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**CHINA RESOURCES AND TRANSPORTATION GROUP LIMITED**  
**中國資源交通集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 269)**

**PROPOSED ISSUE OF 9% CONVERTIBLE BONDS**  
**DUE 2016 AND 2018**  
**AND**  
**INCREASE IN AUTHORISED SHARE CAPITAL**

**THE CB SUBSCRIPTION AGREEMENTS**

On 28 November 2014 (after trading hours), following arm's length negotiations, the Company entered into the CB Subscription Agreements with each of the CB Subscribers, pursuant to which the Company conditionally agreed to issue the 1st Convertible Bonds, the 2nd Convertible Bonds, the 3rd Convertible Bonds, the 4th Convertible Bonds, the 5th Convertible Bonds and the 6th Convertible Bonds to the 1st CB Subscriber, the 2nd CB Subscriber, the 3rd CB Subscriber, the 4th CB Subscriber, the 5th CB Subscriber and the 6th CB Subscriber, respectively.

The Convertible Bonds bear interest at the interest rate of 9% per annum and with the Conversion Price of HK\$0.20 per Share, and they will be due variously in 2016 and 2018.

The total subscription price payable by the CB Subscribers for the subscription of the Convertible Bonds is HK\$3,192 million, among which (i) HK\$3,092 million will be satisfied by setting-off against HK\$3,092 million of the total principal amount of (a) part of the 2015 Convertible Bonds, (b) all the 2016 Convertible Bonds, and (c) all the 2017 Convertible Bonds, payable by the Company; and (ii) HK\$100 million will be paid by the 2nd CB Subscriber in cash.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the date of this announcement, the existing authorised share capital of the Company is HK\$500,000,000, divided into 50,000,000,000 Shares of HK\$0.01 each, of which 27,009,583,895 Shares have been issued and credited as fully paid up in the amount of HK\$270,095,838.

In order to facilitate the issue of the Conversion Shares upon full conversion of the Convertible Bonds, the remaining existing convertible bonds of the Company and any new Shares in the future, the Board proposes to increase the Company's authorised share capital of the Company from HK\$500,000,000 to HK\$700,000,000 by the creation of additional 20,000,000,000 new Shares.

### **GENERAL**

The Conversion Shares will be issued under a specific mandate to be sought from the Shareholders.

The EGM will be convened by the Company to consider and, if thought fit, approve the resolutions in relation to the CB Subscription Agreements and the transactions contemplated thereunder, and the proposed increase in the authorised share capital of the Company, by way of poll.

Given China Life, as the 1st CB Subscriber and the 2nd CB Subscriber, is interested in approximately 7.55% of the issued share capital of the Company as at the date of this announcement, China Life is deemed to have an interest in the 1st CB Subscription Agreement and the 2nd CB Subscription Agreement. As such, China Life together with its associates will abstain from voting in respect of the corresponding transactions contemplated thereunder at the EGM.

A circular containing, among other matters, (i) details of the CB Subscription Agreements; (ii) the proposed increase in authorised share capital of the Company; and (iii) the notice of the EGM, will be despatched to the Shareholders on or before 19 December 2014.

On 28 November 2014 (after trading hours), following arm's length negotiations, the Company entered into the CB Subscription Agreements with each of the CB Subscribers, pursuant to which the Company has conditionally agreed to issue the 1st Convertible Bonds, the 2nd Convertible Bonds, the 3rd Convertible Bonds, the 4th Convertible Bonds, the 5th Convertible Bonds and the 6th Convertible Bonds to the 1st CB Subscriber, the 2nd CB Subscriber, the 3rd CB Subscriber, the 4th CB Subscriber, the 5th CB Subscriber and the 6th CB Subscriber, respectively.

Set out below are the principal terms of the CB Subscription Agreements.

## **THE CB SUBSCRIPTION AGREEMENTS**

### **The 1st CB Subscription Agreement and the 2nd CB Subscription Agreement**

#### **Date:**

28 November 2014

#### **Parties:**

- (1) the Company, as the issuer of the 1st Convertible Bonds and the 2nd Convertible Bonds;  
and
- (2) China Life, as the 1st CB Subscriber and the 2nd CB Subscriber.

China Life is a wholly-owned subsidiary of China Life Insurance (Group) Company. Its main business covers insurance, investment, and provident fund service in Hong Kong and Macau.

As at the date of this announcement, China Life holds 2,038,000,000 Shares, representing approximately 7.55% of the issued share capital of the Company, and the 2015 Convertible Bonds and the 2017 Convertible Bonds in the principal amount of HK\$800 million and HK\$600 million respectively. Save for the aforesaid interest, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, China Life and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

## **Principal terms of the 1st Convertible Bonds**

- Principal amount : HK\$800,000,000
- Maturity date : The date falling on the first anniversary of the issue date.
- Interest rate : The 1st Convertible Bonds bear interest from the issue date at the rate of 9% per annum on the outstanding principal amount of the 1st Convertible Bonds. The interest will be payable in arrears by the Company on the maturity date of the 1st Convertible Bonds (i.e. the date falling on the first anniversary of the issue date).
- Conversion Price : HK\$0.20 per Share, subject to adjustment in certain events, including consolidation or subdivision, capitalisation of profits or reserves, capital distribution, rights issue of Shares or options over Shares at less than 90% of the Current Market Price per Share, issues of other securities carrying rights over Shares at less than 90% of the Current Market Price per Share or other issue of Shares at less than 90% of the Current Market Price in accordance with the terms of the 1st Convertible Bonds.
- Conversion Shares : 4,000,000,000 new Shares will be issued upon full conversion of the 1st Convertible Bonds based on the initial Conversion Price of HK\$0.20 per Share.
- Purchase or redemption at the option of the Company : The Company or any of its subsidiaries may at any time and from time to time purchase the 1st Convertible Bonds at any price in the open market or otherwise in compliance with applicable laws and regulations.

