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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 LIMITED
中國資源交通集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 269)

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

The notice convening the EGM of the Company to be held at Room 1801-07, 18/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong (香港灣仔港灣道26號華潤大廈18樓1801-07室), on Tuesday, 19 July 2016 at 11 a.m. is set out on pages 11 to 12 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, 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 EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) if you so wish.

29 June 2016

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

“2016 Convertible Bonds”	the 9% convertible bonds in the aggregate principal amount of HK\$700 million issued by the Company, details of which are set out in the Company’s announcement dated 28 November 2014
“Amendment Agreement”	the amendment agreement dated 13 June 2016 entered into between the Company and the Bondholder in relation to the 2016 Convertible Bonds amendments
“Associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder”	Strait CRTG Fund, L.P., a Cayman Islands exempted limited partnership, which is an investment fund managed by Strait Capital
“Company”	China Resources and Transportation Group Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 269)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Share(s)”	the new Shares to be issued upon the exercise of the conversion rights attached to the 2016 Convertible Bonds
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve the Amendment Agreement and the transactions contemplated therein, including the grant of the Specific Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	24 June 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Specific Mandate”	the specific mandate to allot and issue new Shares granted to the Board pursuant to the ordinary resolution 5(b) at the extraordinary general meeting of the Company held on 28 January 2015
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Amendments”	the proposed amendments to the 2016 Convertible Bonds pursuant to the terms of the Amendment Agreement
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	The holder(s) of issued Shares
“Specific Mandate”	the specific mandate proposed to be granted to the Directors at the EGM to allot, issue and deal with the Shares to be allotted upon conversion of the 2016 Convertible Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strait Capital”	Strait Capital Service Limited, a company incorporated in the Cayman Islands with limited liability, which is the general partner of the Bondholder
“Subscription Agreement”	the subscription agreement dated 28 November 2014 entered into between the Company and the Bondholder in relation to the subscription of the 2016 Convertible Bonds
“%”	per cent

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

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

Sterling Trust (Cayman) Limited

Whitehall House

238 North Church Street

P.O. Box 1043

George Town

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

29 June 2016

To the Shareholders:

Dear Sirs or Madams,

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

Reference is made to the announcement of the Company dated 13 June 2016 in relation to the Proposed Amendments. The purpose of this circular is to provide you with further information regarding the Proposed Amendments together with the notice of the EGM.

INTRODUCTION

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

LETTER FROM THE BOARD

As at the Latest Practicable Date, none of the 2016 Convertible Bonds have been redeemed nor converted, the outstanding amount of the 2016 Convertible Bonds is HK\$700 million and the conversion price of the 2016 Convertible Bonds is HK\$1.07 per Conversion Share taking into account the intervening adjustments since the issue of the 2016 Convertible Bonds.

THE AMENDMENT AGREEMENT

Date

13 June 2016 (after trading hours)

Parties

the Company and the Bondholder

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

The Proposed Amendments

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

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

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

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Conditions precedent

The Proposed Amendments are subject to the following conditions precedent:

- i. the Shareholders in the EGM approving the Proposed Amendments including the extension of conversion period for the conversion of the 2016 Convertible Bonds; and
- ii. the Stock Exchange approving:
 - (a) the Proposed Amendments; and
 - (b) listing on the Stock Exchange of Conversion Shares arising from conversion of the 2016 Convertible Bonds during the extended conversion period as mentioned above.

In the event that the conditions precedent set out above are not satisfied by the ninetieth (90th) calendar day (i.e. by 11 September 2016) immediately following the date of the Amendment Agreement, the Amendment Agreement shall terminate and cease to be of any effect and neither party thereto shall have any claim against the other party for any costs, damages, compensation or otherwise in respect of the Amendment Agreement other than in respect of antecedent breaches thereof.

As at the Latest Practicable Date, except for condition (ii)(a), none of the above conditions precedent have been completely satisfied.

