

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

CHINA RAILWAY LOGISTICS LIMITED

中國鐵路貨運有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8089)

ANNOUNCEMENT

The board of directors (the "Board") of China Railway Logistics Limited (the "Company", together with its subsidiaries, the "Group") makes this announcement in order to keep Shareholders and investors generally apprised of recent developments.

Reference is made to the circular to the Shareholders dated 25 May 2007 (the "Circular") in relation to the very substantial acquisition and the proposed change of name.

The Circular refers to a reorganisation of the Company following the completion of the acquisition of Eternity Profit Investments Limited ("Eternity Profit"). It also refers to a joint venture between (i) Onway Logistics Limited ("Onway Logistics"), in which the Company has a 61.25% interest, (ii) Guangdong China Railway Television Media Limited ("Guangdong China Railway"), and (iii) Beijing Run Tong Transportation Consulting Company Limited ("Beijing Run Tong"), for the establishment of a China-foreign cooperative joint venture company, China Railway Television Freight and Logistics Transport Co Ltd (the "PRC Subsidiary"). The Company indirectly holds a 49% equity interest in the PRC Subsidiary. As at the date of this announcement, Onway Logistics has contributed the capital sum of HK\$151,980,000 into the PRC Subsidiary pursuant to the joint venture agreement.

The Company has encountered problems with the joint venture, principally concerning the control of the board of directors (the "PRC Board") of the PRC Subsidiary. In or around August 2007, it had come to the Company's attention that the joint venture agreement that was submitted to the Ministry of Commerce ("MOC"), and which formed the basis of the MOC's approval on 9 April 2007 (the "Approved Agreement") was not in the terms that the Company had understood governed the joint venture as the Company had been operating on the assumption that Onway Logistics had control of the PRC Board. The Company had understood Onway Logistics had the right to appoint 4 out of 7 directors to the PRC Board, one of which is to be the Chairman, effectively giving Onway Logistics majority control of the PRC Board. However, the Approved Agreement provides that Onway Logistics can only appoint 3 out of 7 directors to the PRC Board, and the right to

appoint the Chairman is with Guangdong China Railway. The Company's understanding was that Onway Logistics would have control of the PRC Board, as it accords with the terms of the joint venture agreement which had been executed by the parties on 25 January 2007.

It has also recently come to the Company's attention that although approval had been obtained by the Ministry of Commerce of the PRC on 9 April 2007 to convert the PRC Subsidiary from a domestic company into a China-foreign cooperative joint venture Company, the PRC Subsidiary has not yet been formally converted as such. The Company has been advised by its PRC lawyers that, as a consequence, Onway Logistics has not been formally registered as a shareholder of the company. However, on the basis of the capital injection, the Company is advised that Onway Logistics nonetheless has an enforceable contractual entitlement to the delivery of its shareholding in the PRC Subsidiary.

The Company has been investigating, and is currently in negotiations with its joint venture partners to try to resolve the above matters, particularly with the aim to regain control of the PRC Board. The Company is working with its PRC legal advisers to implement the necessary steps to formally convert and establish the PRC Subsidiary as a China-foreign cooperative joint venture and be registered as a shareholder of the PRC Subsidiary, and also taking Hong Kong and PRC legal advice as to the necessary steps that it should take to protect its, and the Group's, interests. In the meantime, Shareholders should be aware that the Company may not be able to achieve a restructuring of the board of the PRC Subsidiary. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

The Company will make further announcements in relation to this matter as and when it considers appropriate.

By order of the Board
China Railway Logistics Limited
Ha Shu Tong
Executive Director and Chief Executive Officer

Hong Kong, 28 February 2008

As at the date hereof, the Company's executive directors are Mr. Ha Shu Tong, Mr. Zeng Bangjian, Mr. Ng Kam Wing, Mr. Koh Tat Lee, Michael and Mr. Lim Kwok Choi; the Company's non-executive director is Tsang Chi Hin, and the Company's independent non-executive directors are Mr. Leung Lok Ming, Mr. Chan Ho Wah, Terence, Mr. Chong Cha Hwa, Dr. James Wing Ho Wong and Mr. Lok Shing Kwan, Sunny.

This announcement, for which the directors of China Railway Logistics Limited 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 (the “GEM Listing Rules”) for the purpose of giving information with regard to China Railway Logistics Limited. The Directors, 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 Company’s website at www.chinarailwaylogistics.com and on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting.

** For identification purpose only*