The Company may also, at any time up to (and excluding) the commencement of the seven calendar day period ending on (and including) the maturity date of the 1st Convertible Bonds, when the principal amount of the 1st Convertible Bonds outstanding is equal to or less than 10% of the original aggregate principal amount issued by the Company, by written notice to the holder(s) of the 1st Convertible Bonds elect to redeem the whole or part of the then outstanding principal amount of the 1st Convertible Bonds at an amount equal to 100% of the principal amount of the 1st Convertible Bonds sought to be redeemed as specified in the redemption notice and all unpaid interest thereon.

### **Subscription price and setting-off the 2015 Convertible Bonds**

As at the date of this announcement, the 1st CB Subscriber holds the 2015 Convertible Bonds in the principal amount of HK\$800 million. Upon completion of the 1st CB Subscription Agreement, the obligation of the 1st CB Subscriber to pay to the Company the amount of HK\$800 million for the subscription of the 1st Convertible Bonds under the 1st CB Subscription Agreement shall be satisfied by setting-off against the principal amount of HK\$800 million of the 2015 Convertible Bonds payable by the Company.

The aforesaid set-off shall constitute a full discharge of the 1st CB Subscriber's obligation to pay to the Company the subscription price in the principal amount of HK\$800 million for the 1st Convertible Bonds, and a full discharge of the liability of the Company in respect of its payment obligations in relation to the 2015 Convertible Bonds in the principal amount of HK\$800 million except in respect of any interest on the 2015 Convertible Bonds accrued and remaining unpaid, which the Company will separately pay to the 1st CB Subscriber in accordance with the terms of the 2015 Convertible Bonds or as the Company and the 1st CB Subscriber may otherwise agree.

### **Principal terms of the 2nd Convertible Bonds**

Principal amount : HK\$700,000,000

Maturity date : The date falling on the third anniversary of the issue date.

- Interest rate : The 2nd Convertible Bonds bear interest from the issue date at the rate of 9% per annum on the outstanding principal amount of the 2nd Convertible Bonds. The interest will be payable in arrears by the Company within seven (7) Business Days of, as the case may be, the first and second anniversaries of the issue date of the 2nd Convertible Bonds and the maturity date of the 2nd Convertible Bonds (i.e. the date falling on the third anniversary of the issue date).
- Conversion Price : HK\$0.20 per Share, subject to adjustment in certain events, including consolidation or subdivision, capitalisation of profits or reserves, capital distribution, right issue of Shares or options over Shares at less than 90% of the Current Market Price per Share, issues of other securities carrying rights over Shares at less than 90% of the Current Market Price per Share or other issue of Shares at less than 90% of the Current Market Price in accordance with the terms of the 2nd Convertible Bonds.
- Conversion Shares : 3,500,000,000 new Shares will be issued upon full conversion of the 2nd Convertible Bonds based on the initial Conversion Price of HK\$0.20 per Share.
- Purchase or redemption at the option of the Company : The Company or any of its subsidiaries may at any time and from time to time purchase the 2nd Convertible Bonds at any price in the open market or otherwise in compliance with applicable laws and regulations.

The Company may also, at any time up to (and excluding) the commencement of the seven calendar day period ending on (and including) the maturity date, when the principal amount of the 2nd Convertible Bonds outstanding is equal to or less than 10% of the original aggregate principal amount issued by the Company, by written notice to the holder(s) of the 2nd Convertible Bonds elect to redeem the whole or part of the then outstanding principal amount of the 2nd Convertible Bonds at an amount equal to 100% of the principal amount of the 2nd Convertible Bonds sought to be redeemed as specified in the redemption notice and all unpaid interest thereon.

## **Subscription price and setting-off the 2017 Convertible Bonds**

As at the date of this announcement, the 2nd CB Subscriber holds the 2017 Convertible Bonds in the principal amount of HK\$600 million. Upon completion of the 2nd CB Subscription Agreement, the obligation of the 2nd CB Subscriber to pay to the Company the amount of HK\$700 million for the subscription of the 2nd Convertible Bonds under the 2nd CB Subscription Agreement shall be satisfied by (i) setting-off against the principal amount of HK\$600 million of the 2017 Convertible Bonds payable by the Company; and (ii) payment of HK\$100 million in cash to the Company.

The aforesaid set-off shall constitute a discharge of the 2nd CB Subscriber's obligation to pay to the Company HK\$600 million of the subscription price out of the principal amount of HK\$700 million for the 2nd Convertible Bonds, and a full discharge of the liability of the Company in respect of its payment obligations in relation to the 2017 Convertible Bonds in the principal amount of HK\$600 million except in respect of any interest on the 2017 Convertible Bonds accrued and remaining unpaid, which the Company will separately pay to the 2nd CB Subscriber in accordance with the terms of the 2017 Convertible Bonds or as the Company and the 2nd CB Subscriber may otherwise agree.

