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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Resources and Transportation Group Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW
SHARES AND REPURCHASE OF SHARES
PROPOSED RE-ELECTION OF DIRECTORS
ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting of the Company to be held at K3 & K4 Meeting Room, 3rd Floor, Kempinski Hotel Shenzhen, Hai De San Dao, Hou Hai Bin Road, Nanshan District, Shenzhen, PRC, on Thursday, 28 August 2014 at 11 a.m. is set out on pages 30 to 33 of this circular.

A proxy form for use at the meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the proxy form and return the same to the Company's branch share registrar in Hong Kong, Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) if you so wish.

25 July 2014

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DEFINITIONS

In this circular and the appendices, unless the context requires otherwise, the following expressions have the following meanings:

“Adoption Date”	means 28 August 2014 (the date on which the Share Option Scheme is conditionally adopted by resolution of the Shareholders of the Company)
“AGM”	the Annual General Meeting of the Company to be held at K3 & K4 Meeting Room, 3rd Floor, Kempinski Hotel Shenzhen, Hai De San Dao, Hou Hai Bin Road, Nanshan District, Shenzhen, PRC, on Thursday, 28 August 2014 at 11 a.m., or any adjournment thereof
“Associate”	has the meaning ascribed to it under the Listing Rules
“Articles of Association”	the Articles of Association of the Company
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors
“Chief Executive”	has the meaning ascribed to it under the Listing Rules
“Company”	China Resources and Transportation Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 269)
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“General Mandate”	the general mandate proposed to be granted to the Directors at AGM to exercise all the powers of the Company to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution by the Shareholders
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Latest Practicable Date”	21 July 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Notice”	the notice of the AGM set out on pages 30 to 33 of this circular
“Offer”	the offer of the grant of an Option made by the Board
“Offer Date”	the date on which an Option is offered to a Participant
“Option”	a right to subscribe for Shares pursuant to the terms of the Share Option Scheme
“Option Period”	a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the terms of the Share Option Scheme
“Participant”	(i) any executive or non-executive director including independent non-executive directors or any employees (whether full-time or part-time) of each member of the Group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the Group; (iii) any consultants, professional and other advisers to each member of the Group (or persons, firms or companies proposed to be appointed for providing such services); (iv) any chief executives or substantial shareholders of the Company; (v) any associates of director, chief executive or substantial shareholders of the Company; and (vi) any employees (whether full-time or part-time) of substantial shareholders of the Company, provided that the Board may have absolute discretion to determine whether or not one falls within the above categories
“PRC”	the People’s Republic of China

DEFINITIONS

“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to exercise the power of the Company to repurchase up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution by the Shareholders
“Shareholder(s)”	registered holder(s) of the Share(s) in issue
“Share Option Scheme”	the share option scheme proposed to be adopted at the AGM, a summary of the principal terms of which are set out in Appendix III
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

LETTER FROM THE BOARD



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)

Directors

Executive Directors

Mr. Cao Zhong (*Chairman*)
Mr. Fung Tsun Pong (*Vice-Chairman*)
Mr. Duan Jingquan
(*Chief Executive Officer*)
Mr. Tsang Kam Ching, David
(*Finance Director*)
Mr. Gao Zhiping

Non-Executive Director

Mr. Suo Suo Stephen

Independent Non-Executive Directors

Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming

Registered Office

Caledonian Trust (Cayman) Limited
Caledonian House
69 Dr. Roy's Drive
P.O. Box 1043
Grand Cayman, KY1-1102
Cayman Islands

*Head office and Principal Place
of Business*

Room 1801-07, 18/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

25 July 2014

Dear Shareholder(s),

**PROPOSED GRANT OF GENERAL MANDATES TO ISSUE
NEW SHARES AND REPURCHASE OF SHARES
PROPOSED RE-ELECTION OF DIRECTORS
ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the following resolutions to be proposed at the AGM:

- (a) granting of the General Mandate and the Repurchase Mandate;

LETTER FROM THE BOARD

- (b) re-election of the retiring Directors;
- (c) adopting the Share Option Scheme;
- (d) approving other ordinary businesses to be considered at the AGM, including, among others, the approval and adoption of the audited financial statements and reports of the Directors and auditors for the year ended 31 March 2014, the fixing of Directors' fees, the appointment of the incumbent auditors and the authorization to the Directors to fix audit fees; and
- (e) to serve the notice of the AGM.

PROPOSED GENERAL MANDATE AND REPURCHASE MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the General Mandate and the Repurchase Mandate.

General Mandate

At the annual general meeting of the Company held on 26 August 2013, the Directors were granted a general mandate to allot, issue and deal with ordinary shares of HK\$0.01 each in the capital of the Company on the Stock Exchange. The mandate will expire at the conclusion of the AGM.

It will be proposed at the AGM as an ordinary resolution, which is set out in resolution no. 5 of the Notice granting the Directors a general mandate to allot, issue, and deal with unissued Shares or underlying Shares or make or grant offers, agreements, options and warrant which might require the exercise of such power, of an aggregate amount of up to 20% of the issued Shares as at the date of passing the resolution. The Directors have no immediate plan to issue Shares pursuant thereto.

In addition, the Board also proposed to extend the General Mandate authorizing the Directors to allot, issue and deal with Shares to the extent of the Shares repurchased pursuant to the Repurchase Mandate.

The Company has in issue an aggregate number of 27,174,783,895 Shares as at the Latest Practicable Date. Subject to the approval of the General Mandate and in accordance with the terms therein, the Company would be allowed to allot up to the aggregate nominal amount of 5,434,956,779 Shares on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM.

