

EXECUTION COPY

DATE: 22 SEPTEMBER 2006

MP LOGISTICS INTERNATIONAL HOLDINGS LIMITED
(as “Company”)

and

TOLMEN STAR LIMITED
(as “Subscriber”)

and

ONG CHOR WEI
and

YEUNG LEUNG KONG

(as “Warrantors”)

SUBSCRIPTION OF 1,200,000,000 NEW SHARES
IN THE CAPITAL OF
MP LOGISTICS INTERNATIONAL HOLDINGS LIMITED

MICHAEL LI & CO.
14th Floor, Printing House
6 Duddell Street
Central, Hong Kong

Ref: CCL/DC/NL/0601066

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THIS AGREEMENT is dated 22 SEPTEMBER 2006

BETWEEN:

- (1) **MP LOGISTICS INTERNATIONAL HOLDINGS LIMITED**, a company incorporated in the Cayman Islands under the Companies Law, having its registered office at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands, the British West Indies and its head office and principal place of business in Hong Kong registered under Part XI of the Companies Ordinance at 16/F., G.D. Real Estate Tower, 143 Connaught Road Central, Hong Kong(the “**Company**”); and
- (2) **TOLMEN STAR LIMITED**, a company incorporated in British Virgin Islands and having its registered office at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (the “**Subscriber**”); and
- (3) (A) **ONG CHOR WEI** (Holder of Hong Kong Identity Card No. P365885(A)) care of Room 1007, 10th Floor, Wing On Centre, No.111 Connaught Road Central, Hong Kong; and
(B) **YEUNG LEUNG KWONG** (Holder of Hong Kong Identity Card No. D249321(8)) care of Unit A, 22/F., EIB CENTRE, 40-44 Bonham Strand East, Shueng Wan, Hong Kong(together, the “**Warrantors**” and each a “**Warrantor**”).

WHEREAS:

- (A) As at the date hereof, the Company has an authorised share capital of HK\$100,000,000 divided into 10,000,000,000 Shares, of which 300,000,000 Shares have been issued and are fully paid or credited as fully paid. The issued Shares are listed and traded on GEM. Further particulars of the Company are set out in Part A of Schedule 1.
- (B) The Group is principally engaged in coordinating various logistics services for its customers. The Subscriber is an investment holding company incorporated in the British Virgin Islands with limited liability and is beneficially owned by
- (C) The Subscriber has agreed to subscribe for the Subscription Shares and the Company has agreed to allot and issue the Subscription Shares upon the terms and subject to the conditions set out in this Agreement.
- (D) The Subscription Shares represent approximately 400% of the existing issued share capital of the Company as at the date hereof and approximately 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.
- (E) Subject to and upon the terms and conditions of this Agreement, the Subscriber has agreed to make the Offer in respect of the securities of the Company in accordance

with the Takeovers Code.

- (F) In consideration of the Subscriber agreeing to enter into this Agreement, the Warrantors have agreed to warrant to the Subscriber that the Warranties are true and accurate in all material respects as at the date of Agreement and will continue to be so up to and including Completion subject to and upon the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

- 1.1 In this Agreement, including the Recitals and Schedules hereto, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to each of them below:

“Accounts Date”	31 March 2006;
“Announcement”	the announcement relating to this Agreement to be issued jointly by the Company and the Subscriber in the agreed form, a draft of which is set out in this Agreement as Exhibit “A”, subject to such amendments as may be agreed with the SFC and/or the Stock Exchange;
“Associates”	in relation to a person, means the “ associate(s) ” and “ connected person(s) ” of such person (as these expressions are defined in Chapter 1 and Chapter 20 of the GEM Listing Rules);
“Audited Accounts”	the audited consolidated balance sheet of the Group as at the Accounts Date and the audited consolidated profit and loss account of the Group for the financial year ended on the Accounts Date (including the notes thereto), together with the reports and other documents required by law to be annexed or attached to them contained in the Company’s published annual report for the financial period concerned;
“Board”	the board of directors of the Company;
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black”

	rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“Companies Law”	the Companies Law, Cap.22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Completion”	completion of the Subscription in accordance with the terms and conditions of this Agreement;
“Completion Date”	the date on which the Completion occurs, which shall be the third Business Day after the date on which the conditions specified in Clause 3.1 are fulfilled or, as the case may be, waived by the Subscriber;
“Disclosed”	disclosed in full, fair, specific and accurate manner in this Agreement, the Audited Accounts and/or the Management Accounts and/or the Previous Announcements and any disclosure in writing provided by the Company and the Warrantors to the Subscriber prior to the execution of this Agreement, copies of such disclosure in writing shall be signed by the parties hereto for the purpose of identification;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving the Subscription and the transactions contemplated under this Agreement including the allotment and issue of the Subscription Shares or any adjournment thereof;
“Encumbrance”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or

	operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and " Encumber " shall be construed accordingly;
"Executive"	the Executive Director of the Corporate Finance Division of the SFC and any delegate for the time being of the Executive Director;
"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 the Subsidiaries and " Group Company " and " member of the Group " shall be construed accordingly;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Management Accounts"	the unaudited consolidated balance sheet of the Group as at the Management Accounts Date and the unaudited consolidated profit and loss accounts of the Group for the period commencing from 1 April 2006 to the Management Accounts Date;
"Management Accounts Date"	30 June 2006;
"Material Adverse Change (or Effect)"	any change (or effect) which has a material and adverse effect on the financial or trading position, business or property, results of operations or prospects of the Group as a whole;
"Memorandum and Articles"	the memorandum and articles of association for the time being of the Company;
"Offer"	the unconditional cash offer to be made by or on behalf of the Subscriber (subject to Completion) to the Shareholders for their

	Shares in compliance with the Takeovers Code, and the comparable offer to be made in accordance with the Takeovers Code by the Subscriber for other equity securities of the Company, if any;
“Offer Circular”	the composite offer document containing the offeror document and the offeree board circular to be issued and referred to in Clause 8;
“Option(s)”	option(s) (if any) granted under the Share Option Scheme which remain(s) outstanding as at the date hereof;
“PRC”	the People’s Republic of China, which for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription by the Subscriber for and the allotment and issue by the Company of, the Subscription Shares under the terms and subject to the conditions of this Agreement;
“Subscription Price”	a subscription price of HK\$0.01 per Subscription Share;
“Subscription Shares”	1,200,000,000 Shares, for which the Subscriber will subscribe and the Company will allot and issue under the Subscription upon the terms and subject to the conditions of this Agreement;
“Subsidiaries”	the subsidiaries of the Company as set out in Part B of Schedule 1, and each a “Subsidiary” ;

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Taxation”	all forms of taxation including overseas taxation and all forms of profits tax, interest tax, estate duty and stamp duty and all levies, imposts, duties, charges, fees, deductions and withholdings whatsoever charged or imposed by any statutory, governmental state, provincial, local government or municipal authority whatsoever and the expression “Tax” shall be construed accordingly;
“this Agreement”	this agreement for the Subscription, as amended from time to time;
“Warranties”	the representations, warranties and undertakings set out in Schedule 2 and any other representations, warranties and undertakings made by or on behalf of the Company in this Agreement or which have become the terms of this Agreement and “Warranty” shall be construed accordingly;
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong; and
“%”	per cent.

- 1.2 In this Agreement, references to **“Clauses”** and the **“Schedules”** are to clauses of and the schedules to, this Agreement.
- 1.3 In this Agreement, the singular includes the plural, words importing one gender include the other gender and the neuter and references to persons include bodies corporate or unincorporate, in each case vice versa. References to times of a day are, unless otherwise provided herein, to Hong Kong time.
- 1.4 The definitions and designations adopted in the recitals and introductory statements preceding this Clause shall apply throughout this Agreement and the Schedules.
- 1.5 Headings of this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement.
- 1.6 Reference to any ordinance, regulation or other statutory provision or Stock Exchange rules in this Agreement includes reference to such ordinance, regulation, provision or rule as modified, consolidated or re-enacted from time to time.
- 1.7 The Schedules and Recitals shall form part of this Agreement.

1.8 Any reference to a document being “**in the agreed form**” means in such form as may be approved by the Subscriber, the Company and the Warrantors.

1.9 In construing this Agreement:

- (a) the rule known as the ejusdem generis rule shall not apply and, accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
- (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

2. SUBSCRIPTION

2.1 Subject to the conditions specified in Clause 3.1 being fulfilled or, as the case may be, waived by the Subscriber, at or before 5:00 p.m. on 31 December 2006 (or such later time and date as may be agreed between the Company and the Subscriber in writing), the Subscriber shall subscribe for the Subscription Shares in cash at the Subscription Price and the Company shall allot and issue the Subscription Shares credited as fully paid at the Subscription Price subject to the Memorandum and Articles.

2.2 The Subscription Shares, when issued and fully paid, shall rank pari passu in all respects among themselves and with all the Shares in issue on the date of allotment and issue of the Subscription Shares except that they will not rank for any dividend or other distribution of the Company declared, made or paid by reference to a record date prior to their date of issue.

3. CONDITIONS PRECEDENT

3.1 Completion is conditional upon:

- (a) the Listing Committee of GEM granting listing of and permission to deal in, the Subscription Shares;
- (b) the Shareholders who are allowed to vote under the GEM Listing Rules approving at the EGM the Subscription and the transactions contemplated under this Agreement including the allotment and issue of the Subscription Shares;
- (c) trading in the Shares on GEM not being revoked or withdrawn at any time prior to the date of fulfillment of the last condition as referred to in this Clause 3.1 other than the conditions referred to in this Clause 3.1(c), (d) and (e);
- (d) there being no indication being received from GEM or the SFC that the listing of the Shares on GEM will or may be revoked or withdrawn at any time after the Completion, whether in connection with any of the transactions contemplated by this Agreement or otherwise;

- (e) the Warranties remaining true, accurate and complete in all material respects;
- (f) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Subscription and the transactions contemplated under this Agreement having been obtained;
- (g) completion of the due diligence review to be conducted under Clause 3.4 and that the results of such due diligence review have not revealed or disclosed any matter, fact or circumstance which constitutes or is likely to constitute any material breach of any of the Warranties or other provisions of this Agreement by the Company or the Warrantors;
- (h) all necessary consents and approvals required to be obtained on the part of the Subscriber in respect of the Subscription and the transactions contemplated under this Agreement having been obtained; and
- (i) the Company not having received any notice that the Subscriber is in default of any contract to which it is a party and which default, in the reasonable opinion of the Company, would or might have a material adverse effect on the Subscriber's ability to perform its obligations under this Agreement.

