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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)

Announcement

Reference is made to China Railway Logistics Limited's (the "**Company**") 2007 annual result announcement ("**Announcement**") dated 28 March 2008 in which it was announced, inter alia, the formation of a special committee ("**Special Committee**") to review (the "**Review**") the issues in relation to the acquisition of Eternity Profit Investments Limited ("**Eternity Profit**"). The Special Committee is formed with the authority of the board of directors of the Company (the "**Board**") with the aim to, among others, (i) review the circumstances surrounding the acquisition of Eternity Profit; and (ii) identify a strategy to protect the Company's and its subsidiaries' (together the "**Group**") interests in China Railway Onway Freight Logistics and Transport Company Limited (the "**PRC Subsidiary**").

On 19 May 2009, the Special Committee submitted to the Board the limitations and difficulties faced by the Special Committee in the conduct of the Review, including the limitation on the power of the Special Committee to conduct investigation and, as a result thereof, the difficulties to draw a comprehensive, objective and accurate conclusion therefrom, the fact that the Company's interest in Eternity Profit and the PRC Subsidiary have already been disposed of (the "**Disposal**") and the tremendous amount of cost and expenses that would be required to complete the Review.

After much deliberation, the Board has resolved on 29 May 2009 to dissolve the Special Committee. The Board wishes to express its regret that the Review could not come to a fruitful conclusion, but believes this to be in the best interests of the Company and its shareholders as a whole, given the state of the global markets and the extravagant costs that would inevitably be incurred should it proceed with the Review, and coupled with the fact that the Company has already attempted to mitigate any adverse impact on the Company through the Disposal.

The Board would like to take this opportunity to thank the members of the Special Committee and the various professional parties involved for their many months of hard work.

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

Hong Kong, 2 June 2009

* *For identification purpose only*

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 Raymond Shiu Cheung and Mr. Lam Ka Wai Graham.

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 GEM for the purpose of giving information with regard to the issuer. 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 GEM website at www.hkgem.com for at least 7 days and the Company website at www.chinarailwaylogistics.com from the date of this announcement.