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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)

(I) FULFILLMENT OF ALL RESUMPTION GUIDANCE

AND

(II) RESUMPTION OF TRADING

Financial Advisor to the Company



This announcement is made by China Resources and Transportation Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**” Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provision (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BACKGROUND

Reference is made to

- (I) the announcement of the Company dated 30 June 2023 in relation to, among others, the delay in publication of annual results for the year ended 31 March 2023, the interim results for the six months ended 30 September 2023, the annual results for the year ended 31 March 2024, and the interim results for the six months ended 30 September 2024;
- (II) the announcement dated 28 September 2023 in relation to the resumption guidance for the resumption of trading in the Company’s shares (the “**Shares**”) set by the Stock Exchange (the “**Resumption Guidance**”) and the update on resumption progress;

- (III) the announcement dated 10 October 2023, 5 January 2024, 2 April 2024, 2 July 2024, 3 October 2024 and 2 January 2025 in relation to Quarterly Update; and
- (IV) the announcement dated 11 December 2024 and 24 December 2024 in relation to despatch of the annual results, the interim results, the annual reports and the interim reports.

(altogether the “**Announcements**”). Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

On 10 May 2022, the Intermediate People’s Court of Ulanqab Inner Mongolia Autonomous Region (the “**Court**”) accepted the Restructuring Application by China Development Bank against Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited (“**Zhunxing**”), the Company’s indirect subsidiary. Zhunxing is principally engaged in the operation of a toll expressway in Inner Mongolia, which contributed to over 98% of the Company’s revenue for the years ended 31 March 2021 and 2022. An administrator was appointed by the Court to oversee the restructuring of Zhunxing on 25 August 2022.

On 30 June 2023, the Company announced a delay in publishing the Audited Results as the restructuring progress of Zhunxing has taken longer than expected, and any expenses other than the daily operating expenses of the expressway are restricted by the administrator. As a result, the Company has been temporarily unable to recover its shareholder’s loan from Zhunxing and unable to pay the audited-related expenses, which caused a delay in conducting the audit works.

On 3 July 2023, trading in the Company’s Shares on the Stock Exchange was suspended at 9:00 a.m. at the request of the Company, due to pending release of the 2023 Audited Annual Results for the year ended 31 March 2023.

RSEUMPTION GUIDANCE

On 27 September 2023, the Company received a letter from the Stock Exchange stating the Resumption Conditions (the “**Resumption Guidance**”) as follows:

- (i) Publish all outstanding financial results required under the Listing Rules and address any audit modification;
- (ii) Demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (iii) Announce all material information for the Company’s shareholders and investors to appraise the Company’s position.

FULFILLMENT OF ALL RESUMPTION GUIDANCE

The Board is pleased to announce that all the Resumption Guidance have been fulfilled as the date of this announcement, details of which are set out as follows:

Resumption Guidance (i) – Publish all outstanding financial results and address any audit modifications

Upon the approval and becoming effective of the Restructuring Proposal of Zhunxing by the Court, the toll income generated by Zhunxing and placed under the administrator's supervision is subject to an application for the release of withheld toll income receivables, which are primarily applied to (i) the repayment of bank borrowings; (ii) working capital, operational and maintenance expenditures; and (iii) the repayment of admitted claims under debt restructuring. As a result, the Company has been able to pay the audited-related expenses and continue with the audit process.

On 11 December 2024 and 24 December 2024, meetings of the Board were held to consider and approve, among other things, the publication of the Outstanding Financial Results, namely (i) the audited annual results of the Company and its subsidiaries for the financial year ended 31 March 2023; (ii) the unaudited interim results of the Company for the six months ended 30 September 2023; (iii) the audited annual results of the Company and its subsidiaries for the financial year ended 31 March 2024; and (iv) the unaudited interim results of the Company for the six months ended 30 September 2024.

Each of the Outstanding Financial Results was published on the websites of the Company and the Stock Exchange on 11 December 2024 and 24 December 2024, respectively.

Furthermore, each of the Outstanding Reports, namely (i) the 2023 Annual Report; (ii) the 2023 Interim Report; (iii) the 2024 Annual Report; and (iv) the 2024 Interim Report were published on 11 December 2024 and 24 December 2024, respectively.