3.2 The Subscriber shall use its best endeavours to assist the Company to procure the fulfillment of the conditions set out in Clause 3.1 and, in particular, the Subscriber shall procure that all information and documents required pursuant to the GEM Listing Rules, the Takeovers Code and other applicable rules, codes and regulations whether in connection with the preparation of the Offer Circular and all other announcements, circulars, reports, documents, independent advice or otherwise are duly given promptly to the Company, the Stock Exchange, the SFC and other relevant regulatory authorities. The Company shall use its best endeavours to procure the fulfillment of the conditions set out in Clause 3.1(a), (c), (d), (e) and (f). The Subscriber shall use its best endeavours to procure the fulfillment of the condition set out in Clause 3(g), (h) and (i).

3.3 The Subscriber may at any time by notice in writing to the Company waive the conditions set out in Clause 3.1(e) and/or (g). The Company may at any time by notice in writing to the Company waive the condition set out in Clause 3.1(h) and/or (i). The conditions set out in Clause 3.1(a), (b), (c), (d) and (f) are incapable of being waived by the Company and the Subscriber. In the event that any of the conditions referred to in Clause 3.1 not being fulfilled or waived in full by 5:00 p.m. on 31 December 2006 (or such other time and date as may be agreed between the Company and the Subscriber in writing), this Agreement shall cease and determine (save and except Clauses 10, 11, 15 and 16 which shall continue to have full force and effect) and thereafter, neither party shall have any obligations and liabilities hereunder save for any antecedent breaches of the provisions hereof.

3.4 The Subscriber shall and shall procure that their agents shall forthwith upon the signing of this Agreement and within 14 days thereafter conduct and complete a due diligence review of the assets, liabilities, operations and affairs of the Group as they may reasonably consider appropriate and the Company shall provide and procure the

Group and its agents to provide such assistance as the Subscriber or its agents may reasonably require in connection with such review.

- 3.5 Insofar as it is required under the relevant contracts to which any Group Company is a party, the Company shall use all reasonable endeavours to obtain the consent of all third parties with which any Group Company has entered into contracts so that all material arrangements will not be affected by Completion including, without prejudice to the generality of the foregoing, the consent of lenders of banking facilities and other material financing arrangements to the extent that such consent is necessary for the financing arrangements to continue on unchanged terms, except those relating to the control of the Company, upon Completion.
- 3.6 Insofar as it is required under any tenancy agreement to which any Group Company is a party (including but not limited to the tenancy agreement undated and made between Might Foundate Development Limited and Marine Power Group Limited), prior to Completion, the Company shall use all reasonable endeavours to procure the consent of the relevant landlord to the change of control of the Company as a result of Completion in order that the relevant Group Company shall not be in default of the relevant tenancy agreement by virtue of Completion being effected.

4. COMPLETION

4.1 Subject to the conditions specified in Clause 3.1 being fulfilled or, as the case may be, waived by the Subscriber, Completion shall take place at the offices of Michael Li & Co. at 14th Floor, Printing House, 6 Duddell Street, Central, Hong Kong (or such other place as may be agreed between the parties) at 5:00 p.m. on the Completion Date when all (but, not part only) of the following business shall be transacted:

- (a) the Subscriber shall deliver to the Company:
- (i) an application for all the Subscription Shares in the form set out in Schedule 3 duly signed by the Subscriber;
 - (ii) a cashier order issued by a licensed bank in Hong Kong made in favour of the Company in the amount equal to the aggregate Subscription Price payable for the aggregate number of the Subscription Shares; and
 - (iii) copy, certified as true and complete by a director of the Company, of the resolutions of its board of directors approving and authorising this Agreement and the Subscription and any other documents required by the terms of this Agreement and delivered by it; and
- (b) the Company shall:
- (i) allot and issue, credited as fully paid at the Subscription Price, to the Subscriber all the Subscription Shares and shall procure that the Subscriber is registered on the branch register of members of the Company in Hong Kong as the registered holder of the Subscription Shares;

- (ii) deliver to the Subscriber:
 - (1) definitive share certificates for all the Subscription Shares in such denomination as the Subscriber may specify in the application to be delivered by the Subscriber in accordance with Clause 4.1(a)(i) issued in the name of the Subscriber and in accordance with the delivery instructions given therein;
 - (2) copy, certified as true and complete by a director of the Company of board minutes of the Company approving:
 - (aa) this Agreement and authorising a person or persons to execute the same (under seal, where appropriate) for or on its behalf;
 - (bb) the allotment and issue of the Subscription Shares in accordance with the terms and conditions of this Agreement;
 - (cc) if so requested by the Subscriber in writing, the appointment of such persons nominated by the Subscriber as additional director(s) of the Company, such appointment to take effect from the Completion Date or where later, the earliest date permitted under the GEM Listing Rules, the Takeovers Code or other rules and regulations applicable to the Company; and
 - (dd) the resignation of all existing directors (except Mr. Yeung Leung Kong), company secretary, qualified accountant and compliance officer of the Company with effect from Completion or where later, the earliest date permitted under the GEM Listing Rules, the Takeovers Code or other rules and regulation applicable to the Company; and
 - (ee) the amendment of the signatories and bank mandates for all accounts maintained by the Company with banks and financial institutions in such manner as the Subscriber may require with effect from Completion or where later, the earliest date permitted under the GEM Listing Rules, the Takeovers Code or other rules and regulations applicable to the Company;
 - (3) written confirmation in the approved form that none of the directors of the Company is aware of any matter or thing which is a breach of or inconsistent with any of the Warranties from the date of this Agreement up to and including the time of Completion;
 - (4) evidence to the reasonable satisfaction of the Subscriber showing the fulfillment of the conditions set out in Clause 3.1(a), (b) and (f);

- (5) such other document(s) as the Subscriber may reasonably require to enable the Subscriber to be registered as the holder of the Subscription Shares;
- (6)
 - (aa) all statutory records and minute books (which shall be written up to date as at Completion) including all available original copies of the Memorandum and Articles or other equivalent constitutional documents, certificates of incorporation and business registration certificates (if any) and other statutory records of the Company;
 - (bb) the common seal and all rubber stamps, cheque books, cheque stubs and bank statements, receipt books, all current insurance policies, books and accounts, title deeds and evidence of ownership to all assets and all current contracts and all other accounting records of the Company;
 - (cc) all correspondence and other documents belonging to the Company; and
 - (dd) copies of all tax returns and assessments of the Company (received where the due dates for payment fell on or before Completion)

or written authorities in favour of the Subscriber for the collection of such documents;

- (7) the undated written resignations of all existing directors (except Mr. Yeung Leung Kong), company secretary, qualified accountant and compliance officer of the Company together with a written acknowledgement under seal from each of them respectively in such form as the Subscriber shall reasonably require that he/she has no claims against the Company whether by way of compensation, remuneration, severance payments, expenses, damages or otherwise, such resignation to become effective from the earliest time permitted under the Takeovers Code, the GEM Listing Rules or other rules or regulations applicable to the Company; and
- (8) copy, certified as true and complete by a director of the Company, of resolutions of the Board approving the matter referred to in Clause 4.2.

4.2 The Company shall procure a meeting of the Board be held at which:

- (a) such person(s) as the Subscriber shall nominate be appointed as additional director(s) of the Company with effect from the Completion Date or where later, the earliest date permitted under the Takeovers Code, the GEM Listing Rules or other rules or regulations applicable to the Company;

- (b) the signatories and bank mandates for all accounts maintained by the Company with banks and financial institutions be amended in such manner as the Subscriber may require with effect from the Completion Date or where later, the earliest date permitted under the Takeovers Code, the GEM Listing Rules or other rules or regulations applicable to the Company;
- (c) the resignation of all existing directors (except Mr. Yeung Leung Kong), company secretary, qualified accountant and compliance officer of the Company be approved with effect from Completion or where later, the earliest date permitted under the GEM Listing Rules, the Takeovers Code or other rules and regulations applicable to the Company;
- (d) this Agreement be approved and a person or persons be authorised to execute the same (under seal, where appropriate) for and on its behalf);
- (e) the allotment and issue of the Subscriber Shares in accordance with the terms and conditions of this Agreement be approved; and
- (e) to the extent permitted by the Takeovers Code or other rules or regulations applicable to the Company, such other matters as the Subscriber may reasonably require shall be dealt with and resolved upon to give effect to this Agreement.

4.3 The Company and the Subscriber shall not be obliged to complete the Subscription or perform any obligations hereunder unless the other of them complies fully with the requirements of Clause 4.1.

4.4 If the Subscriber or the Company shall be unable to comply with any of its respective obligations under Clause 4.1 at Completion, the party not in default may:

- (a) defer the Completion to a date not more than 14 days after the said date (and so that the provisions of this paragraph (a) shall apply to the Completion as so deferred); or
- (b) proceed to Completion so far as practicable but without prejudice to that party's rights (whether under this Agreement generally or under this Clause 4.4) to the extent that the other party shall not have complied with its obligations thereunder; or
- (c) rescind this Agreement without liability on its part whereupon the other party shall indemnify and keep that party indemnified in respect of all fees, costs and expenses (including reasonable legal fees) reasonably and properly incurred by that party in connection with the negotiations, preparation and execution of this Agreement prior to such rescission up to a maximum of HK\$550,000 and subject to production of such evidence to the reasonable satisfaction of the Company and/or the Warrantors of the payment of such fees, costs and expenses by the Subscriber.