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Repurchase Mandate

At the AGM, an ordinary resolution will also be proposed to grant to the Directors to exercise all powers of the Company to repurchase Shares on the Stock Exchange of an aggregate amount of up to 10% of the issued Shares as at the date of passing the resolution.

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 2,717,478,389 Shares.

An explanatory statement containing all information in relation to the Repurchase Mandate as required under Rule 10.06(1) of the Listing Rules is set out in **Appendix I** to this circular.

The General Mandate (including the extended General Mandate) and the Repurchase Mandate shall continue to be in force until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the General Mandate (including the extended General Mandate) or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting.

PROPOSED RE-ELECTION OF DIRECTORS

The Board currently comprises five executive Directors, namely Messrs Cao Zhong, Fung Tsun Pong, Duan Jingquan, Tsang Kam Ching, David and Gao Zhiping; a non-executive Director, namely Mr. Suo Suo Stephen (“**Mr. Suo**”); and three independent non-executive Directors, namely Messrs Yip Tak On, Jing Baoli and Bao Liang Ming.

In accordance with Article 117 of the Articles of Association, at each annual general meeting one-third, or, if their number is not three or a multiple of three, then the number nearest to one-third, of the Directors who have been longest in office since their last election by Shareholders in a general meeting shall retire from office. As a result, Mr. Cao Zhong (“**Mr. Cao**”) and Mr. Fung Tsun Pong (“**Mr. Fung**”), being the longest-serving Directors shall retire at the AGM and being eligible, offer themselves for re-election.

Further, pursuant to Article 100 of the Articles of Association, any Director appointed to fill a causal vacancy or as an addition to the Board shall hold office only until the next general meeting. Accordingly, Mr. Suo, being the additional Director appointed by the Board shall retire at the AGM and being eligible, offer himself for re-election.

In September 2013, Mr. Yip Tak On (“**Mr. Yip**”) has served as an independent non-executive Director for nine years and his appointment will expire on 24 July 2015. Mr. Yip is a fellow member of the Association of Chartered Certified Accountants, HKICPA, Taxation Institute of Hong Kong, and a full member of the Hong Kong Securities Institute.

LETTER FROM THE BOARD

He has founded his own Certified Public Accountants firm, T. O. Yip & Co., Limited, for more than 20 years and he is still the managing director of it. Moreover, during his tenure of service, Mr. Yip has demonstrated his ability to provide an independent view to the Company's matters. As such, the Board is of the view that Mr. Yip is able to continue to fulfill his role as required and thus recommends him for re-election in advance to avoid the need of holding an extraordinary general meeting before the expiry date of his appointment. The Board considers the re-election of Mr. Yip as an independent non-executive Director is in the best interests of the Company and Shareholders as a whole.

Details of Directors Proposed for Re-election are set out in Appendix II to this Circular.

Subject to Article 121 of the Articles of Association, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the Company's Hong Kong branch share registrar, Tricor Progressive Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, at least seven (7) days before the date of the AGM. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is duly received after the printing of this circular, the Company will issue a supplementary circular to inform the Shareholders of the details of the additional candidate proposed.

PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

The present share option scheme of the Company was adopted on 16 July 2004 and will expire on 15 July 2014, i.e. prior to the date of the AGM. Therefore, the Directors propose to adopt the Share Option Scheme which will be put to the Shareholders for approval at the AGM.

So far as the Directors are aware of, as at the Latest Practicable Date, none of the Shareholders is required to abstain from voting for the ordinary resolution to approve the adoption of the Share Option Scheme. None of the Directors is trustee of the Share Option Scheme or has a direct or indirect interest in the trustee, if any.

Application will be made to the Stock Exchange for the approval of the listing of and permission to deal in the Shares to be issued pursuant to the exercise of Options granted under the Share Option Scheme. Implementation of the Share Option Scheme is subject to such approval being granted. With respect of the operation of the Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

The Directors believe that attracting and motivating high quality personnel is a key in the success and growth of the Company. The Directors believe that the Share Option Scheme could provide Participants with the opportunity of participating in the growth of the Company by acquiring shares in the Company and could, in turn, assist in the attraction and retention of Participants who have made contribution to the success of the Company. The purpose of the Share Option Scheme is to provide incentives to, reward, remunerate, compensate and provide benefits to Participants to contribute further to the Company.

LETTER FROM THE BOARD

The rules of the Share Option Scheme provide that the Board is empowered with the authority to determine the terms and conditions of any Option based in each case on relevant factors as the Board considers appropriate. The Board believes that the authority given to the Board under the Share Option Scheme to specify any minimum holding period and/or performance targets as conditions in any Option granted and the requirement for a minimum Subscription Price as well as the selection criteria prescribed by the rules of the Share Option Scheme will serve to protect the value of the Company as well as to achieve the purpose of the Share Option Scheme.

As at the Latest Practicable Date, the Company had granted options to subscribe for a total of 350,500,000 Shares to certain employees and directors of the Group pursuant to its present share option scheme, out of which options to subscribe for 2,500,000 Shares had lapsed and no options had been exercised or cancelled, thus the options to subscribe for 348,000,000 Shares are valid and outstanding and which will remain valid under the present share option scheme.