As of the date of this announcement, the Company has no outstanding financial results and outstanding reports required by the Listing Rules to be published. The Company is expected to publish the announcement in relation to its preliminary results in respect of the financial year ending 31 March 2025 not later than three months after the end of the financial year of the Company, (i.e. on or before 30 June 2025) in compliance with Rule 13.49(1) of the Listing Rules and despatch its annual report for the year ending 2025 to the Shareholders not more than four months after the end of the financial year (i.e. on or before 31 July 2025) in compliance with Rule 13.46(2)(a) of the Listing Rules.

McMillan Woods (Hong Kong) CPA Limited (the “**Auditors**”) has issued the disclaimer of opinion on the audited consolidated financial statements of the Company for the years ended 31 March 2023 and 2024. The basis for the disclaimer of opinion on going concern is set out in the annual reports of the Company for the years ended 31 March 2023 and 2024.

Below is the disclaimer of opinion on going concern as extracted from the annual report of the Company for the year ended 31 March 2024:

Multiple uncertainties relating to going concern

On 10 May 2022, the Intermediate People’s Court of Ulanqab Inner Mongolia Autonomous Region (the “Court”) accepted the restructuring application filed against the main operating subsidiary of the Group, Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited (“Zhunxing”) by China Development Bank. On 25 August 2022, the Court issued a written decision that Beijing Tian Tai Law Firm has been appointed as the administrator (the “Administrator”). Zhunxing and the Administrator have submitted a restructuring proposal to the Court and the creditors within 6 months after the date of the court order. The restructuring proposal has been approved by the Court on 26 September 2023. Before changing the share structure of Zhunxing, the Administrator must confirm the decisions of the other debtors. As of the date of this report, the impact on the Company remains uncertain, pending the final results of the restructuring.

The Group had net current liabilities and net liabilities of approximately HK\$18,528,461,000 and HK\$12,765,069,000, respectively. The Company was in default in the repayment of the bank borrowings of approximately HK\$9,177,219,000 and other borrowings of approximately HK\$105,101,000 and non-convertible bonds with aggregate carrying amount of approximately HK\$4,395,648,000. These debts, together with the outstanding default interests accrued thereon of approximately HK\$4,340,066,000, totaling approximately HK\$18,018,034,000 have become immediately repayable and are classified under current liabilities at 31 March 2024. At 31 March 2024, several lenders have demanded repayment of the overdue principals and default interests through commencing legal proceedings. All these conditions indicate the existence of multiple uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) successfully negotiating with the People’s Republic of China (“PRC”) banks and other creditors for finalising the debt restructuring; (ii) successfully negotiating with the Group’s other lenders and non-convertible bond holders for the renewal or extension of repayment of outstanding borrowings, including those with overdue principals and interests in default; (iii) successfully raising new funds for financing the working capital of the Group within the next twelve months from the date of approval of financial statement.

The Company has taken the following measures in response to the audit qualification including (i) successfully negotiating with the People’s Republic of China (“PRC”) banks and other creditors for finalising the debt restructuring; (ii) successfully negotiating with the Group’s other lenders and non-convertible bond holders for the renewal or extension of repayment of outstanding borrowings, including those with overdue principals and interests in default; (iii) successfully raising new funds for financing the working capital of the Group within the next twelve months from the date of approval of financial statement. Up to the date of approval of the consolidated financial statements, the Group’s measures described above have not yet been completed. There were material uncertainties on the Group’s ability to obtain adequate working capital to meet its debts as and when they fall due in the foreseeable future. In view of the significance of the extent of the uncertainty relating to the ongoing availability of finance to the Group, we disclaim our opinion in respect of year ended 31 March 2024.

In order to address the issues, up to the date of this announcement, the Group has taken and will continue to implement the following measures under the Group's action plan to improve the Group's liquidity position, including: (i) the Group is actively negotiating with the PRC banks and other creditors to finalise the debt restructuring. As the date of this announcement, the restructuring is still ongoing; (ii) the Group is actively negotiating with the Group's other lenders and non-convertible bond holders to seek for the renewal or extension of repayments of all borrowings, including principals and interests in default. As the date of this announcement, no agreement has been reached; and (iii) the Group is actively negotiating with external parties to obtain new sources of financing to finance the Group's working capital and improve the liquidity position.