4.5 The Warrantors shall, on or before the date falling 30 days from 31 March, 30 June, 30 September and 31 December of a year (each, a "**Quarter Date**"), deliver or cause

to be delivered to the Subscriber Director the following documents:

- (a) unaudited management accounts of each Subsidiary made up to the relevant Quarter Date comprising the unaudited balance sheet of such Subsidiary as at the relevant Quarter Date and the unaudited profit and loss accounts of such Subsidiary for the year ended 31 March, the six-month period ended 30 September or the three-month period ended 30 June or 31 December (as the case may be); and
- (b) unaudited consolidated management accounts of the companies comprising the Subsidiaries made up to the relevant Quarter Date comprising the unaudited consolidated balance sheet of the companies comprising the Subsidiaries as at the relevant Quarter Date and the unaudited consolidated profit and loss accounts of the companies comprising the Subsidiaries for the year ended 31 March, the six-month period ended 30 September or the three-month period ended 30 June or 31 December (as the case may be); and
- (c) all supporting documents and working papers showing the preparation and compilation of the management accounts referred to in this Clause 4.6 (a) and (b).

5. WARRANTIES AND UNDERTAKINGS

- 5.1 Each of the Company and the Warrantors hereby represents and warrants to the Subscriber (for itself and for the benefit of its successors and assigns) that save as Disclosed, the Warranties are true and accurate in all material respects as at the date of this Agreement and will continue to be so up to and including the time of Completion. Each of the Company and the Warrantors acknowledges that the Subscriber, in entering into this Agreement, is relying on the Warranties. Each of the Company and the Warrantors agrees that the Subscriber may treat each of the Warranties as a condition of this Agreement.
- 5.2 Each of the Company and the Warrantors agrees that the Subscriber may treat each of the Warranties as separate and independent. In addition, each of the Warranties is without prejudice to any other Warranty and, except where expressly otherwise stated, no provision in any Warranty shall govern or limit the extent or application of any other provision in any Warranty.
- 5.3 In the event that any of the Warranties is breached or (as the case may be) proves to be untrue or misleading in any material respects, the Subscriber shall have the right to claim damages or otherwise take any actions against the Company and/or the Warrantors for all losses, liabilities, damages, costs and expenses (including reasonable legal expenses) which the Subscriber and its successors and assigns may incur or sustain as a result thereof. Without prejudice to any other rights and remedies of the Subscriber in relation any such breach of Warranties, the Company and/or the Warrantors shall pay to the Subscriber (for the account of the Company):
 - (a) the amount necessary to put the Company into the position which would have existed if the Warranties had not been breached or (as the case may be) had been true and not misleading in all material respects and any reasonable costs and expenses incurred as a result of such breach.

- 5.4 The Warranties shall survive Completion and the rights and remedies of the Subscriber in respect of any breach of the Warranties shall not be affected by Completion or by the Subscriber rescinding, or failing to rescind this Agreement, or failing to exercise or delaying the exercise of any right or remedy, or by any other event or matter whatsoever, except a specific written waiver or release and no single or partial exercise of any right or remedy shall preclude any further or other exercise.
- 5.5 Each of the Company and the Warrantors undertakes in relation to any Warranty which refers to the knowledge, information or belief of the Company and the Warrantors that they have made reasonable enquiry into the subject matter of that Warranty and that they do not have the knowledge, information or belief that the subject matter of that Warranty may not be correct, complete or accurate.
- 5.6 Each of the Company and the Warrantors hereby covenants with and undertakes to indemnify to the Subscriber, forthwith upon a demand being made by the Subscriber, a sum equal to the amount of any Tax liability of any member of the Group resulting from or by reference to any income, profits or gains earned accrued or received on or before Completion or any event on or before Completion whether alone or in conjunction with other circumstances and whether or not such Tax is chargeable against or attributable to any other person.
- 5.7 The Subscriber shall only be entitled to take action before or after Completion in respect of any breach or non-fulfillment of any of the Warranties and Completion shall not in any way constitute a waiver of any right of the Subscriber.
- 5.8 The Subscriber hereby represents, warrants and undertakes to the Company that:
- (a) it has full power and authority and the legal capacity to enter into and perform its obligations under this Agreement and this Agreement when executed will constitute legal and binding obligations enforceable in accordance with its terms;
 - (b) all necessary approvals, consents, authorisations and licences required to be obtained by the Subscriber in relation to the execution and performance of this Agreement and the subscription for or holding or disposal of or dealing in the Subscription Shares on the terms of this Agreement have been obtained; and
 - (d) it and its ultimate beneficial owner(s) are independent of, not acting in concert or connected with any of the connected person(s) (as defined in the GEM Listing Rules) of the Company.
- 5.9 The Subscriber hereby further warrants and undertakes to the Company and the Warrantors that it has sufficient financial resources necessary to satisfy fully the Subscription Price that the Subscriber can and will be able to implement the Offer in full.
- 5.10 Each of the Warrantors hereby represents and warrants to the Subscriber that the Company will not at Completion have any liabilities, whether actual or contingent, other than for:

- (a) listing fees payable to the Stock Exchange;
- (b) fees payable to its Hong Kong share transfer registrar for its services in its capacity as such;
- (c) accounting fees, independent financial advisory fees and other costs and expenses payable in relation to the Offer aggregating not more than HK\$550,000;
- (d) accrued liabilities and other payables incurred in its ordinary and usual course of business aggregating not more than HK\$100,000; and
- (e) liabilities under this Agreement and the transactions contemplated hereunder.

Each of the Warrantors hereby undertakes with the Subscriber that he will fully and effectually indemnify and at all times keep fully and effectually indemnified the Subscriber (for the account of the Company) on demand from and against 50% of the accounting fees, independent financial advisory fees and other costs and expenses payable by the Company as referred to in Clause 5.10(c).

5.11 The Subscriber undertakes to the Warrantors that, without the prior written consent of the Warrantors (such consent shall be given by the Warrantors in their absolute discretion) from Completion and for a period of 150 calendar days after the close of the Offer (the "Relevant Period"), it will not offer, lend, sell, contract to sell, pledge, grant any option to purchase or otherwise dispose of, any of the Subscription Shares or enter into a transaction (including a derivative transaction) having an economic effect similar to that of a sale or enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of the Subscription Shares, such that immediately following consummation of such transaction, the Subscriber will cease to hold at all times during the Relevant Period less than 30% of the then entire issued share capital of the Company, whether any such transaction described above is to be settled by delivery of any of the Subscription Shares, in cash or otherwise or publicly announce any intention to offer, lend, sell, pledge, contract to sell, grant any option to purchase or otherwise dispose of, the Subscription Shares such that immediately following consummation of such transaction, the Subscriber will cease to hold at all times during the Relevant Period less than 30% of the then entire issued share capital of the Company or enter into by any swap or similar agreement described above or deposit the Subscription Shares in any depository receipt facility such that immediately following consummation of such transaction, the Subscriber will cease to hold at all times during the Relevant Period less than 30% of the then entire issued share capital of the Company.

5.12 Each of the Warrantors hereby undertakes to fully and effectually indemnify the Subscriber and the Company and keep the Subscriber and the Company fully and effectually indemnified against any and all damages, losses, fees, costs, expenses, claims, actions and proceedings whatsoever and however arising at any time whether present or future arising from or in connection with the failure to notify the Companies Registry in Hong Kong in respect of the changes of the directorships of the Company as referred to in paragraph 3.4 of the Warranties in accordance with the

time limits specified under the Companies Ordinance.

6. CONDUCT OF BUSINESS PRIOR TO COMPLETION

- 6.1 Each of the Company and the Warrantors hereby undertakes with the Subscriber that, except as required by this Agreement, and in the ordinary course of business, no resolution of the directors or members of any Group Company shall be passed prior to Completion without the written consent of the Subscriber, such consent not to be unreasonably withheld or delayed. Subject as aforesaid, the Company shall keep the Subscriber closely informed of any resolutions of the directors or members of the Group.
- 6.2 Each of the Company and the Warrantors hereby undertakes with the Subscriber that until Completion the Group shall carry on its business in a manner consistent with its existing practice and shall:
- (a) procure that the Group shall not without first obtaining the prior written consent of the Subscriber enter into any contract or commitment of an unusual or onerous nature or other than in the normal and ordinary course of business; and
 - (b) keep the Subscriber reasonably informed of all matters relating to the Group, its business, assets and prospects.
- 6.3 Without prejudice and notwithstanding Clause 6.2 each of the Company and the Warrantors undertakes that except as required or contemplated by this Agreement or in the ordinary course of business of the Group, it shall until Completion take all steps necessary to ensure that the Group shall not carry out any of the following actions and no resolution of the board of directors of each Group Company or of its general meeting shall be passed to carry out the same unless the written consent of the Subscriber is obtained:
- (a) the creation or issue of any shares in any member of the Group or the grant of any options over any shares or the uncalled capital of any member of the Group or the issue of any warrant, debentures, securities or other obligations convertible into shares in any member of the Group or enter into any agreement to do any of the same;
 - (b) the capitalisation, repayment or other form of distribution of any amount standing to the credit of any reserve of any member of the Group or the redemption or purchase of any shares in any member of the Group or any other reorganisation of share capital;
 - (c) the winding-up or liquidation of any member of the Group;
 - (d) the alteration of the rights attaching to any of the Shares or the shares in any member of the Group;
 - (e) the alteration of the Memorandum and Articles of any member of the Group and the passing of any resolutions inconsistent with the provisions of this

Agreement;

- (f) the acquisition or disposal of any property or other asset by any member of the Group;
- (g) the acquisition or formation by any member of the Group of any subsidiary or the acquisition of any share in any other company or the participation by any member of the Group in any partnership or joint venture;
- (h) the entering into of any material contract other than in its ordinary course of business;
- (i) the lending of any moneys (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposit), the granting of any credit or the giving of any guarantee or indemnity;
- (j) the amalgamation or merger of any member of the Group with any other company or concern;
- (k) the alteration of the composition of any board of directors of any member of the Group and the appointment of the qualified accountant, company secretary and compliance officer of the Company;
- (l) the declaration by any member of the Group of any dividend or other distribution;
- (m) the making of any capital commitment by any member of the Group;
- (n) the borrowing of any moneys from banks, financial institutions and any other third parties by any member of the Group;
- (o) the employment or engagement of any staff, consultants or personnel with an aggregate remuneration exceeding HK\$100,000 per annum;
- (p) the entering into of any connected transaction or notifiable transaction (as defined in the Listing Rules);
- (q) doing, allowing and procuring any act or omission on or before Completion which will constitute a material breach of any of the Warranties; or
- (r) doing anything which is likely to materially jeopardise or diminish the value of any tangible assets of the Group Companies to a material extent.

