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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)**

### **MAJOR TRANSACTION IN RELATION TO ACQUISITION OF PROPERTY AND RESUMPTION OF TRADING**

#### **THE ACQUISITION**

On 11 November 2011 the Purchaser entered into the Provisional Agreement with the Vendor in relation to the acquisition of the Property at a Consideration of HK\$170,980,000.

The Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules as the applicable percentage ratio as defined under Rule 19.07 of the GEM Listing Rules is more than 25% but less than 100%.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 1:30 p.m. on 11 November 2011 pending the release of this announcement. Application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 November 2011.

#### **THE ACQUISITION**

##### **Date**

11 November 2011

##### **Parties**

Purchaser: Charm State International Limited, a wholly-owned subsidiary of the Company

Vendor: Worldsky Limited

The Vendor is a property holding company incorporated in Hong Kong with limited liability.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners 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 a residential house located at No. 8 Plunkett's Road, the Peak, Hong Kong with garden space of an aggregate net floor area of 2,880 sq. ft. The Property is currently self-occupied by the directors of the Vendor. The Group intends to use the Property for investment purpose.

## **Consideration and terms of payment**

The Consideration is HK\$170,980,000 which was determined after arm's length negotiations between the parties to the Provisional Agreement in normal commercial terms. The appraised market value of the Property of HK\$180 million (as at 8 November 2011) as indicated in an independent valuation report prepared by an independent valuer appointed by the Purchaser.

The Consideration has been and will be paid in the following manners:

- (i) an initial deposit of HK\$8,549,000 (the "Initial Deposit") has been paid upon signing of the Provisional Agreement on 11 November 2011;
- (ii) further deposit of HK\$17,098,000 (the "Further Deposit") will be paid on or before 25 November 2011 upon signing the Formal Agreement; and
- (iii) the balance of the Consideration of HK\$145,333,000 will be paid upon completion of the Acquisition on or before 18 January 2012.

The Consideration will be funded by the Group's internal resources and external financings may be sought for, including but not limited to banking facilities, on the Property in due course.

## **Conditions precedents of the Provisional Agreement**

The Completion is conditional upon:

- (a) the Purchaser is the wholly-owned subsidiary of the Company; and
- (b) the Purchaser shall have obtained approval of the Shareholders in the SGM to the Acquisition and satisfaction of any other relevant regulatory authority requirement.

Should the condition precedents as stated in the Provisional Agreement be not fulfilled by the Purchaser on or before 9 January 2012, the Purchaser shall inform the Vendor and provide evidence to the Vendor to prove the same. Subject to the above, the Purchaser shall be entitled to annul the sale and in which case, the Vendor and the Purchaser shall enter into a cancellation agreement (the "Cancellation Agreement") at the costs and expenses of the Purchaser and the Initial Deposit and the Further Deposit paid shall be returned to the Purchaser upon signing of the Cancellation Agreement.

Upon entering into the Cancellation Agreement, the Purchaser shall reimburse the Vendor for all costs, disbursements and expenses relating to the sale of the Property incurred by the Vendor for entering into the Acquisition subject to the production of relevant receipts and/or demand note and subject to a cap equal to 1% of the Consideration in the Provisional Agreement.

## **Completion of the Acquisition**

Pursuant to the Provisional Agreement, the Formal Agreement is expected to be signed on or before 25 November 2011 and the Completion is expected to take place on or before 18 January 2012.

Pursuant to the Provisional Agreement, the Purchaser shall grant to the Vendor a licence to occupy and remove the furniture of the Property for a period from the date of the Completion to 31 March 2012 at a nominal licence fee of HK\$1.

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

The Company is an investment holding company. The Group is principally engaged in businesses of computer telephony, properties investments, securities trading and loan financing.

The Directors consider the Acquisition as an opportunity to expand the Group's investment portfolio in the local property market. In view of the bi-polarization of the residential property markets, in terms of the price extremity, in Hong Kong, the Directors believe that the value of the luxury residential homes will have a strong appreciation in future.

The Directors consider that the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

The Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules as the applicable percentage ratio as defined under Rule 19.07 of the GEM Listing Rules is more than 25% but less than 100%

A circular containing, among other matters, further details of the Acquisition and notice of the SGM will be dispatched to the Shareholders in accordance with the requirements of the GEM Listing Rules on or before 2 December 2011.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the Shareholders have any material interest in the Acquisition and no Shareholder is required to abstain from voting if the Company were to convene the SGM for the approval of the Acquisition.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 1:30 p.m. on 11 November 2011 pending the release of this announcement. Application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 November 2011.

## **DEFINITION**

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meaning:

“Acquisition”	the acquisition of the Property
“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
“Completion”	completion of the Acquisition on or before 18 January 2012
“Consideration”	the total consideration of HK\$170,980,000 payable by the Purchaser to the Vendor for the Acquisition pursuant to the Provisional Agreement
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement to be entered into between the Purchaser and the Vendor in relation to the Acquisition
“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
“Property”	a residential house located at No. 8 Plunkett’s Road, the Peak, Hong Kong
“Provisional Agreement”	the provisional sale and purchase agreement dated 11 November 2011 (as supplemented and amended by a supplemental agreement dated 11 November 2011 and a side agreement dated 11 November 2011) entered into between the Vendor and the Purchaser in relation to the Acquisition
“Purchaser”	Charm State International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Acquisition and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Vendor”	Worldsky Limited, a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollar(s), 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, 11 November 2011

*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 GEM Listing Rules 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the "Latest Company Announcements" 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.*

*\* For identification purpose only*