Assuming that the Share Option Scheme having been approved at the AGM, the maximum number of Shares which may be allotted and issued upon exercise of all Options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme by the Shareholders at the AGM. As at the Latest Practicable Date, the issued share capital of the Company comprised 27,174,783,895 Shares, assuming that prior to the AGM, no Shares are issued or repurchased by the Company, the maximum number of Shares which may be allotted and issued upon exercise of all Options to be granted under the Share Option Scheme and any other schemes of the Company will be 2,717,478,389, representing 10% of the total issued Shares as at the date of approval of the Share Option Scheme by the Shareholders at the AGM.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date because the calculation is based on a number of variables such as the Subscription Price, Option Period and other relevant variables. As no Options have been granted under the Share Option Scheme, certain variables are not available for calculating the value of the options. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions will not be meaningful to the Shareholders.

A summary of the principal terms of the Share Option Scheme is set out in **Appendix III** to this circular. This serves as a summary of the terms of the Share Option Scheme but does not constitute the full terms of the same. The Share Option Scheme will be available for inspection at the place of business of the Company at Room 1801-07, 18/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the AGM and at the AGM.

LETTER FROM THE BOARD

NOTICE OF ANNUAL GENERAL MEETING

The Notice is set out on pages 30 to 33 of this circular. Resolutions to be proposed at the AGM include, inter alia:

- (i) the granting of the General Mandate (including the extended General Mandate) and the Repurchase Mandate;
- (ii) approving the proposed re-election of the retiring Directors, namely Mr. Cao and Mr. Fung as executive Directors, Mr. Suo as a non-executive Director and Mr. Yip as an independent non-executive Director;
- (iii) approving the adoption of the Share Option Scheme; and
- (iv) approving other ordinary businesses to be considered, including, among others, the approval of the audited financial statements and reports of the Directors and auditors of the Company, the fixing of Directors' remuneration, the appointment of the incumbent auditors of the Company and the authorization to the Board to fix their remuneration.

FORM OF PROXY

A proxy form for use at the AGM is enclosed herein. Whether or not you intend to attend the AGM, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish.

VOTING BY POLL

Pursuant to rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll.

At the AGM, the chairman of the meeting will exercise his power under the Articles of Association to put all the resolutions set out in the Notice to the vote by way of poll.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement herein misleading.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors believe that the proposed resolutions in respect of the General Mandate, the Repurchase Mandate, the re-election of retiring Directors, the adoption of the Share Option Scheme and other resolutions to be proposed at the AGM are all in the best interest of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

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

This Appendix I serves as an explanatory statement given to all Shareholders relating to a resolution to be proposed at the AGM authorizing the proposed Repurchase Mandate. This explanatory statement contains all information pursuant to Rule 10.06(1) and other relevant provisions of the Listing Rules which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 27,174,783,895 Shares.

Subject to the passing of the resolution for the grant of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to purchase a maximum of 2,717,478,389 Shares, representing 10% of the issued share capital of the Company as at the date of passing of the resolution, until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting.

2. REASONS FOR PROPOSED REPURCHASES OF SHARES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Directors to repurchase Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

3. SOURCE OF FUNDS

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the applicable laws of the Cayman Islands and the Listing Rules. It is envisaged that the funds required for any repurchase may also be derived from the Company's available cash flow or internal resources.

4. EFFECT OF EXERCISING THE REPURCHASE MANDATE

Taking into account the current capital position of the Company, the Directors consider that, the exercise in full of the Repurchase Mandate to repurchase Shares might have a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 March 2014). However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or on the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

5. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) has any present intention to sell any Shares to the Company under the Repurchase Mandate if it is approved by the Shareholders at the AGM.

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchase pursuant to the Repurchase Mandate in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportional interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (within that term's meaning under the Takeovers Code), depending on the level of increase in the shareholders' interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, the following persons were directly or indirectly interested in 5% or more of the nominal value of the issued ordinary Shares that carry a right to vote in all circumstances at general meetings of the Company:

Name	Number of Shares			Approximate Percentage (%) of shareholding interests
	Personal interests	Corporate interests	Total number of Shares held	
Mr. Cao Zhong (<i>Note 1</i>)	135,200,000	2,975,800,000	3,111,000,000	11.44
Champion Rise International Limited (<i>Note 1</i>)	NIL	2,975,800,000	2,975,800,000	10.95
Mr. Fung Tsun Pong (<i>Note 2</i>)	1,242,362,449	1,814,300,000	3,056,662,449	11.24
Ocean Gain Limited (<i>Note 2</i>)	NIL	1,814,300,000	1,814,300,000	6.67
Vivid Beyond Securities Limited (<i>Note 3</i>)	NIL	2,500,000,000	2,500,000,000	9.19
China Alliance International Holding Group Limited (<i>Note 4</i>)	NIL	2,025,862,068	2,025,862,068	7.45
Turbo View Investment Limited (<i>Note 5</i>)	NIL	1,500,000,000	1,500,000,000	5.51

Note 1: Champion Rise International Limited is wholly owned by Mr. Cao Zhong, the Chairman and an executive Director of the Company who is interested in 2,975,800,000 Shares, representing approximately 10.95% in the issued share capital of the Company.

Note 2: Ocean Gain Limited is wholly owned by Mr. Fung Tsun Pong, an executive Director and the Vice Chairman of the Company who is interested in 1,814,300,000 Shares, representing 6.67% of the issued share capital of the Company.

Note 3: Vivid Beyond Securities Limited is wholly owned by Mr. Hu Wei.

Note 4: China Alliance International Holding Group Limited is wholly owned by Ms. Zhang Lei.

Note 5: Turbo View Investment Limited is wholly owned by Mr. Gao Xiao Rui.

On the basis of the shareholding held by each Substantial Shareholder as set out above, an exercise of the Repurchase Mandate in full will not give rise to an obligation for any Substantial Shareholder to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

The Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate.

