



# 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)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2007**

### **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.**

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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 the Company presents the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2007, together with the comparative figures for the year ended 31 March 2006, as follows:

### CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 HK\$'000	2006 HK\$'000
<b>REVENUE</b>	3	<b>33,444</b>	65,732
Cost of sales		<b>(31,126)</b>	(60,340)
Gross profit		<b>2,318</b>	5,392
Other income	3	<b>1,266</b>	137
Selling and distribution costs		<b>(1,233)</b>	(1,882)
Administrative expenses		<b>(9,589)</b>	(11,643)
<b>LOSS FROM OPERATING ACTIVITIES</b>	4	<b>(7,238)</b>	(7,996)
Finance costs	5	<b>(114)</b>	(132)
<b>LOSS BEFORE INCOME TAX</b>		<b>(7,352)</b>	(8,128)
Income tax (expense)/credit	6	<b>(3,149)</b>	1,510
<b>NET LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>(10,501)</b>	(6,618)
<b>DIVIDENDS</b>		–	–
<b>LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	7		
– Basic		<b>(HK1.44 cents)</b>	(HK2.21 cents)
– Diluted		<b>N/A</b>	N/A

# CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2007

	Notes	2007 HK\$'000	2006 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,568	2,762
Deferred tax assets		180	3,329
		<b>1,748</b>	6,091
<b>CURRENT ASSETS</b>			
Accounts receivable	8	5,847	6,842
Prepayments, deposits and other receivables		4,565	5,040
Cash and bank balances		8,414	1,455
		<b>18,826</b>	13,337
<b>CURRENT LIABILITIES</b>			
Accounts payable	9	1,024	2,098
Accrued expenses and other payables		5,872	4,409
Current portion of finance lease payables		374	727
		<b>7,270</b>	7,234
<b>NET CURRENT ASSETS</b>		<b>11,556</b>	6,103
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>13,304</b>	12,194
<b>NON-CURRENT LIABILITIES</b>			
Finance lease payables		615	1,004
Deferred tax liabilities		264	264
		<b>879</b>	1,268
<b>NET ASSETS</b>		<b>12,425</b>	10,926
<b>EQUITY</b>			
Share capital		15,000	3,000
Reserves		(2,575)	7,926
<b>TOTAL EQUITY</b>		<b>12,425</b>	10,926

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2007

	<b>Share capital</b> HK\$'000	<b>Share premium</b> HK\$'000	<b>Capital reserve</b> HK\$'000	<b>Accumulated losses</b> HK\$'000	<b>Total</b> HK\$'000
Balance at 1 April 2005	3,000	14,946	3,867	(4,269)	17,544
Net loss for the year	–	–	–	(6,618)	(6,618)
Total recognised income and expense for the year	–	–	–	(6,618)	(6,618)
Balance at 31 March 2006 and 1 April 2006	3,000	14,946	3,867	(10,887)	10,926
Net loss for the year	–	–	–	(10,501)	(10,501)
Total recognised income and expense for the year	–	–	–	(10,501)	(10,501)
Issue of new shares	12,000	–	–	–	12,000
Balance at 31 March 2007	15,000	14,946	3,867	(21,388)	12,425

## NOTES TO THE CONSOLIDATED ACCOUNTS

### 1. BASIS OF PRESENTATION AND ADOPTION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

From 1 April 2006, the Group has adopted all the new and amended HKFRSs which are first effective on 1 January 2006 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant changes to the Group’s accounting policies.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group’s financial statements.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments – Disclosures <sup>1</sup>
HKFRS 8	Operating segments <sup>2</sup>
HK(IFRIC) – Interpretation 8	Scope of HKFRS 2 <sup>3</sup>
HK(IFRIC) – Interpretation 9	Reassessment of Embedded Derivatives <sup>4</sup>
HK(IFRIC) – Interpretation 10	Interim Financial Reporting and Impairment <sup>5</sup>
HK(IFRIC) – Interpretation 11	Group and Treasury Share Transactions <sup>6</sup>
HK(IFRIC) – Interpretation 12	Service Concession Arrangements <sup>7</sup>

#### Notes

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 May 2006

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2006

<sup>5</sup> Effective for annual periods beginning on or after 1 November 2006

<sup>6</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2008

## 2. SEGMENT REPORTING

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments are presented as the secondary reporting format.

