which would otherwise arise as a result of the Acquisition; |
| “Zhunxing” | 內蒙古准興重載高速公路有限責任公司 (Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited*), a company incorporated in the PRC with limited liability, which is indirectly held as to 86.87% by the Company through its subsidiaries as at the date of this announcement; |
| “Zhunxing Expressway” | a 265-kilometer heavy haul toll expressway in Inner Mongolia, the PRC; and |
| “%” | per cent. |

* *The English names of these PRC entities are an informal English translation of their respective official Chinese names.*

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

Hong Kong, 1 August 2017

The Company

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

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

CITIC AMC

As at the date of this announcement, the directors of CITIC AMC are Mr. Zhiqiang Liu, Mr. Qidong Han, Mr. Henghui Yang, Mr. Kai Zhang, Mr. Xuejun Zhang and Ms. Dongmei Zhang.

The directors of CITIC AMC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Vendors other than CITIC AMC and the Subscribers) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors other than CITIC AMC and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Tibet Junhe

As at the date of this announcement, the directors of Tibet Junhe are Mr. Jianping Wang, Mr. Jianzhong Wu and Mr. Shenghua Zhang.

The directors of Tibet Junhe jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those related to the Company, the Group, the Vendors other than Tibet Junhe and the Subscribers) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this

announcement (other than those expressed by the Company, the Vendors other than Tibet Junhe and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Beijing Wanhao

As at the date of this announcement, the sole director of Beijing Wanhao is Mr. Ran Wan.

The sole director of Beijing Wanhao accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Vendors other than Beijing Wanhao and the Subscribers) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors other than Beijing Wanhao and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Tibet Dazi

As at the date of this announcement, the general partner of Tibet Dazi is Beijing Fenxin Investment Management Co. Ltd. (北京奮信投資管理有限公司). The sole director of Beijing Fenxin Investment Management Co. Ltd.* (北京奮信投資管理有限公司) is Mr. Hanghang Sha.*

The sole director of Beijing Fenxin Investment Management Co. Ltd. (北京奮信投資管理有限公司) accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Vendors other than Tibet Dazi and the Subscribers) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors other than Tibet Dazi and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.*

Beijing Jingzhihu

As at the date of this announcement, the sole director of Beijing Jingzhihu is Mr. Jinxue Chen. The sole director of Beijing Jingzhihu Property Co., Ltd. (北京靜之湖置業有限公司) is Mr. Jinxue Chen.*

The sole director of each of Beijing Jingzhihu and Beijing Jingzhihu Property Co., Ltd. (北京靜之湖置業有限公司) accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Vendors other than Beijing Jingzhihu and the Subscribers) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors other than Beijing Jingzhihu and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.*

Shanghai Chenggao

As at the date of this announcement, the general partner of Shanghai Chenggao is Beijing Chunxin Capital Management Co. Ltd. (北京淳信資本管理有限公司). The directors of Beijing Chunxin Capital Management Co. Ltd.* (北京淳信資本管理有限公司) are Mr. Xiang Li, Mr. Tao Ren and Mr. Honghan Ye.*

The directors of Beijing Chunxin Capital Management Co. Ltd. (北京淳信資本管理有限公司), jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Vendors other than Shanghai Chenggao and the Subscribers) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors other than Shanghai Chenggao and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.*

Wenzhou Xina

As at the date of this announcement, the general partner of Wenzhou Xina is Ms. Lifang Zhou.

The general partner of Wenzhou Xina accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Vendors other than Wenzhou Xina and the Subscribers) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors other than Wenzhou Xina and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Shenzhen Zhongjiu

As at the date of this announcement, the sole director of Shenzhen Zhongjiu is Mr. Zhongjie Luan.

The sole director of Shenzhen Zhongjiu accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Vendors other than Shenzhen Zhongjiu and the Subscribers) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors other than Shenzhen Zhongjiu and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Qingdao Yuantai

As at the date of this announcement, the sole director of Qingdao Yuantai is Mr. Bo Gao.

The sole director of Qingdao Yuantai accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Vendors other than Qingdao Yuantai and the Subscribers) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors other than Qingdao Yuantai and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Jianlong Biotech

As at the date of this announcement, the directors of Jianlong Biotech are Mr. Haibiao Hao, Ms. Caiyu Tian, Mr. Yongming Hao, Mr. Yinchun Tian, Mr. Longfei Li, Mr. Huiping Li and Mr. Pengfei Liao.

The directors of Jianlong Biotech jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Vendors other than Jianlong Biotech and the Subscribers) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors other than Jianlong Biotech and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Shenzhen Qianhai

As at the date of this announcement, the sole director of Shenzhen Qianhai is Ms. Guo Feng.

The sole director of Shenzhen Qianhai accepts full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Vendors other than Shenzhen Qianhai and the Subscribers) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors other than Shenzhen Qianhai and the Subscribers) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Oriental Gold

As at the date of this announcement, the sole director of Oriental Gold is Mr. Qian Wang. The sole director of Shenzhen Qianhai Kaishi Investment Development Company Limited (深圳市前海凱石投資發展有限公司) is Mr. Mingyong Cao.*

The sole director of Oriental Gold and the sole director of Shenzhen Qianhai Kaishi Investment Development Company Limited (深圳市前海凱石投資發展有限公司) jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, the Group, the Target Group, the Vendors and the Subscribers other than Oriental Gold), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors and the Subscribers other than Oriental Gold) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.*

Beijing Kaiweiming

As at the date of this announcement, the directors of Beijing Kaiweiming are Mr. Jilong Wang and Mr. Pin Lv.

The directors of Beijing Kaiweiming jointly and severally accept full responsibility for the accuracy of the information in this announcement (other than those in relation to the Company, the Group, the Target Group, the Vendors and the Subscribers other than Beijing Kaiweiming), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors and the Subscribers other than Beijing Kaiweiming) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Shenzhen Heruikang

As at the date of this announcement, the directors of Shenzhen Heruikang are Mr. Jianfeng Chen and Mr. Junkuan Ye.

The directors of Shenzhen Heruikang jointly and severally accept full responsibility for the accuracy of the information in this announcement (other than those in relation to the Company, the Group, the Target Group, the Vendors and the Subscribers other than Shenzhen Heruikang), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company, the Vendors and the Subscribers other than Shenzhen Heruikang) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Starry Wealth

As at the date of this announcement, the sole director of Starry Wealth is Mr. Chen Jiarong.

The sole director of Starry Wealth accepts full responsibility for the accuracy of the information relating to him and Starry Wealth contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed by him and Starry Wealth in this announcement have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.

Trendy Sky

As at the date of this announcement, the sole director of Trendy Sky is Mr. Chan Po Siu.

The sole director of Trendy Sky accepts full responsibility for the accuracy of the information relating to him and Trendy Sky contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed by him and Trendy Sky in this announcement have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.