The Directors will not repurchase Shares on the Stock Exchange if the repurchase would result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

The Company and the Directors have no current intention to exercise the Repurchase Mandate to such extent as would give rise to any obligation under the Takeovers Code.

8. REPURCHASES OF SHARES BY THE COMPANY

In the six months prior to the Latest Practicable Date, the Company repurchased a total of 931,000,000 ordinary shares of the Company on the Stock Exchange at an aggregate consideration (before expenses) of HK\$377,208,500.

Particulars of the repurchases are as follows:

Transaction date	Number of shares repurchased on the Exchange on the transaction date	Purchase Price per share		Consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
13/1/2014	9,200,000	0.355	0.355	3,266,000
17/1/2014	400,000	0.370	0.370	148,000
20/1/2014	200,000,000	0.375	0.370	74,992,000
27/1/2014	5,300,000	0.400	0.400	2,120,000
28/1/2014	700,000	0.400	0.400	280,000
29/1/2014	20,000,000	0.410	0.410	8,200,000
7/2/2014	18,200,000	0.425	0.425	7,735,000
12/2/2014	61,500,000	0.445	0.420	26,861,500
13/2/2014	50,000,000	0.445	0.435	21,950,000
14/2/2014	56,800,000	0.440	0.430	24,719,500
17/2/2014	52,000,000	0.435	0.420	22,270,000
18/2/2014	68,000,000	0.410	0.400	27,725,000
19/2/2014	62,000,000	0.415	0.410	25,451,500
20/2/2014	36,600,000	0.415	0.410	15,153,500
21/2/2014	26,100,000	0.410	0.405	10,690,500
24/2/2014	43,500,000	0.410	0.405	17,750,500
25/2/2014	12,200,000	0.405	0.405	4,941,000
26/2/2014	12,500,000	0.405	0.400	5,012,500
27/2/2014	17,500,000	0.405	0.400	7,037,500
28/2/2014	10,000,000	0.405	0.405	4,050,000
3/3/2014	5,000,000	0.405	0.405	2,025,000
5/3/2014	4,700,000	0.410	0.410	1,927,000
6/3/2014	15,000,000	0.415	0.410	6,175,000
7/3/2014	9,000,000	0.415	0.415	3,735,000
10/3/2014	6,800,000	0.415	0.415	2,822,000
11/3/2014	11,000,000	0.415	0.410	4,525,000
12/3/2014	10,000,000	0.400	0.400	4,000,000
13/3/2014	18,300,000	0.400	0.390	7,269,500
14/3/2014	4,900,000	0.395	0.395	1,935,500
17/3/2014	10,500,000	0.395	0.390	4,122,500
18/3/2014	11,200,000	0.400	0.395	4,478,500
19/3/2014	3,700,000	0.395	0.390	1,458,000
20/3/2014	5,500,000	0.390	0.385	2,142,500
21/3/2014	3,000,000	0.390	0.390	1,170,000
24/3/2014	4,000,000	0.395	0.390	1,570,000
25/3/2014	12,900,000	0.395	0.385	5,041,000
26/3/2014	2,000,000	0.385	0.385	770,000
27/3/2014	4,000,000	0.385	0.380	1,530,000
28/3/2014	27,000,000	0.380	0.370	10,158,000
	<u>931,000,000</u>			<u>377,208,500</u>

9. CONNECTED PERSON

No Connected Person has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

10. SHARES PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2013		
July	0.350	0.295
August	0.400	0.325
September	0.395	0.350
October	0.460	0.390
November	0.465	0.370
December	0.415	0.325
2014		
January	0.415	0.330
February	0.455	0.400
March	0.445	0.360
April	0.420	0.335
May	0.370	0.335
June	0.350	0.290

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

This appendix provides you with the biographical details of the Directors who will retire from their offices at the AGM and being, eligible, will offer themselves for re-election, at the AGM in accordance with the Articles of Association.

PROPOSED RE-ELECTION OF DIRECTORS

Mr. Cao Zhong, aged 54, has been appointed as an executive Director and the chairman of the Board since 19 November 2010. Mr. Cao was graduated from Zhejiang University and the Graduate School of the Chinese Academy of Social Sciences with a bachelor degree in engineering and a master degree in economics, respectively. Since 1988, Mr. Cao had served various institutions such as the National Development and Reform Commission of China, Guangdong Province Huizhou Municipal People's Government, Beijing International Trust and Investment Company Limited, Shougang Corporation and the Development Research Centre of the State Council of China.

Mr. Cao is currently an executive director, chief executive officer and chairman of FDG Electric Vehicles Limited (Stock Code: 729), a company whose shares are listed on the Stock Exchange. Mr. Cao had also held various senior managerial positions in companies including: an executive director, general manager, a non-executive director and the vice chairman of Shougang Concord International Enterprises Company Limited ("**Shougang Concord**") (Stock Code: 697); the deputy chairman and general manager of Shougang Holding (Hong Kong) Limited ("**Shougang Holding**"); a director of Grand Invest International Limited ("**Grand Invest**") and China Gate Investments Limited ("**China Gate**") – Shougang Holding, Grand Invest and China Gate are substantial shareholders of Shougang Concord; vice chairman and general manager of Shougang Concord Grand (Group) Limited ("**Shougang Grand**") (Stock Code: 730); an executive director and general manager of Shougang Fushan Resources Group Limited (Stock Code: 639); and the chairman of the board of directors of Shougang Concord Century Holdings Limited (Stock Code: 103), Shougang Concord Technology Holdings Limited (Stock Code: 521) and Global Digital Creations Holdings Limited (Stock Code: 8271) which is a subsidiary of Shougang Grand. In addition, he was a non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange (Stock Code: MGX) from December 2008 to February 2012.

