CRTG
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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

The board of directors (the "Board") of China Resources and Transportation Group Limited (the "Company") announces the annual consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2013 together with comparative figures for the last year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2013

	Notes	**2013** **HK$'000**	2012 HK$'000 (represented)
Continuing operations:			
Turnover	5	**4,569,568**	138,626
Cost of sales		**(4,491,442)**	(148,340)
Gross profit/(loss)		**78,126**	(9,714)
Loss on change in fair value of investment property		**(92)**	(5,870)
Loss on change in fair value less costs to sell of biological assets		**(15,477)**	(37,033)
Change in fair value of derivative financial instrument		**(21,763)**	(191,331)
Other income and other gains or losses	6	**(42,093)**	(5,107)
Selling and administrative expenses		**(164,279)**	(185,713)
Finance costs	7	**(56,023)**	–
Loss before income tax expense	8	**(221,601)**	(434,768)
Income tax expense	9	**(2,712)**	–

	Notes	**2013** **HK$'000**	2012 *HK$'000* (represented)
Loss for the year from continuing operations		**(224,313)**	(434,768)
Discontinued operations:			
Loss for the year from discontinued operations	*10*	**(36,226)**	(14,673)
Loss for the year		**(260,539)**	(449,441)
Loss attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(235,402)**	(404,731)
Loss for the year from discontinued operations		**(36,258)**	(14,673)
Loss for the year attributable to owners of the Company		**(271,660)**	(419,404)
Non-controlling interests			
Profit/(loss) for the year from continuing operations		**11,089**	(30,037)
Profit for the year from discontinued operations		**32**	–
Profit/(loss) for the year attributable to non-controlling interests		**11,121**	(30,037)
		(260,539)	(449,441)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company			
From continuing and discontinued operations – Basic and diluted	*13*	**(1.262)**	(2.081)
From continuing operations – Basic and diluted	*13*	**(1.093)**	(2.008)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Loss for the year		**(260,539)**	(449,441)
Other comprehensive income:			
(Loss)/gain on change in fair value of property occupied by the Group, net of tax		**(1,085)**	10,746
Impairment loss on forest concession rights		**(76,213)**	–
Exchange differences on translation of financial statements of foreign operations		**12,322**	60,585
Other comprehensive income for the year, net of tax		**(64,976)**	71,331
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(325,515)**	(378,110)
Total comprehensive income attributable to:			
– Owners of the Company		**(339,442)**	(351,650)
– Non-controlling interests		**13,927**	(26,460)
		(325,515)	(378,110)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Investment property		**44,100**	44,200
Property, plant and equipment		**137,872**	160,098
Other properties under development		**–**	206,530
Prepaid lease payments		**29,806**	30,334
Biological assets		**76,745**	78,421
Forest concession rights		**361,456**	494,058
Concession intangible asset		**10,546,874**	5,185,307
Long term deposit and prepayments		**2,209,418**	1,537,688
Available-for-sale investments		**108,756**	–
TOTAL NON-CURRENT ASSETS		**13,515,027**	7,736,636
CURRENT ASSETS			
Derivative financial instrument		**–**	21,763
Properties under development for sale		**–**	1,329,353
Investments held for trading		**6,179**	–
Inventories		**120,806**	127,451
Trade and other receivables	*14*	**34,251**	53,646
Prepaid lease payments		**665**	746
Amount due from a non-controlling shareholder of a subsidiary		**16,066**	64,363
Prepaid taxes		**–**	11,031
Pledged deposit and restricted cash		**117,407**	14,834
Cash and cash equivalents		**2,033,045**	196,293
		2,328,419	1,819,480
Assets of a disposal group classified as held for sale	*11*	**1,823,685**	–
TOTAL CURRENT ASSETS		**4,152,104**	1,819,480
TOTAL ASSETS		**17,667,131**	9,556,116
CURRENT LIABILITIES			
Trade and other payables	*15*	**2,188,910**	1,173,883
Deposits from sales of properties		**–**	122,996
Promissory note		**293,458**	289,105
Deferred government grants		**7,471**	7,436
Amount due to a joint operator		**–**	61,505
Borrowings		**5,827,081**	107,264
Tax payable		**–**	241
Convertible bonds		**–**	288,890
		8,316,920	2,051,320
Liabilities of a disposal group classified as held for sale	*11*	**710,105**	–
TOTAL CURRENT LIABILITIES		**9,027,025**	2,051,320

	Notes	**2013** *HK$'000*	2012 *HK$'000*
NET CURRENT LIABILITIES		**(4,874,921)**	(231,840)
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,640,106**	7,504,796
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**9,561**	3,697
Deferred government grants		**–**	122,987
Convertible bonds		**1,836,870**	1,698,276
Borrowings		**1,668,411**	609,209
Acreage fees payable		**10,867**	11,020
TOTAL NON-CURRENT LIABILITIES		**3,525,709**	2,445,189
TOTAL LIABILITIES		**12,552,734**	4,496,509
NET ASSETS		**5,114,397**	5,059,607
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		**256,058**	201,908
Reserves		**2,427,791**	2,441,263
Equity attributable to owners of the Company		**2,683,849**	2,643,171
Non-controlling interests		**2,430,548**	2,416,436
TOTAL EQUITY		**5,114,397**	5,059,607

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

1. CORPORATE INFORMATION

China Resources and Transportation Group Limited (the "Company") is an exempted Company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The address of the registered office is the office of Caledonian Trust (Cayman) Limited, Caledonian House, 69 Dr. Roy's Drive, P.O. Box 1043, Grand Cayman, KY1-1102, Cayman Islands. Its principle place of business is located at Room 1801-07, 18/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively refer to as the "Group") are engaged in expressway and auxiliary facility investment, expressway operation, management and maintenance, property development and asset management, and forest operation and management.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2012

HKAS 12 (Amendments) Income Taxes	Deferred Tax – Recovery of Underlying Assets

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs that are potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[3]
HKFRSs (Amendments)	Annual Improvements to HKFRS 2009-2011 Cycle[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors of the Company (the "Directors") so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. PRINCIPAL ACCOUNTING POLICES

A summary of significant accounting policies adopted by the Group is set out below.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under historical cost basis except for investment properties, buildings included in property, plant and equipment, derivative financial instrument, and biological assets, which are measured at revalued amounts, fair values or fair value less costs to sell as explained in the accounting policies set out below.