7. LIMITATION OF LIABILITY

7.1 The Company and the Warrantors shall not be liable for any claim in respect of the Warranties and other provisions under this Agreement and the application letter set out in Schedule 3 unless:

- (a) the Company and the Warrantors shall have received from the Subscriber

written notice of such claim, specifying in reasonable detail the event or default to which the claim relates and the nature of the breach and (if capable of being quantified at that time) the amount claimed, not later than the expiry of the period of one year from the Completion Date;

- (b) the aggregate amount of liability of the Company and the Warrantors for all claims made in connection with this Agreement shall not exceed the amount of Subscription Price; and
- (c) in respect of any one claim under this Agreement, the amount recoverable from the Company and/or the Warrantors in respect thereof is in excess of HK\$100,000 provided that if any claim is in excess of the aforesaid amount, the Company shall be liable for the entire amount so claimed or that if any claim is below HK\$100,000 but when aggregated with any other amounts so recoverable by the Subscriber in respect of any other claims shall exceed HK\$500,000, the Company shall be liable for all the amounts so claimed.

7.2 Without prejudice to the Subscriber's right to select the basis of any claim, to the extent to which the Subscriber shall have been compensated in respect of any facts or circumstances for any one of a breach of Warranty or under any indemnity in this Agreement, the Subscriber shall not (to that extent) be entitled to recover compensation under any of the others of those bases in respect of the same facts or circumstances.

7.3 The Company and the Warrantors shall not be liable for the Warranties:

- (a) to the extent that specific provision or reserve in respect thereof has been made in the Audited Accounts and/or the Management Accounts (collectively, the "**Accounts**");
- (b) which would not have arisen but for a default on the part of the Subscriber of any of the terms herein;
- (c) which arises as a result of legislation which comes into force after the date hereof with retrospective effect; or
- (d) which arises as a result of a change in accounting policies after Completion.

7.4 If any claim for breach of any Warranty is brought under this Agreement in relation to any liability of the Subscriber and/or the Company which is contingent only, the Company and/or the Warrantors shall not be liable to make any payment in respect thereof unless and until such contingent liability becomes an actual liability.

7.5 Where a claim for breach of any Warranty or undertakings is made under this Agreement and has been settled subsequently, save as expressly reserved in any settlement of such a claim, all other rights and remedies (if any) of the Subscriber in respect of the subject matter thereof, whether under this Agreement or otherwise, are hereby excluded.

7.6 The amount of any compensation or damages payable by the Company and/or the

Warrantors in respect of any claim for breach of any Warranty shall be computed after taking into account and giving full credit for:

- (a) any increase in the amount or value of any assets or discharge from or satisfaction of or reduction in any liability of any member of the Group as a result of or arising out of or arising out of or attributable to the fact, matter, event or thing giving rise to any relevant claim;
- (b) any liability of any member of the Group included in the Accounts having been discharged or satisfied for less than the amount attributed thereto;
- (c) any provision for Taxation, bad or doubtful debts or contingent or other liabilities of any member of the Group included in the Accounts having been proved to have been over provided for; and
- (d) the amount of any taxation credits, taxation relief or setoffs due to or received by the Subscriber or any member of the Group except to the extent that the same shall have been taken into account in the Accounts.

7.7 The Subscriber shall reimburse to the Company and/or the Warrantors an amount equal to any sum paid by the Company and/or the Warrantors to satisfy any claim under this Agreement which is subsequently recovered by or paid to the Subscriber or any member of the Group by any third party after deducting all reasonable costs and expenses incurred by the Subscriber arising from or incidental to the recovery of such amount from the third party.

7.8 The Warranties shall be actionable only by the Subscriber and its successors and no other person shall be entitled to make any claim or take any action whatsoever against the Company and the Warrantors under, arising out of, or in connection with any of the Warranties.

7.9 The Subscriber shall as soon as practicable inform the Company and the Warrantors in writing of any fact, matter, event or circumstances which comes to its notice whereby it appears that the Company and the Warrantors are or may become liable to make any payment under any Warranty or other provisions of this Agreement and shall not settle or compromise such claim without the prior written consent of the Company and the Warrantors.

7.10 The indemnity provided for in Clause 5.6 shall not apply:

- (a) to the extent that specific provision or reserve has been made for such Taxation in the Accounts;
- (b) which would not have arisen but for a voluntary act, omission or transaction after the date hereof on the part of the Subscriber or any member of the Group which could reasonably have been avoided or carried out and which was not in the ordinary course of business or which arises from something done or omitted at the Subscriber's written request or with its written consent;
- (c) which arises as a result of legislation which comes into force after the date

hereof and which is retrospective in effect;

- (d) which arises by reason of an increase in the rates of Taxation made after the date hereof with retrospective effect or for which any member of the Group is primarily liable and which arises in the ordinary course of business after the date hereof;
- (e) which arises as a result of the Subscriber failing to act or to procure that the relevant member of the Group shall act in accordance with any reasonable request of any of the Company and/or the Warrantors in avoiding, resisting or compromising any Taxation claim after being given a reasonable time in which to comply with any such request; and
- (f) for which any member of the Group may become liable as a result of any transfer of shares or any property of any member of the Group or any transaction after the date hereof.

8. THE OFFER

- 8.1 Subject to Completion and to the Subscriber and persons acting in concert with them incurring a bid obligation under Rule 26 of the Takeovers Code in relation to the Company, the Subscriber undertakes that it will procure the Offer in respect of the securities of the Company to be made at a price equal to the Subscription Price (or such other higher price as may be agreed by the Subscriber) within such time and on such terms as are required under the Takeovers Code (subject to any such modification, waiver or extension as may be granted by the Executive) and shall use all reasonable endeavours to procure that the Offer Circular be despatched by or on behalf of the Subscriber as soon as is reasonably practicable after the announcement of the terms thereof and within the time limit required by the Executive and the Takeovers Code (or such later date as may be approved by the Executive), and the Company shall despatch the Offer Circular containing such information regarding the Offer in respect of securities of the Company and as required by the SFC, the Takeovers Code, the Executive, the GEM Listing Rules and the Stock Exchange, to the Shareholders whose names appear on the register of members of the Company on the date of the Offer Circular and otherwise on such terms as the Subscriber may see fit but so that the Offer and the Offer Circular shall comply in all respects with the requirements of the Takeovers Code.
- 8.2 The Company shall take all action necessary and provide all information and assistance required by the Subscriber to prepare the Offer Circular and to enable the Subscriber to procure the posting of the Offer Circular in accordance with Clause 8.1, and shall undertake to ensure that the Offer Circular contains all such matters and information as are appropriate or necessary for an offeree board circular for the purposes of the Takeovers Code. The parties hereby agree that a financial adviser appointed by the Subscriber shall prepare the announcement and the Offer Circular and to obtain clearance of such announcement and the Offer Circular with the SFC and the Stock Exchange; and the parties shall take all action necessary and provide all information and assistance so required by such financial adviser for such purposes.

9. RESCISSION

9.1 Notwithstanding any other provisions of this Agreement, if at any time before Completion, the Subscriber finds that any of the Warranties are incorrect or have not been or is incapable of being fulfilled in any material respect, the Subscriber may rescind this Agreement by written notice to the Company and the Warrantors. If the Subscriber shall elect to rescind this Agreement under this Clause, neither party shall take any action against the other to claim for damages or to enforce specific performance or any other rights, remedies or relief and the Company and the Warrantors shall indemnify the Subscriber and keep the Subscriber indemnified in respect of all fees, costs and expenses (including reasonable legal fees) reasonably and properly incurred by the Subscriber in connection with the negotiation, preparation and execution of this Agreement prior to such rescission up to a maximum of HK\$550,000 and subject to production of such evidence to the reasonable satisfaction of the Company and/or the Warrantors of the payment of such fees, costs and expenses by the Subscriber.

10. MISCELLANEOUS

10.1 Each party shall bear its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of this Agreement and all documents incidental or relating to Completion except that the capital duty (if any) involved in the subscription and allotment and issue of the Subscription Shares shall be borne by the Company.

10.2 All provisions of this Agreement shall so far as they remain to be performed or observed continue in full force and effect notwithstanding Completion.

10.3 This Agreement may be executed in two or more counterparts each of which shall be binding on the party who shall have executed it but which shall together constitute but one agreement.

10.4 Time shall be of the essence of this Agreement.

10.5 Each of the Company and the Subscriber hereby undertakes to the other that it will do all such acts and things and execute all such deeds and documents as may be necessary or desirable to carry into effect or to give legal effect to the provisions of this Agreement and the transactions contemplated hereunder.

10.6 Each and every obligation, covenant, representation, warranty and undertaking of the Company and the Warrantors provided herein shall be the joint and several obligations, covenants, representations, warranties and undertakings of each of the Company and the Warrantors and the Subscriber shall be at liberty to release, compound with or otherwise vary or agree to vary the liability of, or to grant time or other indulgence, or make other arrangements with any of the Company and the Warrantors without the consent of or notice to the others and without prejudicing, affecting the rights, remedy and power of the Subscriber against the others.

11. NOTICES

11.1 Any notice claim, demand, court process, document or other communication to be

given under this Agreement (collectively “**communication**” in this Clause) shall be in writing in the English language and may be served or given personally or sent to the facsimile numbers (if any) of the relevant party and marked for the attention and/or copied to such other person as specified in Clause 11.5.

