



MP LOGISTICS INTERNATIONAL HOLDINGS LIMITED

MP 物流國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8239)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

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This announcement, for which the directors of MP Logistics International Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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: (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.

** For identification purposes only*

FINANCIAL RESULTS

The board of directors (the "Board") of MP Logistics International Holdings Limited (the "Company") herein presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 September 2007 together with the comparative unaudited figures for the corresponding periods in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 September 2007

		Six months ended 30 September 2007 (unaudited) HK\$'000		Three months ended 30 September 2007 (unaudited) HK\$'000	
	Notes		2006 (unaudited) HK\$'000		2006 (unaudited) HK\$'000
TURNOVER	3	9,743	18,567	4,619	9,509
Cost of sales		(7,185)	(17,083)	(3,162)	(8,759)
Gross profit		2,558	1,484	1,457	750
Other revenue		1,077	144	738	103
Selling and distribution costs		(428)	(708)	(164)	(284)
Administrative expenses		(7,322)	(5,067)	(4,233)	(2,620)
LOSS FROM OPERATING ACTIVITIES		(4,115)	(4,147)	(2,202)	(2,051)
Finance costs		(72)	(63)	(43)	(30)
LOSS BEFORE INCOME TAX	4	(4,187)	(4,210)	(2,245)	(2,081)
Income tax	5	–	(3,149)	–	(3,149)
Net loss attributable to equity holders of the Company		(4,187)	(7,359)	(2,245)	(5,230)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	6				
Basic (cent)		HK(0.24)	HK(0.25)	HK(0.14)	HK(0.17)
Diluted (cent)		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2007

	Notes	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
NON-CURRENT ASSETS			
Fixed assets		1,477	1,568
Deferred tax assets		180	180
		1,657	1,748
CURRENT ASSETS			
Deposit for acquisition in an investment	7	70,000	–
Accounts receivable	8	4,977	5,847
Prepayments, deposits and other receivables		6,481	4,565
Cash and bank balances		76,453	8,414
		157,911	18,826
CURRENT LIABILITIES			
Accounts payable	9	581	1,024
Accrued expenses and other payables		5,906	5,872
Current portion of finance lease payables		238	374
		6,725	7,270
NET CURRENT ASSETS		151,186	11,556
TOTAL ASSETS LESS CURRENT LIABILITIES		152,843	13,304
NON-CURRENT LIABILITIES			
Finance lease payables		–	615
Deferred tax liabilities		264	264
		264	879
NET ASSETS		152,579	12,425
FINANCED BY			
Share capital	10	19,200	15,000
Reserves		133,379	(2,575)
TOTAL EQUITY		152,579	12,425

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the six months ended 30 September 2007

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	(5,279)	(126)
Net cash (used in) investing activities	(71,023)	(19)
Net cash generated from/(used in) financing activities	144,341	(357)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	68,039	(502)
Cash and cash equivalents at the beginning of period	8,414	1,455
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	76,453	953
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	76,453	953

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Acc- umulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 April 2006	3,000	14,946	3,867	(10,888)	10,925
Net loss for the period	–	–	–	(7,359)	(7,359)
As at 30 September 2006	3,000	14,946	3,867	(18,247)	3,566

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Acc- umulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 April 2007	15,000	14,946	3,867	(21,388)	12,425
Net loss for the period	–	–	–	(4,187)	(4,187)
Issue of new shares for placing	3,000	90,300	–	–	93,300
Issuing cost for placing	–	(2,959)	–	–	(2,959)
Issue of new shares for exercise of share option	1,200	52,800	–	–	54,000
As at 30 September 2007	19,200	155,087	3,867	(25,575)	152,579

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 12 June 2002 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-111, Cayman Island.

The principal activity of the Company is an investment holding. The Group are principally engaged in the provision of logistics services. There have been no significant changes in the nature of the Group's principal activities during the period.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention and in accordance with the Hong Kong Accounting Standard 34 (HKAS 34) "Interim Financial Reporting" by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 January 2007, the adoption has no significant impact on the Group's results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

The principal accounting policies used in the preparation of the interim financial statements are consistent with those used in the financial statements for the year ended 31 March 2007.

The unaudited consolidated results of the Group for the six months ended 30 September 2007 are unaudited but have been reviewed by the Company's Audit Committee.