During the year, the Group suffered a loss of HK$260,539,000 and at the end of reporting period, the Group's current liabilities exceeded its current assets by approximately HK$4,874,921,000. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group's financial position, the Directors have been implementing various measures as follows:

(i) On 3 May 2013, the Group entered into a new loan agreement with an independent third party to extend the repayment term of the original loan agreement dated 2 November 2012 for further six months from 7 May 2013 to 6 November 2013 and the loan facility limit was remained at HK$400,000,000.

(ii) The Group's subsidiary, Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("Zhunxing"), obtained bank facility of RMB8,820 million from China Development Bank Corporation. As disclosed in Note 38(i) to the financial statements, RMB5,050 million has been utilized as at 31 March 2013, including short term loans of RMB3,700 million and long term loans of RMB1,350 million. However, the Company obtained a declaration from China Development Bank Corporation which confirmed that long term loans will be granted to Zhunxing to replace the short term loans when they fall due.

(iii) As disclosed in Note 10 to the financial statements, the Company entered into a share transfer agreement to sell 55% equity interest in a subsidiary for a consideration of HK$550 million. Deposit of HK$150 million was received as of 31 March 2013 and the remaining HK$400 million will be received in July 2013.

(iv) The Group is actively considering to raise new capital by carrying out fund raising activities including but not limited to rights issue, open offer, placing of new shares and issuance of convertible note.

The Directors have prepared the cash flow forecast of the Group. Based on the forecast which has taken into account of the above measures, the Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 March 2013. Accordingly, the financial statements have been prepared on a going concern basis.

Should the Company be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effects of these potential adjustments have not been reflected in these financial statements.

4. SEGMENT INFORMATION

The Group has four reportable segments. The segments are managed separately as each business offers different products and requires different business strategies. During the year, the property development and asset management segments were intended to be disposed of and were presented as discontinued operations which details were set out in Note 10 to the financial statements. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations:

– Timber logging and trading – sales of timber logs from forest concession, tree plantation area and outside suppliers, and sales of seedlings;

– Other timber operation – the manufacture and sale of furniture and handicrafts and sales of refined tea oil; and

– Construction and operation of expressway.

Discontinued operations:

– Property development and asset management.

There was no inter-segment sale or transfer during the year (2012: HK$Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' loss that is used by the chief operating decision makers for assessment of segment performance.

Segment assets exclude derivative financial instrument, pledged deposit and restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities mainly exclude deferred tax liabilities, promissory note, convertible bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(a) Reportable Segment

For the year ended 31 March 2013

	Continuing operations			**Discontinued operations**	
	Timber logging and trading *HK$'000*	**Other timber operation** *HK$'000*	**Construction and operation of expressway** *HK$'000*	**Property development and asset management** *HK$'000*	**Total** *HK$'000*
REVENUE					
Revenue from external customers	2,685	4,845	4,562,038	89,680	4,659,248
Inter-segment revenue	–	–	–	–	–
Reportable segment revenue	2,685	4,845	4,562,038	89,680	4,659,248
Reportable segment (loss)/profit	(46,267)	(12,491)	14,133	731	(43,894)
Reportable segment assets	512,600	190,480	14,911,313	1,773,988	17,388,381
Reportable segment liabilities	(18,366)	(23,221)	(9,362,425)	(710,105)	(10,114,117)
Other segment information					
Additions of property, plant and equipment	340	89	2,526	7,468	10,423
Unallocated additions of property, plant and equipment					1,295
Total additions of property, plant and equipment					11,718
Additions of other properties under development	–	–	–	16,623	16,623

	Continuing operations			Discontinued operations	
	Timber logging and trading *HK$'000*	Other timber operation *HK$'000*	Construction and operation of expressway *HK$'000*	Property development and asset management *HK$'000*	Total *HK$'000*
Additions of biological assets	13,460	1,951	–	–	15,411
Additions of prepaid lease payments	16	–	–	–	16
Additions of concession intangible asset	–	–	5,333,086	–	5,333,086
Depreciation of property, plant and equipment	3,099	6,398	1,387	405	11,289
Unallocated depreciation of property, plant and equipment					10,781
Total depreciation of property, plant and equipment					22,070
Amortisation of prepaid lease payments	676	–	–	–	676
Unallocated amortisation of prepaid lease payments					81
Total amortisation of prepaid lease payments					757
Amortisation of forest concession rights	27,586	–	–	–	27,586
Impairment loss of forest concession rights included in other income and other gains or losses	28,787	–	–	–	28,787
Interest income	6	402	1,906	87	2,401
Unallocated interest income					108
Total interest income					2,509

For the year ended 31 March 2012

	Continuing operations			Discontinued operations	
	Timber logging and trading *HK$'000*	Other timber operation *HK$'000*	Construction and operation of expressway *HK$'000*	Property development and asset management *HK$'000*	Total *HK$'000* (represented)
REVENUE					
Revenue from external customers	1,142	8,826	128,658	–	138,626
Inter-segment revenue	–	–	–	–	–
Reportable segment revenue	1,142	8,826	128,658	–	138,626
Reportable segment loss	(40,515)	(26,781)	(61,786)	(14,673)	(143,755)
Reportable segment assets	616,252	200,408	6,802,058	1,543,366	9,162,084
Reportable segment liabilities	(16,312)	(30,220)	(1,693,705)	(461,630)	(2,201,867)
Other segment information					
Additions of property, plant and equipment	2,603	7,307	3,234	6,353	19,497
Unallocated additions of property, plant and equipment					6,298
Total additions of property, plant and equipment					25,795
Additions of other properties under development	–	–	–	5,420	5,420
Additions of biological assets	17,807	2,600	–	–	20,407
Additions of prepaid lease payments	139	–	–	–	139
Additions of concession intangible asset	–	–	284,521	–	284,521