- 11.2 A change of address or facsimile number of the person to whom a communication is to be addressed or copied pursuant to this Agreement shall not be effective until five days after a written notice of change has been served in accordance with the provisions of this Clause 11 on all other parties to this Agreement with specific reference in such notice that such change is for the purposes of this Agreement.
- 11.3 A party may not designate a non Hong Kong address for the service of communications to it.
- 11.4 All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

<u>Means of despatch</u>	<u>Time of deemed receipt</u>
Local mail or courier	2 Business Days
Facsimile	on despatch
Air courier/speedpost	3 days
Airmail	5 days

- 11.5 The initial addresses and facsimile numbers of the parties for the service of communications, the person for whose attention such communications are to be marked and the person to whom a communication is to be copied are as follows:

If to the Company:

Address: Unit A, 22/F., EIB Centre, 40-44 Bonham Strand East,
Sheung Wan, Hong Kong

Facsimile no.: (852) 2189-7207

Attention: The Board of Directors

If to the Subscriber:

Address: Room A, 15/F., Fortis Bank Tower
77-79 Gloucester Road
Wanchai, Hong Kong

Facsimile no.: (852) 3166 5766

Attention: The Board of Directors

If to the Warrantors:

Address: Room 1007, 10th Floor, Wing On Centre

No.111 Connaught Road Central
Hong Kong
Facsimile no.: 2865-0122
Attention: Mr. Ong Chor Wei

Address: Unit A, 22/F., EIB Centre,
40-44 Bonham Strand East
Sheung Wan, Hong Kong

Facsimile no.: (852) 2189-7207

Attention: Mr. Yeung Leung Kong

11.6 A communication served in accordance with this Clause 11 shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee's address or that the communication was properly transmitted by facsimile or cable to the addressee. In the case of communication by facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a report of satisfactory transmission printed out by the sending machine.

11.7 Nothing in this Clause 11 shall preclude the service of communication or the proof of such service by any mode permitted by law.

12. SUCCESSORS AND ASSIGNS

12.1 This Agreement shall be binding on and shall enure for the benefit of each party's successors and permitted assigns and personal representatives (as the case may be), but no assignment may be made of any of the rights or obligations hereunder of either party without the prior written consent of the other party.

13. WAIVER AND SEVERABILITY

13.1 No failure or delay by any party hereto in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy.

13.2 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

14. AMENDMENT

14.1 This Agreement constitutes the entire agreement between the parties hereto with respect to the matters dealt with herein and supersedes all previous agreements, arrangements, statements, understandings or transactions between the parties hereto in relation to the matters hereof and the parties acknowledge that no claim shall arise in respect of any agreement, arrangements, statements, undertakings or transactions so

superseded.

- 14.2 It is expressly declared that no variations hereof shall be effective unless made in writing and signed by all the parties hereto.

15. CONFIDENTIALITY AND ANNOUNCEMENTS

- 15.1 Each of the parties undertakes to the others that it will not, at any time after the date of this Agreement, divulge or communicate to any person other than to its professional advisers, or when required by law or by any relevant stock exchange body or regulatory body, or to its respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of any of the others which may be within or may come to its knowledge and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters.
- 15.2 No public announcement or communication of any kind shall be made in respect of the subject matter of this Agreement unless specifically agreed between the parties or unless an announcement is required pursuant to the GEM Listing Rules, the Takeovers Code, the applicable laws and regulations or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority. Any announcement by any party required to be made pursuant to the GEM Listing Rules, the Takeovers Code, any relevant laws or regulations or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority shall be issued only after such prior consultation with the other party as is reasonably practicable in the circumstances.

16. GOVERNING LAW AND JURISDICTION

- 16.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 16.2 The parties hereto irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.

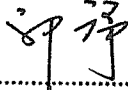
IN WITNESS whereof the parties or their duly authorised representatives have executed this Agreement on the date first before appearing.

THE COMPANY

SIGNED by)
for and on behalf of)
MP LOGISTICS INTERNATIONAL)
HOLDINGS LIMITED)
in the presence of:)

THE SUBSCRIBER

SIGNED by GUO XU)
for and on behalf of)
TOLMEN STAR LIMITED)
in the presence of:)

For and on behalf of
TOLMEN STAR LIMITED

.....
Authorised Signature(s)

THE WARRANTORS

SIGNED by YEUNG LEUNG KONG)
in the presence of:)

THE COMPANY

SIGNED by YEUNG LEUNG KONG)
for and on behalf of)
MP LOGISTICS INTERNATIONAL)
HOLDINGS LIMITED)
in the presence of:)

For and on behalf of
MP LOGISTICS INTERNATIONAL HOLDINGS LIMITED
.....
Authorized Signature(s)

THE SUBSCRIBER

SIGNED by)
for and on behalf of)
TOLMEN STAR LIMITED)
in the presence of:)

THE WARRANTOR

SIGNED by YEUNG LEUNG KONG)
in the presence of:)

.....

SIGNED by ONG CHOR WEI

in the presence of:

)

)

A handwritten signature in black ink, consisting of several loops and a long, sweeping tail that extends downwards and to the right.

SCHEDULE 1

Part A

Details of the Company at the date of this Agreement

1. Name: MP Logistics International Holdings Limited
2. Place of incorporation: Cayman Islands
3. Date of incorporation: 12 June 2002
4. GEM Stock Code: 8239
5. Registered office: Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
Cayman Islands
British West Indies
6. Head office and principal place of business in Hong Kong: Unit A, 22/F., EIB Centre, 40-44 Bonham Strand East, Sheung Wan, Hong Kong
7. Authorised share capital: HK\$100,000,000 divided into 10,000,000,000 Shares at HK\$0.01 each
8. Issued share capital: 300,000,000 Shares
(as at the date of this Agreement)
9. Directors: Yeung Leung Kong
Ong Chor Wei
Wong Ah Chik
Leung Wai Ling, Wylie
Liu Feng
10. Secretary: Wong Chi Ling
11. Qualified Accountant: Wong Chi Ling
12. Compliance Officer: Yeung Leung Kong
13. Auditors: Baker Tilly Hong Kong Limited

14. Financial year end: 31 March

Part B

Details of the Subsidiaries

<u>Name</u>	<u>Place of incorporation</u>	Percentage of equity attributable to the Company		<u>Principal activity</u>
		<u>Direct</u>	<u>Indirect</u>	
Precious Logistics Limited	British Virgin Islands	100		Investment holding
Marine Power Company Limited	Hong Kong		100	Provision of logistics services
June (China Hong Kong) Transportation Company Limited	Hong Kong		100	Provision of transportation services

SCHEDULE 2

Warranties

Part A

The Company

Save as Disclosed and up to and including Completion:

1. The Company, the Warrantors and the Subscription Shares
 - 1.1 Each of the Company and the Warrantors has full power and is authorised to enter into and perform this Agreement and this Agreement will, when executed, constitute legal, valid and binding obligations on the Company and the Warrantors in accordance with its terms.
 - 1.2 At Completion, there will be no outstanding indebtedness or other liability (actual or contingent) owing by the Group to any of its connected persons nor is there any indebtedness owing to the Group by any such person.
 - 1.3 True copies or certified true copies of the Memorandum and Articles (or the equivalent constitutional documents) of the Company have been provided to the Subscriber. The copies of the Memorandum and Articles (or the equivalent constitutional documents) of the Company so provided to the Subscriber are true and complete and have embodied in them or annexed to them a copy of every such resolution as is required by the relevant legislation or the jurisdiction in which the Company is incorporated.
 - 1.4 Apart from the Subsidiaries, the Company will not at Completion be the owner or the registered holder of any share in or other security of any body corporate whenever and wherever incorporated nor has the Company agreed nor will it prior to Completion agree to become the owner or registered holder of any such share or security.
 - 1.5 The Company is duly incorporated, constituted and legally subsisting under the respective laws of the places of incorporation and establishment and there has been no resolution or petition or order for the winding up of the Company and no receiver has been appointed in respect of any part of the assets of the Company prior to and at Completion.
 - 1.6 The particulars of each Group Company as set out in Schedule 1 are true and correct in all material respects.
 - 1.7 The corporate structure of the Group as Disclosed is and will continue to be corporate structure of the Group without any reduction or dilution of interest held by the Company at Completion.
2. Shares and Options

- 2.1 There is no option, right to acquire, mortgage, charge, pledge, lien or other form of security, encumbrance or third party rights on, over or affecting any part of the unissued share capital or loan capital of the Company or over any part of the issued or unissued share capital or loan capital of the Company and there is no agreement or commitment to give or create any of the foregoing and no claim has been made by any person to be entitled to any of the foregoing which has not been waived in its entirety or satisfied in full.
- 2.2 There is no agreement or commitment outstanding which calls for the allotment of or issue or accords to any person the right to call for the allotment or issue of any shares in or securities or debentures of the Company.
- 2.3 There are no outstanding Options as at the date of this Agreement, and no option will be granted under the Share Option Scheme prior to Completion.
- 2.4 The Subscription Shares, when issue and fully paid, shall rank pari passu in all respects among themselves and with all the Shares in issue on the date of allotment and issue of the Subscription Shares except that they will not rank for any dividend or other distributions of the Company declared, paid or made by reference to a record date prior to their date of issue.
- 2.5 The allotment, issue and delivery of the Subscription Shares will be duly authorised by all requisite corporate action and will not violate any law, any order of any court or other agency of government, the Memorandum and Articles or any provision of any indenture, agreement or other instrument to which the Company or any of its properties or assets is bound.
- 2.6 The Subscription Shares will be duly authorised and, when allotted and issued in accordance with this Agreement, will:
- (a) be validly issued and fully paid shares of the Company;
 - (b) be free and clear of all liens, charges, restrictions, claims and encumbrances; and
 - (c) rank pari passu with all issued shares of the Company as at the date of such allotment and issue and have the rights, privileges and limitations specified in the Memorandum and Articles.
- 2.7 Subject to the GEM Listing Rules, the allotment, issue or delivery of the Subscription Shares is not subject to any pre-emptive right to shareholders of the Company to any right of first refusal or other right in favour of any person which have not been waived.

3. Compliance and Corporate Matters

- 3.1 The Company has duly and properly complied with all filing and registration requirements in respect of corporate or other documents imposed under the relevant

laws of the jurisdiction in which it was incorporated.

