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China Railway Logistics Limited

中國鐵路貨運有限公司*

(於百慕達註冊成立之有限公司)

(股份代號：8089)

MAJOR TRANSACTION AND RESUMPTION OF TRADING

THE DISPOSAL

The Board announces that on 21 October 2009 (after trading hours), the Vendor (as confirmor), a wholly-owned subsidiary of the Company entered into the Provisional Agreement with the Purchaser in relation to the disposal of the Property at a consideration of HK\$134,423,700.

The Disposal constitutes a major transaction on the part of the Company under Rule 19.06 of the GEM Listing Rules and is subject to notification, announcement and shareholders' approval requirements under the GEM Listing Rules.

A circular containing, among other matters, further details of the Disposal and notice of the SGM will be dispatched to the Shareholders as soon as practicable and in compliance with the GEM Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 22 October 2009 pending for the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 23 October 2009.

The Board announces that on 21 October 2009 (after trading hours), the Vendor (as confirmor), a wholly-owned subsidiary of the Company entered into the Provisional Agreement with the Purchaser in relation to the disposal of the Property at a consideration of HK\$134,423,700.

THE PROVISIONAL AGREEMENT

Date

21 October 2009 (after trading hours)

** For identification purpose only*

Parties

Vendor : Richmax Corporation Limited, a wholly-owned subsidiary of the Company

Purchaser : Miracle Merchandising & Sourcing Limited

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in merchandising of garments.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner 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 disposed

Reference is made to the announcement of the Company dated 21 August 2009 (the "Announcement") whereby it was announced that the Vendor entered into a provisional agreement dated 20 August 2009 to acquire the Property at a consideration of HK\$117,427,600. The completion of the acquisition is expected to take place on or before 30 November 2009.

Pursuant to the Provisional Agreement, the Vendor is selling as confirmor and the Purchaser is purchasing the Property subject to the terms and conditions of the Head Agreement.

The Property is located at Office Unit on the 8th Floor, Low Block, Grand Millennium Plaza, No. 181 Queen's Road Central, Hong Kong with an aggregate gross floor area of approximately 15,451 sq. ft.

The Property is to be disposed together with a tenancy at Office Units Nos. 803-806 on 8th Floor, Low Block, Grand Millennium Plaza, No. 181 Queen's Road Central, Hong Kong for a fixed term of 33 months from 27 March 2008 to 26 December 2010 (both days inclusive). The existing rental income of the tenancy is HK\$293,160 per month, exclusive of rates, management fee and air-conditioning charges.

Consideration

The consideration for the Disposal is HK\$134,423,700 which was determined after arm's length negotiations between the parties to the Provisional Agreement in normal commercial terms having taken into account the valuation on the Property conducted by an independent valuer. The Property is valued at HK\$127,000,000 on an open market basis by adopting the comparison approach as at 18 August 2009.

The consideration for the Disposal has been and will be paid in the following manner:

- HK\$6,721,185 was paid upon signing the Provisional Agreement on 21 October 2009;
- HK\$22,017,675 will be paid upon signing the Formal Agreement on or before 4 November 2009; and
- HK\$105,684,840 will be paid upon completion of the Disposal on or before 2:00 p.m. on 30 November 2009.

Completion

The completion of the Disposal will take place on or before 30 November 2009.

REASON FOR AND BENEFITS OF THE DISPOSAL

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 Disposal represents a good opportunity for the Company to realise its investment in the Property at a gross profit of approximately HK\$16,996,000.

Taking into account the favourable consideration of the Disposal as compared with the cost of acquisition of the Property, the Directors consider that the terms of the Provisional Agreement are fair and reasonable and are of commercial interest to the Company and its shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Subject to audit, the Company expects to record a consolidated gross profit of approximately HK\$16,996,000 arising from the Disposal as calculated by reference to the purchase cost of the Property of HK\$117,427,600 and the consideration for the Disposal of HK\$134,423,700.

USE OF PROCEEDS

The Directors expect that the proceeds from the Disposal will be used for payment pursuant to the Head Agreement and the balance will be used for general working capital of the Group.

LISTING RULES IMPLICATION

The Disposal constitutes a major transaction on the part of the Company under Rule 19.06 of the GEM Listing Rules and is subject to notification, announcement and shareholders' approval requirements under the GEM Listing Rules. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no Shareholders have a material interest in the Disposal and are required to abstain from voting at the SGM.

A circular containing, among other matters, further details of the Disposal and notice of the SGM will be dispatched to the Shareholders as soon as practicable and in compliance with the GEM Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 22 October 2009 pending for the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 23 October 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“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
“Director(s)”	director(s) of the Company
“Disposal”	a disposal of the Property by the Vendor to the Purchaser pursuant to the Agreement
“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
“Head Agreement”	the formal sale and purchase agreement dated 16 September 2009 entered into between the Vendor (as purchaser) and Millennium (BVI) No. 2 Limited (as vendor) in relation to the acquisition of the Property
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor on or before 4 November 2009 in relation to the Disposal
“Provisional Agreement”	the provisional sale and purchase agreement entered into between the Purchaser and the Vendor on 21 October 2009 in relation to the Disposal
“Property”	a property located at Office Unit on the 8th Floor, Low Block, Grand Millennium Plaza, No. 181 Queen’s Road Central, Hong Kong
“Purchaser”	Miracle Merchandising & Sourcing Limited, a company incorporated in Hong Kong with limited liability
“SGM”	the special general meeting of the Company to be held for approving the Disposal
“Share(s)”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	Richmax Corporation Limited, incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, 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, 22 October 2009

As at the date of this announcement, 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 and the Company website at www.chinarailwaylogistics.com for at least 7 days from the date hereof.