	Continuing operations			Discontinued operations	
	Timber logging and trading	Other timber operation	Construction and operation of expressway	Property development and asset management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(represented)
Depreciation of property, plant and equipment	3,214	3,705	372	953	8,244
Unallocated depreciation of property, plant and equipment					10,131
Total depreciation of property, plant and equipment					18,375
Impairment loss of property, plant and equipment	–	1,088	–	–	1,088
Amortisation of prepaid lease payments	716	–	–	–	716
Unallocated amortisation of prepaid lease payments					81
Total amortisation of prepaid lease payments					797
Amortisation of forest concession rights	27,585	–	–	–	27,585
Impairment loss of other receivables	–	–	36,903	–	36,903
Write down of inventories	–	10,845	–	–	10,845
Impairment loss of inventories included in selling and administrative expenses	1,336	–	–	–	1,336
Interest income	3	294	–	163	460
Unallocated interest income					1,442
Total interest income					1,902

(b) Reconciliation of reportable segment loss, assets and liabilities

	2013 *HK$'000*	2012 *HK$'000* (represented)
Reportable segment loss before income tax expense	**(44,625)**	(129,082)
Segment profit/(loss) before tax from discontinued operations	**731**	(14,673)
Loss on change in fair value of investment property	**(92)**	(5,870)
Loss on change in fair value less costs to sell of biological assets	**(15,477)**	(37,033)
Change in fair value of derivative financial instrument	**(21,763)**	(191,331)
Other income and other gains or losses	**(3,371)**	1,738
Unallocated corporate expenses	**(80,250)**	(73,190)
Finance costs	**(56,023)**	–
Consolidated loss before income tax expense	**(220,870)**	(449,441)
Assets		
Reportable segment assets	**15,614,393**	7,618,718
Segment assets of discontinued operations	**1,773,988**	1,543,366
Derivative financial instrument	**–**	21,763
Pledged deposit and restricted cash	**6,864**	14,834
Cash and cash equivalents	**181,188**	196,293
Unallocated corporate assets	**90,698**	161,142
Consolidated total assets	**17,667,131**	9,556,116
Liabilities		
Reportable segment liabilities	**9,404,012**	1,740,237
Segment liabilities of discontinued operations	**710,105**	461,630
Deferred tax liabilities	**9,561**	3,697
Promissory note	**293,458**	289,105
Convertible bonds	**1,836,870**	1,987,166
Receipt in advance	**210,000**	–
Unallocated corporate liabilities	**88,728**	14,674
Consolidated total liabilities	**12,552,734**	4,496,509

(c) Geographical information

The Group operates in four principal geographical areas – the People's Republic of China (excluding Hong Kong) (the "PRC"), Hong Kong, Australia and Guyana.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(represented)		(represented)
PRC	**4,657,592**	138,626	**13,019,662**	7,099,693
Hong Kong	**–**	–	**32,613**	32,874
Australia	**–**	–	**44,100**	44,200
Guyana	**1,656**	–	**418,652**	559,869
	4,659,248	138,626	**13,515,027**	7,736,636

(d) Information about major customers

During the year ended 31 March 2013, revenue of approximately HK$4,562,038,000 (2012: HK$128,658,000) was derived from the operation of the toll under a service concession arrangement under the construction and operation of expressway segment, which amounted to 90% or more of the total revenue.

During the years ended 31 March 2012 and 2013, none of the customers have transactions exceeded 10% of the Group's revenues in other segments.

5. TURNOVER

Turnover represents the revenue from the principal activities of the Group. The amounts of each significant category of revenue recognised in turnover during the year are as follows:

	2013	2012
	HK$'000	*HK$'000*
		(represented)
Continuing operations:		
Income from timber logging and trading	**1,656**	–
Sales of seedlings	**1,029**	1,142
Sales of furniture and handicrafts	**1,017**	7,307
Sales of tea oil	**3,828**	1,519
Construction revenue in respect of service concession arrangement	**4,562,038**	128,658
	4,569,568	138,626
Discontinued operations:		
Sales of completed properties held for sale	**89,680**	–

6. OTHER INCOME AND OTHER GAINS OR LOSSES

Other income and other gains or losses comprises:

	2013	2012
	HK$'000	*HK$'000*
		(represented)
Continued operations:		
Interest income	**2,422**	1,739
Compensation claims *(Note)*	**(22,039)**	–
Exchange gain/(loss), net	**2,558**	(7,671)
Government grant	**1,232**	–
Gain on disposals of property, plant and equipment	**86**	3
Impairment loss on forest concession rights	**(28,787)**	–
Impairment loss of property, plant and equipment	**–**	(1,088)
Others	**2,435**	1,910
	(42,093)	(5,107)
Discontinued operations:		
Interest income	**87**	163
Management fee income	**224**	–
Others	**59**	–
	370	163

Note: Compensation claims represented compensation claimed by contractors and suppliers of the construction of the expressway arising from the suspension of construction work due to lack of funding of the subsidiary occurred before the acquisition by the Group.

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
		(represented)
Continued operations:		
Interest and finance costs on bank and other borrowings:		
– wholly repayable within five years	**378,327**	10,479
– not wholly repayable within five years	**13,716**	–
Interest expenses on convertible bonds	**318,594**	155,863
Default interest on promissory note	**45,779**	–
Commitment fee	**6,000**	–
Total finance costs	**762,416**	166,342
Less: Amount capitalised in concession intangible asset *(Note i)*	**(706,393)**	(166,342)
	56,023	–
Discontinued operations:		
Interest and finance costs on bank and other borrowings:		
– wholly repayable within five years	**11,121**	6,210
Interest expenses on convertible bonds	**24,802**	25,778
Default interest on promissory note	**4,353**	4,308
Total finance costs	**40,276**	36,296
Less: Amount capitalised in properties under development for sale and other properties under development *(Note i)*	**(40,276)**	(36,296)
	–	–

Note:

i. Borrowing costs capitalised during the year arose on specific borrowings to expenditure on qualifying assets.

8. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is stated after charging:

	2013	2012
	HK$'000	*HK$'000*
		(represented)
Continuing operations:		
Auditor's remuneration	**2,223**	1,837
Depreciation of property, plant and equipment *(Note i)*	**20,794**	17,508
Amortisation of forest concession rights included in selling and administrative expenses	**27,586**	27,585
Amortisation of prepaid lease payments *(Note ii)*	**757**	797
Compensation claims	**86,694**	–
Operating lease payments recognised as expenses	**14,662**	11,048
Construction costs in respect of concession intangible asset	**4,483,837**	126,757
Cost of inventories and timber harvested:		
– Upon sales	**7,605**	10,738
– Write down of inventories	**–**	10,845
Impairment loss of inventories included in selling and administrative expenses	**–**	1,336
Impairment loss of trade and other receivables	**814**	36,903
Staff cost (excluding directors' remuneration):		
– Salaries and allowances *(Note iii)*	**32,715**	20,255
– Defined contributions pension costs	**820**	881
Discontinued operations:		
Depreciation of property, plant and equipment *(Note i)*	**1,276**	867
Staff cost (excluding directors' remuneration)	**1,458**	663

Note (i): An analysis of the Group's depreciation of property, plant and equipment is as follows:

	2013	2012
	HK$'000	*HK$'000*
Amounts included in biological assets	**1,150**	320
Amounts included in cost of sales	**416**	851
Amounts included in selling and administrative expenses	**20,504**	17,204
	22,070	18,375

Note (ii): An analysis of the Group's amortisation of prepaid lease payments is as follows:

	2013	2012
	HK$'000	*HK$'000*
Amounts included in biological assets	**584**	574
Amounts included in selling and administrative expenses	**173**	223
	757	797

Note (iii): Salaries and allowances of HK$1,123,000 (2012: HK$1,039,000) has been included in the cost of sales on the face of the consolidated income statement.

9. INCOME TAX EXPENSE

The income tax expense comprises:

	2013	2012
	HK$'000	*HK$'000*
		(represented)
Continuing operations:		
Deferred tax	**2,712**	–
Discontinued operations:		
PRC enterprise income tax		
– Current tax	**34,818**	–
PRC land appreciation tax		
– Current tax	**2,139**	–
	36,957	–
Total	**39,669**	–

The income tax expense for the year can be reconciled to the loss per consolidated income statement as follows:

	2013	2012
	HK$'000	*HK$'000*
		(represented)
Loss before taxation		
Continuing operations	**(221,601)**	(434,768)
Discontinued operations	**731**	(14,673)
	(220,870)	(449,441)
Tax calculated at 16.5%	**(36,443)**	(74,158)
Net effect of non-taxable/deductible items	**74,175**	72,375
Net effect of tax losses and temporary differences not recognised	**2,812**	1,042
Tax effect on tax exemption granted by PRC tax authority	**–**	(1,176)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(875)**	1,917
Income tax expense	**39,669**	–

The statutory tax rate for Hong Kong profits tax is 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for the Hong Kong profits tax has been made as the Group did not earn any income subject to Hong Kong profits tax during the years ended 31 March 2013 and 2012.

The subsidiaries in Guyana are liable to Guyana income tax at a rate of 45% (2012: 45%). No provision for Guyana income tax has been made as the subsidiaries in Guyana sustained losses for taxation purposes for the years ended 31 March 2013 and 2012.

The subsidiaries in Australia are liable to Australian income tax at a rate of 30% (2012: 30%). No provision for Australian income tax has been made as the subsidiaries in Australian sustained losses for taxation purposes for the years ended 31 March 2013 and 2012.

The State Council released the Implementation Rules to the Corporate Income Tax Law on 6 December 2007 (the "Implementation Rules"). According to the Implementation Rules, an entity engaged in forestry business is entitled to full exemption from PRC enterprise income tax commencing from 1 January 2008. 樹人木業(大埔)有限公司 and 樹人苗木組培(大埔)有限公司 are qualified as forestry operation enterprise by the local tax authorities and so they are fully exempted from PRC enterprise income tax.

Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("Zhunxing"), a subsidiary of the Group, is entitled to a two-year exemption from corporate income tax followed by a 50% reduction in corporate income tax for subsequent three years. As Zhunxing is still in the preparation stage, the exemption period has not commenced.

For the year ended 31 March 2013, the statutory corporate income tax rates applicable to the subsidiaries established and operating in the PRC is 25% (2012: 25%).

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

10. DISCONTINUED OPERATIONS

On 15 September 2012, the Company entered into a share transfer agreement (the "Share Transfer Agreement") with an independent third party (the "Purchaser"), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, 55% equity interest in the property development and asset management business of the Group at a consideration of HK$550 million. The share transfer is expected to be completed on the later of 30 June 2013 and the fifth business day after the satisfaction or waiver of the last of the conditions precedent to completion or such other date as mutually agreed by both parties. During the year ended 31 March 2013, the Company received deposit of HK$150 million from the Purchaser.

The property development and asset management business were classified as discontinued operations and the related results for the years ended 31 March 2013 and 2012 were as follows:

	Note	**2013** ***HK$'000***	2012 *HK$'000*
Turnover	*5*	**89,680**	–
Cost of sales		**(80,352)**	–
Gross profit		**9,328**	–
Other income and other gains or losses	*6*	**370**	163
Selling and administrative expenses		**(8,967)**	(14,836)
Profit/(loss) before income tax expenses		**731**	(14,673)
Income tax expenses		**(36,957)**	–
Loss for the period from discontinued operations		**(36,226)**	(14,673)

The net cash flows of the discontinued operations for the years ended 31 March 2013 and 2012 were as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Net cash inflows/(outflows) from operating activities	**26,147**	(42,237)
Net cash outflows from investing activities	**(31,688)**	(57,263)
Net cash inflows from financing activities	**44,057**	103,102
Net cash flows incurred by the discontinued operations	**38,516**	3,602

11. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Pursuant to the Share Transfer Agreement as set out in Note 10 above, the property development and asset management business was classified as a disposal group. All of its assets are presented as "Assets of a disposal group classified as held for sale" and its liabilities are presented as "Liabilities of a disposal group classified as held for sales" and set out below.

	2013
	HK$'000
Property, plant and equipment	**11,523**
Other properties under development	**166,521**
Prepaid taxes	**25,772**
Properties under development for sale	**1,341,834**
Completed properties held for sale	**223,480**
Other receivables, deposits and prepayments	**4,858**
Pledged deposit and restricted cash	**6,864**
Cash and cash equivalents	**42,833**
Assets of a disposal group classified as held for sale	**1,823,685**
Borrowings	**144,596**
Trade and other payables	**164,994**
Deposits from sales of properties	**215,288**
Amount due to a joint operator	**20,446**
Tax payables	**41,217**
Deferred government grants	**123,564**
Liabilities of a disposal group classified as held for sale	**710,105**
Net assets of a disposal group classified as held for sale	**1,113,580**

As at 31 March 2013, there was an amount of approximately HK$131,430,000 due to the group companies by the disposal group which had been eliminated in the Group's consolidated financial statements. This amount is expected to be fully settled upon the completion of the disposal.