Mr. Cao's appointment was renewed for a term of 3 years commencing on 19 November 2013 by a service agreement. Mr. Cao is entitled to a director's fee of HK\$300,000 per month.

As at the Latest Practicable Date, Mr. Cao is beneficially interested in 3,111,000,000 Shares, approximately 11.44% of the issued share capital of the Company.

Mr. Fung Tsun Pong, aged 54, has been appointed as an executive Director since 22 September 2004. Mr. Fung has over 20 years' experience in property development, logistics, investment banking and company management. Mr. Fung has held senior management positions in various companies incorporated in Hong Kong, British Virgin Islands and Samoa.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Mr. Fung's appointment was renewed for a term of 3 years commencing on 1 June 2013 by a service agreement. Mr. Fung is entitled to a basic salary of HK\$250,000 per month, discretionary bonus and other benefits at the sole discretion of the Board and its remuneration committee.

As at the Latest Practicable Date, Mr. Fung is beneficially interested in 3,056,662,449 Shares, approximately 11.24% of the issued share capital of the Company.

Mr. Suo Suo Stephen, aged 42, has been appointed as a non-executive Director since 2 July 2014. Mr. Suo is a Chartered Financial Analyst and is an asset manager with over 18 years' experience in banking, private equity and asset management sectors. Mr. Suo has been appointed as the Chief Executive Officer of Strait Capital Management Limited since May 2014. Mr. Suo received his Master in Business Administration from University of Rochester in the United States in March 2000. During the period from June 2011 to 2014, he was the Asia Head and Executive Director of EIG Global Energy Partners ("EIG"), a global private equity fund. Before joining EIG, Mr. Suo was a portfolio manager of Trust Company of the West from 2005 to 2011. From late 1999 to 2005, Mr. Suo worked for Fortis Capital Corp. in the United States and had served as Group Head of its United States Leveraged Finance team.

Pursuant to a service agreement entered into between Mr. Suo and the Company, Mr. Suo is entitled to a director's fee of HK\$10,000 per month which will be paid in proportion to the actual length of services to be provided by Mr. Suo to the Company.

Mr. Yip Tak On, aged 67, has been appointed as an independent non-executive Director since 22 September 2004. Mr. Yip is a fellow member of the Association of Chartered Certified Accountants, HKICPA, Taxation Institute of Hong Kong, and a full member of the Hong Kong Securities Institute. Mr. Yip has founded his own Certified Public Accountants firm for more than 20 years and he is the managing director of T.O. Yip & Co., Limited. Mr. Yip is the president of a charitable institution, the Neighborhood Advice-Action Council.

The appointment of Mr. Yip was renewed for a term of 2 years commencing on 25 July 2013 and his annual director's fee is HK\$120,000.

As at the Latest Practicable Date, Mr. Yip is interested in the share options granted under the present share option scheme with right to subscribe for 5,000,000 Shares, approximately 0.018% of the issued share capital of the Company. Save as disclosed above, Mr. Yip does not hold any interest or short position in the shares, underlying shares and debentures of the Company.

The remuneration of each of Mr. Cao, Mr. Fung, Mr. Suo and Mr. Yip was determined by reference to his duties and responsibilities, experience, performance and prevailing market conditions.

APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Save as disclosed above, each of Mr. Cao, Mr. Fung, Mr. Suo and Mr. Yip has not held any position in other companies listed on the Stock Exchange or any other securities market in the last three years. In addition, each of Mr. Cao, Mr. Fung, Mr. Suo and Mr. Yip does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company or any of their associates (as defined in the Listing Rules).

Save as disclosed above and to the best of the Board's knowledge, information and belief, having made all reasonable enquiries, there is no other information relating to the proposed re-election of the retiring Directors that needs to be disclosed pursuant to Rules 13.51(2) of the Listing Rules nor the Board is aware of any other matter that need to be brought to the attention of the holders of securities of the Company in respect of the above proposed appointments.

APPENDIX III PRINCIPAL TERMS OF SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme proposed to be approved at the AGM:

(1) PURPOSE

The purpose of this Scheme is for the Company to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.

(2) ELIGIBILITY OF PARTICIPANTS

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

(3) DURATION AND ADMINISTRATION

3.1 Subject to the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting the listing of, and permission to deal in, any Shares to be allotted and issued by the Company pursuant to the exercise of the Option in accordance with the terms and conditions of the Share Option Scheme and the passing of the ordinary resolution by the Shareholders to approve and adopt the Share Option Scheme in AGM and the termination provisions in paragraph 13, this Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be issued but in all other respects the provisions of this Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme, and Options which are granted during the life of this Scheme may continue to be exercisable in accordance with their terms of issue.

3.2 The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this Scheme or its interpretation or effect shall be final, conclusive and binding on all parties.

3.3 Subject to compliance with the requirements of the Listing Rules and the provisions of this Scheme, the Board shall have the right:

- (i) subject to such relevant requirements under the Listing Rules, to interpret and construe the provisions of this Scheme;
- (ii) to determine the persons who will be awarded Options under this Scheme and the number of Shares to be issued under the Option;
- (iii) to determine the Subscription Price;
- (iv) to make such appropriate and equitable adjustments to the terms of Options granted to the relevant Grantee under this Scheme as it deems necessary;

- (v) delegate its powers to any of the Company's directors from time to time; and
- (vi) to make such other decisions, determinations or regulations as it shall deem appropriate in the administration of this Scheme provided that the same are not inconsistent with the Listing Rules.

