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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)

PLACING OF NEW SHARES AND RESUMPTION OF TRADING

Financial Adviser



INCUB Corporate Finance Limited

Placing Agent



博大資本國際有限公司

Partners Capital International Limited

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 Places at the Placing Price of HK\$0.311 per Placing Share.

The Placing Price of HK\$0.311 represents (i) a discount of approximately 19.22% to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange at 12:30 p.m. on 23 May 2007, being the last trading time immediately before the Placing Agreement was signed on 23 May 2007; (ii) a discount of approximately 19.43% to the average closing price of approximately HK\$0.386 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 22 May 2007, the last trading day immediately before the date of the Placing Agreement and (iii) a premium of approximately 154.5 times over the net asset value per Share of approximately HK\$0.002 (based on the unaudited consolidated net asset value of the Group of approximately HK\$3,566,000 as at 30 September 2006 as shown in the interim report of the Company for the six months ended 30 September 2006.

* for identification purpose only

The gross proceeds of the Placing will amount to HK\$93.3 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$89 million after deducting the placing commission and all costs, fees and expenses to be borne by the Company. It is presently expected that approximately HK\$1.5 million of the net proceeds will be applied for general working capital of the Group and the balance will be applied for future investments if opportunities arise. The Directors have been actively seeking investment opportunities in the PRC but no specific targets have been identified as at the date of this announcement.

The Placing is conditional upon, among others, the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares.

The Board noted the increase in the price and trading volume of the Shares on 23 May 2007 and wish to state that, so far as the Directors' knowledge information and belief, having made all reasonable enquiries, the unusual price and trading volume noted on 23 May 2007 was independent from the Placing Agreement as the negotiation with Partners Capital were conducted on confidential basis and the parties have adopted their best endeavors to prevent any information leakage on the Placing, to the best of the knowledge of the Directors, there was no information leakage on the Placing and thus, the price movement is independent from the Placing of the Shares and the Directors are not aware of any reasons for such increase in price and trading volume.

The Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be a price-sensitive nature.

At the request of the Company, trading of the Shares has been suspended on the Stock Exchange from 2:30 p.m. on 23 May 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 29 May 2007.

THE PLACING AGREEMENT

Date : 23 May 2007

Issuer : The Company

Placing Agent : Partners Capital, an Independent Third Party

Placee(s)

The Placing Shares will be placed on a best endeavour basis, to not fewer than six Placee(s) which will be individuals, corporate, institutional investors or other investors procured by or on behalf of the Agent. The Placee(s) and their ultimate beneficial owner(s) will be Independent Third Party(ies). Further announcement will be made pursuant to Rule 16.16 and 10.12(4) of the GEM Listing Rules.

It is expected that none of the Placee(s) will become a substantial Shareholder immediately after the Placing.

Placing Shares

The 300,000,000 Placing Shares will be allotted and issued to the Placee(s) and represent approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company of 1,800,000,000 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will rank, upon allotment and issue, pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.311 represents (i) a discount of approximately 19.22% to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange at 12:30 p.m. on 23 May 2007, being the last trading time immediately before the Placing Agreement was signed on 23 May 2007; (ii) a discount of approximately 19.43% to the average closing price of approximately HK\$0.386 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 22 May 2007, the last trading day immediately before the date of the Placing Agreement and (iii) a premium of approximately 154.5 times over the net asset value per Share of approximately HK\$0.002 (based on the unaudited consolidated net asset value of the Group of approximately HK\$3,566,000 as at 30 September 2006 as shown in the interim report of the Company for the six months ended 30 September 2006.

The Company has been suffering loss position since the financial year ended 31 March 2005 and the Group's current business, provision of logistics services, has been failing to improve the business and financial position of the Group. Hence, the Directors have been actively seeking investment opportunities in an effort to improve the business and financial position of the Group. The Directors are of the view that the Placing provides a valuable opportunity for the Group to raise proceeds for future acquisition of potential investments.

As disclosed in the interim report of the Company for the six months ended 30 September 2006, the cash and bank balance of the Group was approximately HK\$0.95 million as at 30 September 2006. Whilst net proceed of approximately HK\$6.7 million raised from the subscription conducted in October 2006 has also not been utilized as at the date of this announcement, as stated below, the net proceeds from the Placing of approximately HK\$89 million will substantially improve the cash position of the Group.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to (i) the current financial and business position of the Group; (ii) the net asset value per Share as at 30 September 2006 and (iii) the current positive market sentiments. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Placing Costs

Upon completion of the Placing Agreement, the Company shall pay to the Placing Agent the placing commission of 2.5% of the aggregate Placing Price of the total number of Placing Shares sold on behalf of the Company by the Placing Agent in pursuance of its obligations under the Placing Agreement and all costs, fees and expenses in relation to the preparation and completion of the Placing Agreement and the allotment and issue of the Placing Shares.

General mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the EGM held on 7 May 2007. The general mandate authorises the Company to allot and issue the Shares from time to time not exceeding 20% of the issued share capital of the Company as at the date of the EGM. As at the date of this announcement, the general mandate has not been utilised.

Independence of the Placing Agent

The Placing Agent, and its ultimate beneficial owners, are Independent Third Parties.

Conditions of the Placing

The Placing is conditional upon the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares and the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable.