As at 31 March 2013, there was a contracted amount of HK$77,510,000 but not provided for investment on properties under development for sale by the disposal group.

12. DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 March 2013 (2012: HK$Nil).

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss attributable to owners of the Company

	2013	2012
	HK$'000	*HK$'000*
		(represented)
For continuing and discontinued operations:		
Loss for the purposes of basic and diluted loss per share	**(271,660)**	(419,404)
For continuing operations:		
Loss for the purposes of basic and diluted loss per share	**(235,402)**	(404,731)
For discontinued operations:		
Loss for the purposes of basic and diluted loss per share	**(36,258)**	(14,673)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**21,532,962**	20,155,899

For the year ended 31 March 2012, the computation of diluted loss per share does not assume the exercise of the Company's outstanding warrants as they had an anti-dilutive effect on the loss per share calculation. For the year ended 31 March 2013, all outstanding warrants are exercised.

For the years ended 31 March 2013 and 2012, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as they had an anti-dilutive effect on the loss per share calculation.

14. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**4,361**	7,182
Other receivables	**18,752**	13,441
Deposits paid	**2,049**	8,362
Prepayments	**9,089**	24,661
	34,251	53,646

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to over three months or more for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

As at 31 March 2013, the Group's trade receivables of HK$466,000 (2012: HK$Nil) and other receivables of HK$348,000 (2012: HK$36,903,000) were determined to be impaired. Impairment in last year mainly related to a former shareholder of a subsidiary which was bankrupted and management assessed that the receivable is not expected to be recovered.

Details of the ageing analysis of trade receivables of the Group are as follows:

	2013	2012
	HK$'000	*HK$'000*
Outstanding balances aged:		
0 – 30 days	**–**	–
31 – 60 days	**1,157**	3,945
61 – 180 days	**2**	59
Over 180 days	**3,202**	3,178
	4,361	7,182

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,159**	3,945
30 to 90 days past due	**–**	59
Over 90 days	**3,202**	3,178
	4,361	7,182

Trade receivables that were neither past due nor impaired related to a number of independent customers for whom there was no recent history of default.

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2013	2012
	HK$'000	*HK$'000*
Renminbi ("RMB")	**3,204**	7,182
United States Dollars ("USD")	**1,157**	–
	4,361	7,182

15. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**1,840**	153
Other payables and accruals *(Note)*	**1,965,496**	1,163,734
Deposit received from customers	**6,466**	4,888
Receipt in advance	**210,000**	–
Purchase consideration payable	**5,108**	5,108
	2,188,910	1,173,883

Note: As at 31 March 2013, other payable mainly comprised construction cost payable of HK$978,880,000 (2012: HK$233,930,000), retention and guarantee deposit of HK$569,553,000 (2012: HK$731,492,000), and compensation payable of HK$22,602,000 (2012: HK$27,937,000) relating to litigation claims from certain contracts arising from suspension of construction of expressway.

The carrying amounts of other payables and accruals at the end of reporting period approximate their fair values.

Details of the ageing analysis of trade payables of the Group are as follows:

	2013	2012
	HK$'000	*HK$'000*
Outstanding balances aged:		
Over 180 days	**1,840**	153

Trade and other payables were denominated in the following currencies:

	2013	2012
	HK$'000	*HK$'000*
HKD	**300,567**	12,664
RMB	**1,887,655**	1,160,637
USD	**457**	351
Australian dollars	**231**	231
	2,188,910	1,173,883

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 MARCH 2013

For the year ended 31 March 2013, the Group was principally engaged in expressway and auxiliary facility investment, expressway operation, management and maintenance, property development and asset management, and forest operation and management.

The Company through its wholly-owned subsidiaries acquired in aggregate 55.9% 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) ("Zhunxing") by the end of 2011 and have shifted its business focus to expressway operation, management and maintenance which was a key strategic move of the Company. Zhunxing has been granted an exclusive right to build and operate the first PRC heavy-duty toll expressway specifically designed for coal transportation in Inner Mongolia for 30 years (the "Expressway"). The Expressway runs 265 km from Jungar Banner (准格爾旗), a major coal production area located south of Hohhot (呼和浩特) in Ordos (鄂爾多斯), towards northeast to Xinghe County (興和縣), a major logistic hub for coal distribution in northern PRC. The estimated total investment required for the Expressway is about RMB14.5 billion (approximately HK$18 billion). The construction of the Expressway has been mainly funded by equity and loan financing. In December 2012, a few PRC banks granted Zhunxing a syndicated loan facility of RMB8.82 billion for the construction of the Expressway.

Zhunxing commenced investment in the Expressway in 2006 and thereafter it has obtained approvals and consents for construction from all relevant governmental administrative bureaus. In the past two years, full scale construction works have been launched for the Expressway and by the end of March 2013, Zhunxing completed around 60% of the gross output value of the construction of the Expressway and approximately 145 km (60%) out of 253 km of the total roadbed have been completed and handed over to government for acceptance check.

The Expressway will have five lanes with road width of about 28 meters and is designed to sustain the passing of heavy haul vehicles in high frequency or high proportion. The estimated annual traffic capacity of the Expressway is about 150 million tons. The Company expects that the Expressway could be opened for traffic in the fourth quarter of this year. The Board believes that the opening of Expressway will broaden revenue base and maintain sustainable growth of the Company in the future.

Financial Review

For the year ended 31 March 2013, the continuing and discontinued operations of the Group recorded a turnover of approximately HK$4,659.25 million, representing a substantial increase of 3,261% during the year (2012: HK$138.63 million), which was mainly attributable to a significant increase in income generated from construction revenue in respect of service concession arrangement amounting to HK$4,562.04 million (2012: HK$128.66 million). The three reportable segments classified as continuing operations of the Group, namely timber logging and trading, other timber operation and construction and operation of expressway contributed approximately HK$2.69 million (0.06%), HK$4.85 million (0.10%) and HK$4,562.04 million (97.92%) (2012: HK$1.14 million, HK$8.83 million and HK$128.66 million) respectively to the Group's consolidated turnover. The property development and asset management business, the reportable segment classified as discontinued operations of the Group, contributed approximately HK$89.68 million (1.92%) (2012: HK$Nil) to the Group's consolidated turnover.