All significant transactions and balances within the Group have been eliminated on consolidation.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the invoiced value of logistics services provided.

The logistics services provided by the Group consists of co-ordinating various logistics services in the following areas:

- (i) Sea freight forwarding;
- (ii) Road freight forwarding;
- (iii) Air freight forwarding; and
- (iv) Other related logistics services such as customs declaration and clearance, purchasing insurance policies on behalf of the customers, repackaging and storage.

An analysis of the Group's turnover derived from various logistics services during the six months ended 30 September 2007 and 2006 is as follows:

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover		
Sea freight forwarding	2,016	8,769
Road freight forwarding	7,407	9,121
Air freight forwarding	18	212
Other related logistics services	302	465
	9,743	18,567

(a) Geographical segments

Segment information is presented in respect of the Group's geographical segments. In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location where the services are rendered.

All the Group's services are rendered in Hong Kong, therefore no further geographical analysis of revenue or results is presented.

(b) Business segments

Further information has not been disclosed in respect of the Group's business segments as the Group is solely engaged in the provision of logistics services.

4. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after (crediting)/charging:

	Six months ended		Three months ended	
	30 September		30 September	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	971	—	673	—
Interest on finance leases	72	63	52	30
Depreciation	363	514	187	257

5. INCOME TAX

The amount of income tax in the consolidated results of the Group represents:

	Six months ended 30 September 2007 (Unaudited) HK\$'000		Three months ended 30 September 2007 (Unaudited) HK\$'000	
		2006 (Unaudited) HK\$'000		2006 (Unaudited) HK\$'000
Hong Kong profits tax for the period	–	–	–	–
Deferred tax:				
Reversal of deferred tax assets	–	(3,149)	–	(3,149)
Tax charge for the period	–	(3,149)	–	(3,149)

No provision for income tax has been made (three months and six months ended 30 September 2006: Nil) as the Group has an estimated loss for Hong Kong profits tax purposes during the three months and six months ended 30 September 2007.

The Group has reviewed the carrying amount of deferred tax assets at 30 September 2007 and no deferred tax has been provided because there were no significant temporary differences at the respective balance sheet dates.

6. LOSS PER SHARE

The calculations of basic loss per share for the three months and six months ended 30 September 2007 are based on the unaudited net loss attributable to equity holders of the Company for the three months and six months ended 30 September 2007 of approximately HK\$2,245,000 and HK\$4,187,000 respectively (three months and six months ended 30 September 2006: approximately HK\$5,230,000 and HK\$7,359,000 respectively) and 420,000,000 shares in issue during the three months and six months ended 30 September 2007 (three months and six months ended 30 September 2006: 300,000,000 shares).

No diluted loss per share has been presented as no dilutive events existed during the three months and six months ended 30 September 2007 and 2006.

7. DEPOSIT FOR ACQUISITION IN AN INVESTMENT

The amounts represented the deposit for acquisition of the entire share capital of Ming Kei Kai Yuan Investment Company Limited (the "Ming Kei Kai Yuan"), for further details, please refer to the Company's circular dated 15 October 2007. The completion of the acquisition is under processing.

8. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are on credit for which the credit period is generally up to 60 days, except for certain well-established customers having strong financial strength, good repayment history and creditworthiness, where the terms are extended beyond 60 days.

Ageing analysis of the Group's accounts receivable at the balance sheet date, based on invoice date, is as follows:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Within 90 days	1,291	4,150
Between 91 and 180 days	3,686	1,697
Between 181 and 365 days	–	–
	4,977	5,847

9. ACCOUNTS PAYABLE

Ageing analysis of the Group's accounts payable at the balance sheet date, based on invoice date, is as follows:

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
Within 90 days	367	958
Between 91 and 180 days	214	66
Between 181 and 365 days	–	–
	581	1,024

10. SHARE CAPITAL

	Number of shares	Value as at 30 September 2007 (Unaudited) <i>HK'000</i>
Authorised		
10,000,000,000 ordinary shares of HK\$0.01 each	10,000,000,000	100,000
Issue and fully paid		
As at 1 April 2007	1,500,000,000	15,000
Issue of new shares for placing	300,000,000	3,000
Issue of new shares for exercise of share options	120,000,000	1,200
	<u>1,920,000,000</u>	<u>19,200</u>

The Company has a share option scheme for Directors and eligible participants of the Group. There were no outstanding share options at the beginning and the end of the period.