## **The 3rd CB Subscription Agreement**

### **Date:**

28 November 2014

### **Parties:**

- (1) the Company, as the issuer of the 3rd Convertible Bonds; and
- (2) Strait Capital, as the 3rd CB Subscriber.

Strait Capital is a company incorporated in the Cayman Islands with limited liability and principally engaged in the business of privately negotiated and structured investments.

As at the date of this announcement, Strait Capital holds the 2016 Convertible Bonds in the principal amount of HK\$800 million. Save for the aforesaid interest, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Strait Capital and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### **Principal terms of the 3rd Convertible Bonds**

Principal amount : HK\$800,000,000

Maturity date : 24 October 2016

If, at any time prior to 24 October 2016, the Current Market Price of the Shares is more than HK\$0.40 (such cut-off amount being subject to adjustment in the event of any subdivision or consolidation of the Shares) for 15 consecutive trading days, a repayment premium of 100% of the outstanding principal amount shall be payable by the Company on 24 October 2016 for such 3rd Convertible Bonds as remaining unconverted or unredeemed after the expiry of such 15 consecutive trading days and as at 24 October 2016.

Interest rate : The 3rd Convertible Bonds bear interest from the issue date at the rate of 9% per annum on the outstanding principal amount of the 3rd Convertible Bonds. The interest will be payable by the Company annually in arrears within 7 Business Days of, as the case may be, the first anniversary of the issue date of the 3rd Convertible Bonds (or if any of such dates is not Business Day then on the next following Business Day) and on 24 October 2016.

Conversion Price : HK\$0.20 per Share, subject to adjustment in certain events, including consolidation or subdivision, capitalisation of profits or reserves, capital distribution, rights issue of Shares or options over Shares at less than 90% of the Current Market Price per Share, issues of other securities carrying rights over Shares at less than 90% of the Current Market Price per Share or other issue of Shares at less than 90% of the Current Market Price in accordance with the terms of the 3rd Convertible Bonds.

Conversion Shares : 4,000,000,000 new Shares will be issued upon full conversion of the 3rd Convertible Bonds based on the initial Conversion Price of HK\$0.20 per Share.



Purchase or redemption at the option of the Company : The Company or any of its subsidiaries may at any time and from time to time purchase the 3rd Convertible Bonds at any price in the open market or otherwise in compliance with applicable laws and regulations.

The Company may also, at any time up to (and excluding) the commencement of the seven calendar day period ending on (and including) the maturity date, when the principal amount of the 3rd Convertible Bonds outstanding is equal to or less than 10% of the original aggregate principal amount issued by the Company, by written notice to the holder(s) of the 3rd Convertible Bonds elect to redeem the whole or part of the then outstanding principal amount of the 3rd Convertible Bonds at an amount equal to 100% of the principal amount of the 3rd Convertible Bonds sought to be redeemed as specified in the redemption notice and all unpaid interest thereon.

### **Subscription price and setting-off the 2016 Convertible Bonds**

As at the date of this announcement, the 3rd CB Subscriber holds the 2016 Convertible Bonds in the principal amount of HK\$800 million. Upon completion of the 3rd CB Subscription Agreement, the obligation of the 3rd CB Subscriber to pay to the Company the amount of HK\$800 million for the subscription of the 3rd Convertible Bonds under the 3rd CB Subscription Agreement shall be satisfied by setting-off against the principal amount of HK\$800 million of the 2016 Convertible Bonds payable by the Company.

The aforesaid set-off shall constitute a full discharge of the 3rd CB Subscriber's obligation to pay to the Company the subscription price in the principal amount of HK\$800 million for the 3rd Convertible Bonds, and a full discharge of the liability of the Company in respect of its payment obligations in relation to the 2016 Convertible Bonds in the principal amount of HK\$800 million except in respect of any interest on the 2016 Convertible Bonds accrued and remaining unpaid, which the Company will separately pay to the 3rd CB Subscriber in accordance with the terms of the 2016 Convertible Bonds or as the Company and the 3rd CB Subscriber may otherwise agree.

## **The 4th CB Subscription Agreement**

### **Date:**

28 November 2014

### **Parties:**

- (1) the Company, as the issuer of the 4th Convertible Bonds; and
- (2) Strait Fund, as the 4th CB Subscriber.

Strait Fund is a Cayman Islands exempted limited partnership and is an investment fund managed by Strait Capital.

As at the date of this announcement, Strait Fund holds the 2016 Convertible Bonds in the principal amount of HK\$700 million. Save for the aforesaid interest, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Strait Fund and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### **Principal terms of the 4th Convertible Bonds**

Principal amount : HK\$700,000,000

Maturity date : 24 October 2016

If, at any time prior to 24 October 2016, the Current Market Price of the Shares is more than HK\$0.40 (such cut-off amount being subject to adjustment in the event of any subdivision or consolidation of the Shares) for 15 consecutive trading days, a repayment premium of 100% of the outstanding principal amount shall be payable by the Company on 24 October 2016 for such 4th Convertible Bonds as remaining unconverted or unredeemed after the expiry of such 15 consecutive trading days and as at 24 October 2016.