- 3.2 The statutory books and minute books of the Company have been properly written up and save as disclosed in paragraph 3.1, compliance has been made with all applicable legal requirements concerning the Company and all issues of shares, debentures or other securities thereof.
- 3.3 The register of members of the Company is correct and the Company has not received any claim, application or request for rectification of its register of members and, so far as the Company and the Warrantors are aware, no circumstances which might lead to any such claim, application or request for rectification of such register to be made have arisen or occurred.
- 3.4 Save that the Company had failed to notify the Companies Registry in Hong Kong ("CR") in respect of the following changes of the directorships of the Company in accordance with the time limits specified under the Companies Ordinance: (i) the appointment of Ms. Wang Li Yun which became effective on 17 September 2003 and was notified to the CR on 14 October 2003 and (ii) the resignation of Mr. Deng Hui which became effective on 31 March 2005 and was notified to the CR on 19 May 2005, the Company and its directors (in their capacity as such) have complied with all relevant and applicable legislation and obtained and complied with all necessary licences and consents to carry on business whether in the country, territory or state in which it is incorporated or elsewhere, including applicable legislation relating to companies and securities, real property, taxation and prevention of corruption and have complied with all applicable legal requirements in relation to any transactions to which it is or has been a party prior to Completion.
- 3.5 The minute books of directors' meetings, audit committees' meeting and shareholders' meetings respectively of the Company contain properly written-up records of all resolutions passed by the directors and the shareholders respectively of the Company and no resolutions have been passed by either the directors or the shareholders of the Company which are not recorded in the relevant minute books.
- 3.6 All charges in favour of the Company have (if appropriate) been registered in accordance with the provisions of the applicable legislation and regulations and at the relevant registries or authorities.
- 3.7 All title deeds and documents necessary to prove their respective titles in material assets of the Company, and an executed copy of all agreements which are material to the Company and to which the Company is a party, and the original copies of all other documents which are material to the Company and which are owned by, or which ought to be in the possession of the Company are in their possession, custody or control.

4. Audited Accounts and Management Accounts

- 4.1 The Audited Accounts have been prepared in accordance with the requirements of all relevant statutes and generally acceptable accounting practice and policies applied in Hong Kong and all applicable Statements of Standard Accounting Practices issued by

the Hong Kong Institute of Certified Public Accountants for the time being in force on a consistent basis and give a true and fair view of the state of affairs of the Group for the year ended on the Accounts Date and of its combined profits for the year ended on the Accounts Date and make adequate provision for all actual liabilities, bad or doubtful debts and Taxation and adequate provision for or a note of (in accordance with good accounting practice) all contingent, unqualified or disputed liabilities and all capital commitments and have consistently applied the bases and policies of accounting throughout the year ended on the Accounts Date and except where specified are not materially and adversely affected by any extraordinary, exceptional item.

- 4.2 The provision for Taxation in the Audited Accounts is sufficient to cover all Taxation assessed or liable to be assessed on the Group or for which the Group is then or may then be or become accountable in respect of profits, income, earnings, receipts, transfers, events and transactions up to the Accounts Date.
- 4.3 The Management Accounts were prepared on the same basis as the Audited Accounts and fairly reflect the state of affairs and financial position of the Group at the Management Accounts Date and of the Group's results for the financial period ended on that date.
- 4.4 The accounting and other books and records of the Company are in its possession or control, have been properly written up and accurately present and reflect in accordance with generally accepted accounting principles and standards all the transactions entered into by the Company or to which the Company has been a party and there are at the date hereof no material inaccuracies or discrepancies of any kind contained or reflected in any of the said books and records, and that at the date hereof they give and reflect a true and fair view of the financial, trading and contractual position of the Company and of its fixed and current and contingent assets and liabilities and debtors and creditors.
- 4.5 Since the Management Accounts Date and save as Disclosed:
- (1) the Company has not entered into any material contracts or commitments binding on it (other than contracts entered into in the ordinary course of its business) and there has not been any acquisition or disposal or agreement to acquire or dispose by the Company of material fixed or capital assets or any agreement to effect the same;
 - (2) there has not been any creation of liabilities by the Company (other than on normal commercial terms in the ordinary and proper course of its business);
 - (3) no event has occurred as regards the Company which would entitle any third party to terminate any material contract or any material benefit enjoyed by the Company or call in any material amount of money before the normal due date therefor or indebtedness;
 - (4) the Company has not created any mortgage or charge on the whole or any part of its assets;

- (5) the Company has not borrowed except from bankers in the ordinary course of its day to day trading operation or increased any secured liability;
 - (6) the business of the Company has been carried on in the ordinary and usual course and in the same manner (including nature and scope) as in the past, no fixed asset or stock has been written up nor any debt written off, and no unusual or abnormal contract has been entered into by the Company;
 - (7) no resolution of any of the members of the Company in general meeting has been passed other than resolutions relating to the business of an annual general meeting which was not special business;
 - (8) the Company has not declared, paid or made nor is proposing to declare, pay or make any dividend or other distribution;
 - (9) the financial year end of the Company has remained unchanged;
 - (10) there has been no material adverse change in the financial condition or prospects of the Company and the Company has not entered into transactions and incurred liabilities only in the ordinary course of trading;
 - (11) no event has occurred which gives rise to a tax liability to the Company or deemed (as opposed to actual) income, profits or gains or which results in the Company becoming liable to pay or bear a tax liability directly or primarily chargeable against or attributable to another person, firm or company; and
 - (12) no remuneration (including bonuses) or benefit payable to any officer or employee of the Company has been increased nor has the Company undertaken any obligation to increase any such remuneration at any future date with or without retrospective effect.
- 4.6 Save for any indebtedness or liabilities between the Company on the one part and the other members of the Group on the other part, details of which have been Disclosed, no part of the amounts included in the Audited Accounts and the Management Accounts or subsequently recorded in the books of the Company, as owing by any debtors, has been released on terms that any debtor pays less than the full book value of the its debt, or has been written off, or has been proven to any extent to be irrecoverable, or is now regarded by the Company (as the case may be) as irrevocable in whole or in part.
- 4.7 Save for any indebtedness or liabilities between the Company on the one part and the other members of the Group on the other part, details of which have been Disclosed, all debts due to the Company included in the Management Accounts (being debts in excess of bad or doubtful debts for which provision has been made in the Accounts) have either prior to the date hereof been realised or will within three months from the date of Completion realise their full amount in cash.
- 4.8 No transaction of any material importance to which the Company is a party has taken

place which if it had taken place would have required to be disclosed in writing to the Subscriber or reflected in the Management Accounts.

- 4.9 Adequate provisions have been made in the Management Accounts for all dividends (if any) or other distributions (if any) to shareholders declared and remaining unpaid as at the date hereof.
- 4.10 Since the Management Accounts Date and save as contemplated in this Agreement, no dividend has been declared or paid or other distributions of capital made in respect of any share capital of the Company.
- 4.11 There has been no Material Adverse Change (or Effect) of the Company as a whole since the Management Accounts Date.
- 4.12 The Company has no present intention to discontinue or write down investments in any other businesses other than those Disclosed nor is any such write down, in the reasonable opinion of the Board, required.

5. Financial Matters

- 5.1 Since the Management Accounts Date, there has not been and there is and will be no agreement in respect of:
 - (1) any damage, destruction, or loss, which is not fully covered by insurance, materially adversely affecting any properties or business of the Company;
 - (2) any sale or transfer by the Company of any material tangible or intangible asset other than in the ordinary course of business, any mortgage or pledge or the creation of any security interest, lien, or encumbrance on any such asset, or any lease of property, including equipment, other than tax liens with respect to taxes not yet due and statutory rights of customers in inventory and other assets;
 - (3) any material transaction not in the ordinary course of business of the Company;
 - (4) the lapse of any patent, utility models, design, trademark, trade name, service mark, copyright, or licence or any application with respect to the foregoing by the Company which is material in the context of its business; or
 - (5) the making of any material loan, advance, indemnity or guarantee or the granting of any security by the Company to or for the benefit of any party, whether within the Group or otherwise.
- 5.2 The accounting books and records of the Company have been maintained in accordance with the applicable accounting principles and standards adopted in the jurisdictions where the Company's business is conducted and comply with the relevant statutory provisions of such jurisdictions and have been properly written up and properly reflect all the transactions to which that the Company has been a party and

there are at the date hereof no material inaccuracies or discrepancies of any kind contained or reflected in the said books and records, and that as at the date hereof they give and reflect a true and fair view of the financial, trading and contractual position of the Company and of its fixed and current and contingent assets and liabilities and debtors and creditors.

- 5.3 The Company neither has any material capital commitment nor is engaged in any scheme or project requiring the expenditure of capital of a significant amount.
- 5.4 All dividends or distributions declared, made or paid by the Company have been declared, made or paid in accordance with its Memorandum and Articles (or equivalent documents) and the applicable statutory provisions.
- 5.5 The Company has neither any material obligation nor liability other than those which have arisen in the ordinary course of its business or by operation of law or Disclosed.
- 5.6 The total amount borrowed by the Company from its bankers does not exceed any limits granted under any relevant facilities and the total amount borrowed by the Company from whatsoever source does not exceed any limitation on its borrowing power contained in its Memorandum and Articles, or in any debenture or loan stock deed or other instrument.
- 5.7 The Company has not done anything whereby the continuance in full force and effect of any overdrafts, loans or finance facilities extended to the Company might be affected or prejudiced.
- 5.8 Other than liabilities incurred in the ordinary course of business of the Company or otherwise in relation to this Agreement or the transactions contemplated by this Agreement or as disclosed in the Audited Accounts and/or the Management Accounts, the Company had, as at the date of this Agreement and up to Completion, no unrecorded liabilities, contingent liabilities and undisclosed commitments.
- 5.9 Other than liabilities incurred in the ordinary course of business of the Company or otherwise in relation to this Agreement or the transactions contemplated by this Agreement or as disclosed in the Audited Accounts and/or the Management Accounts, as at Completion, the Company has no recorded or unrecorded indebtedness or liabilities due or owing to any person, has not given any guarantee / indemnity or other form of security in favour of any person, and does not have any contingent liability or commitment towards any person.
- 5.10 The Company has not given any guarantee / indemnity or other form of security in favour of any Group Company.

6. Plant, Equipment and Assets

- 6.1 The assets (if any) used in connection with the business of the Company which are material in the context of its business are the sole legal and beneficial ownership of the Company and are held by the Company free from all Encumbrances.

