



MP Logistics International Holdings Limited

MP 物流國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)



2005 / 2006 Interim Report

* For identification purposes only

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, 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 report.

This report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The board of directors (the “Board”) of 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 2005 together with the comparative unaudited figures for the corresponding periods in 2004 as follows:

	Notes	Six months ended 30 September		Three months ended 30 September	
		2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000	2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000
TURNOVER	2	43,399	35,698	18,742	17,428
Cost of sales		(40,334)	(30,688)	(17,340)	(15,143)
Gross profit		3,065	5,010	1,402	2,285
Other revenue		96	85	46	4
Selling and distribution costs		(898)	(1,033)	(425)	(485)
Administrative expenses		(5,933)	(3,712)	(3,145)	(1,551)
(LOSS)/PROFIT FROM OPERATING ACTIVITIES		(3,670)	350	(2,122)	253
Finance costs		(55)	(205)	(31)	(109)
(LOSS)/PROFIT BEFORE TAX	3	(3,725)	145	(2,153)	144
Tax	4	-	(25)	-	(25)
NET (LOSS)/PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(3,725)	120	(2,153)	119
(LOSS)/EARNINGS PER SHARE	5				
Basic		HK(1.24) cent	HK0.04 cent	HK(0.72) cent	HK0.04 cent
Diluted		N/A	N/A	N/A	N/A

CONSOLIDATED BALANCE SHEET

		As at 30 September 2005 (Unaudited) <i>HK\$'000</i>	As at 31 March 2005 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets		3,445	3,572
Deferred tax assets		2,013	2,013
		5,458	5,585
CURRENT ASSETS			
Accounts receivable	6	8,304	11,315
Prepayments, deposits and other receivables		6,356	6,735
Time bank deposits		–	10,000
Cash and bank balances		1,051	514
		15,711	28,564
CURRENT LIABILITIES			
Accounts payable	7	4,646	3,984
Accrued liabilities and other payables		469	883
Taxes payable		36	36
Bank overdrafts – secured		–	11,125
Current portion of finance lease payables		717	166
		5,868	16,194
NET CURRENT ASSETS		9,843	12,370
TOTAL ASSETS LESS CURRENT LIABILITIES		15,301	17,955
NON-CURRENT LIABILITIES			
Finance lease payables		1,071	–
Deferred tax liabilities		411	411
		1,482	411
NET ASSETS		13,819	17,544
CAPITAL AND RESERVES			
Share capital		3,000	3,000
Reserves		10,819	14,544
		13,819	17,544

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September 2005 (Unaudited) HK\$'000	Six months ended 30 September 2004 (Unaudited) HK\$'000
Net cash generated from operating activities	801	983
Net cash generated from/(used in) investing activities	147	(2,034)
Net cash generated from/(used in) financing activities	714	(550)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,662	(1,601)
Cash and cash equivalents at beginning of period	(611)	4,697
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,051	3,096
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,051	3,880
Time bank deposits with original maturity of less than three months	-	10,000
Bank overdrafts	-	(10,784)
	1,051	3,096

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained earnings/ (Accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2004	3,000	14,946	3,867	3,676	25,489
Net profit for the period	-	-	-	120	120
At 30 September 2004	3,000	14,946	3,867	3,796	25,609
At 1 April 2005	3,000	14,946	3,867	(4,269)	17,544
Net loss for the period	-	-	-	(3,725)	(3,725)
At 30 September 2005	3,000	14,946	3,867	(7,994)	13,819

Notes:

1. BASIS OF PREPARATION

The accounts have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong, comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2005.

In 2004, the HKICPA issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (the "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has adopted the new HKFRSs in the preparation of accounts for the period from 1 April 2005 onwards. The adoption of the new HKFRSs had no material impact on the Group's results of operations and financial position.

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

2. 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 2005 and 2004 is as follows:

	Six months ended 30 September	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Turnover		
Sea freight forwarding	31,646	17,077
Road freight forwarding	10,427	14,354
Air freight forwarding	523	3,622
Other related logistics services	803	645
	43,399	35,698

(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.

3. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 September		For the three months ended 30 September	
	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000
Interest income	(1)	(5)	-	(4)
Interest on bank overdrafts repayable on demand	11	182	-	98
Interest on finance leases	44	23	30	11
Depreciation	616	429	318	242

4. TAX

No Hong Kong profits tax for the three and six months ended 30 September 2005 have been provided as the Group has an estimated loss during the periods. Hong Kong profits tax for the three and six months ended 30 September 2004 had been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during those periods.

No deferred tax has been provided because there were no significant temporary differences at the respective balance sheet dates.

5. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share for the three and six months ended 30 September 2005 are based on the unaudited net loss from ordinary activities attributable to shareholders for the three and six months ended 30 September 2005 of approximately HK\$2,153,000 and HK\$3,725,000 respectively (three and six months ended 30 September 2004: net profit of approximately HK\$119,000 and HK\$120,000 respectively) and 300,000,000 shares in issue during the three and six months ended 30 September 2005 (three and six months ended 30 September 2004: 300,000,000 shares).