- Interest rate : The 4th Convertible Bonds bear interest from the issue date at the rate of 9% per annum on the outstanding principal amount of the 4th Convertible Bonds. The interest will be payable by the Company annually in arrears within 7 Business Days of, as the case may be, the first anniversary of the issue date of the 4th Convertible Bonds (or if any of such dates is not Business Day then on the next following Business Day) and on 24 October 2016.
- Conversion Price : HK\$0.20 per Share, subject to adjustment in certain events, including consolidation or subdivision, capitalisation of profits or reserves, capital distribution, rights issue of Shares or options over Shares at less than 90% of the Current Market Price per Share, issues of other securities carrying rights over Shares at less than 90% of the Current Market Price per Share or other issue of Shares at less than 90% of the Current Market Price in accordance with the terms of the 4th Convertible Bonds.
- Conversion Shares : 3,500,000,000 new Shares will be issued upon full conversion of the 4th Convertible Bonds based on the initial Conversion Price of HK\$0.20 per Share.
- Purchase or redemption at the option of the Company : The Company or any of its subsidiaries may at any time and from time to time purchase the 4th Convertible Bonds at any price in the open market or otherwise in compliance with applicable laws and regulations.

The Company may also, at any time up to (and excluding) the commencement of the seven calendar day period ending on (and including) the maturity date, when the principal amount of the 4th Convertible Bonds outstanding is equal to or less than 10% of the original aggregate principal amount issued by the Company, by written notice to the holder(s) of the 4th Convertible Bonds elect to redeem the whole or part of the then outstanding principal amount of the 4th Convertible Bonds at an amount equal to 100% of the principal amount of the 4th Convertible Bonds sought to be redeemed as specified in the redemption notice and all unpaid interest thereon.

## **Subscription price and setting-off the 2016 Convertible Bonds**

As at the date of this announcement, the 4th CB Subscriber holds the 2016 Convertible Bonds in the principal amount of HK\$700 million. Upon completion of the 4th CB Subscription Agreement, the obligation of the 4th CB Subscriber to pay to the Company the amount of HK\$700 million for the subscription of the 4th Convertible Bonds under the 4th CB Subscription Agreement shall be satisfied by setting-off against the principal amount of HK\$700 million of the 2016 Convertible Bonds payable by the Company.

The aforesaid set-off shall constitute a full discharge of the 4th CB Subscriber's obligation to pay to the Company the subscription price in the amount of HK\$700 million for the 4th Convertible Bonds, and a full discharge of the liability of the Company in respect of its payment obligations in relation to the 2016 Convertible Bonds in the principal amount of HK\$700 million except in respect of any interest on the 2016 Convertible Bonds accrued and remaining unpaid, which the Company will separately pay to the 4th CB Subscriber in accordance with the terms of the 2016 Convertible Bonds or as the Company and the 4th CB Subscriber may otherwise agree.

## **The 5th CB Subscription Agreement**

### **Date:**

28 November 2014

### **Parties:**

- (1) the Company, as the issuer of the 5th Convertible Bonds; and
- (2) VMS Investment, as the 5th CB Subscriber.

VMS Investment is a company incorporated in the BVI and principally engaged in investment holding.

As at the date of this announcement, VMS Investment holds the 2015 Convertible Bonds in the principal amount of HK\$160 million. Save for the aforesaid interest, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, VMS Investment and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

## **Principal terms of the 5th Convertible Bonds**

- Principal amount : HK\$160,000,000
- Maturity date : The date falling on the first anniversary of the issue date.
- Interest rate : The 5th Convertible Bonds bear interest from the issue date at the rate of 9% per annum on the outstanding principal amount of the 5th Convertible Bonds. The interest will be payable in arrears by the Company on the maturity date of the 5th Convertible Bonds (i.e. the date falling on the first anniversary of the issue date).
- Conversion Price : HK\$0.20 per Share, subject to adjustment in certain events, including consolidation or subdivision, capitalisation of profits or reserves, capital distribution, rights issue of Shares or options over Shares at less than 90% of the Current Market Price per Share, issues of other securities carrying rights over Shares at less than 90% of the Current Market Price per Share or other issue of Shares at less than 90% of the Current Market Price in accordance with the terms of the 5th Convertible Bonds.
- Conversion Shares : 800,000,000 new Shares will be issued upon full conversion of the 5th Convertible Bonds based on the initial Conversion Price of HK\$0.20 per Share.
- Purchase or redemption at the option of the Company : The Company or any of its subsidiaries may at any time and from time to time purchase the 5th Convertible Bonds at any price in the open market or otherwise in compliance with applicable laws and regulations.

The Company may also, at any time up to (and excluding) the commencement of the seven calendar day period ending on (and including) the maturity date, when the principal amount of the 5th Convertible Bonds outstanding is equal to or less than 10% of the original aggregate principal amount issued by the Company, by written notice to the holder(s) of the 5th Convertible Bonds elect to redeem the whole or part of the then outstanding principal amount of the 5th Convertible Bonds at an amount equal to 100% of the principal amount of the 5th Convertible Bonds sought to be redeemed as specified in the redemption notice and all unpaid interest thereon.

### **Subscription price and setting-off the 2015 Convertible Bonds**

As at the date of this announcement, the 5th CB Subscriber holds the 2015 Convertible Bonds in the principal amount of HK\$160 million. Upon completion of the 5th CB Subscription Agreement, the obligation of the 5th CB Subscriber to pay to the Company the amount of HK\$160 million for the subscription of the 5th Convertible Bonds under the 5th CB Subscription Agreement shall be satisfied by setting-off against the principal amount of HK\$160 million of the 2015 Convertible Bonds payable by the Company.