6.2 Save as disclosed in the Audited Accounts, the assets included in the Audited Accounts or acquired since the Accounts Date and all assets used or owned by or in the possession of the Company:

- (1) are legally and beneficially owned by the Company free from all Encumbrance;
- (2) are in the possession or under the control of the Company; and
- (3) are not subject to any hire purchase, leasing arrangements or other arrangements of a similar nature.

6.3 All material assets in excess of HK\$50,000 owned by the Company are in reasonable repair, condition and working order, have been properly maintained.

7. Insurance

7.1 The Company has effected all insurances required by law to be effected by it and which ought reasonably to have been effected over its business and assets for a substantial part of its value and covering third party liability of the Company having taken into account the nature of the business of the Company as an investment holding company, the place in which it carries on business and the business of the Company.

7.2 All premiums due on the said policies have been paid, all the conditions of the said policies have been performed and observed in all material respects in the place in which the Company carries on business, and nothing has been done or has been omitted to be done whereby any of the said policies has or may become void or voidable.

7.3 No claim is outstanding either by the insurer or the insured under any of the said policies and no claim against the Company by any third party is outstanding in respect of any risk covered by any of the policies or by any policy previously held by the Company.

7.4 Any claim under any of the said policies or which would or might be required under any of the said policies to be notified to the insurers has been duly made by the Company.

8. Taxation

8.1 The Company has complied in all material respects with all relevant and applicable legal requirements relating to registration or notification for Taxation purposes.

8.2 The Company has:

- (1) paid all Taxation (if any) due to be paid, and if required, made sufficient provision for Taxation before the date of this Agreement; and
- (2) taken all necessary steps to obtain any repayment of or relief from Taxation

available to it.

- 8.3 The returns for Taxation purposes which ought to have been made by or in respect of the Company in Hong Kong or in the jurisdictions where the Company's business is conducted, have been duly made and all such returns are up to date, correct and on a proper basis and are not the subject of any material dispute with the relevant Taxation, revenue or other appropriate authorities.
- 8.4 The provisions (if any) included in the Audited Accounts are sufficient to cover all Taxation (as the case may be) for which the Group was then or might at any time thereafter become or have become liable in respect of all periods ending on or before the Accounts Date.
- 8.5 The Company is not in dispute with any Taxation or revenue authority and, so far as the Company and the Warrantors are aware, no such dispute is pending or threatened.

9. Material Transactions

9.1 Since the Management Accounts Date, save as contemplated in this Agreement, the Company has not:

- (1) issued or repaid or agreed to issue or repay any share or loan capital;
- (2) declared, made or paid any dividends or made any other distribution of capital and no loans or loan capital has been repaid in whole or in part; nor
- (3) entered into any material transaction (including but not limited to any sale or purchase of assets) or incurred any material liabilities otherwise than in ordinary course of business.

9.2 Since the Management Accounts Date, none of the assets of the Company has been depleted by any unlawful act on the part of any person and there has been no material adverse change in the business, financial or trading positions or prospects of the Company.

10. Employment Arrangements

10.1 All contracts of service to which the Company is a party can be terminated by it without payment of compensation (save as provided by legislation) by three months' notice or less without compensation (other than compensation in accordance with the Employment Ordinance, Chapter 57 of the Laws of Hong Kong) or the relevant legislation.

10.2 The Company is not a party to:

- (1) any agreement, arrangement or scheme (whether or not legally enforceable) for profit sharing or for the payment to employees of bonuses or incentive payments or the like of a material nature;

- (2) any collective bargaining or procedural or other agreement with any trades union or similar association; or
 - (3) any provident fund other than pursuant to such agreement, arrangement, fund or scheme whereby it is required by law to be a party.
- 10.3 Other than in respect of any scheme(s) as required under the Mandatory Provident Funds Ordinance of Hong Kong or required by any applicable laws (including the PRC), the Company is not under any legal liability or obligation or a party to any agreement, arrangement, scheme, fund, ex-gratia arrangement or promise to pay pensions, gratuities, retirement annuities, benefits, periodical sums, or any other payment or compensation (whether or not legally enforceable) in connection with retirement, death or disability to or for any of its past or present officers or employees or their relatives or dependants; and all payment/ contribution required to be made and/or obligation required to be observed by the Company has been duly paid/made/complied with by the Company.
- 10.4 Particulars of all beneficial loans or other benefits in kind enjoyed by any director of the Company have been Disclosed.
- 10.5 The Company is not under any obligation (whether actual or contingent) to any former employee and no tax, levy, contribution or payment in respect of any former employee is outstanding or disputed.
- 10.6 The Company has not given any guarantee or assumed any obligations in relation to the employees of any other person.
11. Litigation
- 11.1 The Company is not or has not been a party to any litigation, arbitration, prosecutions or other legal or contractual proceedings or hearings before any statutory, regulatory or governmental body, department, board or agency which is material to the business of the Company or to any material disputes or to or the subject of any investigation by any authority in the place where the business of the Company is conducted.
- 11.2 No material litigation, arbitration, prosecution or other legal or contractual proceedings, hearings or investigations are threatened or pending either by or against the Company and there are no facts or circumstances, so far as the Company and the Warrantors are aware, which might give rise to any such proceeding, investigation, hearing or to any dispute or to any payment.
- 11.3 There are no unfulfilled or unsatisfied judgments or court orders against the Company.
12. Contracts and Commitments
- 12.1 Since the Management Accounts Date, the Company has carried on its business in the ordinary course and, save as mentioned in or as contemplated by this Agreement, the Company has not entered into any transaction or incurred any material liabilities

except in the ordinary course of its day-to-day business and on an arm's length basis for full value.

- 12.2 There is no outstanding nor, save and except for such contracts or agreements (if any) which may be entered into by the Company pursuant to this Agreement or as disclosed in the Audited Accounts and/or the Management Accounts, will there be outstanding at Completion with respect to the Company:
- (1) any agreement (whether by way of guarantee, indemnity, warranty, representation or otherwise) under which the Company is under any actual or contingent material liability in respect of the obligations of any person other than the Company;
 - (2) any sale or purchase option or similar agreement affecting any assets owned or used by the Company (with a value in the books of account of the Company in excess of HK\$100,000) except those entered in the ordinary course of day to day trading;
 - (3) any material agreement in excess of HK\$100,000 entered into by the Company otherwise than by way of bargain at arm's length; and
 - (4) any joint venture agreements, agency agreements or any form of agreement whatsoever which entitles any person to bind the Company contractually, to settle, negotiate or compromise any accounts or claims or to collect, receive or share in any balances or sums payable to the Company save in the ordinary course of business.
- 12.3 The Company has not received any formal or informal notice to repay under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) which is repayable on demand and which exceeds an aggregate amount of HK\$100,000.
- 12.4 Save as disclosed in the Audited Accounts and/or the Management Accounts, the Company is not under any obligation, or party to any contract, which cannot readily be fulfilled or performed by it on time and without undue or unusual expenditure of money or effort and which is material in the context of its business.
- 12.5 No party to any contractually binding agreement or arrangement with or under an obligation to the Company is in default under it, being a default which would be material in the context of the Company's financial or trading position and, so far as the Company and the Warrantors are aware, there are no circumstances likely to give rise to such a default.
- 12.6 The Company is not in default in any material respect under any agreement or obligation to which it is party or in respect of any other obligations or restrictions binding upon it.
- 12.7 In respect of the Company, there are no outstanding contracts, engagements or liabilities, whether quantified or disputed, save for (i) as shown in the Audited

Accounts and/or the Management Accounts or (ii) entered into in the ordinary course of the Company's day to day business operations.

12.8 With respect to the Company there are no:

- (1) contractual arrangements between the Company and any party (including but not limited to financiers of the Company) which will or may be legally terminated as a result of the execution of this Agreement or Completion; or
- (2) liabilities for any statutory or governmental levy or charge other than for Taxation provision for which has been made in the Management Accounts; or
- (3) powers of attorney or other authorities (express or implied) which are still outstanding or effective to or in favour of any person to enter into any contract or commitment or to do anything on its behalf; or
- (4) agreements or arrangements entered into by it otherwise than by way of bargain at arm's length; or
- (5) contracts which are unusual or of a long-term nature or involving or which may involve obligations on it of a nature or magnitude calling for special mention or which cannot be fulfilled or performed on time or without undue or unusual expenditure of money or effort; or
- (6) contracts or arrangements between itself and the parties hereto or their Associates other than contracts in the ordinary course of their day to day trading operations.

12.9 The Company is not a party to or bound by any partnership or joint venture or profit sharing or voluntary association or other similar agreement for the conduct of any business.

12.10 The Company is not a party to any agreement, transaction, obligation, commitment, understanding, arrangement or liability which:

- (a) is incapable of complete performance in accordance with its terms within six months after the date on which it was entered into or undertaken;
- (b) cannot readily be fulfilled or performed by the Company on time without undue or unusual expenditure of money and effort;
- (c) involves or is likely to involve obligations, restrictions, expenditure or receipts of an unusual, onerous or exceptional nature;
- (d) is a contract with any trade union or body or organisation representing the Company's employees;
- (e) in any way restricts the Company's freedom to carry on the whole or any part of its business in any part of the world in such manner as it thinks fit; or

- (f) is in any way otherwise than in the ordinary and proper course of the Company's business.

13. Insolvency

- 13.1 No order has been made or petition presented or resolution passed for the winding up of the Company, nor has any distress, execution or other process been levied against the Company or action taken to repossess goods in the possession of the Company.
- 13.2 No steps have been taken for the appointment of an administrator or receiver of any part of the property or undertaking of the Company.
- 13.3 No floating charge created by the Company has crystallised and there are no circumstances likely to cause such a floating charge to crystallise.
- 13.4 The Company has not made or proposed any arrangement or composition with its creditors or any class of its creditors.