Adjusted conversion price per Conversion Share

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

- i. a discount of 81.31% to the original conversion price (taking into account the intervening adjustments since the issue of the 2016 Convertible Bonds) of HK\$1.07 per Conversion Share;
- ii. a premium of 69.49% to the closing price of HK\$0.118 per Share as quoted on the Stock Exchange on 13 June 2016 (the date of the Amendment Agreement);
- iii. a premium of 67.50% to the average closing price of approximately HK\$0.119 per Share as quoted on the Stock Exchange for the last five trading days up to and including 13 June 2016 (the date of the Amendment Agreement);

LETTER FROM THE BOARD

- iv. a premium of 67.08% to the average closing price of approximately HK\$0.120 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 13 June 2016 (the date of the Amendment Agreement); and
- v. a premium of approximately 73.91% to the closing price of HK\$0.115 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

Assuming the conversion rights attaching to the 2016 Convertible Bonds are exercised in full at the adjusted conversion price of HK\$0.20 per Conversion Share, 3,500,000,000 Conversion Shares will fall to be issued to the Bondholder, representing approximately 51.83% of the issued capital of the Company as at the Latest Practicable Date and approximately 34.13% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares.

Specific Mandate to issue the Conversion Shares

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

Ranking

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

Listing application for the Conversion Shares

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

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EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out (i) the existing shareholding structure of the Company as at the Latest Practicable Date; (ii) the shareholding structure of the Company upon full conversion of the 2016 Convertible Bonds; and (iii) the shareholding structure of the Company upon full conversion of all outstanding convertible securities of the Company:

Name	As at the Latest Practicable Date		Immediately upon full conversion of the 2016 Convertible Bonds		Immediately upon full conversion of all outstanding convertible securities (Note i)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Cao Zhong (Note a)	982,125,000	14.54	982,125,000	9.58	982,125,000	7.90
Fung Tsun Pong (Note b)	958,345,610	14.19	958,345,610	9.35	958,345,610	7.71
Miao Zhenguo (Note c)	717,500,000	10.63	717,500,000	7.00	717,500,000	5.77
Bondic International Holdings Limited (Note d)	650,000,000	9.63	650,000,000	6.34	650,000,000	5.23
Turbo View Investment Limited (Note e)	375,000,000	5.55	375,000,000	3.66	375,000,000	3.01
Bondholder China Life Insurance (Overseas) Company Ltd. (Note f)	50,000,000	0.74	50,000,000	0.48	1,451,869,159	11.68
Strait Capital (Note g)	–	–	–	–	747,663,551	6.01
Cross-Strait Capital Limited (Note h)	–	–	–	–	29,906,542	0.24
Other shareholders (Note j)	3,019,425,360	44.72	3,019,425,360	29.45	3,019,425,360	24.29
	6,752,395,970	100.00	10,252,395,970	100.00	12,431,835,222	100.00

Notes:

- a. Mr. Cao Zhong, the chairman of the Company and an executive Director is interested in 33,800,000 Shares personally and 948,325,000 Shares through Champion Rise International Limited, a company wholly owned by him.
- b. Mr. Fung Tsun Pong, the vice chairman of the Company and an executive Director, holds 310,590,610 Shares personally and 647,755,000 Shares through Ocean Gain Limited, a company wholly owned by him.
- c. Mr. Miao Zhenguo holds 693,000,000 Shares personally and 24,500,000 Shares through Goldtex Group Limited, a company wholly owned by him.
- d. Bondic International Holdings Limited is wholly owned by Mr. Cheung Chung Kiu.
- e. Turbo View Investment Limited is wholly owned by Mr. Gao Xiao Rui.

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- f. China Life Insurance (Overseas) Company Ltd. (“China Life Overseas”) is interested in an aggregate of HK\$1,500,000,000 convertible bonds issued by the Company on 10 February 2015 which are convertible into 1,401,869,158 Shares at HK\$1.07 per Share. Besides, China Life Overseas is further interested in 50,000,000 Shares.
- g. Strait Capital is interested in HK\$800,000,000 convertible bonds issued on 10 February 2015 by the Company which is convertible into 747,663,551 Shares at HK\$1.07 per Share.
- h. Cross-Strait Capital Limited is interested in HK\$32,000,000 convertible bonds issued by the Company on 10 February 2015, which is convertible into 29,906,542 Shares at HK\$1.07 per Share.
- i. The above table is for illustration purpose only and has not taken into account the effect of the exercise of the rights of share options issued by the Company.
- j. Assuming the Bondholder and all the holders of outstanding convertible securities take no other action, other than conversion of their respective convertible securities, which will result in them becoming core connected persons (as defined in the Listing Rules) of the Company, the public float of the Company:
 - (i) as at the Latest Practicable Date is 60.52%;
 - (ii) immediately upon full conversion of the 2016 Convertible Bonds is 46.86%; and
 - (iii) immediately upon full conversion of all outstanding convertible securities is 44.50%,respectively, remaining above 25% in compliance with the requirements under the Listing Rules.