In respect of geographical segment reporting, revenue is based on the country where the customer is located and total assets and capital expenditure are where the assets are located.

### (a) Business segments

No further information on the business segments of the Group is presented as the Group is solely engaged in the provision of logistics services.

### (b) Geographical segments

Segment information is presented in respect of the Group's geographical segments. In determining the Group's geographical segments, revenue is attributed to the segments based on the location where the services are rendered, and assets and capital expenditure are attributed to the segments based on their locations.

As all the Group's services are rendered in Hong Kong, no further geographical analysis of revenue is presented.

An analysis of the Group's total assets and capital expenditure by geographical segment is as follows:

	Hong Kong		PRC (excluding Hong Kong)		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Segment assets	10,696	8,169	8,995	10,968	19,691	19,138
Unallocated assets	-	-	-	-	883	290
Total assets					20,574	19,428
Other segment information:						
Capital expenditure	198	1,497	-	-	198	1,497

## 3. REVENUE AND OTHER INCOME

Revenue represents the invoiced value of logistics services provided, net of rebates and discounts. All significant transactions amongst the companies comprising the Group have been eliminated on consolidation. An analysis of the Group's turnover and other revenue is as follows:

	2007 HK\$'000	2006 HK\$'000
Revenue		
Fees for logistics services provided	33,444	65,732
Other income		
Gain on disposals of property, plant and equipment	140	-
Sundry income	644	4
Exchange gain	388	119
Interest income	94	14
	1,266	137
	34,710	65,869

#### 4. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting) the following:

	2007 HK\$'000	2006 HK\$'000
Cost of services provided	31,126	60,340
Auditors' remuneration	330	240
Depreciation		
Owned assets*	236	859
Assets held under finance leases*	716	380
Directors' remuneration	431	1,202
Staff costs (excluding directors' remuneration)		
Salaries and wages	2,251	2,675
Pension scheme contributions	88	112
Minimum lease payments under operating leases rental for land and buildings**	479	642
(Gain)/loss on disposals of property, plant and equipment	(140)	545

\* Included in the respective balances are the following amounts which are also included in cost of services provided disclosed above.

	2007 HK\$'000	2006 HK\$'000
Depreciation		
Owned assets	111	117
Assets held under finance leases	287	244

\*\* Included in the balance for the year ended 31 March 2007 is HK\$147,000 (2006: HKD222,000) in respect of rental expenses for a director's quarters.

#### 5. FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Interest on bank overdrafts repayable on demand	-	11
Interest on finance leases	114	121
	114	132

## 6. INCOME TAX (EXPENSE)/CREDIT

No provision for Hong Kong profits tax has been made (2006: Nil) as the Group has an estimated loss for Hong Kong profits tax purposes in the current year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

(a) The amount of income tax in the consolidated income statement represents:

	2007 HK\$'000	2006 HK\$'000
The tax (expense)/credit comprises:-		
Current year provision	-	-
Over provision in prior years	-	47
Deferred tax (charge)/credit	<b>(3,149)</b>	1,463
Tax (expense)/credit for the year	<b>(3,149)</b>	1,510

(b) Reconciliation between tax expense and accounting loss at applicable tax rates is as follows:

	2007 HK\$'000	2006 HK\$'000
Loss before income tax	<b>(7,352)</b>	(8,128)
Tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdiction concerned	<b>(1,287)</b>	(1,422)
Tax effect of non-deductible expenses	<b>86</b>	138
Tax effect of non-taxable revenue	<b>(189)</b>	42
Tax effect of unused tax losses not recognised	<b>1,241</b>	-
Tax effect on accelerated depreciation allowance	<b>149</b>	136
De-recognition of deferred tax assets on prior years tax losses	<b>3,149</b>	-
Others	-	1
Over provision in prior years	-	47
Tax expense/(credit) for the year	<b>3,149</b>	1,510

## 7. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to equity holders of the Company of HK\$10,501,000 (2006: HK\$6,618,000) and on the weighted average of 730,684,932 (2006: 300,000,000) ordinary shares in issue during the year.

