GAMMA LOGISTICS CORPORATION

伽瑪物流集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8310)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

This announcement, for which the directors (the "Directors") of Gamma Logistics Corporation (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purposes only*

FINANCIAL HIGHLIGHTS

— The Group's revenue grew by approximately 3.2% to HK$466.5 million for the year ended 31 December 2013 (2012: HK$452.1 million). The increase in the Group's revenue was mainly attributable to the increase in revenue generated from the provision of (i) the stable increase of land and ocean freight services, especially the increase of intra-PRC sea freight forwarding services and its inland transportation; and (ii) the increase in income from provision of fuel cards as a result of increased marketing efforts for the promotion discount offered to our clients.

— The Group's cost of sales increased by 3.7% to approximately HK$372.9 million for the year ended 31 December 2013 (2012: HK$359.7 million), mainly driven by the increase in feeder operating expenses costs of 25.9%.

— The Group's gross profit margin stays stable at 20.1% for the year ended 31 December 2013 (2012: 20.4%).

— The Group's finance cost decreased sharply by 56.7% to HK$1.3 million for the year ended 31 December 2013 (2012: HK$3.0 million), mainly due to the decrease in average loan balance as compared to 2012.

— The Group's net profit after taxation remains stable at HK$12.7 million for the year ended 31 December 2013 (2012: HK$12.6 million).

— The board does not recommend the payment of a dividend for the year ended 31 December 2013 (2012: Nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Revenue	3	**466,456**	452,111
Cost of sales		**(372,866)**	(359,698)
Gross profit		**93,590**	92,413
Other income	4	**1,215**	1,530
Administrative expenses		**(78,177)**	(77,566)
Finance costs	5	**(1,317)**	(3,042)
Share of results of associates		**1,267**	2,275
Profit before taxation	5	**16,578**	15,610
Taxation	6	**(3,890)**	(3,044)
Profit for the year		**12,688**	12,566
Other comprehensive income:			
Item that may be reclassified to profit and loss in subsequent periods:			
Exchange difference arising from translation of foreign operations		**–**	395
Total comprehensive income for the year		**12,688**	12,961
Profit attributable to:			
Equity holders of the Company		**10,095**	8,700
Non-controlling interests		**2,593**	3,866
		12,688	12,566
Total comprehensive income attributable to:			
Equity holders of the Company		**10,095**	9,095
Non-controlling interests		**2,593**	3,866
		12,688	12,961
Earnings per share attributable to equity holders of the Company			
Basic and Diluted	7	**1.50 HK cents**	1.45 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**22,705**	19,928
Interests in associates		**12,046**	11,379
		34,751	31,307
Current assets			
Trade and other receivables	*9*	**105,657**	101,339
Pledged bank deposits		**400**	923
Bank balances and cash		**40,405**	9,756
		146,462	112,018
Current liabilities			
Trade and other payables	*10*	**88,178**	87,392
Current portion of interest-bearing borrowings		**13,310**	14,971
Bank overdrafts (secured)		**3,515**	649
Taxation		**3,458**	1,324
		108,461	104,336
Net current assets		**38,001**	7,682
Total assets less current liabilities		**72,752**	38,989
Non-current liabilities			
Non-current portion of interest-bearing borrowings		**3,107**	1,498
Deferred tax liabilities		**667**	1,378
		3,774	2,876
NET ASSETS		**68,978**	36,113
Capital and reserves			
Share capital	*11*	**8,000**	–
Reserves		**58,950**	26,735
Total equity attributable to equity holders of the Company		**66,950**	26,735
Non-controlling interests		**2,028**	9,378
TOTAL EQUITY		**68,978**	36,113