Before changing the share structure of Zhunxing

On 26 September 2023, the Restructuring Proposal became effective. The Administrator was appointed to oversee the implementation according to the preference indication received from creditors and the admitted claims have been allocated in the following manner:

- (a) For the portion of the borrowings secured by collateral that is less than the assessed value of the collateral (the **"Partial Secured Borrowings"**), 15% of the Partial Secured Borrowings will be repaid in cash within 3 months from the date of acceptance of this repayment arrangement in writing. 85% of the remaining Partial Secured Borrowings will be repaid within 10 years from the date of court approval of the Restructuring Proposal. For the portion of the borrowings secured by collateral that exceeds the assessed value of the collateral (the **"Remaining Secured Borrowings"**), the Remaining Secured Borrowings up to RMB1,000,000 will be fully repaid in cash within 1 year from the date of court approval of the Restructuring Proposal. The portion exceeding RMB1,000,000 will be discharged by allotting and issuing a portion of the new shares of Zhunxing to the creditors. The amount of equity to be allotted and issued to them is subject to the number of ordinary unsecured creditors choosing the equity option as set out in note (c)(ii) below.
- (b) For priority payment rights included in other payables, 15% of the debt will be repaid in cash within 3 months from the date of acceptance of this repayment arrangement in writing. 85% of the remaining debt will be repaid within 10 years from the date of court approval of the Restructuring Proposal.
- (c) For unsecured debt included in other payables and borrowings, each ordinary creditor with a debt amount of RMB1,000,000 or less will be fully repaid in cash within 1 year from the date of court approval of the Restructuring Proposal. For each ordinary creditor with a debt amount exceeding RMB1,000,000, the creditors can choose to discharge the debt in full either (i) by way of a cash settlement representing 30% of the debt; or (ii) by allotting and issuing a portion of the new shares of Zhunxing to the creditors.

- (d) For accrued salaries and tax liabilities, full repayment of admitted claims in cash will be made to employees of Zhunxing and the PRC tax authorities within 1 year from the date of court approval of the Restructuring Proposal.

Upon the approval and effectiveness of the Restructuring Proposal of Zhunxing by the Court, certain claims against and liabilities of Zhunxing were discharged and compromised in full. Pursuant to the Restructuring Proposal as mentioned above, certain new shares will be allotted and issued by Zhunxing to the creditors by way of a debt capitalization (the “**Debt Capitalization**”), as mentioned in notes (a) and (c)(ii) above, converting debt into 49% new shares of Zhunxing. However, the amount of new shares to be allotted and issued to each creditor has yet to be agreed. For details, please refer to the 2024 Annual Report.

During the audit of consolidated financial statements of the Group for the two years ended 31 March 2023 and 31 March 2024, the Auditors performed the following audit procedures in connection with the consolidation of Zhunxing:

- 1) Assessed whether the Company’s accounting policies appropriately reflect the requirements of Hong Kong Financial Reporting Standards (“**HKFRS**”) 10;
- 2) Obtained a group chart to understand legal and operational relationships between the Company and Zhunxing;
- 3) Reviewed the articles of association and shareholders’ agreement to understand the rights and obligations of shareholders;
- 4) Obtained a register of shareholders to verify that the Company holds an approximately 86.9% shareholding in Zhunxing; and
- 5) Reviewed the Restructuring Proposal and noted that there is no indication to suggest that the administrator has any right to be involved in Zhunxing operational decisions, except as required for the purpose of overseeing the restructuring process.

Based on the above, and taking into account the Company’s approximately 86.9% shareholding and the rights to govern the relevant operational activities in Zhunxing during the 2023 and 2024 financial years, The Auditors is of view that the Company exercises control over Zhunxing. The consolidation of Zhunxing into the Group’s financial statements is consistent with the definition of control under HKFRS 10, as disclosed in the 2024 Annual Report.

