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China Gamma Group Limited
中國伽瑪集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 164)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Based on the information currently available, the Board wishes to inform the shareholders and potential investors of the Company that the Group may record a significantly higher loss for the six months ended 30 September 2012 as compared with the loss recorded for the corresponding period last year.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Gamma Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Based on the information currently available, the board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that the Group may record a significantly higher loss for the six months ended 30 September 2012 as compared with the loss recorded for the corresponding period last year. In view of the worsening market conditions and business environment particularly in the last two months (including the control of supply of rare earth raw materials due to recent change in the PRC government policies which impacts on the volume of production, as well as a drop in the market prices of refined products), the Group is expected to recognise an impairment loss of intangible asset arising from acquisition of controlling stake in rare earth refinery and processing business in 2011 (the “**Acquisition**”). Details of the Acquisition were disclosed in the circular of the Company dated 24 August 2011.

Information contained in this announcement is only based on the Company's preliminary review of the management accounts and raw financial information of the Group, which have not been reviewed or audited by the Company's auditors.

Shareholders of the Company and potential investors should read the interim results announcement of the Company when it is published for detailed financial information of the Group for the relevant period.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Gamma Group Limited
Wong King Shiu, Daniel
Executive Director

Hong Kong, 4 October 2012

As at the date of this announcement, the executive director of the Company is Mr. Wong King Shiu, Daniel; the non-executive directors of the Company are Mr. Ma Kwok Hung, Warren and Mr. Chow Siu Ngor; and the independent non-executive directors of the Company are Mr. Wong Hoi Kuen, Mr. Chan Chi Yuen and Mr. Hung Hing Man.