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Attributable to equity holders of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Statutory reserve *HK$'000*	Other reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2012	–	–	(18,224)	937	170	–	24,757	7,640	7,512	15,152
Profit for the year	–	–	–	–	–	–	8,700	8,700	3,866	12,566
Other comprehensive income										
Exchange difference arising from translation of foreign operations	–	–	–	395	–	–	–	395	–	395
Total comprehensive income for the year	–	–	–	395	–	–	8,700	9,095	3,866	12,961
Transactions with owners										
Contributions and distributions										
Capital contribution from the ultimate holding company to a subsidiary	–	–	10,000	–	–	–	–	10,000	–	10,000
Dividend	–	–	–	–	–	–	–	–	(2,000)	(2,000)
Total transactions with owners	–	–	10,000	–	–	–	–	10,000	(2,000)	8,000
At 31 December 2012 and 1 January 2013	–	–	(8,224)	1,332	170	–	33,457	26,735	9,378	36,113
Profit and total comprehensive income for the year	–	–	–	–	–	–	10,095	10,095	2,593	12,688
Transactions with owners										
Contributions and distributions										
Placing of shares	2,000	48,000	–	–	–	–	–	50,000	–	50,000
Share placement expenses	–	(14,010)	–	–	–	–	–	(14,010)	–	(14,010)
Capitalisation issue	5,900	(5,900)	–	–	–	–	–	–	–	–
Dividend	–	–	–	–	–	–	–	–	(3,800)	(3,800)
	7,900	28,090	–	–	–	–	–	35,990	(3,800)	32,190
Changes in ownership interests										
Reorganisation	100	–	887	–	–	–	–	987	–	987
Acquisition of additional interest in non-wholly owned subsidiaries	–	–	–	–	–	(6,857)	–	(6,857)	(6,143)	(13,000)
	100	–	887	–	–	(6,857)	–	(5,870)	(6,143)	(12,013)
Total transactions with owners	**8,000**	**28,090**	**887**	**–**	**–**	**(6,857)**	**–**	**30,120**	**(9,943)**	**20,177**
At 31 December 2013	**8,000**	**28,090**	**(7,337)**	**1,332**	**170**	**(6,857)**	**43,552**	**66,950**	**2,028**	**68,978**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REORGANISATION OF THE GROUP AND BASIS OF PRESENTATION

Group Reorganisation

Pursuant to a group reorganisation completed on 3 August 2013 (the "Reorganisation") to rationalise the corporate structure in preparation for the initial listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became intermediate holding company of the Group and Golden Fame International Investments Group Limited ("GFII") became the ultimate holding company of the Group. Details of the Reorganisation were set out in the prospectus of the Company dated 14 August 2013 (the "Prospectus").

The shares of the Company were listed on the GEM of the Stock Exchange on 22 August 2013 (the "Listing").

Basis of presentation

As the Group was controlled by the ultimate holding company of the Group (the "Controlling Party") before and after the Reorganisation, the Reorganisation is considered as a business combination under common control and is accounted for by applying the principles of the merger accounting under Hong Kong Accounting Guideline 5 "Merger accounting for common control combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Under this basis, the consolidated financial statements of the Group for the years ended 31 December 2013 and 2012 have been presented as a continuation of the existing group using the pooling of interests method. Accordingly, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows are prepared as if the current group structure had been in existence since the date of incorporation/establishment of the group entities or since the date when the combining entities or business first came under common control, regardless of the date of the common control combination, and throughout the years ended 31 December 2013 and 2012.

Likewise, the comparative consolidated statement of financial position as at 31 December 2012 presents the assets and liabilities of the entities now comprising the Group as if the current group structure had been in existence at that date.

The net assets of the consolidating entities or businesses are consolidated using the existing book values from the Controlling Party's perspective. No amount is recognised as consideration for goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the Controlling Party's interest.

There was no adjustment made to the net assets nor the profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the Accountants' Report as set out in Appendix I of the Prospectus.

Future changes in HKFRSs

The HKICPA has issued a number of the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 27 (2011), HKFRS 10 and HKFRS 12	Investment Entities[1]
Amendments to HKAS 32	Presentation — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]
Amendments to HKAS 19 (2011)	Defined Benefit Plans — Employee Contributions[2]
Various HKFRSs	Annual Improvements Project — 2010–2012 Cycle[3]
Various HKFRSs	Annual Improvements Project — 2011–2013 Cycle[3]
HKFRS 14	Regulatory deferral accounts[4]
HKFRS 9	Financial Instruments[5]
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Financial Instruments (Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39)[5]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 July 2014, except for certain amendments which are effective prospectively for relevant transactions occurred on or after 1 July 2014
4 Effective for annual periods beginning on or after 1 January 2016
5 No mandatory effective date determined but is available for adoption

The directors anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group and the Company.

