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China Resources and Transportation Group Ltd
中國資源交通集團有限公司

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)

VOLUNTARY ANNOUNCEMENT – BUSINESS UPDATE

Reference is made to the interim report (the “**Interim Report**”) of China Resources and Transportation Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the six months ended 30 September 2016.

As disclosed in the section headed “Business Review” under the management discussion and analysis of the Interim Report, in order to narrow the Group’s business losses and conserve resources, the Group has ceased its forest operation in Guyana, South America (“**Guyana**”). The Company wishes to provide its shareholders and potential investors further information in relation to its forest operation in Guyana.

SUSPENSION OF FOREST CONCESSION RIGHTS

(1) Suspension of forest concession right held by Jaling Forest Industries Inc. (“Jaling Concession Right”)

On 11 January 2017, Jaling Forest Industries Inc. (“**Jaling**”), a wholly-owned subsidiary of the Company, received a letter dated 10 January 2017 from the Guyana Forestry Commission, informing Jaling that its exclusive timber concession right under the timber sales agreement dated 25 January 2005 (“**TSA 02/2005**”) was suspended with effect from 10 January 2017.

Pursuant to TSA 02/2005, Jaling was granted with the Jaling Concession Right for a period of 25 years, commencing on 25 January 2005 and until 24 January 2030 (both dates inclusive) to occupy, cut and remove timbers from an area of approximately 136,900 hectares (approximately 338,000 acres) in the State Forest of Guyana.

(2) Suspension of forest concession right held by Garner Forest Industries Inc. (“Garner Concession Right”)

On 11 January 2017, Garner Forest Industries Inc. (“Garner”), a wholly-owned subsidiary of the Company, received a letter dated 10 January 2017 from the Guyana Forestry Commission, informing Garner that its exclusive timber concession right under the timber sales agreement dated 11 June 2005 (“TSA 03/2005”) was suspended with effect from 10 January 2017.

Pursuant to TSA 03/2005, Garner was granted with the Garner Concession Right for a period of 25 years, commencing on 11 June 2005 and until 10 June 2030 (both dates inclusive) to occupy, cut and remove timbers from an area of approximately 92,737 hectares (approximately 229,158 acres) in the State Forest of Guyana.

Pursuant to the annual report of the Company for the year ended 31 March 2016, the Company has fully impaired its forest concession rights in Guyana during the financial year ended 31 March 2016. Moreover, due to the cessation of its forest operation in Guyana, the Group has not recognised any revenue or cost that is directly attributable to the Jaling Concession Right and the Garner Concession Right for the six months ended 30 September 2016.

In light of above, the directors of the Company are of the view that the suspension of the Jaling Concession Right and the Garner Concession Right will not have any material impact on the consolidated financial statements of the Group.

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

Hong Kong, 11 January 2017

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