(4) GRANT OF OPTION

- 4.1 On and subject to the terms of this Scheme, the Board shall be entitled at any time, within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may (subject to paragraph 5) determine at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include, among other things, (i) the minimum period (if any) for which an Option must be held before it can be exercised; and/or (ii) any performance target that must be reached before the Option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.
- 4.2 No Offer shall be made after an inside information has come to the Company's knowledge, until such inside information has been published pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted.
- 4.3 An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine (the "**Offer Letter**") requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Participant concerned for a period of 28 days from the date upon which the Offer is made (subject to any extension the Board may at its absolute discretion determine), provided that no such offer shall be capable of acceptance after the 10th anniversary from the Adoption Date or after this Scheme has been terminated in accordance with the provisions hereof or after the Participant for whom the Offer is made has ceased to be a Participant, as the case may be.

- 4.4 An Option shall be deemed to have been accepted by the Grantee and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Offer Letter (as defined in sub-paragraph 4.3) comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of \$1.00 by way of consideration for the granting thereof is received by the Company within the period as stipulated in sub-paragraph 4.3. Such remittance shall in no circumstances be refundable.
- 4.5 Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within the period and in the manner stipulated in sub-paragraph 4.4, it will be deemed to have been irrevocably declined.
- 4.6 Subject to the provisions of this Scheme and the Listing Rules, the Board may when making the Offer impose any conditions, restrictions or limitations in relation thereto as it may at its absolute discretion think fit.

(5) SUBSCRIPTION PRICE

- 5.1 Subject to any adjustments made pursuant to paragraph 10, the Subscription Price in respect of each Share issued pursuant to the exercise of Options granted hereunder shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date (provided that the new issue price shall be used as the closing price for any Business Day falling within the period before listing of the Shares where the Company has been listed for less than 5 Business Days as at the Offer Date); and (c) the nominal value of a Share.

(6) EXERCISE OF OPTION

- 6.1 An Option shall be personal to the Grantee and shall not be assignable or transferrable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option (where the Grantee is a company, any change of its major shareholder or any substantial change in its management (to be determined by the Board at its absolute discretion) will be deemed to be a sale or transfer of interest aforesaid). Any breach of the foregoing by a Grantee shall entitle the Board to cancel any outstanding Option or any part thereof.

- 6.2 Unless otherwise determined by the Board and specified in the Offer Letter (as defined in sub-paragraph 4.3) at the time of the Offer, there is neither any performance targets that need to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. An Option may be exercised in whole or in part in the manner as set out in the Offer Letter and sub-paragraph 6.3 by the Grantee (or his personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the total Subscription Price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and where appropriate, receipt of the Auditors' certificate pursuant to paragraph 10, the Company shall allot the relevant Shares to the Grantee (or his personal representative(s)) credited as fully paid and issue to the Grantee (or his personal representative(s)) a share certificate in respect of the Shares so allotted.
- 6.3 Subject to as hereinafter provided and subject to the terms and conditions upon which such Option was granted, the Option may be exercised by the Grantee at any time during the Option Period provided that:
- (a) in the event of the Grantee ceases to be a Participant for any reason other than on the Grantee's death or the termination of the Grantee's employment, directorship office or appointment on one or more of the grounds specified in sub-paragraph 7(d), the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of 3 months (or such longer period as Board may determine) following the date of such cessation, which date shall be the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of office or appointment as director of, as consultant, professional or other advisers to the relevant company, as the case may be, in the event of which, the date of cessation as determined by a resolution of the board of directors or governing body of the relevant company shall be conclusive;
 - (b) in the event the Grantee dies before exercising the Option in full and none of the events which would be a ground for termination of the Grantee's employment, directorship, office or appointment under sub-paragraph 7(d) arises, the personal representative(s) of the Grantee shall be entitled within a period of 6 months or such longer period as the Board may determine from the date of death, to exercise the Option up to the entitlement of such Grantee at the date of death (to the extent which has become exercisable and not already exercised) or, if appropriate, make an election pursuant to sub-paragraph 6.3(c), (d) or (e);

- (c) if a general offer by way of take-over is made to all the holders of Shares (other than by way of scheme of arrangement pursuant to sub-paragraph 6.3(d)) (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and if such offer becomes or is declared unconditional prior to the expiry of the relevant Option Period, the Grantee (or his personal representative(s)) may by notice in writing to the Company within 21 days of the notice of the offeror exercise the Option (to the extent which has become exercisable on the date of the notice of the offeror and not already exercised) to its full extent or to the extent specified in such notice;

- (d) if a general offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Grantee (or his personal representative(s)) may thereafter (but only until such time as shall be notified by the Company after which it shall lapse) exercise the Option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in such notice;

- (e) if a compromise or arrangement between the Company and its shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the Grantee on the same date as it dispatches the notice which is sent to each shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his personal representative(s) of the deceased Grantee) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the Court exercise any of his options whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under this Scheme. The Company may require the Grantee (or the personal representative(s) of the deceased Grantee) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement; and

- (f) in the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction,

amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it dispatches such notice to convene the shareholders' meeting, give notice thereof to all Grantees and thereupon, each Grantee (or his legal personal representative(s) of the deceased Grantee) may by notice in writing to the Company (such notice shall be received by the Company not later than 2 Business Days prior to the proposed general meeting) exercise the Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

- 6.4 The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of their allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue. The Options do not carry any right to vote in general meeting of the Company.