Detailed segment turnover and contribution to loss before tax of the Group are shown in Note 4 to the financial statements. Cost of sales under continuing operations for the year was approximately HK$4,491.44 million (2012: HK$148.34 million) which was mainly contributed by service cost for the construction of the Expressway. As a result, the Group recorded a gross profit of approximately HK$78.13 million (2012: gross loss of HK$9.71 million) under continuing operations in this year. Cost of sales under discontinued operations for the year was approximately HK$80.35 million (2012: HK$Nil), resulting in a gross profit of approximately HK$9.33 million (2012: HK$Nil).

During the year, the Group's property development arm, Yichang Xinshougang Property Development Company Limited ("Yichang Xinshougang"), has achieved the sale of a total of approximately 15,465 square metres gross floor area at the price of approximately RMB4,721 per square metre, i.e. income receivable of approximately RMB73.0 million. The sales turnover of approximately HK$89.68 million (2012: HK$Nil) has been recorded during the year upon delivery of the properties to the purchasers. Distributable profit from sales of the residential properties was shared by Yichang Xinshougang and Hubei Province Dafang Properties Development Co., Ltd. (湖北省大方房地產綜合開發公司), its strategic property development partner, on a 60:40 basis.

The loss before income tax expenses from continuing operations was approximately HK$221.60 million (2012: HK$434.77 million) and net loss from continuing and discontinued operations was approximately HK$260.54 million (2012: HK$449.44 million). The loss was mainly attributed by a loss on change in fair value of the early redemption option component of the convertible bond of approximately HK$21.76 million (2012: HK$191.33 million), the selling and administrative expenses of approximately HK$164.28 million (2012: HK$185.71 million) mainly due to the costs incurred in the construction of Expressway not being capitalised, finance costs of approximately HK$56.02 million (2012: HK$Nil) due to the default interest on promissory note under continuing operations and other income and other gains or losses of approximately HK$42.09 million (2012: HK$5.11 million). Other income and other gains or losses mainly arose from the impairment loss on forest concession rights of approximately HK$28.79 million (2012: HK$Nil) and the compensation claims amounted to approximately HK$22.04 million (2012: HK$Nil), which were compensations claimed by contractors and suppliers due to the suspension of construction work before Zhunxing was acquired by the Group. The loss attributable to owners of the Company from continuing and discontinued operations for the period was approximately HK$271.66 million (2012: HK$419.40 million). The loss per share for the year reduced to HK1.262 cents as compared with HK2.081 cents for the last corresponding year.

Liquidity Review

As at 31 March 2013, the Group's net assets amounted to approximately HK$5,114.40 million, representing an increase of 1.08%. Besides, the current assets of the Group were HK$4,152.10 million (2012: HK$1,819.48 million) which mainly include assets of a disposal group classified as held for sale of approximately HK$1,823.68 million (2012: HK$Nil), inventories of approximately HK$120.81 million (2012: HK$127.45 million), trade and other receivables of approximately HK$34.25 million (2012: HK$53.65 million), pledged deposits for expressway construction of approximately HK$117.41 million (2012: HK$Nil) and cash and cash equivalents of approximately HK$2,033.04 million (2012: HK$196.29 million). The significant increase in cash and cash equivalents was attributable to the cash and bank deposits in RMB, which were drawn down loans obtained from several PRC banks.

The current liabilities increased from approximately HK$2,051.32 million to approximately HK$9,027.02 million during the year mainly due to the contribution by borrowings of approximately HK$5,827.08 million (2012: HK$107.26 million), trade and other payables of approximately HK$2,188.91 million (2012: HK$1,173.88 million) and liabilities of a disposal group classified as held for sale of approximately HK$710.11 million (2012: HK$Nil).The increase in trade and other payables of 86% during the year was mainly due to the increase in construction cost payable for the construction of Expressway.

As at 31 March 2013, the Group had an outstanding borrowings of HK$7,495.49 million (2012: HK$716.47 million), of which RMB5,050 million (approximately HK$6,241.09 million), representing almost 83%, consists of short term and long term secured bank loans charged with interest from 5.7% to 8.5% per annum provided by several PRC banks mainly for the investment in the construction of the Expressway. The short term secured bank loans of RMB3,700 million (approximately HK$4,572.68 million) will be refinanced by part of the long term syndicated loan facility of RMB8,820 million upon maturity.

The remaining outstanding borrowings were unsecured loans of HK$1,136.99 million (2012: HK$615.61 million) repayable within one year and bill payables of HK$117.41 million (2012: HK$Nil) secured by bank deposits for payments of construction materials and construction fees of the Expressway. An unsecured loan of RMB495.3 million (approximately HK$ 612.06 million) was owed by Zhunxing to an authorized financial institution with interest bearing at 0.0288% per day. The said loan was unconditionally assigned by one of the non-controlling equity holder of Zhunxing to the authorized financial institution on 6 February 2012 which was also agreed by the Group. The rest of the unsecured loans of HK$550 million, obtained from two independent third parties with interest bearing at 20% per annum, were utilized as general working capital.

The gearing ratio of the Group, measured as total debts to total assets, was 71.05% (2012: 47.05%).

The Group's capital commitments (apart from the disposal group) outstanding as at 31 March 2013 was approximately HK$5,811.31 million (2012: HK$7,783.52 million), of which HK$5,594.35 million, representing almost 96.27%, was the investment on concession intangible asset representing the construction cost of the Expressway.

The Group's business operations, assets and liabilities are denominated mainly in Hong Kong dollars, Renminbi and US dollars, thus appreciation in Renminbi has resulted in a net exchange gain. Save as aforesaid, the Board considered foreign exchange risk being minimal. The management will review from time to time of the potential foreign exchange exposure and will take appropriate measures to minimise the risk of foreign exchange exposure in the future.

The Group did not use any financial instruments for hedging purposes and did not have foreign currency investments being hedged by foreign currency borrowings and other hedging instruments.