In the event that the conditions of the Placing are not fulfilled on or before 14 Business Days from the date of the Placing Agreement, that is, on or before 13 June 2007 (or such other date as may be agreed between the parties) in writing, the Placing Agreement shall cease and neither the Company nor the Placing Agent shall have any claim against the others under the Placing Agreement.

Force majeure

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in the previous announcements of the Company has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the date of completion of the Placing if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement pursuant to the above mentioned force majeure factors, all liabilities of the Company and the Placing Agent shall cease and no party of the Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save of any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place at 4:00 p.m. at the office of the Placing Agent within three Business Days after the conditions of the Placing are fulfilled (or such other date as may be agreed between the parties).

Application for listing

Application will be made by the Company to the Listing Committee of GEM for the listing of, and permission to deal in, all the Placing Shares.

Reasons for the Placing

The Group is principally engaged in provision of logistics services.

The Board has considered various ways of raising funds and believes that taking into account of the current positive market conditions, the Placing represents an opportunity to raise capital for the Group so as to facilitate the acquisitions by the Group of potential investments in the future while broadening its shareholders and capital base.

Use of proceeds

The gross proceeds of the Placing will amount to approximately HK\$93.3 million. The net proceeds receivable by the Company, after deducting the placing commission and all costs, fees and expenses to be borne by the Company, are estimated to be approximately HK\$89 million. It is presently expected that approximately HK\$1.5 million of the net proceeds will be applied for general working capital of the Group and the balance will be applied for future investments if opportunities arise. The Directors have been actively seeking investment opportunities in the PRC but no specific targets have been identified as at the date of this announcement.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The following table summaries the fund raising activity of the Company in the twelve months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Approximate net proceeds	Intended use of the net proceeds	Actual use of the net proceeds up to and including the date of this announcement/ Intended use of the net proceeds not yet utilised as at the date of this announcement
10 October 2006	Subscription and placing of new Shares	HK\$11 million	general working capital and future investments if opportunities arise	approximately HK\$4.3 million has been utilised for general working capital purpose and approximately HK\$6.7 million has not been utilised

Save as disclosed above, the Company has not performed any fund raising activities in the past twelve months from the date of this announcement.

CHANGES ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding structure of the Company as a result of the Placing are as follows:

Shareholders	At the date of this announcement and immediately before completion of the Placing		Immediately after completion of the Placing	
	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage
Best Method Investments Limited (“ Best Method ”) and parties acting in concert with it (<i>Note 1</i>)	100,000,000	6.67%	100,000,000	5.56%
Tolmen Star Limited (“ Tolmen Star ”) and parties acting in concert with it (<i>Note 2</i>)	902,000,000	60.13%	902,000,000	50.11%
Placee(s)	–	–	300,000,000	16.67%
Other public Shareholders	498,000,000	33.20%	498,000,000	27.66%
Total	<u>1,500,000,000</u>	<u>100.00%</u>	<u>1,800,000,000</u>	<u>100.00%</u>

Notes:

1. Best Method is an investment holding company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 40% by Profound Wise International Limited (a company beneficially owned as to 70% by Mr. Wong Kwong Kwok and as to 30% by Mr. Yeung Leung Kong, an executive Director), as to 30% by Accent On Investments Limited (a company wholly and beneficially owned by Mr. Wong Kwong Kwok) and as to 30% by Absolute Prime Investments Limited (a company wholly and beneficially owned by Mr. Chan Chi Yin).

As at the date of this announcement, 100,000,000 Shares held by Best Method were pledged to a PRC financial institution. However, as at the date of this announcement, the Company had not received any notification from any third party claiming to have a security interest in these 100,000,000 Shares and accordingly, the identity of such PRC financial institution has not been disclosed herein.

2. Tolmen Star is wholly and beneficially owned by Mr. Guo Xu, an executive Director and sole director of Tolmen Star.

UNUSUAL PRICE AND VOLUME MOVEMENT

The Board noted the increase in the price and trading volume of the Shares on 23 May 2007 and wish to state that, so far as the Directors' knowledge information and belief, having made all reasonable enquiries, the unusual price and trading volume noted on 23 May 2007 was independent from the Placing Agreement as the negotiation with Partners Capital were conducted on confidential basis and the parties have adopted their best endeavors to prevent any information leakage on the Placing, to the best of the knowledge of the Directors, there was no information leakage on the Placing and thus, the price movement is independent from the Placing of the Shares and the Directors are not aware of any reasons for such increase in price and trading volume.

Save as above mentioned, the Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be a price-sensitive nature.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares has been suspended on the Stock Exchange from 2:30 p.m. on 23 May 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 29 May 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“EGM”	the extraordinary general meeting of the Company held on 7 May 2007
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	MP Logistics International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Director(s)”	director(s) (including the independent non-executive directors) of the Company from time to time
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the GEM Listing Rules
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the offer by way of placing of the Placing Shares by or on behalf of the Placing Agent to selected investors pursuant to the Placing Agreement
“Placing Agent”	Partners Capital International Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“Placing Agreement”	the agreement dated 23 May 2007 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.311 per Placing Share
“Placing Shares”	the 300,000,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement and which will rank pari passu in all respects with the Shares in issue as at the date of allotment of the Placing Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s), from time to time

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 28 May 2007

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

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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