The aforesaid set-off shall constitute a full discharge of the 5th CB Subscriber's obligation to pay to the Company the subscription price in the amount of HK\$160 million for the 5th Convertible Bonds, and a full discharge of the liability of the Company in respect of its payment obligations in relation to the 2015 Convertible Bonds in the principal amount of HK\$160 million except in respect of any interest on the 2015 Convertible Bonds accrued and remaining unpaid, which the Company will separately pay to the 5th CB Subscriber in accordance with the terms of the 2015 Convertible Bonds or as the Company and the 5th CB Subscriber may otherwise agree.

### **The 6th CB Subscription Agreement**

**Date:**

28 November 2014

**Parties:**

- (3) The Company, as the issuer of the 6th Convertible Bonds; and
- (4) Cross-Strait Capital, as the 6th CB Subscriber.

Cross-Strait Capital is a company incorporated in Hong Kong with limited liability and principally engaged in investment holding.

As at the date of this announcement, Cross-Strait Capital holds the 2015 Convertible Bonds in the principal amount of HK\$32 million. Save for the aforesaid interest, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Cross-Strait Capital and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### **Principal terms of the 6th Convertible Bonds**

- Principal amount : HK\$32,000,000
- Maturity date : The date falling on the first anniversary of the issue date.
- Interest rate : The 6th Convertible Bonds bear interest from the issue date at the rate of 9% per annum on the outstanding principal amount of the 6th Convertible Bonds. The interest will be payable in arrears by the Company on the maturity date of the 6th Convertible Bonds (i.e. the date falling on the first anniversary of the issue date).
- Conversion Price : HK\$0.20 per Share, subject to adjustment in certain events, including consolidation or subdivision, capitalisation of profits or reserves, capital distribution, rights issue of Shares or options over Shares at less than 90% of the Current Market Price per Share, issues of other securities carrying rights over Shares at less than 90% of the Current Market Price per Share or other issue of Shares at less than 90% of the Current Market Price in accordance with the terms of the 6th Convertible Bonds.
- Conversion Shares : 160,000,000 new Shares will be issued upon full conversion of the 6th Convertible Bonds based on the initial Conversion Price of HK\$0.20 per Share.

Purchase or redemption at the option of the Company : The Company or any of its subsidiaries may at any time and from time to time purchase the 6th Convertible Bonds at any price in the open market or otherwise in compliance with applicable laws and regulations.

The Company may also, at any time up to (and excluding) the commencement of the seven calendar day period ending on (and including) the maturity date of the 6th Convertible Bonds, when the principal amount of the 6th Convertible Bonds outstanding is equal to or less than 10% of the original aggregate principal amount issued by the Company, by written notice to the holder(s) of the 6th Convertible Bonds elect to redeem the whole or part of the then outstanding principal amount of the 6th Convertible Bonds at an amount equal to 100% of the principal amount of the 6th Convertible Bonds sought to be redeemed as specified in the redemption notice and all unpaid interest thereon.

#### **Subscription price and setting-off the 2015 Convertible Bonds**

As at the date of this announcement, the 6th CB Subscriber holds the 2015 Convertible Bonds in the principal amount of HK\$32 million. Upon completion of the 6th CB Subscription Agreement, the obligation of the 6th CB Subscriber to pay to the Company the amount of HK\$32 million for the subscription of the 6th Convertible Bonds under the 6th CB Subscription Agreement shall be satisfied by setting-off against the principal amount of HK\$32 million of the 2015 Convertible Bonds payable by the Company.

The aforesaid set-off shall constitute a full discharge of the 6th CB Subscriber's obligation to pay to the Company the subscription price in the principal amount of HK\$32 million for the 6th Convertible Bonds, and a full discharge of the liability of the Company in respect of its payment obligations in relation to the 2015 Convertible Bonds in the principal amount of HK\$32 million except in respect of any interest on the 2015 Convertible Bonds accrued and remaining unpaid, which the Company will separately pay to the 6th CB Subscriber in accordance with the terms of the 2015 Convertible Bonds or as the Company and the 6th CB Subscriber may otherwise agree.



## Other terms of the Convertible Bonds

Set out below is a summary of other principal common terms of the Convertible Bonds:

- Issue price : 100% of the principal amount of Convertible Bonds, payable in full upon completion of the CB Subscription Agreements.
- Redemption at maturity : All Convertible Bonds will be redeemed on maturity at a value equal to the aggregate of (i) 100% of the outstanding principal amount of the Convertible Bonds and (ii) all outstanding interest accrued thereon.
- Conversion period : The holder(s) of the Convertible Bonds has the right to convert the Convertible Bonds in whole or in part into the Conversion Shares at any time on or after the issue date of the Convertible Bonds up to their respective maturity dates.
- Transferability : The Convertible Bonds are transferrable.
- Status : The Convertible Bonds will represent direct, unconditional, unsubordinated and unsecured obligations of the Company and will at all times rank *pari passu* with all existing and future unsubordinated and unsecured obligations of the Company.
- Voting : The holder(s) of the Convertible Bonds will not be entitled to vote at any general meetings of the Company by reason only of it being holder(s) of the Convertible Bonds.
- Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other exchange.