No diluted (loss)/earnings per share has been presented as no dilutive events existed during the three and six months ended 30 September 2005 and 2004.

6. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are on credit for which the credit period is generally up to 60-90 days, except for certain well-established customers having strong financial strength, good repayment history and creditworthiness, where the terms are extended beyond 90 days.

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

	30 September 2005 (Unaudited) HK\$'000	31 March 2004 (Audited) HK\$'000
Within 90 days	7,143	7,014
Between 91 to 180 days	1,029	4,185
Between 181 to 365 days	16	116
Over 365 days	116	–
	8,304	11,315

7. ACCOUNTS PAYABLE

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

	30 September 2005 (Unaudited) HK\$'000	31 March 2005 (Audited) HK\$'000
Within 90 days	4,446	3,108
Between 91 to 180 days	200	876
	4,646	3,984

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2005 (six months ended 30 September 2004: 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. It is the objective of the Group to become one of the pivotal players in the logistics services markets in the Greater China Region.

FINANCIAL REVIEW

Results

During the six months ended 30 September 2005, the Group recorded a turnover of approximately HK\$43.4 million (six months ended 30 September 2004: approximately HK\$35.7 million), an increase of approximately 22% compared to the corresponding period in previous year. The increase in turnover was attributed to the increase in services provided to new and existing customers. 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 73%, 24%, 1% and 2% respectively of the Group's total turnover (six months ended 30 September 2004: approximately 48%, 40%, 10% and 2% respectively).

Net loss from ordinary activities attributable to shareholders for the six months ended 30 September 2005 amounted to approximately HK\$3,725,000 (six months ended 30 September 2004: net profit of approximately HK\$120,000). The decrease was mainly attributed to a decrease in gross profit margin from approximately 14% in the six months ended 30 September 2004 to approximately 7% in the six months ended 30 September 2005 due to lower pricing for the services provided as a result of increasing competitive and higher cost as a result of high oil prices.

During the six months ended 30 September 2005, despite an increase in turnover, selling and distribution costs decreased by approximately 10% to approximately HK\$0.9 million due to the decrease in entertainment expenses as the Group executed stricter costs control. Administrative expenses increased by approximately 59% to approximately HK\$5.9 million due to the increase in fee paid to an agent in the People's Republic of China (the "PRC") to support the Group's operations as a result of increased sale activities and loss on disposal of fixed assets.

Liquidity, financial resources and capital structure

The Group financed its operations primarily with internally generated cash flows. The Group adheres to a prudent financial management policy.

As at 30 September 2005, the Group had net current assets of approximately HK\$9.8 million (31 March 2005: approximately HK\$12.4 million) including cash and bank balance of approximately HK\$1.1 million. The Group had no bank overdraft as at 30 September 2005. As at 31 March 2005, the Group had cash and bank balance (including a time bank deposit) of approximately HK\$10.5 million and bank overdraft of approximately HK\$11.1 million.

As at 30 September 2005, the Group had no overdraft facilities. As at 31 March 2005, overdraft facilities amounting to HK\$12 million were granted to a subsidiary of the Company. These facilities were supported by a corporate guarantee executed by the Company in favour of the bank. In addition, as a condition for such facilities, the Group had to maintain deposits with the bank of an amount of not less than HK\$10 million. As at 30 September 2005, the Group had no bank borrowings (31 March 2005: approximately HK\$11.1 million) and as at the same date, the Group had obligations under finance leases of approximately HK\$1.8 million (31 March 2005: approximately HK\$0.2 million), of which approximately HK\$0.7 million was repayable within one year (31 March 2005: approximately HK\$0.2 million) and approximately HK\$1.1 million was repayable beyond one year but within five years (31 March 2005: Nil). The debt ratio (defined as total liabilities over total assets) of the Group as at 30 September 2005 was approximately 0.35 (31 March 2005: approximately 0.49).

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.

The shares of the Company have been listed on GEM since 15 November 2002. There has been no change in the capital structure of the Company since that date.

Significant investment

During the period under review, there was no significant investment held by the Group (31 March 2005: Nil).

Material acquisition or disposal of subsidiaries and affiliated companies

During the six months ended 30 September 2005, there were no material acquisitions or disposal of subsidiaries and affiliated companies.

Operating lease arrangements

The Group leases its office premises and a director's quarters under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

At 30 September 2005, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2005 (Unaudited) HK\$'000	As at 31 March 2005 (Audited) HK\$'000
Within one year	364	642
In the second to fifth years, inclusive	–	43
	364	685

Contingent liabilities

During the six months ended 30 September 2005, the Group provided guarantees for general banking facilities granted to a wholly-owned subsidiary. As at 30 September 2005, the banking facilities had lapsed and were not renewed and the Group had no other banking facilities. As at 31 March 2005, the Group had contingent liabilities in relation to the above mentioned guarantees and approximately HK\$11.1 million of the banking facilities was utilized at that date.