2. SEGMENT INFORMATION

The chief operating decision maker has been identified collectively as the executive directors of the Company. An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's executive directors in order to allocate resources and assess performance of the segment.

For management purposes, the Group is currently organised into the following operating segments:

Operating segments	**Principal activities**
— Integrated logistics freight services	— Provision of ocean freight and land transportation and container drayage services — Provision of ocean freight forwarding services — Provision of air freight forwarding services — Provision of feeder container storage facilities and hiring services of barges and vehicles
— Provision of fuel cards	— Provision of fuel cards
— Tractors repairs and maintenance services and insurance agency services	— Tractors repairs and maintenance — Provision of insurance agency services

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segments assets include all property, plant and equipment, receivables, bank deposits and cash and cash equivalents other than interests in associates and corporate assets which are managed on a group basis. All liabilities are allocated to reportable segment liabilities other than unallocated head office and corporate liabilities which are managed on a group basis and certain other payables and accrued charges.

Revenues and expenses are allocated to the reporting segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. The measure used for reporting segment results is profit before taxation without allocation of share of results of associates and other unallocated corporate expenses and income. For the purpose of assessing the performance of the operating segments and allocation of resources between segments, the Group's results are further adjusted for items not specifically attributed to individual segments and other head office or corporate administration costs.

Inter-segment sales transactions are charged at prevailing market prices.

Operating segments

Segment information is presented below:

For the year ended 31 December 2013

	Integrated logistics freight services	Provision of fuel cards	Tractor repair and maintenance services and insurance agency services	Inter-segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue (from external customers)	**443,261**	**22,434**	**761**	**–**	**466,456**
— Inter-segment revenue	**59,512**	**1,638**	**4,198**	**(65,348)**	**–**
Total revenue	**502,773**	**24,072**	**4,959**	**(65,348)**	**466,456**
Results					
Segment result	**25,743**	**618**	**85**	**–**	**26,446**
Share of results of associates					**1,267**
Other unallocated corporate income					**10**
Other unallocated corporate expenses					**(11,145)**
Profit before taxation					**16,578**
Taxation					**(3,890)**
Profit for the year					**12,688**

For the year ended 31 December 2012

	Integrated logistics freight services *HK$'000*	Provision of fuel cards *HK$'000*	Tractor repair and maintenance services and insurance agency services *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
Revenue (from external customers)	436,575	14,976	560	–	452,111
— Inter-segment revenue	59,515	1,428	4,317	(65,260)	–
Total revenue	496,090	16,404	4,877	(65,260)	452,111
Results					
Segment result	18,187	132	66	–	18,385
Share of results of associates					2,275
Other unallocated corporate expenses					(5,050)
Profit before taxation					15,610
Taxation					(3,044)
Profit for the year					12,566

As at 31 December 2013

	Integrated logistics freight services *HK$'000*	Provision of fuel cards *HK$'000*	Tractor repair and maintenance services and insurance agency services *HK$'000*	Total *HK$'000*
ASSETS				
Segment assets	**131,079**	**8,799**	**2,361**	**142,239**
Unallocated corporate assets				**38,974**
Consolidated total assets				**181,213**
LIABILITIES				
Segment liabilities	**(105,273)**	**(2,393)**	**(2,354)**	**(110,020)**
Unallocated corporate liabilities				**(2,215)**
Consolidated total liabilities				**(112,235)**
OTHER INFORMATION				
Capital additions	**11,374**	**–**	**–**	**11,374**
Depreciation	**8,443**	**–**	**6**	**8,449**
Finance costs	**1,317**	**–**	**–**	**1,317**
Interest income	**16**	**–**	**–**	**16**
Interest income (unallocated)	**–**	**–**	**–**	**4**

As at 31 December 2012

	Integrated logistics freight services *HK$'000*	Provision of fuel cards *HK$'000*	Tractor repair and maintenance services and insurance agency services *HK$'000*	Total *HK$'000*
ASSETS				
Segment assets	119,791	6,549	737	127,077
Unallocated corporate assets				16,248
Consolidated total assets				143,325
LIABILITIES				
Segment liabilities	(102,707)	(1,351)	(1,642)	(105,700)
Unallocated corporate liabilities				(1,512)
Consolidated total liabilities				(107,212)
OTHER INFORMATION				
Capital additions	1,545	–	–	1,545
Depreciation	8,263	–	7	8,270
Finance costs	2,856	186	–	3,042
Interest income	78	–	–	78

Geographical information

Geographical segment

The Group operates and derives revenue in two principal geographical areas: Hong Kong and Mainland China.

