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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**

#### **AGENCY AGREEMENT OF ACQUISITION OF PRC PROPERTY**

On 10 June 2009, China Smart, a wholly-owned subsidiary of the Company entered into an agency agreement with Mr. Ng in relation to the appointment of Mr. Ng as the sole and exclusive agent for the acquisition of the PRC Property on behalf of China Smart.

#### **THE LOAN AGREEMENTS**

To satisfy the Obligations, China Smart and Mr. Ng entered into the Loan Agreements on 12 June 2009, 3 August 2009 and 28 August 2009 respectively and in aggregate of RMB42,359,525 (approximately HK\$48,121,317) has been advanced to Mr. Ng.

Pursuant to the 1st Loan Agreements, a total of RMB20,500,000 (approximately HK\$23,319,500) has been advanced by China Smart to Mr. Ng by way of interest-free loan in the following manner:

- (i) RMB500,000 (approximately HK\$569,500) was paid on 12 June 2009;
- (ii) RMB5,000,000 (approximately HK\$5,695,000) was paid on 18 June 2009; and
- (iii) RMB15,000,000 (approximately HK\$17,055,000) was paid on 4 August 2009.

Pursuant to the 2nd Loan Agreement, RMB21,859,525 (approximately HK\$24,801,817) was paid to Mr. Ng on 28 August 2009.

#### **LISTING RULES IMPLICATION**

As the applicable percentage ratios for the Advance under the GEM Listing Rules pursuant to the 1st Loan Agreements and the 2nd Loan Agreement in aggregate is more than 5% and less than 25%, the Advance constitutes a discloseable transaction for the Company and is subject to the disclosure requirements under Chapter 19 of the GEM Listing Rules.

\* *For identification purpose only*

## **AGENCY AGREEMENT OF ACQUISITION OF PROPERTY**

On 10 June 2009, China Smart, a wholly-owned subsidiary of the Company entered into an agency agreement (“**Agreement**”) with Mr. Ng in relation to the appointment of Mr. Ng as the sole and exclusive agent for the acquisition of the PRC Property on behalf of China Smart. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Mr. Ng is third party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules) as at the date of this announcement. Pursuant to the Agreement, Mr. Ng was authorized as the agent of China Smart to:

- (i) negotiate with the vendor of the PRC Property for the Consideration and terms and conditions of the Acquisition;
- (ii) enter into the Provisional Agreement; and
- (iii) arrange the payment including the deposit, security deposit and the consideration (together the “**Obligations**”) pursuant to the Provisional Agreement.

It is expected that the Formal Agreement will be entered into between the designated party of China Smart and the Vendor on or before 15 September 2009.

The expiry date of the exclusive period for the Agreement falls on 22 September 2009.

According to the Provisional Agreement, the consideration of the PRC Property is RMB41,489,525.

## **THE LOAN AGREEMENTS**

To satisfy the Obligations, China Smart and Mr. Ng entered into the Loan Agreements on 12 June 2009, 3 August 2009 and 28 August 2009 respectively and in aggregate of RMB42,359,525 (approximately HK\$48,121,317) has been advanced to Mr. Ng.

Pursuant to the 1st Loan Agreements, a total of RMB20,500,000 (approximately HK\$23,319,500) has been advanced by China Smart to Mr. Ng by way of interest-free loan in the following manner:

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Pursuant to the 2nd Loan Agreement, RMB21,859,525 (approximately HK\$24,801,817) was paid to Mr. Ng on 28 August 2009.

If the Formal Agreement is entered into by the Vendor and the designated party of China Smart on or before 15 September 2009, the Advance will be applied by Mr. Ng to pay off the Consideration and Mr. Ng will not be required to make repayment to China Smart. If the Acquisition fails to be completed on or before 22 September 2009, Mr. Ng shall repay the Advance on or before 22 September 2009.

## **REASONS FOR AND BENEFITS OF THE ADVANCE**

In accordance with the PRC legal requirement, the Company is required to set up a wholly-owned foreign enterprise for owning the PRC Property. In order to comply with such requirement, the Company is in the progress of incorporating a wholly-owned foreign enterprise for the Acquisition. However, set-up of wholly-owned foreign enterprise in PRC requires several months time. In view of the upward trend of the property market in Shenzhen and the possible upside potential of the PRC Property, the Company decided to appoint an agent in the stage of the Provisional Agreement to facilitate the Acquisition.

The amount of the Advance is with reference to the Consideration and relative expenses of the Acquisition. As Mr. Ng was appointed as the agent of China Smart for the Acquisition, the Advance is interest-free. The Directors are of the view that the terms of the Loan Agreements and the Advance are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATION**

As the applicable percentage ratios for the Advance under the GEM Listing Rules pursuant to the 1st Loan Agreements and the 2nd Loan Agreement in aggregate is more than 5% and less than 25%, the Advance constitutes a discloseable transaction for the Company and is subject to the disclosure requirements under Chapter 19 of the GEM Listing Rules.

If the Vendor and the designated party of China Smart eventually entered into the Formal Agreement and such will constitute a notifiable transaction, respective disclosure will be made pursuant to the requirement of the GEM Listing Rules.

## **GENERAL**

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.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the PRC Property
“Advance”	a total of RMB42,359,525 (approximately HK\$48,121,317) advanced by China Smart to Mr. Ng pursuant to the 1st Loan Agreements and the 2nd Loan Agreement
“Board”	the board of Directors
“China Smart”	China Smart Asia Limited, a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company

“Company”	China Railway Logistics Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on GEM
“Consideration”	the consideration for the Acquisition
“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement in relation to the sale and purchase of the PRC Property to be entered into between the Vendor and the party designated by China Smart
“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 PRC
“Loan Agreements”	the 1st Loan Agreements dated 12 June 2009 and 3 August 2009 and the 2nd Loan Agreement dated 28 August 2009, both entered into between Mr. Ng and China Smart in relation to the Advance
“1st Loan Agreements”	the loan agreements entered into between China Smart and Mr. Ng on 12 June 2009 and 3 August 2009
“2nd Loan Agreement”	the loan agreement entered into between China Smart and Mr. Ng on 28 August 2009
“Mr. Ng”	Mr. Ng Wai Huen
“PRC”	The People’s Republic of China
“PRC Property”	Units 33A to 33H, Times Fortune Building, Futian District Southeast Part, Shenzhen, the PRC
“Provisional Agreement”	the provisional sale and purchase agreement of the PRC Property dated 10 June 2009
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renmibi, the lawful currency of the PRC
“%”	per cent

*In this announcement, the translation of Renminbi into Hong Kong dollars is based on the actual exchange rate as at the relevant date of payment. The average exchange rate is approximately RMB1 = HK\$1.136, for reference only.*

By order of the Board  
**China Railway Logistics Limited**  
**Yeung Sau Han Agnes**  
*Executive Director*

Hong Kong, 31 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.*

*This announcement will remain on the "Latest Company Announcement" page of the Growth Enterprise Market website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days and the Company website at [www.chinarailwaylogistics.com](http://www.chinarailwaylogistics.com) from the date of this announcement.*