## **Conditions Precedent of the CB Subscription Agreements**

The obligations of the Company and the CB Subscribers under each of the CB Subscription Agreements are conditional upon:

- (a) the Shareholders passing a resolution in the EGM to authorise the Directors to issue the Convertible Bonds and to issue and allot the Conversion Shares;
- (b) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares with respect to the Convertible Bonds;
- (c) the warranties set out in the CB Subscription Agreements not having been breached and remaining true and accurate in all material respects and not misleading in any material respect as at the closing date; and
- (d) there being no event existing or having occurred and no condition being in existence which would (had the Convertible Bonds already been issued) constitute an event of default and no event or act having occurred which, with the giving of any required notice or any required lapse of time or both, would (had the Convertible Bonds already been issued) constitute an event of default.

The relevant CB Subscribers may waive all or any of the conditions precedent above other than the conditions (a) and (b) which cannot be waived.

The Company shall, not later than the third Business Day following the date upon receipt of a notice from the Stock Exchange, notify the relevant CB Subscribers that condition precedent (b) above has been fulfilled. Subject to fulfillment or waiver of all the conditions precedent, completion of each of the CB Subscription Agreements shall take place on the fifth Business Day following the date on which the aforesaid notice is received by each of the CB Subscribers or such other dates as the Company and the Subscribers may otherwise agree.

In the event that any of the above conditions precedent shall not have been fulfilled or waived (as the case may be) prior to 31 March 2015 (or such later date as the Company and the relevant CB Subscribers may agree in writing), the CB Subscription Agreements shall terminate and cease to be of any effect.

## **Conversion Shares**

Assuming full conversion of the Convertible Bonds in the principal amount of HK\$3,192 million at the Conversion Price of HK\$0.20, 15,960,000,000 Conversion Shares will be allotted and issued by the Company, representing:

- (i) approximately 59.09% of the issued share capital of the Company as at the date of the CB Subscription Agreements; and
- (ii) approximately 37.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming none of the outstanding options or warrants of the Company is exercised and none of the other convertible securities of the Company is converted).

## **Conversion Price**

The Conversion Price of HK\$0.20 per Share was determined with reference to the prevailing market price per Share after arm's length negotiation between the Company and each of the CB Subscribers and represents:

- (i) a premium of approximately 11.73% to the closing price of the Shares of HK\$0.179 per Share as quoted on the Stock Exchange on 28 November 2014, being the date of the CB Subscription Agreements;
- (ii) a premium of approximately 9.28% to the average closing price of approximately HK\$0.183 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the date of the CB Subscription Agreements;
- (iii) a premium of approximately 6.38% to the average closing price of approximately HK\$0.188 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the date of the CB Subscription Agreements; and
- (iv) a premium of approximately 50.37% to the unaudited net assets value attributable to the equity Shareholders of approximately HK\$0.133 per Share as at 30 September 2014 based on the unaudited net assets value attributable to the Shareholders of approximately HK\$3,582 million as at 30 September 2014 and 27,009,583,895 Shares in issue as at the date of the CB Subscription Agreements.

## **APPLICATION FOR LISTING**

No application will be made by the Company for the listing of the Convertible Bonds. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds pursuant to the terms and conditions of the CB Subscription Agreements.

## **RANKING OF THE CONVERSION SHARES**

The Conversion Shares will rank *pari passu* in all respects with the Shares in issue on the relevant conversion dates.

## **SPECIFIC MANDATE FOR THE ISSUE OF THE CONVERSION SHARES**

The Company will seek the grant of a specific mandate from the Shareholders at the EGM to cater for the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds pursuant to the terms and conditions of the CB Subscription Agreements.

## **REASONS FOR THE ENTERING INTO THE CB SUBSCRIPTION AGREEMENTS AND USE OF PROCEEDS**

The Company has issued convertible bonds with total outstanding principal amount of HK\$4,684 million, which will be due variously in 2015, 2016 and 2017. Following the recent movements of the market prices of the Shares, the Directors believe that conversion of the existing convertible bonds by their holders will be remote as the conversion prices range from HK\$0.32 to HK\$0.40, and the Company will have to face substantial cashflow pressure in the event of redemption upon maturity in the next three years. Accordingly, the Directors believe that actions have to be taken to restructure and reschedule the existing convertible bonds so that the CB Subscribers may, to certain extent, be incentivised to convert all or part of the Convertible Bonds if not previously converted, and the repayment schedule of the Convertible Bonds may be more in alignment and better matched by the cash flow position and repayment capabilities of the Company.

The total subscription price payable by the CB Subscribers for the subscription of the Convertible Bonds is HK\$3,192 million, among which HK\$3,092 million will be satisfied by setting-off against HK\$3,092 million of the total principal amount of (a) part of the 2015 Convertible Bonds, (b) all of the 2016 Convertible Bonds, and (c) all of the 2017 Convertible Bonds, payable by the Company. The remaining HK\$100 million cash payable by the 2nd CB Subscriber will be used as the general working capital of the Group.