(7) LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of the periods referred to in sub-paragraph 6.3(a), (b) or (c);
- (c) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph 6.3 (d) or (e);
- (d) the date on which the Grantee ceases to be a full-time or part-time employee, director, consultant, professional or other adviser or chief executive of the relevant company or Substantial Shareholder of the Company (as the case may be) by reason of the termination of his employment, directorship, office or appointment on the grounds that he has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become insolvent, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, in the event of which a resolution of the

board of directors or governing body of the relevant company or Substantial Shareholder of the Company (as the case may be) to the effect that the employment, directorship, office or appointment of a Grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph 7(d) shall be conclusive;

- (e) the close of 2 Business Days prior to the general meeting of the Company held for the purpose of approving the voluntary winding-up of the Company or the date of the commencement of the winding-up of the Company;
- (f) the date on which the Option is cancelled by the Board pursuant to paragraph 6.1; or
- (g) the date on which the Option is cancelled by the Board as provided in paragraph 12.

The Company shall owe no liability whatsoever to any Grantee for the lapse of any Option under this paragraph 7.

(8) MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

8.1 Subject to sub-paragraph 8.2:

- (a) The total number of Shares which may be issued upon exercise of all options to be granted under this Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of this Scheme, unless the Company obtains an approval from its shareholders pursuant to sub-paragraph 8.1(b). Options lapsed in accordance with the terms of this Scheme will not be counted for the purpose of calculating such 10% limit.
- (b) The Company may seek approval of its shareholders in general meeting for refreshing the 10% limit set out in sub-paragraph 8.1(a) under this Scheme such that the total number of Shares which may be issued upon exercise of all options to be granted under this Scheme and any other option schemes of the Company under this limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under this Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with this Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating such limit as refreshed. In such a case, the Company shall send a circular to its shareholders containing the information required under the Listing Rules.

- (c) The Company may seek separate approval by its shareholders in general meeting for granting Options beyond the 10% limit provided the Options in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought, amongst other terms, a generic description of the specified Participant(s) who may be granted such Options, the number of Shares subject to the Options to be granted, the terms of the Options to be granted, the purpose of granting Option to the specified Participant(s), an explanation as to how these Options serve such purpose and such other information as required under the Listing Rules.

8.2 Notwithstanding any provision in paragraph 8.1 and subject to paragraph 10, the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this Scheme and any other option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No Options may be granted under this Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

(9) MAXIMUM ENTITLEMENT OF SHARES OF EACH PARTICIPANT

- 9.1 (a) Subject to sub-paragraph 9.1(b), the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (b) Notwithstanding sub-paragraph 9.1(a), where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant under this Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the shareholders of the Company in general meeting with such Participant and his associates abstaining from voting. The number and terms (including the exercise price) of the Options to be granted to such Participant shall be fixed before shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price. In such a case, the Company shall send a circular to its shareholders containing, amongst other terms, the identity of such Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant) and such other information as required under the Listing Rules.

- (c) In addition to paragraph 8 and sub-paragraphs 9.1(a) and 9.1(b), any grant of Options to a Participant who is a director, Chief Executive or Substantial Shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the Grantee).

- (d) In addition to paragraph 8 and sub-paragraphs 9.1 (a) and 9.1(b), where the Board proposes to grant any Options to a Participant who is a Substantial Shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under this Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the date of such grant :
 - (i) representing in aggregate more than 0.1% of the total number of Shares in issue; and

 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of \$5,000,000,

such proposed grant of Options must be approved by the shareholders of the Company in general meeting. In such a case, the Company shall send a circular to its shareholders containing all those terms as required under the Listing Rules. All Connected Persons of the Company must abstain from voting in favour at such general meeting. Pursuant to Rule 13.39(4) of the Listing Rules, any vote taken at the meeting to approve the grant of such Options must be taken on a poll. The Company must comply with the requirements under Rules 13.39(5), 13.40, 13.41 and 13.42 of the Listing Rules.

- 9.2 Subject to sub-paragraphs 8.1, 8.2 and 9.1, in the event of any alteration in the capital structure of the Company whether by way of consolidation or subdivision of the share capital of the Company, the Subscription Price or the maximum number of Shares referred to in sub-paragraphs 8.1, 8.2 and 9.1 will be adjusted in such manner as an independent financial adviser or the Auditors (acting as experts and not as arbitrators) shall confirm to the directors of the Company in writing to be fair and reasonable.

(10) REORGANISATION OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalization issue, rights issue, subdivision, consolidation, or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is a party, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (ii) the Subscription Price,

as an independent financial adviser or the Auditors shall at the request of the Board certify in writing to the directors of the Company, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that any such alterations shall satisfy the requirements set out in the note to rule 17.03(13) of the Listing Rules and shall give a Grantee the same proportion of the issued share capital of the Company as that to which the Grantee was previously entitled, provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the independent financial adviser or the Auditors in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on both the Company and the Grantees. The costs of the independent financial adviser or the Auditors shall be borne by the Company.

(11) ALTERATION OF THIS SCHEME

11.1 The provisions of this Scheme may be altered in any respect by resolution of the Board except that the provisions of this Scheme as to:

- (a) the definitions of “**Grantee**”, “**Option Period**” and “**Participant**”;
- (b) the provisions of paragraphs and sub-paragraphs 3.1, 4.1, 4.2, 4.3, 5, 6, 7, 8, 9 and this paragraph 11; and
- (c) all such other matters set out in Rule 17.03 of the Listing Rules

shall not be altered to the advantage of the Participants except with the prior approval of the shareholders of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the affected Grantees as would be required of the shareholders of the Company under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.