14. Trading and business

- 14.1 The Company has conducted its business in all material respects in accordance with all applicable laws and regulations of Hong Kong and all foreign jurisdiction and there is no order, decree or judgment of any court or any governmental agency of Hong Kong or of any foreign country outstanding against the Company or which may have Material Adverse Effect upon the assets or business of the Company.
- 14.2 All necessary licences, consents, permits and authorisations (public and private) have been obtained by the Company to enable it to carry on its business effectively in the places and in the manner in which such business is now carried on and all such licences, consents, permits and authorisations are valid and subsisting and the Company and the Warrantors know of no reason why any of them should be suspended, cancelled or revoked or should not be renewed or reissued upon or prior to their expiry.
- 14.3 Save as mentioned in paragraph 3.4 above, neither the Company nor any of their officers, agents or employees (during the course of their duties in relation to the Company) have committed, or omitted to do, any act or thing the commission or omission of which is, or could be, in contravention of any ordinance, order, regulation, enactment, statute or the like in Hong Kong or elsewhere which is punishable by fine or other penalty.
- 14.4 Since the Management Accounts Date:
- (1) the business of the Company has been continued in the ordinary and normal course; and
 - (2) the Company has been paying its creditors in respect of all of its debts which have become due and payable in its ordinary course of business.

15. Miscellaneous

- 15.1 All representations, warranties and undertakings contained in the foregoing provisions of this Schedule shall be deemed to be repeated immediately before Completion and to relate to the facts then existing.
- 15.2 Save as mentioned in paragraph 3.4 above, the Company has not committed any breach of any statutory provision, order, bye-law or regulation binding upon it or of any provision of the Memorandum and Articles or of any trust deed, agreement or licence to which it is a party or of any covenant, mortgage, charge or debenture given by it.
- 15.3 All information contained in this Agreement was when given true and accurate in all material respects and there is no material fact or material matter which has not been disclosed, which may render any such information or documents untrue, inaccurate or misleading in any material respect at the date of this Agreement or which if might reasonably be expected to influence materially and adversely the Subscriber's decision to subscribe for the Subscription Shares on the terms of this Agreement.
- 15.5 The execution, delivery and performance of this Agreement by the Company and the Warrantors does not and will not violate in any respect any applicable provision of (i) any law or regulation or any order or decree of any governmental authority, agency or court of the Hong Kong or any jurisdiction in which it is incorporated or resides or any part thereof prevailing as at the date of this Agreement and as at Completion; (ii) the laws and documents incorporating and constituting the Company prevailing as at the date of this Agreement and as at Completion; or (iii) any mortgage, contract or other undertaking or instrument to which it/he is a party or which is binding upon it/him or any of its/his assets, and does not and will not result in the creation or imposition of any encumbrance on any of its/his assets pursuant to the provisions of any such mortgage, contract or other undertaking or instrument.
- 15.6 Subject, where relevant, to the fulfillment of the conditions precedent as set out in Clause 3.1, no consent, licence, approval or authorisation of or filing or registration with or other requirement of any governmental department authority or agency in any jurisdiction in which the Company is incorporated or any part thereof is required by the Company in relation to the valid execution, delivery or performance of this Agreement (or to ensure the validity or enforceability thereof) and the allotment and issue of the Subscription Shares.
- 15.7 Save as contemplated under this Agreement and subject, where relevant, to the fulfillment of the conditions precedent as set out in Clause 3.1, no waivers, consents or approvals of any relevant governmental or regulatory authorities (including, but not limited to, the Stock Exchange and the SFC) or other relevant third parties in Hong Kong or elsewhere are required or appropriate or are relevant to, the entry into and the implementation and completion of this Agreement and no filings with any governmental regulatory authorities or other relevant third parties in Hong Kong or elsewhere are required or appropriate for the entering into and the implementation of this Agreement other than filing obligations under the Securities and Futures

Ordinance of Hong Kong; no waiting periods are required under the laws of Hong Kong or any other relevant jurisdictions in relation thereto.

- 15.8 The information set out in the Recitals and Schedule 1 is true, accurate and complete in all material respects.

Part B

The Subsidiaries

1. Previous Announcements: with respect to all the Previous Announcements, all statements of fact contained therein were true and correct in all material respects as at the respective dates of such Previous Announcements and not misleading in any material respect and all expressions of opinion or intention contained therein were made on reasonable grounds and were truly and honestly held by the directors of the Company and were fairly based and there were no other facts known to the directors of the Company the omission of which would make any such statement or expression in any of the Previous Announcements misleading in any material respect;
2. No material adverse change: save as disclosed in the Previous Announcements, since the Management Accounts Date there has been no material adverse change, nor any development reasonably likely to involve a prospective material adverse change, in the financial or trading position of the any of the Subsidiaries;
3. No litigation: save as disclosed in the Previous Announcements and except for normal debt collection in the ordinary course of business, none of the Subsidiaries is engaged in any litigation, arbitration or governmental proceeding which (individually or in aggregate) is likely to have or have had during the twelve months preceding the date hereof a material adverse effect on the financial or trading position of the Group as a whole and no such litigation, arbitration or proceeding are threatened in writing or pending nor, to the best of the knowledge, information or belief of the Company and the Warrantors (having made all reasonable inquiries), are there any circumstances which is likely to give rise to any such litigation, arbitration or proceeding;
4. Indebtedness: to the best of the knowledge, information and belief of the Company and the Warrantors (having made all reasonable inquiries), no circumstances or events have arisen or occurred such that any person is (or could, with the giving of notice and/or lapse of time and/or fulfilment of any condition and/or the making of any determination, become) entitled to payment of any indebtedness before its due date for payment by any of the Subsidiaries, or to take any step to enforce any security for any indebtedness of any of the Subsidiaries and no person to whom any indebtedness for borrowed money of any of the Subsidiaries which is payable on demand has demanded or threatened in writing to demand repayment of the same;
5. No winding-up: none of the Subsidiaries is in receivership or liquidation and so far as the Company and the Warrantors are aware, none of the Subsidiaries has taken any step to enter liquidation and no petition has been presented for winding up or appointment of a receiver of any of the Subsidiaries.
6. No options or other securities: There are no options or other agreements outstanding which call for the issue of or accord to any person, the right to call for

the issue of any loan or share capital of any of the Subsidiaries or the right to require the creation of any mortgage, charge, pledge, lien or other security or encumbrance.

7. Compliance with constitutions: The copies of the memorandum and articles of association or other equivalent constitutional documents of each of the Subsidiaries which have been produced to the Subscriber are true and complete in all material respects and have attached to them copies of all resolutions which are required by the applicable laws and regulations to be so attached. So far as the Company and the Warrantors are aware, each of the Subsidiaries has complied with its respective memorandum and articles of association in all material respects and none of the activities, agreements, commitments or rights of any of the Subsidiaries is ultra vires or unauthorised.
8. Title to assets: Save as disclosed in the Audited Accounts and the Management Accounts, each of the Subsidiaries has good title to its assets used in its business free from any liens, mortgages, charges and encumbrances.
9. Compliance with applicable laws: So far as the Company and the Warrantors are aware, each of the Subsidiaries has at all times carried on and will until Completion carry on its business in compliance with all applicable laws and regulations in all material respects and there is no order, decree or judgment of any court or any governmental agency of Hong Kong or of any foreign country outstanding against the Subsidiaries or which may have Material Adverse Effect upon the assets or business of the Subsidiaries and, without prejudice to the generality of the foregoing, each of the Subsidiaries has obtained all licences and consents necessary for the carrying on of its business, and all such licences and consents are valid and subsisting and so far as the Company and the Warrantors are aware there is no reason why any of them should be suspended, cancelled or revoked. So far as the Company and the Warrantors are aware, none of the Subsidiaries is in breach in any material respect of any material contracts by which it is bound.
10. No material non-disclosure: There are no adverse material or substantial factors or circumstances known to the Company and the Warrantors relating to the business or affairs of any of the Subsidiaries which have not been disclosed to the Subscriber and which if disclosed, might reasonably be expected to influence materially and adversely the Subscription decision to subscribe for the Subscription Shares on the terms of this Agreement.
11. Taxation: The Subsidiaries have complied in all material respects with all relevant and applicable legal requirements relating to registration or notification for Taxation purposes. The Subsidiaries have paid all Taxation (if any) due to be paid, and if required, made sufficient provision for Taxation before the date of this Agreement, and taken all necessary steps to obtain any repayment of or relief from Taxation available to them.
12. Trading and business: Neither the Subsidiaries nor any of their officers, agents or employees (during the course of performance of their duties in relation to the

Subsidiaries) have committed, or omitted to do, any act or thing the commission or omission of which is, or could be, in contravention of any ordinance, order, regulation, enactment, statute or the like in Hong Kong or elsewhere which is punishable by fine or other penalty. Since the Management Accounts Date, the business of the Subsidiaries have been continued in the ordinary and normal course and the Subsidiaries have been paying their creditors in respect of all of their debts which have become due and payable in their ordinary course of business.

SCHEDULE 3

Form of application for the Subscription Shares

To: MP Logistics International Holdings Limited
(the “Company”)

Date: [●]

Dear Sirs

Subscription of Shares

We refer to the subscription agreement dated [●] (the “Agreement”) and entered into between, among others, ourselves as the subscriber and you as the issuer. Expressions defined in the Agreement shall have the same meanings where used herein.

Pursuant to the provisions of the Agreement, we hereby apply for the following shares (the “Shares”) of HK\$0.01 each in the capital of the Company subject to the Memorandum and Articles at the subscription price of HK\$[●] per Share, for an aggregate amount of HK\$[●] (the “Total Subscription Price”).

Pursuant to Clause 4.1(a)(ii) of the Agreement, we hereby enclose a cashier's order for the Shares subscribed hereunder in the sum of HK\$[●] payable by us to the Company in full satisfaction of the Total Subscription Price and request the Company to register the entity named as “Registered Owner” below on the branch register of members of the Company in Hong Kong in accordance with the Memorandum and Articles.

Registered owner and address

[●]

No. of Shares

[●]

You are authorised and requested to allot and issue the Shares to the Registered Owner named above and deliver the share certificates in denominations of [●] Shares each representing the Shares to [●] at [●], [●] Hong Kong (marked for the attention of [●]) whose receipt shall be a sufficient discharge of your obligations for the delivery to us of such certificates.

In consideration of your allotment and issue of the Shares to us, we confirm that we are subscribing the Shares as principal on behalf of ourselves and not as nominee or agent and that it is intended that such Shares be subscribed for the purpose of investment only.

Yours faithfully
For and on behalf of
[●] Limited

Name:

Title: Director