Details of the Group's financial risk management are set out in Note 53 of the Notes to the Financial Statements of the 2013 Annual Report.

Material Events and Prospect

Syndicated Banking Facility for Zhunxing

On 27 December 2012, Zhunxing, a 55.9% indirect non-wholly owned subsidiary of the Company, and 國家開發銀行股份有限公司 (China Development Bank Corporation) ("China Development Bank"), as the leading bank, 華夏銀行股份有限公司 (Hua Xia Bank Co., Limited) and 招商銀行股份有限公司 (China Merchants Bank Co., Limited), as the participant banks, (together the "Lenders") entered into a loan agreement (the "Loan Agreement"), pursuant to which the Lenders agreed to provide a RMB8.82 billion (approximately HK$11 billion) loan (the "Loan") to Zhunxing at an initial annual interest rate of 6.8775% on normal commercial terms, of which RMB3.6 billion (approximately HK$4.5 billion) of the Loan will be for a term of 15 years, RMB2.77 billion (approximately HK$3.46 billion) of the Loan will be for a term of 20 years and RMB2.45 billion (approximately HK$3.06 billion) of the Loan will be for a term of 21 years. Part of the proceeds of the Loan will be used by Zhunxing to refinance the short-term loans in the amount of RMB3.7 billion (approximately HK$4.57 billion) advanced by the China Development Bank which have been invested in the construction of the Expressway. The rest of the proceeds of the Loan will also be invested in the construction of the Expressway.

The granting of the Loan has enriched the working capital of Zhunxing and strengthened its continuous development capabilities. The construction of the Expressway has been in full gear and the Board is confident on its opening in the fourth quarter of 2013.

Development of Expressway Auxiliary Facilities

In line with the Group's commitment on expressway business, the Company has also started to develop auxiliary facilities for serving the expressway users. The auxiliary facility investment coupled with the expressway operation will contribute greatly to the Group's revenue as a whole in the coming year.

On 20 December 2012, the Company entered into a master agreement with Joint Gain Holdings Limited ("Joint Gain"), an independent third party, agreeing to procure the transfer to it, at the consideration of RMB301,000,000 (approximately HK$374,143,000), the entire equity interest in a project company to be incorporated by Zhunxing to hold and operate the rights of construction and development of petrol and gas stations in the service areas of the Expressway. Joint Gain will be responsible for all the costs related to the construction and development of petrol and gas stations in the service areas.

At the same time, Joint Gain has granted a call option to the Company conferring the Company a right to require Joint Gain to sell the entire equity interest of the project company to the

Company. The call option is exercisable at the discretion of the Company and the price for the acquisition of the project company will be determined with reference to the total construction and development costs of the petrol and gas stations in the service areas. Upon completion of exercise of the call option by the Company, Joint Gain shall be entitled to exercise its right on 2,000,000,000 conditional warrants granted to it by the Company on 19 April 2013 at the exercise price of HK$0.48 per share.

In addition, the Group is also actively exploring opportunities to develop logistics base in the neighborhood of the Expressway.

Disposal of the Property Development Arm in the PRC

On 15 September 2012, the Company entered into an agreement with China International Holdings Limited (中翔國際集團有限公司) ("China International"), a Singapore listed company, pursuant to which the Company conditionally agreed to sell a 55% equity interest of its property development arm, Yichang Xinshougang, to China International at a consideration of HK$550 million. Completion of the sale is expected to take place by the end of June this year. For more details of the disposal, please refer to the announcements of the Company dated 16 September 2012, 2 January 2013 and 28 March 2013.

The disposal is in line with the Group's focus on expressway operation and its intention to divest non-core business. The proceeds generated by the disposal are intended to enhance the working capital position of the Group.

Potential Disposal of the Forestry Related Business

The Group have shifted its business focus to expressway operation, management and maintenance and the Group does not intend to further invest in but will continue its existing operations in relation to forest operation and management, timber logging and trading, sale of timber products, and plantation and trading of seedlings.

On 26 September 2012, the Company entered into a letter of intent with Yueshou Environmental Holdings Limited ("Yueshou"), a Hong Kong main board listed company, in relation to the possible disposal of the Company's entire or controlling interests in all or some of its subsidiaries that are engaged in the forestry related business. The proposed disposal is subject to further negotiation between the Company and Yueshou, and the parties are yet to enter into a definitive agreement in relation to it. For more details of the forestry disposal, please refer to the announcement of the Company dated 26 September 2012. The Board is still in the process of negotiation with Yueshou for the material terms of the agreement.

Capital Increase in Zhunxing

On 10 June 2013, Cheer Luck Technology Limited ("Cheer Luck") and Shu Ren Wood (Shenzhen) Limited, wholly-owned subsidiaries of the Group, entered into a capital increase agreement (the "Capital Increase Agreement") with the other shareholders of Zhunxing, namely, Xinjiang Shougang Investment Co., Ltd. (新疆首鋼投資有限公司), Fujian Xinrong Industries Group Co.,Ltd. (福建信融實業有限公司) and Fujian Ding Feng Sheng Chuang Xin Investment Limited (福建鼎豐盛創新投資有限公司), pursuant to which the registered capital of Zhunxing will be increased and Cheer Luck will subscribe for additional registered capital in Zhunxing at a total cash consideration of RMB1,611,898,040, resulting in an increase from 55.9% to 82.27% of the Group's indirect holding of equity interest in Zhunxing (the "Capital Increase").

The Directors consider that the Capital Increase is a valuable opportunity for the Group to further increase its interest in Zhunxing, and is an appropriate occasion to bring the most benefits to the Shareholders, which is in conformity with the Group's development directions and commitment on the expressway business. Completion of the Capital Increase is subject to certain conditions disclosed in the announcement of the Company dated 14 June 2013.

The Group intends to fund the Capital Increase by the proceeds from the issue of the 9% unlisted convertible bonds due 2015 with an aggregate principal amount of HK$2,584,000,000 (the "2015 Convertible Bonds") and the issue of 2,500,000,000 new shares of the Company (the "Subscription Shares").

Proposed Issue of the 2015 Convertible Bonds

On 14 June 2013, the Company entered into an agreement with each of the seven subscribers in relation to the proposed issue of the 2015 Convertible Bonds. The 2015 Convertible Bonds will carry an interest rate of 9% per annum which will be payable by the Company annually in arrears.

