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## **China Railway Logistics Limited**

## **中國鐵路貨運有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 8089)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY**

On 20 August 2009, Richmax Corporation Limited, a wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Vendor in relation to the acquisition of the Property at a consideration of HK\$117,427,600.

The Acquisition constitutes a discloseable transaction for the Company and is subject to the disclosure requirements under Chapter 19 of the GEM Listing Rules.

#### **THE PROVISIONAL AGREEMENT**

##### **Date**

20 August 2009

##### **Parties**

Purchaser : Richmax Corporation Limited, a wholly-owned subsidiary of the Company

Vendor : Millennium (BVI) No. 2 Limited

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

##### **Property to be acquired**

The Property is located at Office Unit on the 8th Floor, Low Block, Grand Millennium Plaza, No. 181 Queen's Road Central, Hong Kong with an aggregate gross floor area of approximately 15,451 sq. ft.

The Property is to be acquired together with a tenancy at Office Units Nos. 803-806 on 8th Floor, Low Block, Grand Millennium Plaza, No. 181 Queen's Road Central, Hong Kong for a fixed term of 33 months from 27 March 2008 to 26 December 2010 (both days inclusive). The existing rental income of the tenancy is HK\$293,160 per month, exclusive of rates, management fee and air-conditioning charges.

\* *For identification purpose only*

## **Consideration**

The consideration for the Acquisition is HK\$117,427,600 which was determined after arm's length negotiations between the parties to the Provisional Agreement in normal commercial terms after having taken into account the valuation on the Property conducted by an independent valuer. The Property is valued at HK\$127,000,000 on an open market basis by the comparison approach as at 18 August 2009.

The consideration for the Acquisition has been and will be paid in the following manners:

- HK\$5,871,380 has been paid upon signing the Provisional Agreement on 20 August 2009;
- HK\$5,871,380 will be paid upon signing the Formal Agreement on or before 3 September 2009; and
- HK\$105,684,840 will be paid upon completion of the Acquisition on or before 30 November 2009.

The consideration has been and will be financed by the internal resources of the Group and external financing.

## **Completion**

The completion of the Acquisition will take place on or before 30 November 2009.

## **REASON FOR THE ACQUISITION**

The Company is an investment holding company. The Group is principally engaged in investment holding, design, development and sale of value-added telecommunications products, computer telephony products and implementation of structural information integration and analysis systems.

The Directors consider the Acquisition an opportunity to expand its investment portfolio. Taking into account the favourable consideration of the Acquisition as compared with the value of the Property according to the Valuation Report, the Directors consider that the terms of the Provisional Agreement are fair and reasonable and are of commercial interest to the Company and the Shareholders as a whole.

## **GENERAL**

As the applicable percentage ratio for the Acquisition under the GEM Listing Rules is more than 5% and less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the disclosure requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	an acquisition of the Property by the Purchaser from the Vendor pursuant to the Provisional Agreement
“Board”	the board of Directors
“Company”	China Railway Logistics Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM

“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor on or before 3 September 2009 in relation to the Acquisition
“Provisional Agreement”	the provisional sale and purchase agreement entered into between the Purchaser and the Vendor on 20 August 2009 in relation to the Acquisition
“Property”	a property located at Office Unit on the 8th Floor, Low Block, Grand Millennium Plaza, No. 181 Queen’s Road Central, Hong Kong
“Purchaser”	Richmax Corporation Limited, a wholly-owned subsidiary of the Company and incorporated in Hong Kong with limited liability
“Share(s)”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Report”	the valuation report of the Property prepared by an independent valuer as at 18 August 2009
“Vendor”	Millennium (BVI) No. 2 Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“sq. ft.”	square feet
“%”	per cent

By Order of the Board  
**China Railway Logistics Limited**  
**Chan Shui Sheung Ivy**  
*Executive Director*

Hong Kong, 21 August 2009

*As at the date hereof, the Company’s executive directors are Ms. Yeung Sau Han Agnes and Ms. Chan Shui Sheung Ivy; and the Company’s independent non-executive directors are Ms. Yuen Wai Man, Mr. Lam Ka Wai Graham and Mr. Wang Chin Mong.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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