The following table sets out the revenue derived from geographical areas which are based on the geographical location of the customers:

	2013	2012
	HK$'000	*HK$'000*
Revenue from external customers:		
Hong Kong	**375,331**	382,556
Mainland China	**83,044**	54,212
Others *(Note)*	**8,081**	15,343
	466,456	452,111

**Note:* The locations of others include Europe, U.S.A., Asia (other than Hong Kong and Mainland China), South Africa and others.

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation, in the case of interests in associates. The analysis of the Group's non-current assets by geographical location is as follows:

	2013	2012
	HK$'000	*HK$'000*
Property, plant and equipment		
— Hong Kong	**9,703**	11,928
— Mainland China	**13,002**	8,000
	22,705	19,928
Interests in associates		
— Hong Kong	**10,885**	10,044
— Mainland China	**1,161**	1,335
	12,046	11,379
Total specified non-current assets	**34,751**	31,307

Information about major customers

No customer of the Group has individually accounted for 10% or more of the Group's total revenue during the years ended 31 December 2013 and 2012, therefore, no information about major customers is presented.

3. REVENUE

	2013	2012
	HK$'000	*HK$'000*
Income from provision of Integrated logistics freight services	**443,261**	436,575
Income from provision of fuel cards	**22,434**	14,976
Tractor repair and maintenance services and insurance agency fee	**761**	560
	466,456	452,111

4. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**20**	78
Exchange gain	**104**	177
Gain on disposal of property, plant and equipment	**–**	450
Management fee income	**393**	363
Sundry income	**698**	462
	1,215	1,530

5. PROFIT BEFORE TAXATION

	2013	2012
	HK$'000	*HK$'000*
This is stated after charging:		
Finance costs		
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	**809**	2,675
Finance charge on obligations under finance leases	**508**	367
	1,317	3,042
Other items		
Auditors' remuneration	**1,276**	93
Depreciation	**8,449**	8,270
Operating lease payments on premises	**17,293**	13,336
Staff costs		
Salaries, allowances and the other short-term employee benefits including directors' emoluments	**59,555**	57,946
Contributions to defined contribution plans	**3,202**	3,050
	62,757	60,996

6. TAXATION

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
— Current year	**4,033**	2,818
— Over-provision in prior year	**(381)**	(104)
	3,652	2,714
PRC Enterprise Income Tax		
— Current year	**864**	384
— Under-provision in prior year	**85**	13
	949	397
Deferred tax credit	**(711)**	(67)
Total income tax recognised in profit or loss	**3,890**	3,044

(i) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong during the year.

(ii) Income taxes outside Hong Kong

The Company's subsidiaries in the PRC are subject to Enterprise Income Tax. PRC Enterprise Income Tax is calculated at the prevailing tax rate at 25% on taxable income determined in accordance with the relevant laws and regulations in the PRC.

Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any taxation under jurisdictions of the BVI and the Cayman Islands.

(iii) PRC taxes of Golden Fame Delta Shipping Limited ("GFDS")

For safeguard reasons, GFDS had, through a tax advisor, sought a view from the relevant PRC tax authority on the potential tax exposure of a company operating in the scenario as GFDS carries on its business in the PRC on a no-name basis. The view given was that such company would not be eligible for the PRC tax exemption even if it is normally managed or controlled in Hong Kong with its profit assessed under Hong Kong tax.

During the year ended 31 December 2012, in order to avoid delay, GFDS has reached an agreement with the relevant local tax authorities on the bases of computation of the PRC tax liabilities and paid an amount of approximately RMB742,000, including Business Tax and Enterprise Income Tax, in respect of the 3 years from 2009 to 2011 and surcharge for late payment of approximately RMB249,000 under the self-reporting system of the PRC tax rules.