The bondholders will be entitled to convert the 2015 Convertible Bonds into ordinary shares of the Company at an initial conversion price of HK$0.32 per conversion share (subject to the normal adjustments pursuant to the terms and conditions of the 2015 Convertible Bonds) at any time during the period commencing from the date of issuance of the convertible bonds.

The estimated net proceeds from the issue of the 2015 Convertible Bonds would be approximately HK$2,581.0 million. The Company intends to apply the net proceeds to increase the Group's investment in Zhunxing and repay the 9% unlisted convertible bonds to be due on 28 September 2014 (the "2014 Convertible Bonds") held by Li Ka Shing (Canada) Foundation and Dr. Lo Ka Shui and other convertible debts.

Completion of the issue of the 2015 Convertible Bonds is subject to certain conditions, including the obtaining of shareholders' approval of the Company. For details on the proposed issue of the 2015 Convertible Bonds, please refer to the announcement of the Company dated 14 June 2013.

Proposed Issue of 2,500,000,000 Subscription Shares

On 14 June 2013, the Company entered into an agreement with each of the two share subscribers pursuant to which the Company has agreed to issue 2,500,000,000 Subscription Shares in aggregate at a subscription price of HK$0.30 per share.

The estimated net proceeds from the share subscription would be approximately HK$747.0 million. The Company intends to apply the net proceeds from the share subscription to increase the Group's investment in Zhunxing and for general working capital of the Group.

Completion of the issue of Subscription Shares is subject to certain conditions, including the obtaining of shareholders' approval of the Company. For details on the proposed issue of Subscription Shares, please refer to the announcement of the Company dated 14 June 2013.

EMPLOYEES AND RETIREMENT BENEFIT SCHEME

The Group had approximately 267 employees in Hong Kong, the PRC, Australia and Guyana as at 31 March 2013. The Group implements remuneration policy, bonus and share options schemes to ensure that pay scales of its employees are rewarded on performance-related basis within the general framework of the Group's remuneration strategy.

The emoluments payable to the Directors are determined based on the scope of work, level of involvement, experience and seniority.

CAPITAL RAISING AND EXPENDITURE

During the year under review, the Company has issued 5,050,000,000 new shares pursuant to the conversion of certain convertible bonds issued to China Alliance International Holding Group Limited on 9 February 2010. Moreover, the Company issued 365,000,000 new shares pursuant to various exercises of warrants issued by the Company on 8 February 2010 at the exercise price of HK$0.23 per share.

As at 31 March 2013, there were HK$2,000,000,000 outstanding 2014 Convertible Bonds issued on 28 September 2011 which are convertible into shares of the Company at the price of HK$0.40 per share and will be due on 28 September 2014.

The Company entered into a master agreement on 20 December 2012, pursuant to which 2,000 million conditional warrants were issued by the Company to Joint Gain on 19 April 2013 entitling the holders thereof to, subject to satisfaction of certain conditions, subscribe for 2,000 million new shares of the Company at the initial exercise price of HK$0.48 each on or before 20 December 2015.

CHARGES ON ASSETS

As at 31 March 2013, other properties under development, properties under development for sale and completed properties held for sale of the Group with an aggregate net book value of approximately HK$310 million was pledged to secure the bank loan granted to the disposal group classified as held for sale.

Pledged deposits amounted to HK$117.41 million were cash deposited in certain banks for issuing bill payables for the purchases of construction materials and payments of construction fees for the Expressway.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group had contingent liabilities of RMB50.80 million (approximately HK$62.78 million) (2012: RMB 32.74 million, approximately HK$40.27 million) in relation to guarantees in respect of mortgage facilities for certain purchasers of property.

Moreover, some of the forestry related operations of the Group are regulated by various laws and regulations in Guyana. Guyana laws and regulations for the protection of the environment and wild life have generally become more stringent in recent years. Some of these laws and regulations could impose significant costs, expenses, penalties and liabilities on the Group. The Directors are not aware of any environmental liabilities as at the end of the reporting period and up to the date of this Announcement. The Directors are also not aware of any violation to existing conditions attached to the Group's timber concession rights, or subject to any significant costs, expenses, penalties and liabilities.

DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 March 2013 (2012: HK$Nil).

AUDIT OPINION

The auditor of the Group will issue an opinion with emphasis of matter on the consolidated financial statement of the Group for the year under audit. An extract of the auditor's report is set out in the section headed "EXTRACT OF THE AUDITOR'S REPORT" below.

EXTRACT OF THE AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 3(b) to the financial statements, which states that the Group incurred a net loss of approximately HK$260,539,000 during the year ended 31 March 2013 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$4,874,921,000. These conditions, along with other matters as described in note 3(b), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

THE MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and the Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee, comprising all independent non-executive Directors, namely Mr. Yip Tak On (Chairman), Mr. Jing Baoli and Mr. Bao Liang Ming, is responsible for reviewing the Group's accounting practice and policies, the external audit, internal control and risk evaluation.

The Group's annual results for the year ended 31 March 2013 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established with specific written terms of reference which deal clearly with its authority and duties.

The Remuneration Committee comprises all independent non-executive Directors, namely Mr. Yip Tak On (Chairman), Mr. Jing Baoli and Mr. Bao Liang Ming and an executive Director, Mr. Cao Zhong.

NOMINATION COMMITTEE

The Nomination Committee of the Company was established on 28 November 2011 with written terms of reference and it is chaired by the Chairman of the Board, Mr. Cao Zhong (Chairman) and the three independent non-executive Directors, namely Mr. Yip Tak On, Mr. Jing Baoli and Mr. Bao Liang Ming.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the financial period under review, the Company has complied with all those code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the "CG Code"), except the following deviation.

The CG Code stipulates that the Board shall meet at least four times a year at approximately quarterly intervals. During the year, the Board only held two regular board meetings instead of at least four as the Board considered four regular meetings to be unnecessary in view of the size and activities of the Group. Further details of the Company's corporate governance practices will be set out in the Corporate Governance Report to be contained in the 2013 Annual Report.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course and at the website of the Company at http://www.crtg.com.hk. Our 2013 Annual Report containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

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

Hong Kong, 27 June 2013

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