Having considered the above, the Directors are of the view that terms of the CB Subscription Agreements are fair and reasonable and entering into the CB Subscription Agreements is in the interests of the Company and the Shareholders as a whole.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out (i) the existing shareholding structure of the Company as at the date of this announcement; and (ii) the shareholding structure of the Company upon full conversion of the Convertible Bonds at the Conversion Price of HK\$0.20 per Share:

Name	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds at the Conversion Price (Note 3)	
	No. of Shares	%	No. of Shares	%
Cao Zong (Note 1)	3,128,500,000	11.58	3,128,500,000	7.28
Fung Tsun Pong (Note 2)	3,071,662,449	11.37	3,071,662,449	7.15
Vivid Beyond Securities Limited	2,500,000,000	9.26	2,500,000,000	5.82
China Life Insurance (Overseas) Company Limited	2,038,000,000	7.55	9,538,000,000	22.20
China Alliance International Holding Group Limited	2,025,862,068	7.50	2,025,862,068	4.71
Turbo View Investment Limited	1,500,000,000	5.55	1,500,000,000	3.49
Strait Capital Service Limited	–	–	4,000,000,000	9.31
Strait CRTG Fund, L.P.	–	–	3,500,000,000	8.15
VMS Private Investment Partners III Limited	–	–	800,000,000	1.86
Cross-Strait Capital Limited	–	–	160,000,000	0.37
Other shareholders	12,745,559,378	47.19	12,745,559,378	29.66
<b>Total</b>	<b>27,009,583,895</b>	<b>100.00</b>	<b>42,969,583,895</b>	<b>100.00</b>

### Notes:

- Mr. Cao Zhong, the chairman of the Company and an executive Director is interested in 135,200,000 Shares personally and 2,993,300,000 Shares through Champion Rise International Limited, a company wholly owned by him.
- Mr. Fung Tsun Pong, the vice chairman of the Company and an executive Director, holds 1,242,362,449 Shares personally and 1,829,300,000 Shares through Ocean Gain Limited, a company wholly owned by him.
- It is only for illustration purpose and has not taken into account the effects of conversion of the other remaining outstanding convertible bonds, and exercise of the rights of the warrants and share options issued by the Company.

## PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the existing authorised share capital of the Company is HK\$500,000,000, divided into 50,000,000,000 Shares of HK\$0.01 each, of which 27,009,583,895 Shares have been issued and credited as fully paid up in the amount of HK\$270,095,838.

In order to facilitate the issue of the Conversion Shares upon full conversion of the Convertible Bonds, the remaining existing convertible bonds of the Company any new Shares in the future, the Board proposes to increase the Company's authorised share capital of the Company from HK\$500,000,000 to HK\$700,000,000 by the creation of additional 20,000,000,000 new Shares.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcements	Description	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
14 June 2013	Issue of HK\$2,584 million 9% convertible bonds due 2015 on 3 September 2013 and 12 February 2014	Approximately HK\$2,581 million	Intended to be utilised for the Capital Increase and to repay convertible debts	HK\$1,400 million of the net proceeds have been applied to set off against repayment of the Company's convertible bonds due 2014, approximately HK\$580 million of the net proceeds have been applied to fund the Capital Increase.
11 September 2013	Issue of HK\$1,500 million 9% convertible bonds due 2016 in three tranches on 22 October 2013, 26 November 2013 and 28 November 2013	Approximately HK\$1,500 million	As general working capital of the Group and for funding the Capital Increase	Approximately HK\$900 million of the net proceeds has been applied for funding the Capital Increase and the acquisition of additional 4.6% equity interest in Zhunxing in February 2014, and approximately HK\$600 million of the net proceeds has been applied to repay borrowings and accrued interests.
28 September 2014	Issue of HK\$600 million 9% convertible bonds due 2017 on 3 October 2014	Approximately HK\$600 million	to refinance the HK\$600 million 9% convertible bonds due 2014, which matured on 29 September 2014	All net proceeds has been applied to refinance the HK\$600 million 9% convertible bonds due 2014, which matured on 29 September 2014.

Save as disclosed above, the Company has not carried out any equity fund raising exercise in the twelve month period immediately preceding the date of this announcement.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in expressway operation, management, maintenance and auxiliary facility investment, trading and storage of petroleum and related products and forest operation.

## **GENERAL**

The Conversion Shares will be issued under a specific mandate to be sought from the Shareholders.

The EGM will be convened by the Company to consider and, if thought fit, approve the resolutions in relation to the CB Subscription Agreements and the transactions contemplated thereunder, and the proposed increase in the authorised share capital of the Company, by way of poll.

Given China Life, as the 1st CB Subscriber and 2nd CB Subscriber, is interested in approximately 7.55% issued share capital of the Company as at the date of this announcement, China Life is deemed to have an interest in the 1st CB Subscription Agreement and the 2nd CB Subscription Agreement. As such, China Life together with its associates will abstain from voting in respect of corresponding transactions contemplated thereunder at the EGM.