After changing the share structure of Zhunxing

Based on the current available information, the projected shareholding structure following the debt capitalisation, and the requirements under HKFRS 10, the Company should retain control over Zhunxing and continue to consolidate Zhunxing upon the completion of the debt capitalisation as follows:

- 1) The Company's shareholding in Zhunxing will reduce to 44.31%, which remains significant shareholding relative to other shareholders; While China Development Bank will hold the largest single shareholding at 34.05%, the remaining shares are distributed among multiple parties, including Xinjiang Shougang Investment Co., Ltd. (新疆首鋼投資有限公司) ("Shougang") (6.49%), with three other banks holding 4.90%, 4.84%, and 3.01%, respectively, and with smaller stakes held by others.
- 2) The Company's nominees are expected to constitute a majority of Zhunxing's board, providing the Company with control over its operational and governance matters.
- 3) The Company holds a 44.31% equity interest in Zhunxing, which provides the Company with a substantial share of Zhunxing's financial performance and exposure to its variable returns, effectively resulting in de facto control.
- 4) The Company, as a substantial shareholder, together with the second largest shareholder before changing the share structure, Shougang, under an Entrust Agreement signed on 22 November 2023, collectively holds voting rights exceeding 50%. Pursuant to the Entrust Agreement, the concert party has agreed to exercise its voting rights in accordance with the discussion of the Company, thereby enabling coordinated action on matters such as shareholder resolutions and board appointments.

Notwithstanding the above, the conclusion remains subject to reassessment in subsequent financial years if any of the following occur:

- (i) Evidence of consistent and effective coordination among other shareholders;
- (ii) Alterations occur in the shareholding structure; or
- (iii) Changes arise in the governance arrangements of Zhunxing.

The Board is of the view that, and the Auditors concur that based on the current available information, the conclusion regarding the Company's ability to consolidate Zhunxing under HKFRS 10 is considered reasonable upon completion of the debt restructuring.

Liability position of Zhunxing

As of 31 October 2024, the total debts of Zhunxing confirmed by the Administrator based on the Restructuring Proposal are approximately RMB 13.54 billion. Pursuant to the Restructuring Proposal, after the partial extinguishment of Zhunxing's debts according to the preference indication received from creditors:

- a) approximately RMB 5.62 billion is to be repaid in cash, which :
 - (i). approximately RMB 1.30 billion is to be settled within two years after the Court approves the Restructuring Proposal, approximately RMB 1.25 billion has been repaid, and approximately RMB 44.95 million is expected to be fully repaid on or before 26 September 2025; and
 - (ii). approximately RMB 4.32 billion is scheduled for repayment between 2026 and 2033.

- b) approximately RMB 6.88 billion will be converted into equity of Zhunxing through Debt Capitalization in accordance with the Restructuring Proposal.

Liability position of the Company (other than Zhunxing)

As of 30 September 2024, i) the total principal amount of the non-convertible bonds is approximately HK\$4,032.00 million, the coupon interest is approximately HK\$363.65 million, and the default interest payable is approximately HK\$1,800.70 million. ii.) The total principal amount of the promissory note is approximately HK\$127.33 million; and iii.) an aggregate of the refundable earnest monies is approximately HK\$249.35 million.

The non-convertible bondholders issued standstill letters to the Company on 11 January 2018, and the letters expired on 13 November 2018 when the RTO transaction was terminated, for details please refer to the Company's announcement dated 13 November 2018. Although the standstill letters issued to the Company expired on 13 November 2018, the non-convertible bondholders have acknowledged the ongoing restructuring status of Zhunxing and have maintained discussions with the Company.

The other parties have also acknowledged Zhunxing's ongoing restructuring status and have maintained discussions with the Company. As of the date of this announcement, no proceedings have been initiated by these parties to pursue the related debts.

The Company is engaging with these parties regarding the extension of the standstill letters or the rescheduling of debt repayments, which remain ongoing as at the date of this announcement.

Taking into account the measures taken by the Company, as well as the working capital forecast of the Company for the 18 months ending 30 September 2025, the Board is of the view that the Company will have sufficient working capital to finance its operations and meet its financial obligations as they fall due, and that the Resumption Guidance (i) has been fulfilled.