- 11.2 Any alterations to the terms and conditions of this Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the shareholders of the Company in general meeting, except where the alterations take effect automatically under the existing terms of this Scheme.
- 11.3 The amended terms of this Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- 11.4 Any change to the authority of the directors of the Company or scheme administrators in relation to any alteration to the terms of this Scheme must be approved by the shareholders of the Company in general meeting.

(12) CANCELLATION OF THE OPTIONS GRANTED

- 12.1 The Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted but not exercised. Where the Company cancels Options and makes an Offer of the grant of new Options to the same Option holder, the Offer of the grant of such new Options may only be made, under this Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by the shareholders of the Company as mentioned in paragraph 8.

(13) TERMINATION OF THIS SCHEME

- 13.1 The Company by resolution in general meeting or the Board may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in full force and effect.
- 13.2 Upon termination of this Scheme, details of any Options granted, including Options exercised or outstanding, under this Scheme and (if applicable) Options that become void or non-exercisable as a result of the termination shall be disclosed in the circular to Shareholders seeking approval of the new scheme to be established immediately after such termination.



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)

NOTICE IS HEREBY GIVEN that an annual general meeting of China Resources and Transportation Group Limited (the “**Company**”) will be held at K3 & K4 Meeting Room, 3rd Floor, Kempinski Hotel Shenzhen, Hai De San Dao, Hou Hai Bin Road, Nanshan District, Shenzhen, PRC, on Thursday, 28 August 2014 at 11 a.m. for the purpose of considering the following resolutions:

AS ORDINARY BUSINESS

- A. To consider and, if thought fit, passing with or without amendments, the following resolutions as Ordinary Resolutions THAT:**
1. To receive and consider the audited financial statements and the reports of directors of the Company (the “**Directors**”) and of the auditors for the year ended 31 March 2014.
 2. To re-elect Mr. Cao Zhong and Mr. Fung Tsun Pong as executive Directors, Mr. Suo Suo Stephen as a non-executive Director and Mr. Yip Tak On, as an independent non-executive Director.
 3. To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration.
 4. To re-appoint the retiring auditors BDO Limited for the ensuing year and to authorize the Board to fix their audit fee.

AS SPECIAL BUSINESS

- B. To consider and, if thought fit, passing with or without amendments, the following resolutions as Ordinary Resolutions:**

“**THAT:**

- 5(1) (a) subject to paragraph (c) below, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional ordinary shares of HK\$0.01 each in the capital of the Company (the “**Shares**”) and to make or grant whether conditionally or unconditionally, offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

- (b) the Directors be and are hereby authorized during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers during or after the end of the Relevant Period;
- (c) the aggregate nominal amount of Shares allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph 5(1)(a) and (b), **otherwise than pursuant to** (i) a Right Issue (as hereinafter defined), (ii) the exercise of any rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are otherwise convertible into Shares, (iii) the exercise of any options granted under a share option scheme or similar arrangement of the Company for the time being adopted by the Company, or (iv) an issue of Shares in lieu of the whole or part of a dividend on Shares or any script dividend scheme or similar arrangement providing for the allotment of Shares in accordance with the memorandum and articles of association of the Company from time to time, **shall not exceed the aggregate of:**
- (i) twenty per cent (20%) of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval be limited accordingly; and
 - (ii) subject to the passing of the resolution no.5(2), the nominal amount of any share capital repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of resolution no.5(2)),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the time of passing this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of Cayman Islands to be held; or

- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to the holders of Shares and/or warrants on the respective registers of the Company on a fixed record date in proportion to their then holdings of such Shares and/or warrants (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognized regulatory body or any stock exchange applicable to the Company).

- 5(2) (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as herein hereinabove) of all the powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Future Commission, the Stock Exchange, the Companies Law of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which the Company is authorized to repurchase pursuant to the approval in paragraph 5(2)(a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the approval pursuant to paragraph 5(2)(a) of this resolution shall be limited accordingly.”

“**THAT:**

- 6. Conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular to shareholders of the Company dated 25 July 2014, the terms of which are set out in the printed document marked “A” now produced to the Meeting and for the purpose of identification signed by the Chairman thereof (the “**Share Option Scheme**”), the Share Option Scheme be approved and adopted to be the share option scheme for the Company and that the Directors of the Company be authorised to grant options thereunder and to allot and issue shares pursuant to the Share

Option Scheme and take all such steps as may be necessary or desirable to implement such Share Option Scheme”.

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

Hong Kong, 25 July 2014

Principal place of business:
Room 1801-07, 18/F
China Resources Building
26 Harbour Road, Wanchai
Hong Kong

Notes:

- (a) A member entitled to attend and vote at the above meeting is entitled to appoint one or more than one proxies to attend and vote on his behalf. A proxy need not be a member of the Company but must be present in person to represent the member.
- (b) If the appointer is a corporation, the form of proxy must be under its common seal, or under the hand of an officer or attorney duly authorized on its behalf.
- (c) In order to be valid, a form of proxy must be deposited at the Company's Hong Kong branch share registrar, Tricor Progressive Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. The completion and delivery of the form of proxy will not preclude a member from attending and voting at the meeting if he so wishes. In the event that he attends the meeting after having lodged the form of proxy, the form of proxy will be deemed to have been revoked.
- (d) With respect to the resolution no.5, approval is being sought from shareholders of the Company for a general mandate to issue Shares to be given to the Directors. The Directors wish to state that they have no immediate intention to issue any new Shares. Approval is being sought from the shareholders of the Company as a general mandate for the purpose of compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- (e) Where there are joint registered holders of any Share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holders in respect hereof.

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