A circular containing, among other matters, (i) details of the CB Subscription Agreements; (ii) the proposed increase in authorised share capital of the Company; and (iii) the notice of the EGM, will be despatched to the Shareholders on or before 19 December 2014.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“2015 Convertible Bonds”	the 9% unlisted convertible bonds in the aggregate principal amount of HK\$2,584 million issued by the Company, which will mature on 3 September 2015, details of which were set out in the Company’s announcement dated 14 June 2013 and circular dated 30 July 2013
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“2016 Convertible Bonds”	the 9% unlisted convertible bonds in the aggregate principal amount of HK\$1,500 million issued by the Company, which will mature on 24 October 2016, details of which were set out in the Company’s announcement dated 11 September 2013
“2017 Convertible Bonds”	the 9% unlisted convertible bonds in the aggregate principal amount of HK\$600 million issued by the Company, which will mature on 3 October 2017, details of which were set out in the Company’s announcement dated 28 September 2014
“1st CB Subscriber”	China Life
“1st CB Subscription Agreement”	the subscription agreement dated 28 November 2014 entered into between the Company and the 1st CB Subscriber in relation to the subscription of the 1st Convertible Bonds
“1st Convertible Bonds”	the 9% unlisted convertible bonds in the aggregate principal amount of HK\$800 million to be issued by the Company to the 1st CB Subscriber pursuant to the terms of the 1st CB Subscription Agreement
“2nd CB Subscriber”	China Life
“2nd CB Subscription Agreement”	the subscription agreement dated 28 November 2014 entered into between the Company and the 2nd CB Subscriber in relation to the subscription of the 2nd Convertible Bonds
“2nd Convertible Bonds”	9% unlisted convertible bonds in the aggregate principal amount of HK\$700 million to be issued by the Company to the 2nd CB Subscriber pursuant to the terms of the 2nd CB Subscription Agreement
“3rd CB Subscriber”	Strait Capital



“3rd CB Subscription Agreement”	the subscription agreement dated 28 November 2014 entered into between the Company and the 3rd CB Subscriber in relation to the subscription of the 3rd Convertible Bonds
“3rd Convertible Bonds”	the 9% unlisted convertible bonds in the aggregate principal amount of HK\$800 million to be issued by the Company to the 3rd CB Subscriber pursuant to the terms of the 3rd CB Subscription Agreement
“4th CB Subscriber”	Strait Fund
“4th CB Subscription Agreement”	the subscription agreement dated 28 November 2014 entered into between the Company and the 4th CB Subscriber in relation to the subscription of the 4th Convertible Bonds
“4th Convertible Bonds”	the 9% unlisted convertible bonds in the aggregate principal amount of HK\$700 million to be issued by the Company to the 4th CB Subscriber pursuant to the terms of the 4th CB Subscription Agreement
“5th CB Subscriber”	VMS Investment
“5th CB Subscription Agreement”	the subscription agreement dated 28 November 2014 entered into between the Company and the 5th CB Subscriber in relation to the subscription of the 5th Convertible Bonds
“5th Convertible Bonds”	the 9% unlisted convertible bonds in the aggregate principal amount of HK\$160 million to be issued by the Company to the 5th CB Subscriber pursuant to the terms of the 5th CB Subscription Agreement
“6th CB Subscriber”	Cross-Strait Capital
“6th CB Subscription Agreement”	the subscription agreement dated 28 November 2014 entered into between the Company and the 6th CB Subscriber in relation to the subscription of the 6th Convertible Bonds

“6th Convertible Bonds”	9% unlisted convertible bonds in the aggregate principal amount of HK\$32 million to be issued by the Company to the 6th CB Subscriber pursuant to the terms of the 6th CB Subscription Agreement
“Board”	the board of Directors
“Business Day”	a day on which banks are generally open for business in Hong Kong (other than Saturday, Sunday or public holidays or days on which a typhoon signal No. 8 or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.)
“BVI”	the British Virgin Islands
“Capital Increase”	the increase of the Group’s equity interest in Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited* (內蒙古准興重載高速公路有限責任公司) from 55.9% to 82.27%, details of which are set out in the Company’s announcement and circular dated 14 June 2013 and 30 July 2013, respectively
“CB Subscribers”	the 1st CB Subscriber, the 2nd CB Subscriber, the 3rd CB Subscriber, the 4th CB Subscriber, the 5th CB Subscriber and the 6th CB Subscriber
“CB Subscription Agreements”	the 1st CB Subscription Agreement, the 2nd CB Subscription Agreement, the 3rd CB Subscription Agreement, the 4th CB Subscription Agreement, the 5th CB Subscription Agreement and the 6th CB Subscription Agreement
“China Life”	China Life Insurance (Overseas) Company Limited, a company incorporated in the People’s Republic of China with limited liability
“Company”	China Resources and Transportation Group Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange

“Conversion Price”	being HK\$0.20 per Share
“Conversion Share(s)”	the Shares to be issued by the Company upon conversion of the Convertible Bonds
“Convertible Bonds”	the 1st Convertible Bonds, the 2nd Convertible Bonds, the 3rd Convertible Bonds, the 4th Convertible Bonds, the 5th Convertible Bonds and the 6th Convertible Bonds in the aggregate principal amount of HK\$3,192 million to be issued by the Company to the CB Subscribers pursuant to the terms of the CB Subscription Agreements
“Cross-Strait Capital”	Cross-Strait Capital Limited, a company incorporated in Hong Kong with limited liability
“Current Market Price”	in respect of a Share at a particular date the average closing prices in the Stock Exchange’s daily quotation sheet for one Share for the sixty (60) consecutive trading days ending on and including the trading day last preceding such date (as defined in the CB Subscription Agreements)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and, if thought fit, approve, among others, resolutions in relation to the CB Subscription Agreements and the transactions contemplated thereunder and the proposed increase in authorised share capital of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Share(s)”	existing ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Strait Capital”	Strait Capital Service Limited, a company incorporated in the Cayman Islands with limited liability
“Strait Fund”	Strait CRTG Fund, L.P., a Cayman Islands exempted limited partnership
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VMS Investment”	VMS Private Investment Partners III Limited, a company incorporated in the BVI with limited liability
“%”	per cent.

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

Hong Kong, 28 November 2014

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