Resumption Guidance (ii) - Business operations of the Group and demonstrate compliance with Rule 13.24 of the Listing Rules

The Group was principally engaged in expressway operations, CNG gas stations operation, growing and sales of forage and agricultural products and timber operations.

Notwithstanding the suspension of trading in the shares of the Company, the Company is carrying on its business operations as usual.

Set out below is certain financial information of the Group for each of the two years ended 31 March 2023 and 2024 as extracted from the Annual Report 2023 and the Annual Report 2024 respectively.

Selected Financial information of the Group

	For the year ended 31 March 2024	For the year ended 31 March 2023
	HK\$ '000	HK\$ '000
	(audited)	(audited)
Revenue	593,148	735,130
Gross Profit	220,410	274,328
Profit/(loss) after tax	2,048,114	(1,510,776)
Adjusted EBITDA	484,061	645,127

Toll Road Revenue and Receivable of the Expressway

Zhunxing operates the 265-km heavy-haul toll expressway in Inner Mongolia (the “**Expressway**”). Toll road revenue of Zhunxing mainly driven by the vehicles using the Expressway that pays toll road fee to Zhunxing. Since the traffic opening and commencement of toll collection of Zhunxing Expressway on 21 November 2013, the Group has accumulated and built client base throughout the years.

As of 31 March 2023, the Zhunxing Expressway recorded toll road income of approximately HK\$733.58 million. As of 31 March 2024, toll income from expressway operations decreased to approximately HK\$593.15 million, representing a decline of about 19.14% in annual toll revenue. Such decrease was attributed to various factors including but not limited to economic factors, implementation of energy consumption control and air pollution control policies, “Railway to Railway” policy, the transfer of traffic to other new or renovated expressways and the extreme weather events.

During the year ended 31 March 2020, Zhunxing was in default in repayment of bank borrowings and therefore the Intermediate People’s Court of Beijing Municipality ordered the Ministry of Transport of the PRC to withhold the Group’s toll road income receivables as security for the overdue bank borrowings together with accrued interests, up to a maximum amount of RMB353.00 million for three years with effect from 21 June 2019. On 15 April 2021, the Supreme People’s Court of Inner Mongolia Municipality ordered the Ministry of Transport of the PRC to further withhold the Group’s toll road income receivables as security for the other overdue bank borrowings together with accrued interests, up to a maximum amount of RMB8,838.00 million.

All toll income from the Zhunxing Expressway shall be collected into a toll income collection account which retained by the Inner Mongolia Autonomous Region Transportation Comprehensive Administrative Law Enforcement Brigade (內蒙古自治區交通運輸綜合行政執法總隊). The entire process for applying, approving and releasing toll income receivables typically takes approximately one and a half months. The funds are primarily utilized for (i.) the repayment of bank borrowings, (ii.) working capital, operational and maintenance expenditures; and (iii.) the repayment of admitted claims under debt restructuring.

Mechanism for applying for the release of withheld toll income receivables:

- 1) Submission of Request: Zhunxing Expressway submits a request report to the Administrator, based on the semi-annual or special fund budget, specifying the purpose of usage of funds;
- 2) Administrator Review and Court Submission: The Administrator reviews the report and submits it to the Court;
- 3) Court Review and Order Issuance: The Court subsequent issues a Civil Ruling authorizing the release of specific amounts of withheld toll income receivables, collected by the Inner Mongolia Autonomous Region Transportation Comprehensive Administrative Law Enforcement Brigade;
- 4) Implementation of Court Order: Following the Court's ruling, the Inner Mongolia Autonomous Region Transportation Comprehensive Administrative Law Enforcement Brigade implements the Court's ruling and transfers the approved funds to Zhunxing Expressway's designated bank account.

Since 21 June 2019, the Court ordered to withhold the toll road income receivables. As of 30 September 2024, Zhunxing has submitted a total of 18 applications to the Court for the release of account receivables, and the Court has approved all Zhunxing's applications. There is no indication of any significant risk that the Ministry of Transportation will withhold the release of toll income, provided that all necessary procedures are followed.