During the period, 120,000,000 share options were granted and exercised.

As a result of the exercise of the Company's share options and the placing, additional 420,000,000 new ordinary shares were allotted and issued by the Company during six months ended 30 September 2007.

11. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2007 (six months ended 30 September 2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

General

The Group is principally engaged in coordinating various logistics services for its customers. The logistics services provided by the Group include sea freight forwarding, road freight forwarding, air freight forwarding and other related logistics services such as customs clearance and declaration, purchasing on behalf of customers of insurance policies, repackaging and storage. The services provided for each assignment may consist of a combination of the services described above.

FINANCIAL REVIEW

Results

During the six months ended 30 September 2007, the Group recorded a turnover of approximately HK\$9.7 million (six months ended 30 September 2006: approximately HK\$18.6 million), a decrease of approximately 47.8% compared to the corresponding period in previous year. The decrease in turnover was attributed to the decrease in number of existing customers due to increasing competition in the logistics industry. During the period under review, income derived from logistics services relating to sea freight forwarding, road freight forwarding, air freight forwarding and other related logistics services represented approximately 20%, 76%, 1% and 3% respectively of the Group's total turnover (six months ended 30 September 2006: approximately 47%, 49%, 1% and 3% respectively).

The Group's gross profit increased by approximately 72.4% from approximately HK\$1.5 million for the six months ended 30 September 2006 to approximately HK\$2.6 million for the current period due to a more proper cost control. Net loss attributable to equity holders of the Company for the six months ended 30 September 2007 amounted to approximately HK\$4.2 million (six months ended 30 September 2006: approximately HK\$7.4 million). The decrease in net loss compared to the corresponding period in previous year was mainly attributed to decrease in turnover. Gross profit margin increased from approximately 7.9% in the six months ended 30 September 2006 to approximately 26.3% in the six months ended 30 September 2007 as the Group had negotiated a more competitive fee with its services providers.

During the six months ended 30 September 2007, selling and distribution costs decreased by approximately 39.5% to approximately HK\$0.4 million compared to approximately HK\$0.7 million for the corresponding period in previous year due to the decrease in entertainment expenses and business travel expenses as the Group executed stricter costs control. Administrative expenses increased by approximately 44.5% to approximately HK\$7.3 million compared to approximately HK\$5.1 million for the corresponding period in previous year. The increase was mainly attributed to increase in rent, rates and building management fee as the Group had rented an addition new office.

Liquidity, financial resources and capital structure

As at 30 September 2007, the Group had net current assets of approximately HK\$151.2 million (31 March 2007: approximately HK\$11.5 million) including cash and bank balances of approximately HK\$76.5 million. The Group had no bank overdraft as at 30 September 2007. As at 31 March 2007, the Group had cash and bank balances of approximately HK\$8.4 million and no bank overdraft.

The Group had no overdraft facilities and bank borrowings as at 31 March 2007 and 30 September 2007 respectively. As at 30 September 2007, the Group had obligations under finance leases of approximately HK\$0.24 million (31 March 2007: approximately HK\$0.99 million), of which approximately HK\$0.24 million was repayable within one year (31 March 2007: approximately HK\$0.37 million) and nil repayable beyond one year but within five years (31 March 2007: approximately HK\$0.62 million). The debt ratio (defined as total liabilities over total assets) of the Group as at 30 September 2007 was approximately 0.04 (31 March 2007: approximately 0.39).

The functional currencies of the Group's operations are HK Dollars and Renminbi, hence the Board considers that the exchange rate risk of the Group is minimal. No hedging or other arrangements to reduce the currency risk have been implemented.

Capital Structure

The shares of the Company were listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("GEM") since 15 November 2002.

On 23 May 2007, the Company entered into the conditional placing agreement with the placing agent on a best endeavour basis for the placing of 300,000,000 new shares to not less than six placees at the placing price of HK\$0.311 per placing share. Following the completion of the placing of the new shares on 13 June 2007, the total issued share capital has been increased and enlarged to 1,800,000,000 shares.

In addition, on 11 July 2007, 120,000,000 share options were exercised by the eligible participants and 120,000,000 new shares were issued and allotted on 25 July 2007.

As at 30 September 2007, the total issued share capital has been enlarged to 192,000,000 shares.