LISTING RULES IMPLICATION

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

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

To the best of the information, knowledge and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interests in the Proposed Amendments. Therefore, no Shareholder is required to abstain from voting on the necessary resolution to be proposed at the EGM.

REASONS AND BENEFITS OF THE PROPOSED AMENDMENTS

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

The Board considers that the extended time for the repayment to the Bondholder will be beneficial to the Company and its operations by alleviating the pressure on its cashflows and profits. Furthermore, the amendment of conversion price will incentivise the Bondholder to convert all or part of the 2016 Convertible Bonds not previously converted by bringing it closer to the current market level of the share price. Based on the

LETTER FROM THE BOARD

above, the Board is of the view that the terms of the Amendment Agreement and 2016 Convertible Bond (as amended by the Amendment Agreement) are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the resolutions in relation to the Amendment Agreement, the Proposed Amendments and the allotment and issue of the Conversion Shares under the Specific Mandate. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, none of the Bondholder and/or its associates is a Shareholder(s), accordingly no Shareholder would be required to abstain from voting in respect of the proposed ordinary resolutions at the EGM.

The notice convening the EGM of the Company to be held at Room 1801-07, 18/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong (香港灣仔港灣道26號華潤大廈18樓1801-07室) on Tuesday, 19 July 2016, at 11:00 a.m. is set out on pages 11 to 12 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed. Whether or not you intend to attend and vote at the EGM in person, you are requested to read the notice of EGM and complete the enclosed form of proxy in accordance with the instructions printed thereon 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, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meetings should you so wish.

CLOSURE OF THE SHAREHOLDERS' REGISTER

For the purpose of determining the list of shareholders who are entitled to attend and vote at the EGM, the shareholders' register of the Company will be closed from Monday, 18 July 2016 to Tuesday, 19 July 2016, both days inclusive. No transfer of shares of the Company will be registered during that period. In order to qualify to attend and vote at the EGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 15 July 2016.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

With reference to the paragraph “**REASONS AND BENEFITS OF THE PROPOSED AMENDMENTS**” above, the Board considers that the terms of the Amendment Agreement including the Proposed Amendments are fair and reasonable and the entering into Amendment Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions as set out in the notice of EGM.

ADDITIONAL INFORMATION

In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

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

NOTICE OF EGM



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 extraordinary general meeting of China Resources and Transportation Group Limited (the “**Company**”) will be held at Room 1801-07, 18/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong (香港灣仔港灣道26號華潤大廈18樓1801-07室), on Tuesday, 19 July 2016 at 11 a.m., for the purpose of considering the following ordinary resolutions:

Capitalised terms used herein without definition shall have the same meanings as in the circular issued by the Company on 29 June 2016 (the “**Circular**”), unless the context otherwise requires.

ORDINARY RESOLUTIONS

“THAT

- (A) the entering into of the Amendment Agreement, a copy of which is produced to the meeting marked “A” and initialled by the Chairman of the EGM for the purpose of identification, be and is hereby approved, confirmed and ratified, and all the transactions contemplated thereunder, including the Proposed Amendments, be and are hereby approved, confirmed and ratified;
- (B) subject to the Stock Exchange having approved the Proposed Amendments and the Listing Committee granting approval for the listing of, and permission to deal in, the Conversion Shares, the Board be and is hereby granted a Specific Mandate for the allotment and issue of not more than 3,500,000,000 Conversion Shares upon exercise of the conversion rights attaching to the 2016 Convertible Bonds, and that the Specific Mandate shall supersede the Original Specific Mandate; and
- (C) any one director of the Company be and is hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents (if any) and to take all such steps which in his opinion may be necessary, appropriate,

NOTICE OF EGM

desirable or expedient to implement and/or give effects to the transactions contemplated under the Amendment Agreement including but not limited to the execution of any deeds or the affixation of any seal or the issue of any certificate.”

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

Hong Kong, 29 June 2016

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

Notes:

- (a) The register of members of the Company will be closed from Monday, 18 July 2016 to Tuesday, 19 July 2016, both days inclusive. No transfer of shares of the Company will be registered during that period. In order to qualify to attend and vote at the EGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company’s branch share register in Hong Kong, Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 15 July 2016.
- (b) 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.
- (c) 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.
- (d) 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.
- (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.
- (f) The EGM is expected not to exceed half an hour, and all member and proxies shall be responsible for their own travelling expenses.

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