As a result of the orders from the aforesaid courts, the toll road income of Zhunxing relating to ETC system have been withheld until the restructuring is completed. Nonetheless, the Company is permitted to apply to the Intermediate People's Court of Inner Mongolia Municipality to release a certain amount of withheld toll road receivables from the Inner Mongolia Autonomous Region Transportation Comprehensive Administrative Law Enforcement Brigade for the aforesaid purposes.

Pursuant to a court order issued by the Court, up to 30 September 2024, the Court ordered to release an aggregate amount of approximately RMB1,969 million for the partial repayment of bank borrowing, the purpose of working capital and operation of Zhunxing.

In light of the above, there is no imminent risk of liquidation to Zhunxing arising from (i) the repayment of bank borrowings; (ii) working capital, operational and maintenance expenditures; and (iii) the repayment of admitted claims under Debt Restructuring.

Creditors of the Company other than Zhunxing have acknowledged the on-going restructuring status of Zhunxing and have maintained discussions with the Company. As of the date of this announcement, no proceedings have been initiated by these parties to pursue the related debts.

The Board is of the opinion that (i) the Company can continue to apply to the Court for the release of withheld toll income receivables for the operation of Zhunxing in the future; (ii) the Restructuring Proposal of Zhunxing remains ongoing; (iii) creditors of the Company other than Zhunxing have acknowledged the on-going restructuring status of Zhunxing and have maintained discussions with the Company; and (iv) that it is no longer in the best interests of the Company to pursue the proposed disposal of 71% equity interests in Zhunxing to repay partially the principal amounts of the outstanding bonds. Therefore, the Company has no current intention to dispose 71% equity interest of Zhunxing and the Board has decided not to proceed with the proposed disposal.

Adjusted EBITDA

The management of the Company is of the view that the (i) impairment loss and amortisation of concession intangible asset; (ii) impairment loss and depreciation of property, plant and equipment; (iii) depreciation of right-of-use assets; (iv) reversal of impairment loss/impairment loss of trade and other receivables, net; (v) fair value change in biological assets; (vi) fair value gain on financial assets at fair value through profit or loss; and (vii) gain on debt restructuring are non-cash items, which do not directly reflect the Group's business operations. Hence, by eliminating the effects of these items in the calculation of the Adjusted EBITDA, it is believed that relevant operating performance can be better reflected, and it would be more convenient to compare operating performance in different years.

The Group's Adjusted EBITDA are amounted to approximately HK\$484.06 million for 2024 and HK\$645.13 million for 2023. The decrease of Adjusted EBITDA for 2024 was primarily attributed to the decreased revenue from the expressway operations of the Group as stated in the "Toll Road Revenue and Receivable of the Expressway" above.

Selected financial position of the Group

	As at 31 March 2024	As at 31 March 2023
	HK\$ '000	HK\$ '000
	(audited)	(audited)
Total non-current assets	5,767,267	6,397,497
Total current assets	533,325	1,300,532
Total non-current liabilities	3,875	124,932
Total current liabilities	19,061,786	22,843,632
Net liabilities	(12,765,069)	(15,270,535)

The total assets of the Group as of 31 March 2023 and 2024 were approximately HK\$7,698.03 million (including current assets of HK\$1,300.53 million) and HK\$6,300.59 million (including current assets of HK\$533.33 million), respectively.

As at 31 March 2024, the Group was in a net liabilities position of approximately HK\$12,765.07 million as compared to a net liabilities position of approximately HK\$15,270.54 million as at 31 March 2023, which was decreased by HK\$2,505.47 million.

