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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)

AMENDMENTS TO PRIVATE PLACING OF NON-LISTED WARRANTS

Reference is made to the announcement of the Company dated 10 June 2009 in relation to, among other matters, private placing of 110,000,000 non-listed Warrants.

The Board announces that on 8 September 2009, after arm's length negotiation between the Company and the Placing Agent, the Company and the Placing Agent agreed to amend (i) the latest condition fulfillment date from 8 September 2009 to 8 November 2009; (ii) the Warrant Issue Price from HK\$0.05 to HK\$0.03 per unit of Warrant; and (iii) the Warrant Exercise Price from HK\$1.40 to HK\$0.80 per New Share issued pursuant to the Warrants.

Reference is made to the announcement (the "Announcement") of the Company dated 10 June 2009 in relation to, among other matters, private placing of 110,000,000 non-listed Warrants. Capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

AMENDMENTS TO THE WARRANT PLACING AGREEMENT

The Board announces that on 8 September 2009, after arm's length negotiation between the Company and the Placing Agent, the Company and the Placing Agent agreed to amend the terms of the Warrants Placing Agreement as follow:

Condition fulfillment date

The latest date for fulfilling the conditions as set out in the Warrant Placing Agreement has been extended from 8 September 2009 to 8 November 2009.

Warrant Issue Price

The Warrant Issue Price has been amended from HK\$0.05 to HK\$0.03 per unit of Warrant.

Warrant Exercise Price

The Warrant Exercise Price has been amended from HK\$1.40 to HK\$0.80 per New Share issued pursuant to the Warrants.

* *For identification purpose only*

The amended Warrant Exercise Price of HK\$0.80 represents:

- (i) a discount of approximately 14.89% to the closing price of HK\$0.94 per Share as quoted on the Stock Exchange on 7 September 2009, being the last trading day before the Company and the Placing Agent agreed on the amended terms;
- (ii) a discount of approximately 12.47% to the average closing price of HK\$0.914 per Share as quoted on the Stock Exchange for the last five trading days up to and including 7 September 2009; and
- (iii) a discount of approximately 50.22% to the unaudited net asset value per Share of HK\$1.607 (based on the unaudited net asset value of HK\$906,090,000 as at 30 June 2009 over the existing issued share capital of 563,814,000 Shares as at the date of this announcement).

The aggregate of the amended Warrant Issue Price of HK\$0.03 and the amended Warrant Exercise Price of HK\$0.80 represents:

- (i) a discount of approximately 11.7% to the closing price of HK\$0.94 per Share as quoted on the Stock Exchange on 7 September 2009;
- (ii) a discount of approximately 9.19% to the average closing price of HK\$0.914 per Share as quoted on the Stock Exchange for the last five trading days up to and including 7 September 2009; and
- (iii) a discount of approximately 48.35% to the unaudited net asset value per Share of HK\$1.607 (based on the unaudited net asset value of HK\$906,090,000 as at 30 June 2009 over the existing issued share capital of 563,814,000 Shares as at the date of this announcement).

It is expected that the net price of each New Share to be issued upon the exercise of the rights under the Warrants, after deducting necessary related expenses, will be approximately HK\$0.827 per New Share.

INTENDED USE OF PROCEEDS

It is intended that the net proceeds of approximately HK\$3 million from the Warrant Placing will be applied as general working capital of the Group and any additional proceeds from the issue of the New Shares of approximately HK\$88 million upon exercise of the subscription rights attaching to the Warrants in future will be applied as funds for future development of the Group when investment opportunities arise. As at the date of this announcement, the Company has not identified any specific investment plans. Since the exercise of the subscription rights attaching to the Warrants is at the discretion of the holders of the Warrants, the Company is not able to ascertain the exact additional proceeds which may be raised from the issue of the New Shares as at the date of this announcement. Assuming the full exercise of the subscription rights attaching to the Warrants, the net proceeds, including the funds raised by the Warrant Placing, to be raised is approximately HK\$91 million, net of, among other commission, fees, legal fees, printing expenses and the fees for the application of listing of the New Shares.

REASONS FOR THE AMENDMENTS TO THE WARRANT PLACING AGREEMENT

Having considered the recent decrease in the market price of the Shares, the Directors are of the view that both the Warrant Issue Price and the Warrant Exercise Price and the aggregate of which are fair and reasonable, which are determined after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the amendments are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Save as disclosed above, all other terms and conditions of the Warrant Placing Agreement shall remain unchanged.

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

Hong Kong, 8 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.