Having settled the aforesaid PRC tax liabilities and surcharge, the management has reassessed the adequacy of provision for tax and related payments made in the past years and determined that the said payments should not have caused a significant financial impact on the Group's results and financial positions throughout the year.

Reconciliation of tax expenses

The tax charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000*
Profit before taxation	**16,578**	15,610
Income tax at applicable tax rate of 16.5%	**2,735**	2,575
Effects of different tax rates of subsidiaries operating in other jurisdictions	**233**	7
Non-deductible expenses	**2,829**	1,457
Tax exempt revenue	**(1,205)**	(1,226)
Tax effect of share of results of associates	**(208)**	(375)
Utilisation of previously unrecognised tax losses	**(60)**	(144)
Unrecognised temporary differences	**217**	489
Over provision in prior year	**(296)**	(91)
Tax effect of tax loss not recognised	**294**	–
Others	**(649)**	352
Tax expense for the year	**3,890**	3,044

Tax exempt revenue mainly included profits not taxed in Hong Kong under S.23B of the Inland Revenue Ordinance for being carriage shipped outside Hong Kong and bank interest income. Non-deductible expenses mainly included bank loan and overdraft interest incurred for non-producing assets, loss not allowable in Hong Kong under S.23B of the Inland Revenue Ordinance for being carriage shipped outside Hong Kong as well as listing expenses charged to profit or loss.

7. EARNINGS PER SHARE

Basic earnings per share for the years ended 31 December 2013 and 2012 are calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

In determining the weighted average number of ordinary shares in issue, 1 ordinary share issued on incorporation of the Company, 9,999,999 ordinary shares issued as consideration for the acquisition of the entire issued share capital of Gamma Logistics (B.V.I.) Corporation ("GLBVI") and the capitalisation issue of 590,000,000 ordinary shares upon the Listing on 22 August 2013 were deemed to have been in issue on 1 January 2012 for the purpose of the calculation of basic earnings per share.

	2013	2012
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**10,095**	8,700
Weighted average number of ordinary shares in issue	**671,780,822**	600,000,000
Basic earnings per share	**1.50 HK cents**	1.45 HK cents

Basic and diluted earnings per share are the same as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2013 and 2012.

8. DIVIDENDS

The board does not recommend the payment of a dividend for the year ended 31 December 2013 (2012: Nil).

9. TRADE AND OTHER RECEIVABLES

	2013 *HK$'000*	2012 *HK$'000*
Trade receivables	**78,847**	77,005
Other receivables		
Deposits, prepayments and other debtors	**24,461**	22,983
Due from associates	**2,349**	1,067
Due from related parties	**–**	284
	26,810	24,334
	105,657	101,339

The ageing analysis of trade receivables, based on the invoice date, is as follows:

	2013 *HK$'000*	2012 *HK$'000*
Outstanding balances which aged:		
90 days or below	**73,349**	71,011
91–180 days	**5,007**	4,662
181–365 days	**436**	1,233
More than 365 days	**55**	99
	78,847	77,005

The Group allows a credit period of 60 to 90 days to its trade debtors.

10. TRADE AND OTHER PAYABLES

	2013 *HK$'000*	2012 *HK$'000*
Trade payables	**57,092**	57,568
Other payables		
Accrued charges and other creditors	**22,002**	19,313
Due to associates	**9,084**	9,000
Due to a related party	**–**	1,511
	31,086	29,824
	88,178	87,392

The ageing analysis of trade payables is as follows:

	2013	2012
	HK$'000	*HK$'000*
90 days or below	**48,600**	50,403
91–180 days	**7,733**	5,930
181–365 days	**759**	1,235
	57,092	57,568

11. SHARE CAPITAL

	Notes	2013 Number of shares	2013 Nominal value *HK$'000*	2012 Number of shares	2012 Nominal value *HK$'000*
Ordinary shares of HK$0.01 each					
Authorised					
At beginning of year	*11(a)*	**38,000,000**	**380**	38,000,000	380
Increase in authorised capital	*11(b)(i)*	**9,962,000,000**	**99,620**	–	–
At end of year		**10,000,000,000**	**100,000**	38,000,000	380
Issued and fully paid:					
At beginning of year	*11(a)*	**1**	**–**	1	–
Issue of shares upon reorganisation	*11(b)(ii)*	**9,999,999**	**100**	–	–
Placing of new shares	*11(c)*	**200,000,000**	**2,000**	–	–
Capitalisation issue	*11(d)*	**590,000,000**	**5,900**	–	–
At end of year		**800,000,000**	**8,000**	1	–