To navigate the challenging landscape as mentioned above, the Group plans to fine-tune its business strategies for achieving revenue growth in a competitive market environment, the Group is implementing the following measures:

- (i) Executing a road maintenance program that is comprehensively planned and deployed under Zhunxing's policy to "normalize, standardize, and ensure the road conditions of Zhunxing Expressway to preserve its best state";
- (ii) Reinforcing a safe and expedient driving environment by implementing 24-hour patrol system to improve the service level and emergency response capability of the maintenance, road administration and traffic police personnel, with an aim to swiftly resolve spontaneous traffic incidents and minimize the time to restore traffic fluency on Zhunxing Expressway;
- (iii) Strengthen daily management of Zhunxing Expressway by incorporating daily inspection, comprehensive inspection and special inspection to achieve a full coverage of vehicle inspection at the entrance and exit of toll stations, curbing the phenomenon of evasion and leakage of toll;

- (iv) Focus on marketing activities to grow customer base. Zhunxing will explore the cooperation opportunities with the neighbouring logistic base and coal chemical enterprises and promote Zhunxing Expressway's advantageous position in bringing together a coal transport process that reinforces traffic fluency, cost-saving and high efficiency; and
- (v) Actively utilize the national toll collection policy and implement a differentiated toll strategy. The proposed plan includes reducing toll rates for heavily loaded vehicles to attract more freight traffic and lowering tolls for empty-load vehicles to encourage greater utilization of the expressway by light-load vehicles. The strategy is intended to optimize traffic distribution, improve expressway efficiency, and enhance toll revenue in compliance with the applicable regulatory framework.

In addition to the above, Zhunxing plans to apply for a 10-year extension of the operational period to enhance Zhunxing's value. Meanwhile, to promote Public-Private Partnerships ("PPP"), the 《基礎設施和公用事業特許經營管理辦法》2024年第17號令 permits the extension of concession terms from 30 to 40 years. Such extensions provide investors with additional time to recover their investments and thereby allow Zhunxing's concession term to be extended, potentially increasing Zhunxing's long-term value.

In view of the relevant policy measures such as prioritizing expressways under a user-pay model and providing financing support which help to secure a sustainable revenue stream for expressway operators. In addition, government backing for clean energy, carbon neutrality, and sustainable transportation is expected to have a positive impact on the Group's overall toll income revenue. Meanwhile, the Company will continue to pursue suitable opportunities to diversify its revenue streams, in line with local policy support and prevailing market demand.

In light of the government of the PRC is implementing measures to expand coal supply, stabilize coal prices, adjust the pace of coal imports, and coordinate coal transportation and the Company's efforts to attract more coal transport vehicles to utilize Zhunxing Expressway on a regular basis, the Board is of the view that the profitability of the Company will continue to improve and the Company will operate a viable and sustainable business.

Considering (i) the operation of the Zhunxing Expressway had recorded substantive revenue and Adjusted EBITDA for the years ended 31 March 2023 and 2024; (ii) the Group is implementing various measures to improve its operation and expand its client base; (iii) the Group has significant assets, and the net liabilities position has improved for the years ended 31 March 2023 and 2024, the Board is of the view that the Resumption Guidance (ii) has been fulfilled.

Resumption Guidance (iii) - Announcement all material information for the Company's shareholders and investors to appraise its position

Since the trading suspension on 3 July 2023, the Company has published quarterly update announcements in accordance with Rules 13.09(2) and 13.24A of the Listing Rules.

The Company has also disclosed material information in connection with, among others, (i) the audited annual results of the Company and its subsidiaries for the financial year ended 31 March 2023; (ii) the unaudited interim results of the Company for the six months ended 30 September 2023; (iii) the audited annual results of the Company and its subsidiaries for the financial year ended 31 March 2024; (iv) the unaudited interim results of the Company for the six months ended 30 September 2024; and (v) the status on fulfilment of the Resumption Guidance.

On the above basis, the Board is of the view that Resumption Guidance (iii) has been fulfilled.

RESUMPTION OF TRADING

As illustrated above, the Company has fulfilled the Resumption Guidance.

Trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 3 July 2023 at the request of the Company. As the Resumption Guidance has been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 26 February 2025.

By order of the Board
China Resources and Transportation Group Limited
Gao Zhiping
Co-Chairman

Hong Kong, 25 February 2025

As at the date of this announcement, the board of directors comprises five executive directors, namely Messrs Gao Zhiping, Lu Zhiming, Jiang Tao, Duan Jingquan and Wang Gang; and four independent non-executive directors, namely Messrs Jing Baoli, Bao Liang Ming, Xue Baozhong and Ms. Huang Chunlian.