The Group had no other material contingent liabilities as at 30 September 2005 (31 March 2005: Nil).

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 report.

New services/Contracts on hand

The Group did not introduce new services during the six months ended 30 September 2005.

As at 30 September 2005, the Group's contracts on hand were approximately HK\$3 million for the various services of the Group.

Future plans for material investments or capital assets and expected source of funding

As at 30 September 2005, the Group did not have any plan for material investment or capital assets. Nevertheless, the Group is constantly looking for opportunities for investment or capital assets to enhance shareholders' value.

Employees and remuneration policies

As at 30 September 2005, the Group had 17 (31 March 2005: 18) employees. Total staff costs were approximately HK\$1.2 million for the six months ended 30 September 2005. 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. To date, no share options have been granted to employees.

BUSINESS REVIEW AND PROSPECTS

During the six months ended 30 September 2005, the Group recorded a high level of turnover of approximately HK\$43.4 million. However, this was accompanied by lower level of gross profit margin and higher level of administrative expenses in the PRC to support the Group's increased operations in the PRC. The Board is looking for feasible ways of increasing the gross profit margin and controlling its operating cost.

With the foreign participation in the logistics industry in the PRC since its entry to the World Trade Organisation (WTO), the competition in the logistics industry in the PRC has continued to increase. However, with the PRC continues to be a manufacturing powerhouse, the demands for logistics infrastructures and services will continue to increase as trade volume in the PRC with the world increases with the PRC's entry to the WTO. With the promotion of the growth of the logistics industry in the PRC by the PRC Government and the opening up of foreign participation in the industry, together with the promotion of Hong Kong as the principal center in the Pearl River Delta region and as a leading global logistics center by the Hong Kong Government, the Group is optimistic of the prospects of the logistics industry in the region and that of the Group as a whole.

To seize the considerable opportunities in the logistics industry in the PRC, the Group will continue to review and/or implement various plans to expand its operational network, its operational facilities and its images and services. The Group will also explore opportunities to enhance shareholders returns.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 September 2005, the interests and short positions of the directors and chief executives 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 set out in Rules 5.48 to 5.67 of the GEM Listing Rules were as follows:

Director	Number of Shares				Total Interests
	Corporate Interests	Personal Interests	Family Interests	Other Interests	
Mr. Wong Kwong Kwok (<i>Note</i>)	223,000,000	-	-	-	223,000,000

Note: These shares are registered in the name of Best Method Investments Limited. Best Method Investments Limited is beneficially owned by Profound Wise International Limited, Accent On Investments Limited and Absolute Prime Investments Limited in the proportion of 40%, 30%, and 30% respectively. Profound Wise International Limited is owned by Mr. Wong Kwong Kwok and Mr. Yeung Leung Kong, the executive directors of the Company, in the proportion of 70% and 30% respectively. Accent On Investments Limited is 100% owned by Mr. Wong Kwong Kwok. Absolute Prime Investments Limited is 100% owned by Mr. Chan Chi Yin.

Save as disclosed above, as at 30 September 2005, none of the directors nor the chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2005, other than the interests of a director of the Company as disclosed under the section headed "Directors' and chief executives' interests in shares" above, the interests and short positions of persons, 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 is, 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 of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Number of shares held	Approximate percentage of shareholding in the Company
Best Method Investments Limited (<i>Note</i>)	223,000,000	74.33%

Note: The details are disclosed under the section headed "Directors' and chief executives' interests in shares" above.

Save as disclosed above, as at 30 September 2005, the directors of the Company were not aware of any other person (other than the directors of the Company) who had an interest or short position in the shares or 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 is, 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 any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

On 26 October 2002, the Company adopted the Share Option Scheme under which share options to subscribe for the shares of the Company may be granted under the terms and conditions stipulated therein. As at 30 September 2005, no share option was granted under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the sections headed "Directors' and chief executives' interests in shares" and "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 2005.

COMPETING INTERESTS

Up to the date of this report, none of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined 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 ON 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 set out in the Code.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the required code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules for the six months ended 30 September 2005, except that the Company has not set up the remuneration committee. The Company is searching for suitable candidates for the formation of the remuneration committee.

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, Mr. Wong Ah Chik, Ms. Leung Wai Ling, Wylie and Mr. Liu Feng, all are independent non-executive directors of the Company. The unaudited consolidated results of the Group for the six months ended 30 September 2005 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.

By Order of the Board
MP Logistics International Holdings Limited
Wong Kwong Kwok
Chairman

Hong Kong, 7 November 2005

As at the date of this report, the Company's executive directors are Mr. Wong Kwong Kwok and Mr. Yeung Leung Kong, and the independent non-executive directors are Mr. Wong Ah Chik, Ms. Leung Wai Ling, Wylie and Mr. Liu Feng.