Diluted loss per share is not presented as there are no dilutive events during the year.



## 8. ACCOUNTS RECEIVABLE

The Group allows an average credit term of 60 days (2006: 60 days) to its trade customers, 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:

	<b>2007</b> <b>HK\$'000</b>	2006 HK\$'000
Within 90 days	<b>4,150</b>	5,421
Between 91 and 180 days	<b>1,697</b>	1,401
Between 181 and 365 days	–	20
	<b>5,847</b>	6,842

## 9. ACCOUNTS PAYABLE

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

	<b>2007</b> <b>HK\$'000</b>	2006 HK\$'000
Within 90 days	<b>958</b>	2,098
Between 91 and 180 days	<b>66</b>	–
	<b>1,024</b>	2,098

## **DIVIDENDS**

No dividends have been paid or declared by the Company during the year (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, arranging insurance policies for customers, repackaging and storage services. The services provided for each assignment may consist of a combination of the above services. It is the objective of the Group to become one of the pivotal players in the logistics services markets in the Greater China Region.

The Group's high turnover in the previous year was not maintained this year due to lower pricing and decrease in services provided to some existing customers as they adopted a change in their logistics flow of goods. However, eyeing the opportunities in the logistics sector in the PRC with the increased trade volume in the PRC with the world following the PRC's entry to the World Trade Organisation (WTO), the Group believes that it needs to position itself in terms of market sector and geographical area in order to compete effectively in the competitive and challenging environment.

## **FINANCIAL REVIEW**

### **Results**

For the year ended 31 March 2007, the Group recorded a turnover of approximately HK\$33.4 million, a decrease of approximately 49.1%, compared to the previous corresponding year. The decrease in turnover was due to lower pricing for services provided to new and existing customers owing to intensive competition in the logistics industry and decrease in services provided to some existing customers as they adopted a change in their logistics flow of goods. During the year, income derived from logistics services relating to sea freight forwarding, road freight forwarding, air freight forwarding and other related logistics services accounted for approximately 49%, 44%, 1% and 6% respectively of the Group's total turnover (2006: 66%, 31%, 1% and 2% respectively).

During the year, the Group has net loss attributable to shareholders amounted to approximately HK\$10.5 million, an increase of 58.7% compared to approximately HK\$6.6 million in the previous corresponding year. The gross profit margin decreased from approximately 8.2% for the previous corresponding year to 6.9% for the year ended 31 March 2007 owing to increasing competitive and challenging business environment in the logistics industry. Selling and distribution costs decreased by approximately 34.5% from approximately HK\$1.9 million in the previous corresponding year to approximately HK\$1.2 million in the current year as reduction in overseas traveling expenses and less spending in entertainment took place due to stricter costs control. Administrative expenses of the Group amounted to approximately HK\$9.6 million, an decrease of approximately 17.6% compared to approximately HK\$11.6 million in the previous corresponding year. The decrease was mainly due to decrease of staff salaries, directors' emolument and depreciation charge for the year.

## **Liquidity, financial resources and capital structure**

As at 31 March 2007, the Group had net current assets of approximately HK\$11.6 million (2006: approximately HK\$6.1 million) including cash and bank balance of approximately HK\$8.4 million. The Group had no bank overdraft as at 31 March 2007. As at 31 March 2006, the Group had cash and bank balance of approximately HK\$1.5 million.

As at 31 March 2007 and 2006, the Group had no overdraft facilities. As at 31 March 2007 and 2006, the Group had no bank borrowings and as at the same date, the Group had obligations under finance leases of approximately HK\$0.9 million (2006: approximately HK\$1.7 million), of which approximately HK\$0.3 million was repayable within one year (2006: approximately HK\$0.7 million) and approximately HK\$0.6 million was repayable beyond one year but within five years (2006: HK\$1.0 million). The debt ratio (defined as total liabilities over total assets) of the Group as at 31 March 2007 was approximately 0.39 (2006: approximately 0.44).