Significant investment held, material acquisition, disposal of subsidiaries and affiliated companies

On 3 July 2007, the Company's indirectly wholly owned subsidiary – Star Fortune International Investment Company Limited entered into the sales and purchases agreement (the "S&P Agreement") to acquire the entire issued share capital of Ming Kei International Holding Co. Limited, Mr. Wong Wai Sing and Mr. Wong Wai Ngok (all together the "Vendors") with a consideration of HK\$1 billion which satisfied as to out of the deposit of HK\$70,000,000 by cash, HK\$360,000,000 by considerations shares, HK\$288,000,000 by convertible bonds and balance of HK\$282,000,000 by promissory note.

This acquisition constitutes a very substantial acquisition on the part of the Company under the GEM Listing Rules and is subject to the approval of the shareholders at the extraordinary general meeting of the Company. The respective resolutions were passed by the shareholders on 12 November 2007 and the completion of the acquisition is under processing. Details of the acquisition were set out in the circular of the Company dated 15 October 2007.

Deposit of HK\$70,000,000 was paid as a deposit for acquisition in an investment.

Save as disclosed above, there were no significant investments held, material acquisition, disposals of subsidiaries and affiliated companies during the six month ended held by the Group (31 March 2007: Nil).

Operating lease commitments

The Group leases its office premises under operating lease commitments, with leases negotiated for terms ranging from one to two years.

As at 30 September 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
Within one year	1,973	289
In the second to fifth years, inclusive	2,747	–
	4,720	289

Contingent liabilities

On 13 April 2006, a customer filed a writ of summons against Marine Power Company Limited (the "Marine Power"), an indirectly wholly owned subsidiary of the Group as the second defendant, to recover the cargo of goods. According to the documentation filed to the court, the potential claim of failing to recover the cargo of goods will be approximately HK\$580,000.

Further, on 13 April 2006, a customer issued a writ of summons in the High Court of Hong Kong against Marine Power as the defendant to recover certain cargoes from Marine Power, who acted as agent for another carrier in Taiwan in signing a number of bills of lading for transportation of such cargoes from Hong Kong to Brazil. No specified amount was claimed by that customer on the writ of summons.

In addition, on 15 May 2006, a customer issued a writ of summons in the High Court of Hong Kong against Marine Power as the defendant to recover certain cargoes from Marine Power, who acted as agent for another carrier in Taiwan in signing a number of bills of lading for transportation of such cargoes from Hong Kong to Brazil. No specified amount was claimed by that customer on the writ of summons.

Based on the advice of Marine Power's legal adviser, the directors are of the view that Marine Power has sufficient funds to defend. Accordingly, no provision has been made in the Company's account.

The Group had no other material contingent liabilities as at 30 September 2007 (31 March 2007: Nil).

POST BALANCE SHEET EVENTS

Following the approval of the resolutions in the extraordinary general meeting by the shareholders at 12 November 2007, the Company acquired the entire equity interests in Ming Kei Kai Yuan Investment Company Limited (the "Ming Kei Kai Yuan") at a consideration of HK\$1 billion.

Ming Kei Kai Yuan is principally engaged in mining, sale and distribution of coal in Xinjiang Uygur Autonomous Region (新疆維吾爾自治區) of the PRC.

Convertible bonds in the aggregate amount of HK\$71,640,000 will be issued as part of the consideration. The convertible bond can be converted into shares of the Company at an initial conversion price of HK\$0.9 per share (subject to adjustments in accordance with the terms of the convertible bond) during its conversion period. Further details of which are set out in the Company's circular dated 15 October 2007.

Change of company name

The Company will be renamed as Ming Kei Energy Holdings Limited following the passing of a special resolution at the Company's extraordinary general meeting held on 12 November 2007. The registration of the change of the Company's name at the Registrar of Companies in the Cayman Islands and the Companies Registry in Hong Kong is under processing.