Notes:

(a) The Company was incorporated in the Cayman Islands on 13 September 2011. At the date of incorporation, the authorised share capital of the Company was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. On incorporation, 1 ordinary share with par value of HK$0.01 was allotted, issued and credited as fully paid.

(b) In preparation for the Listing, the following changes in authorised and issued share capital of the Company took place on 3 August 2013:

(i) Pursuant to the written resolutions of the sole shareholder passed on 3 August 2013, the authorised share capital of the Company was increased to HK$100,000,000 divided into 10,000,000,000 ordinary shares of HK$0.01 each by the creation of an additional 9,962,000,000 ordinary shares of HK$0.01 each.

(ii) GLBVI capitalised the amount due to GFII of HK$986,795, resulting from execution of several assignments and novations, by alloting and issuing 20 new shares of US$1 each, credited as fully paid to GFII on 25 July 2013.

Followed by the capitalisation of the amount due to GFII mentioned above, the Company acquired the entire issued capital of GLBVI from GFII and in consideration of and in exchange for which, the Company alloted and issued 9,999,999 shares, credited as fully paid to GFII on 3 August 2013.

The net effects of the capitalisation of amount due to GFII and acquisition of GLBVI, as parts of the Reorganisation, have been credited to the capital reserve.

(c) On 22 August 2013, 200,000,000 ordinary shares ("Placing Shares") of HK$0.01 each were issued by way of placing (the "Placing") at a price of HK$0.25 per share for cash consideration of HK$50,000,000. The excess of the placing price over the par value of the shares issued, net of listing expenses of HK$14,010,000, was credited to the share premium account.

(d) Pursuant to the written resolution of the sole shareholder passed on 3 August 2013, the Company capitalised an amount of HK$5,900,000 from the amount standing to the credit of the share premium account, being credited as a result of the issue of the Placing Shares, by applying such sum to pay up in full at par a total of 590,000,000 shares for allotment and issue to GFII, the sole shareholder appears on the register of members of the Company at the close of business on 7 August 2013.

All the shares issued during the year ended 31 December 2013 rank *pari passu* in all respects with the then existing shares.

BUSINESS REVIEW

The Company's shares were successfully listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 22 August 2013 (the "Listing Date"). For the year ended 31 December 2013 (the "Financial Year"), the Group's principal business remains the same as those set out in the issuance of Prospectus in connection with the listing of the shares in the Company on the Listing Date.

Our integrated logistics freight services can be divided into below categories during the Financial Year:

1. Integrated Logistics Freight Services

(a) Land and ocean freight services

The Land and ocean freight services composed as the core business of the Group. Although the macro industry trend shows that containers shipping overseas are transferring via the terminal from Hong Kong to the Pearl River Delta ("PRD") region, eg. Shenzhen and Guangzhou, the Group's containers throughput (to and from Hong Kong and PRD region) remain at the similar level of approximately 313,000 Twenty-foot Equivalent Units ("TEU") for the Financial Year (2012: approximately 321,000 TEUs). The Group recorded an increase of 3.5% of revenue to approximately HK$401.8 million for the Financial Year (2012: HK$388.4 million). The increase is mainly attributable to the revenue generated from Intra-PRD region services and the supplement services, including inland transportation, provided.

(b) *Air freight forwarding services*

During the Financial Year, the Group continued to focus on its air freight forwarding services within the East Asia region. The air freight forwarding services income decreased slightly to HK$31.8 million for the Financial Year (2012: HK$35.1 million), which is generally in line with the air cargo movement in the East Asia while during the Financial Year, Hong Kong flight movements in terms of cargo decreased mildly, especially in Malaysia.

(c) *Operation equipment rental services*

The income from operation equipment rental services decreased during the Financial Year compared to 2012. The decrease in income from equipment rental services reflected the decrease in containers being transported to and from PRC and Hong Kong during the respective periods.

2. Supporting Services

The Group's supporting services comprising provision of fuel cards, tractor repair and maintenance services and insurance agency services. The income from the supporting services increased to HK$23.2 million in the Financial Year (2012: HK$15.5 million).

(a) *Provision of fuel cards*

During the Financial Year, the increase in the Group's supporting services income was mainly driven by the increase in income from provision of fuel cards of 49.8% as a result of increased marketing efforts for the promotion discount offered to our clients.

(b) *Tractor repair and maintenance services and insurance agency services*

Tractor repair and maintenance and insurance agency services, albeit their contribution to our Group's revenue being relatively insignificant, served as major types of value-added-services to our land and ocean freight clients during the Financial Year. The relevant revenue increased by 35.9% during the Financial Year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continued to adopt a prudent financial management policy and has a healthy financial position.

As at 31 December 2013, the Group had net currents asset of approximately HK$38.0 million (2012: approximately HK$7.7 million) including cash and cash equivalents of approximately HK$36.9 million (2012: approximately HK$9.1 million).

The Group's equity capital, bank borrowings, together with the profit generated from operations, has been applied to fund its working capital and other operational needs. The Group's current ratio as at 31 December 2013 was 1.35 (2012: 1.07).

As at 31 December 2013, the Group's gearing ratio (defined as the ratio of total debts to total equity) was 28.9% (2012: 47.4%).

DIVIDEND

The board does not recommend the payment of a dividend for the Financial Year (2012: Nil).

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

As disclosed in the Company's Prospectus dated 14 August 2013, the Company has agreed to acquire the remaining 50% equity interests in Win Top Shipping Company Limited ("Win Top"), a subsidiary company of the Group. This transaction has completed during the Financial Year and the Group's interests in Win Top and its wholly-owned subsidiary have been increased to 100%. Other than this, the Group has no material acquisitions and disposals of subsidiaries and associated companies during the Financial Year.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no material contingent liabilities (2012: Nil).

OUTLOOKS

The Company's shares were listed on GEM of the Stock Exchange on 22 August 2013. The funds raised from the listing have helped lay a solid foundation for the Group's future development.

Looking forward, the Group expects to implement profit optimization strategy ("Profit Optimization Strategy") from the first quarter of 2014. The strategy includes (i) gradual increase in shipping freight charges up to 30% ("Pricing Strategy") on customers to optimize the return on the shareholders' equity. This Pricing Strategy is, in a short-term, expected to incur loss from customers who contribute low profit margin, however the Board expects an optimization on the profit stream in the future and a more high quality services provided to high profit margin clients; (ii) The Pricing Strategy in a short term might increase the average cost, as fixed cost remains at the same level, that might have impact on gross profit margin, the Board expects that the effects will be diminished as the Group is also implementing the cost optimization strategy ("Cost Optimization Strategy"), including disposal of redundant and old facilities, eg. containers, tractors and trailers.

The Profit Optimization Strategy aims to facilitate the long term growth of the Group. The Group will also continue to enhance the core business in land and ocean freight services and explore the business in air freight forwarding business and other possible business to diversify the revenue stream and to maximize the best interests for the shareholders of the Group.

FINANCIAL REVIEW

The Group's revenue grew by approximately 3.2% to HK$466.5 million for the Financial Year (2012: HK$452.1 million). The increase in the Group's revenue was mainly attributable to the increase in revenue generated from the provision of (i) the stable increase of land and ocean freight services, especially the increase of intra-PRC sea freight forwarding services and its inland transportation; and (ii) the increase in income from provision of fuel cards as a result of increased marketing efforts for the promotion discount offered to our clients.

The Group's cost of sales increased by 3.7% to approximately HK$372.9 million for the Financial Year (2012: HK$359.7 million), mainly driven by the increase in feeder operating expenses costs of 25.9%.

With the combined effects of revenue and cost of sales, the company's gross profit margin stays stable at 20.1% for the Financial Year (2012: 20.4%).

The Group's finance cost decreased sharply by 56.7% to HK$1.3 million for the Financial Year (2012: HK$3.0 million), mainly due to the decrease in average loan balance as compared to 2012.