The functional currencies of the Group's operations are Hong Kong Dollars and Renminbi, hence the Board considers that the exposure to foreign exchange risk of the Group is limited. 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. On 10 October 2006, the Company announced to enter a subscription agreement with Tolmen Star Limited (the "Tolmen Star") and Tolmen Star has agreed to subscribe for, and the Company has agreed to allot and issue 1,200,000,000 subscription shares at an issue price of HK\$0.01 per subscription share. Following the completion of the subscription agreement on 21 November 2006, the total issued share capital had been enlarged to 1,500,000,000 shares.

On 23 May 2007, the Company entered into the conditional placing agreement with a 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 agreement on 13 June 2007, the total issued share capital had been enlarged to 1,800,000,000 shares and there has been no change in the capital structure of the Company since the completion.

## **Significant investment**

As at 31 March 2007, there was no significant investment held by the Group (2006: Nil).

## **Material acquisitions or disposals of subsidiaries and affiliated companies**

There were no material acquisitions or disposals of subsidiaries and affiliated companies during the year.

## **Segment information**

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 segment based on the location where the services are rendered, and assets are attributed to the segment based on the location of the assets. As all the Group's services are rendered in Hong Kong, no further geographical analysis of revenue or results is presented.

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

Details of the segment information are presented in note 2 to the consolidated accounts in this announcement.

## **Employee information**

As at 31 March 2007, the Group employed a total of 12 (2006: 18) employees. The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. 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. The Group also operates a share option scheme where options to subscribe for shares of the Company may be granted to the executive directors and full-time employees of the Group. As at 31 March 2007, no share options have been granted to employees.

Staff costs, excluding directors' remuneration, decreased by approximately 16.1% to approximately HK\$2,339,000 (2006: approximately HK\$2,787,000).

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

As at 31 March 2007, 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.

## **Contingent liabilities**

On 13 April 2006, a customer filed a writ of summons against Marine Power Company Limited (the "Marine Power"), a 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.

Also 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 grounds to defend. Accordingly, no provision has been made in the financial statements for the year ended 31 March 2007.

The Group and the Company had no other material contingent liabilities as at 31 March 2007 (2006: Nil).

## **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 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.

However, 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.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the year.

## **COMPETITION AND CONFLICT OF INTERESTS**

Up to the date of this announcement, 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.

## **SECURITIES TRANSACTIONS BY THE 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"). During the year ended 31 March 2007, the Company had made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard set out in the Code.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Group is committed to promoting high standards of corporate governance. The directors of the Company believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

During the year ended 31 March 2007, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"), except the following:

1. A.2.1 of the CG Code requires the roles of chairman and chief executive officer to be separate and not be performed by the same individual. The roles of chairman and the chief executive officer of the Company was taken up by Mr. Yeung Leung Kong, an executive Director of the Company. The Company is aware of the requirement of a clear division of responsibilities for these two roles and is actively seeking for a suitable candidate to take up the role of the Chairman from Mr. Yeung Leung Kong to ensure that power is not concentrated in any one individual. Hence, on 24 April 2007, Mr. Guo Xu, the existing executive Director of the Company took up the role of the chairman of the Company.
2. A.4.1 of the CG Code requires that all non-executive director should be appointed for a specific term, subject to re-election. Currently, all independent non-executive director of the Company are not appointed for a specific term. They are, however, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association of the Company. Since their appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.
3. A.4.4 of the CG Code requires Company should establish a nomination committee at which the majority of the members of the nomination committee should be the independent non-executive directors. Currently, no nomination committee was established by the Company. The Company is in the progress of forming a nomination committee which is expected to be established in accordance with the GEM Listing Rules as and when appropriate.

## **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 Ming, Kerry, Mr. Pang Hong Tao, Peter and Mr. Tam Chak Chi, all are independent non-executive directors of the Company. The audit committee held four meetings during the year. The Group's audited results for the year ended 31 March 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.

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

By order of the Board

**MP Logistics International Holdings Limited**

**Guo Xu**

*Chairman*

Hong Kong, 29 June 2007

*This announcement will remain on the "Latest Company Announcements" page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from its date of publication and on the Company website at [www.marinepower.org](http://www.marinepower.org).*