The Company will make further announcements as and when appropriate for the change of the Company name, stock short name, trading arrangement and exchange of share certificates as soon as practicable.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 26 October 2002 pursuant to a written resolution of the Company. On 21 May 2007, options to subscribe for an aggregate of 120,000,000 shares at HK\$0.45 per share had been granted by the Company under the Scheme. On 11 July 2007, all the outstanding 120,000,000 share options were exercised. As at 30 September 2007, no share options granted under the Scheme were outstanding. Particulars and movements of the share options granted under the Scheme were as follows:

Categories of grantees	Date of grant	Exercisable Period	Exercise Price	Closing Price	Outstanding	Granted	Exercise	Outstanding
			per share	at the	as at	during	during	as at
			HK\$	HK\$	01/04/2006	the period	the period	30/06/2006
Employees	21/05/2007	21/05/2007- 22/05/2017	0.45	0.355	–	68,000,000	(68,000,000)	–
Consultants	21/05/2007	21/05/2007- 22/05/2017	0.45	0.355	–	52,000,000	(52,000,000)	–

The directors consider that it is inappropriate to state the value of the options granted under the Scheme on the ground that certain crucial factors for such valuation are variables such as the expected volatility and interest rate, which cannot be reasonably determined at this stage. Any valuation of the share options based on speculation assumptions in respect of these variables would not be meaningful and would be misleading to the shareholders of the Company.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Segment information

Segment information is presented in respect of the Group's geographical segments. In determining the Group's geographical segments, revenue and results are attributed to the segment based on the location where the services are rendered, and assets are attributed to the segment based on the location of the assets. All the Group's services are rendered in Hong Kong, therefore no further geographical analysis of revenue or results is presented.

No information in respect of the Group's business segments are presented as the Group is solely engaged in the provision of logistics services.

Details of the segment information is presented in note 2 to the section headed "Results" of this announcement.

New services

The Group did not introduce new services during the six months ended 30 September 2007.

Future plans for material investments or capital assets

As at 30 September 2007, the Group have a plan for material investment in the PRC. Further details, please refer to the Company's circular dated 15 October 2007 and heading of "Significant investment held, material acquisition, disposal of subsidiaries and affiliated companies" and "Post balance sheet events".

Addition, the Group is constantly looking for any other business opportunities for new possible potential investment to improve the standard performance of the Group and improve shareholders' return.

Employees and remuneration policies

As at 30 September 2007, the Group had 20 (31 March 2007: 12) employees. Total staff costs were approximately HK\$2.1 million for the six months ended 30 September 2007. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in coordinating various logistics services for its customers. The logistics services provided by the Group include sea freight forwarding, road freight forwarding, air freight forwarding and providing other related logistics services such as customs clearance and declaration, purchasing on behalf of customers of insurance policies, repacking and storage. The services provided of each assignment may consist of a combination of the services described above.

During the six months ended 30 September 2007, the Group recorded a substantial decline in turnover as compared to the corresponding period in the previous years as decline in the numbers of customers as well as discontinuous of use of the Group's services.

The Group is aware of the intense competition in the logistics industry, with the entry of more new competitors into the market, the pricing for services provided are under pressure. Hence, the Group is working on various measures to either gradually increase the prices charged for its services by introducing some value added services to its customers or negotiate a better and lower fee with its various services providers. While looking at ways to improve its existing business further, the Group is looking for any other business opportunities elsewhere to improve its standard performance and improve shareholders' return.

To seek more business opportunities and to maximize return to the Group in the long run, the Group entered into a sales and purchases agreement with independent third parties on 3 July 2007 in respect of an acquisition of the entire interest of a company which principally engaged in mining, sales and distribution of coal in Xinjiang Uygur Autonomous Region (新疆維吾爾自治區). For further details, please refer to the Company's circular dated 15 October 2007, the completion of the acquisition is under processing.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 September 2007, the interest and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:

Name	Capacity of interests	Number of shares held	Approximate percentage of shareholding in the Company (Note 1)
Tolmen Star Limited (the "Tolmen Star") (Note 1)	Beneficial owner	902,000,000	46.98
Mr. Guo Xu (Note 1)	Interest of controlled corporation	902,000,000	46.98
Ms. Zhou Ya Ping (Note 1)	Interest of spouse	902,000,000	46.98

Note 1: Tolmen Star is wholly and beneficially owned by Mr. Guo Xu who is the spouse of Ms. Zhou Ya Ping. Accordingly, each of Mr. Guo Xu and Ms. Zhou Ya Ping is deemed to be interested in the 902,000,000 shares in which Tolmen Star is interested.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2007, the interests and short positions of persons, other than the directors or chief executive of the Company, in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long position in shares and underlying shares