The Group's net profit after taxation remains stable at HK$12.7 million for the Financial Year (2012: HK$12.6 million).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

The Company's shares were listed on GEM of the Stock Exchange on 22 August 2013. As at 31 December 2013, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in shares of the Company

Name of Director	Capacity/ Nature of interests	Number of shares held	% of the Company's issued share capital
Mr. Lo Wong Fung	Interest of a controlled corporation *(Note 1)*	600,000,000	75%

Note:

1. The Shares are held by Golden Fame International Investments Group Limited ("GFII"), of which Mr. Lo Wong Fung is legally and beneficially owned as to 40% of the entire issued share capital. Under the SFO, Mr. Lo Wong Fung is deemed to be interested in the Shares registered in the name of GFII.

Save as disclosed above, as at 31 December 2013, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and to recognise and acknowledge the contributions that eligible persons had made or may make to our Group. The Scheme has been adopted pursuant to the written resolutions of the sole Shareholder passed on 3 August 2013. Since the Scheme came into effect after the Company was listed on GEM of the Stock Exchange, no share options were granted, exercised or cancelled by the Company under the Scheme during the period under review and there were no outstanding share options under the Scheme as at 31 December 2013 and at the date of this announcement.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2013, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity/ Nature of interests	Number of shares held *(Note 1)*	% of the Company's issued share capital
GFII *(Note 2)*	Beneficial owner	600,000,000 (L)	75%
Smart Oriental Limited *(Note 3)*	Interest of controlled corporation	600,000,000 (L)	75%
Mr. Lo Wong Fung *(Note 3)*	Interest of controlled corporation	600,000,000 (L)	75%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the relevant member of our Group.

2. GFII, a company incorporated in Hong Kong and an investment holding company, is beneficially owned as to 40% by Smart Oriental Limited, as to 20% by B & O Global Invest Limited and as to the remaining 40% by Mr. Lo Wong Fung.

3. Smart Oriental and Mr. Lo Wong Fung are deemed to be interested in the Shares held by GFII under the SFO.

Save as disclosed above, as at 31 December 2013, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company's shares were listed on GEM of the Stock Exchange by way of placing on 22 August 2013. Save for the aforesaid placing, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013, except as disclosed in the Prospectus.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Asian Capital (Corporate Finance) Limited ("Asian Capital"), the compliance adviser of the Company, neither Asian Capital nor its directors or employees or associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 31 December 2013, except as disclosed in the Prospectus.

Asian Capital will receive fees for acting as the compliance adviser of the Company.

COMPETING INTERESTS

Save and except for interests in the Group, none of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 31 December 2013 which may, directly or indirectly, compete with the Group's business.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors from the Listing Date up to and including 31 December 2013.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules from the Listing Date up to and including 31 December 2013.

AUDIT COMMITTEE

Our Company established an audit committee on 3 August 2013 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraph C.3 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. The members of the audit committee comprise Mr. Lam Ying Hung, Andy, Mr. Zschiesche Gustav, Mr. Hung Chiu Shing, Wilson and Mr. Luk Chi Shing, all of whom are independent non-executive Directors. The chairman of the audit committee is Mr. Lam Ying Hung, Andy. The primary duties of the audit committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and related materials and provide advice in respect of the financial reporting process and oversee the internal control procedures of the Group.

REVIEW OF RESULTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2013.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's joint auditors, Mazars CPA Limited and LKY China, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Mazars CPA Limited and LKY China in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited and LKY China on the preliminary announcement.

By order of the Board
Gamma Logistics Corporation
Lo Wong Fung
Chairman

Hong Kong, 20 March 2014

As at the date of this announcement, the executive Directors are Mr. Lo Wong Fung, Mr. Lo Ka Man, Ms. Leung Wai Ching, Mr. Yang Yue Xia and Mr. Jiang Tan Shan; the non-executive Director is Mr. Ho Chi Ho and the independent non-executive Directors are Mr. Lam Ying Hung, Andy, Mr. Zschiesche Gustav, Mr. Hung Chiu Shing, Wilson and Mr. Luk Chi Shing.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk. This announcement will also be published on the Company's website at www.gamma-corporation.com.