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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 PROPERTIES

Reference is made to the Announcement.

On 15 September 2009, China Smart, the WOFE (a wholly-owned subsidiary of China Smart) and Mr. Ng entered into a supplemental agreement to the Agreement pursuant to which (i) China Smart agreed to assign and/or otherwise transfer its rights and obligations under the Agreement to the WOFE and (ii) the parties agreed to extend the expiry date of the exclusive period for the Agreement from 22 September 2009 to the date on which the real estate title certificate in the name of the WOFE would be issued.

On 17 September 2009, China Smart and Mr. Ng entered into supplemental agreements to the Loan Agreements pursuant to which (i) the expiry date of the Loan Agreements were extended from 22 September 2009 to 31 October 2009; and (ii) the due date for repayment of the Advance by Mr. Ng was extended from 22 September 2009 to 31 October 2009.

THE FORMAL AGREEMENTS

On 27 September 2009, the Vendor and the WOFE entered into eight Formal Agreements in relation to the acquisition of the PRC Property at an aggregate consideration of RMB40,002,273 (approximately HK\$45,442,582).

LISTING RULES IMPLICATION

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.

* For identification purpose only

Reference is made to the announcement (the “Announcement”) of the Company dated 31 August 2009 in relation to, among other matters, the Advance for the acquisition of the PRC Property. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

As disclosed in the Announcement, in accordance with the PRC legal requirements, the Company is required to set up a wholly-owned foreign enterprise for the purposes of holding the PRC Property (the “WOFE”). The WOFE, named 深圳市盛世富強科技有限公司, was established on 14 September 2009.

On 15 September 2009, China Smart, the WOFE (a wholly-owned subsidiary of China Smart), and Mr. Ng entered into a supplemental agreement to the Agreement pursuant to which (i) China Smart agreed to assign and/or otherwise transfer its rights and obligations under the Agreement to the WOFE and (ii) the parties agreed to extend the expiry date of the exclusive period for the Agreement from 22 September 2009 to the date on which the real estate title certificate in the name of the WOFE would be issued.

On 17 September 2009, China Smart and Mr. Ng entered into supplemental agreements to the Loan Agreements pursuant to which (i) the expiry date of the Loan Agreements were extended from 22 September 2009 to 31 October 2009; and (ii) the due date for repayment of the Advance by Mr. Ng was extended from 22 September 2009 to 31 October 2009

THE FORMAL AGREEMENTS

On 27 September 2009, the Vendor and the WOFE entered into eight Formal Agreements in relation to the acquisition of the PRC properties at an aggregate consideration of RMB40,002,273 (approximately HK\$45,442,582). The PRC properties collectively form the ‘PRC Property’ as defined in the Announcement. Individual agreements are required to be entered into pursuant to PRC requirements governing formal sale and purchase agreements relating to realty.

Parties

Purchaser: 深圳市盛世富強科技有限公司, a wholly-owned subsidiary of China Smart

Vendor: 蕭金聰 (Mr. Xiao Jin Cong) (the “Vendor”)

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor is a third party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

Properties to be acquired

The PRC Property comprise of Units 33A to 33H, Times Fortune Building, Futian District, Southeast Part, Shenzhen, the PRC, with an aggregate gross floor area of approximately 1,693.45 square metres. The PRC Property is currently vacant.

Consideration

The aggregate consideration for the PRC Property is RMB40,002,273 (approximately HK\$45,442,582) which was determined after arm's length negotiations between the parties to the Formal Agreements in normal commercial terms after having taken into account the valuation on the PRC Property conducted by an independent valuer. The PRC Property is valued at RMB42,300,000 on an open market basis by the comparison approach as at 31 May 2009.

The consideration for each of the PRC Property is as follow:

- (a) RMB4,451,046 (approximately HK\$5,056,388) for Unit 33A, Times Fortune Building, Futian District, Southeast Part, Shenzhen, the PRC with a gross floor area of 191.78 square metres;
- (b) RMB3,667,601 (approximately HK\$4,166,395) for Unit 33B, Times Fortune Building, Futian District, Southeast Part, Shenzhen, the PRC with a gross floor area of 160.34 square metres;
- (c) RMB5,203,016 (approximately HK\$5,910,626) for Unit 33C, Times Fortune Building, Futian District, Southeast Part, Shenzhen, the PRC with a gross floor area of 229.50 square metres;
- (d) RMB3,945,051 (approximately HK\$4,481,578) for Unit 33D, Times Fortune Building, Futian District, Southeast Part, Shenzhen, the PRC with a gross floor area of 164.10 square metres;
- (e) RMB3,593,186 (approximately HK\$4,081,859) for Unit 33E, Times Fortune Building, Futian District, Southeast Part, Shenzhen, the PRC with a gross floor area of 146.89 square metres;
- (f) RMB7,796,139 (approximately HK\$8,856,414) for Unit 33F, Times Fortune Building, Futian District, Southeast Part, Shenzhen, the PRC with a gross floor area of 325.91 square metres;
- (g) RMB5,119,611 (approximately HK\$5,815,878) for Unit 33G, Times Fortune Building, Futian District, Southeast Part, Shenzhen, the PRC with a gross floor area of 207.96 square metres; and
- (h) RMB6,226,623 (approximately HK\$7,073,444) for Unit 33H, Times Fortune Building, Futian District, Southeast Part, Shenzhen, the PRC with a gross floor area of 266.97 square metres.

The Consideration has been satisfied in the following manner and financed by the Group's internal resources:

- RMB3,680,000 (approximately HK\$4,180,480) has been paid to the Vendor as deposits; and
- RMB36,322,273 (approximately HK\$41,262,102) has been paid into an escrow bank account as agreed by the Vendor and the WOFE on or before 30 September 2009.

Completion

The completion of the Acquisition shall take place on the date the real estate title certificates in the name of the WOFE are issued.

REASONS 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 that the Acquisition is a good opportunity for the Company to expand its investment portfolio. Taking into account the favourable consideration of the Acquisition as compared with the value of the PRC Property according to the valuation conducted by an independent valuer, the Directors consider that the terms of the Formal Agreements are fair and reasonable and are of normal commercial terms, and in the interest to the Company and the shareholders of the Company 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.

In this announcement, the translation of Renminbi into Hong Kong dollar is based on the average exchange rate of approximately RMB1 = HK\$1.136 as in the Announcement.

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

Hong Kong, 30 September 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 for at least 7 days and the Company website at www.chinarailwaylogistics.com from the date of this announcement.