Name	Capacity of interests	Number of shares held	Number of underlying shares	Approximate percentage of shareholding in the Company
Tolmen Star Limited (the "Tolmen Star") (Note 1)	Beneficial owner	902,000,000	–	46.98
Mr. Guo Xu (Note 1)	Interest of controlled corporation	902,000,000	–	46.98
Ms. Zhou Ya Ping (Note 1)	Interest of spouse	902,000,000	–	46.98
Ming Kei International Holding Company Limited (the "Ming Kei") (Note 2)	Beneficial owner	–	432,000,000	22.5
Mr. Wong Wai Sing (Note 3 and 4)	Beneficial owner	–	144,000,000	7.5
	Deemed	–	432,000,000	22.5
Mr. Wong Wai Ngok (Note 5 and 6)	Beneficial owner	–	144,000,000	7.5
	Deemed	–	432,000,000	22.5
Ms. Tsang Tsz Kwan (Note 7)	Deemed	–	576,000,000	30
Ms. Wong Ho Yi Chloe (Note 8)	Deemed	–	576,000,000	30

Notes:

1. Tolmen Star is wholly and beneficially owned by Mr. Guo Xu who is the spouse of Ms. Zhou Ya Ping. Accordingly, each of Mr. Guo Xu and Ms. Zhou Ya Ping is deemed to be interested in the 902,000,000 shares in which Tolmen Star is interested.
2. Ming Kei holds 60% beneficial interests of the Ming Kei Kai Yuan Investment Company Limited (the "Ming Kei Kai Yuan"). Of the 432,000,000 shares, 240,000,000 shares refers to the consideration shares and 192,000,000 shares refers to the conversion shares assuming exercise in full the convertible bonds.
3. Mr. Wong Wai Sing holds 20% beneficial interests of the Ming Kei Kai Yuan. Of the 144,000,000 shares, 80,000,000 shares refers to the consideration shares and 64,000,000 shares refer to the conversion shares assuming exercise in full the convertible bonds.
4. Ming Kei is owned as to 50% by Mr. Wong Wai Sing and as to 50% by Mr. Wong Wai Ngok. Therefore Mr. Wong Wai Sing is deemed interested in the shares of Ming Kei.
5. Mr. Wong Wai Ngok holds 20% beneficial interests of the Ming Kei Kai Yuan. Of the 144,000,000 shares, 80,000,000 shares refers to the consideration shares and 64,000,000 shares refer to the conversion shares assuming exercise in full the convertible bonds.
6. Ming Kei is owned as to 50% by Mr. Wong Wai Sing and as to 50% by Mr. Wong Wai Ngok, therefore Mr. Wong Wai Ngok is deemed interested in the shares of Ming Kei.
7. Ms. Tsang Tsz Kwan is the wife of Mr. Wong Wai Ngok, therefore she is deemed interested in the shares of Mr. Wong Wai Ngok.
8. Ms. Wong Ho Yi Chloe is the daughter of Mr. Wong Wai Ngok, and she is under 18 years old, therefore she is deemed interested in the shares of Mr. Wong Wai Ngok.

Save as disclosed above, as at 30 September 2007, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the sections headed "Directors' and chief executives' interests in shares" and the "Share option scheme" above, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2007.

COMPETITION AND CONFLICT OF INTERESTS

As at 30 September 2007, none of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) have engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code"). Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard as set out in the Code.

AUDIT COMMITTEE

The Company established an audit committee on 26 October 2002 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises three members, namely, Mr. Wong Ming, Kerry, Mr. Tam Chak Chi and Mr. Pang Hong Tao, Peter, all are independent non-executive directors of the Company. The unaudited consolidated results of the Group for the six months ended 30 September 2007 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures have been made.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the period ended 30 September 2007 except that (i) no nomination committee of the Board is established and (ii) all independent non-executive director of the Company are not appointed for a specific term.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

By Order of the Board of
MP Logistics International Holdings Limited
Guo Xu
Chairman

Hong Kong, 14 November 2007

As at the date of this announcement, the executive Directors are Mr. Guo Xu, Mr. Cheung King Shan, Mr. Yeung Leung Kong and Mr. Cheung Chi Hwa, Justin and the independent non-executive Directors are Mr. Wong Ming, Kerry, Mr. Tam Chak Chi and Mr. Pang Hong Tao, Peter.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting.