

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the Share Offer, this Composite Document or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Gamma Logistics Corporation, you should at once hand this Composite Document, together with the accompanying Acceptance Form to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Acceptance Form, the contents of which form part of the terms and conditions of the Share Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Acceptance Form, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Acceptance Form.



**DAFENG PORT OVERSEAS  
INVESTMENT HOLDINGS LIMITED**  
大豐港海外投資控股有限公司  
(Incorporated in Hong Kong with limited liability)

**GAMMA LOGISTICS CORPORATION**  
伽瑪物流集團\*  
(Incorporated in the Cayman Islands with limited liability)  
(Stock code: 8310)

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO  
MANDATORY CONDITIONAL CASH OFFER JOINTLY BY**



**SOMERLEY CAPITAL LIMITED**



**KINGSTON SECURITIES LTD.**

**FOR AND ON BEHALF OF  
DAFENG PORT OVERSEAS INVESTMENT HOLDINGS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
GAMMA LOGISTICS CORPORATION  
(OTHER THAN THOSE ALREADY OWNED  
BY DAFENG PORT OVERSEAS INVESTMENT HOLDINGS LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

**Joint Financial Advisers to Dafeng Port Overseas Investment Holdings Limited**



**SOMERLEY CAPITAL LIMITED**



**KINGSTON CORPORATE FINANCE LTD.**

**Independent Financial Adviser to the Independent Board Committee**

**VINCO** 城高  
**Grand Vinco Capital Limited**  
(a wholly-owned subsidiary of Vinco Financial Group Limited)

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document. A letter from Somerley and Kingston Securities containing, among other things, details of the terms of the Share Offer is set out on pages 7 to 15 of this Composite Document. A letter from the Board is set out on pages 16 to 21 of this Composite Document. A letter from the Independent Board Committee of the Company to the Independent Shareholders of the Company is set out on pages 22 to 23 of this Composite Document. A letter from Vinco Capital containing its opinion and advice to the Independent Board Committee of the Company is set out on pages 24 to 40 of this Composite Document.

The procedures for acceptance and settlement of the Share Offer are set out on pages I-1 to I-8 in Appendix I to this Composite Document and in the accompanying Acceptance Form. Acceptances of the Share Offer must be received by the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Wednesday, 11 March 2015, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Acceptance Form to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "Important notice" contained in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Share Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Share Offer.

\* For identification purposes only

## **CHARACTERISTICS OF GEM**

**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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## EXPECTED TIMETABLE

*The timetable set out below is indicative only and may be subject to changes. Any changes to the expected timetable will be announced by the Offeror and the Company as and when appropriate. Unless otherwise specified, all times and dates references contained in this Composite Document refer to Hong Kong local time and dates.*

**2015**

Despatch of the Composite Document and the accompanying Acceptance Form and commencement date of the Share Offer (*Note 1*) ..... Wednesday, 18 February

Latest time and date for acceptance of the Share Offer on the First Closing Date (*Notes 2 and 4*) ..... Wednesday, 4:00 p.m., 11 March

First Closing Date (*Notes 1 and 2*) ..... Wednesday, 11 March

Announcement of the results of the Share Offer on the website of the Stock Exchange (*Note 2*)..... by 7:00 p.m. on Wednesday, 11 March

Latest date of posting of remittances in respect of valid acceptances received under the Share Offer by the First Closing Date (assuming the Share Offer becomes or is declared unconditional on such date) (*Notes 3 and 4*) ..... Friday, 20 March

Latest time and date for the Share Offer to remain open for acceptance (assuming the Share Offer becomes or is declared unconditional on the First Closing Date) (*Notes 4 and 5*) ..... by 4:00 p.m. Wednesday, 25 March

Final closing date of the Share Offer if the Share Offer becomes or is declared unconditional on the First Closing Date..... Wednesday, 25 March

Latest date of posting of remittances in respect of valid acceptances received under the Share Offer on or before 4:00 p.m. Wednesday, 25 March 2015, being the latest date on which the Share Offer remains open for acceptances assuming the Share Offer becomes or is declared unconditional in all respects on the First Closing Date (*Notes 3 and 5*) ..... Wednesday, 8 April

Latest date by which the Share Offer can be declared unconditional as to acceptances (*Note 6*) ..... by 7:00 p.m. on Monday, 20 April

## EXPECTED TIMETABLE

*Notes:*

1. The Share Offer, which is conditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from Wednesday, 18 February 2015 until the First Closing Date. Acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed “6. Right of withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Share Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Share Offer is 4:00 p.m. on Wednesday, 11 March 2015. An announcement will be issued on the website of the Stock Exchange by 7:00 p.m. on Wednesday, 11 March 2015 stating whether the Share Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Share Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Share Offer is closed to those Independent Shareholders who have not accepted the Share Offer.
3. Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty in the case for tendered Shares) payable for the Offer Shares tendered under the Share Offer will be made to the Independent Shareholders accepting the Share Offer by ordinary post at their own risk as soon as possible, but in any event within 7 Business Days following the later of the date on which the Share Offer becomes or is declared unconditional and the date of the receipt of duly completed acceptances together with all the valid requisite documents by the Registrar from the Independent Shareholders accepting the Share Offer in accordance with the Takeovers Code.  
  
An acceptor of the Share Offer shall be entitled to withdraw its/his/her acceptance after 21 days from the First Closing Date if the Share Offer has not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the Share Offer becomes or is declared unconditional as to acceptances. For further details, please refer to Appendix I to this Composite Document.
4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
  - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Share Offer and the latest date for posting of remittances for the amounts due under the Share Offer in respect of valid acceptances, the latest time for acceptance of the Share Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
  - (b) in force in Hong Kong at any local time before 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Share Offer and the latest date for posting of remittances for the amounts due under the Share Offer in respect of valid acceptances, the latest time for acceptance of the Share Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.
5. In accordance with the Takeovers Code, where the Share Offer becomes or is declared unconditional in all respects, the Share Offer should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days’ notice in writing must be given before the Share Offer is closed to the Independent Shareholders who have not accepted the Share Offer. The Offeror has the right, subject to the Takeovers Code, to extend the Share Offer until such date as it may determine or as permitted by the Executive.
6. In accordance with the Takeovers Code, except with the consent of the Executive, the Share Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day on which this Composite Document was posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Share Offer has previously become or is declared unconditional as to acceptance, the Share Offer will lapse after 7:00 p.m. on Monday, 20 April 2015, unless extended with the consent of the Executive.

Save as mentioned above, if the latest time for the acceptance of the Share Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) of any change in the expected timetable as soon as possible.

## **IMPORTANT NOTICE**

### **NOTICE TO HOLDERS OUTSIDE HONG KONG**

The making of the Share Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Share Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror, Somerley, Kingston Corporate Finance, Kingston Securities, Vinco Capital and the Registrar, their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Share Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see “F. Tax Implications” in the “Letter from Somerley and Kingston Securities”.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws.

## DEFINITIONS

*In this Composite Document, the following expressions have the following meanings unless the context otherwise requires:*

“Acceptance Form(s)”	the acceptance form(s) in respect of the Share Offer accompanying this Composite Document
“Acquisition Facility”	the facility of an aggregate amount of HK\$198,000,000 granted by Kingston Securities for the acquisition of the Sale Shares by the Offeror
“acting in concert”	shall have the meaning set out in the Takeovers Code
“associate(s)”	shall have the meaning set out in the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Gamma Logistics Corporation (stock code: 8310), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the SP Agreement, which took place on 23 January 2015
“Completion Date”	23 January 2015, being the date on which the Completion took place
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company, which sets out, among other things, details of the Share Offer in accordance with the Takeovers Code
“Condition”	condition set out under the section headed “B. Mandatory Conditional Cash Offer — Condition of the Share Offer” to which the Share Offer is subject in the “Letter from Somerley and Kingston Securities” in this Composite Document
“Director(s)”	director(s) of the Company

## DEFINITIONS

“Encumbrances”	all pledges, charges, claim, community or other marital property interest, liens, mortgages, lease, security interests, attachments, pre-emption rights, options restrictions, conditional sale agreement or other title retention agreement and any other encumbrances or similar third party rights or claims of any kind
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility”	the stand-by facility of an aggregate amount of HK\$228,500,000 granted by Kingston Securities for the Share Offer
“Final Closing Date”	either the First Closing Date (in case the Share Offer does not become unconditional on the First Closing Date) or Wednesday, 25 March 2015 (in case the Share Offer becomes unconditional on the First Closing Date) (or any subsequent closing date(s) as may be determined and announced with the consent of the Executive)
“First Closing Date”	Wednesday, 11 March 2015, being the first closing date of the Share Offer which is the first Business Day immediately after 21 days from the date on which this Composite Document was posted
“Forecast Statement”	the profit warning statement announced by the Company on 19 January 2015
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), being the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC



## DEFINITIONS

“Independent Board Committee”	the independent committee of the Board comprising all three independent non-executive Directors, namely Mr. Luk Chi Shing, Mr. Zhang Fangmao and Mr. Wang Zongbo, established to give a recommendation to the Independent Shareholders in respect of the Share Offer, as to whether the Share Offer is, or is not, fair and reasonable and as to acceptance
“Independent Financial Adviser” or “Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Share Offer, as to whether the Share Offer is, or is not, fair and reasonable and as to acceptance
“Independent Shareholders”	Shareholders other than the Offeror, its ultimate beneficial owners and parties acting in concert with any of them
“Joint Announcement”	the joint announcement of the Offeror and the Company dated 30 January 2015, in relation to, among other things, the SP Agreement and the Share Offer
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO and one of the joint financial advisers to the Offeror
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activity under the SFO, being one of the agents making the Share Offer on behalf of the Offeror
“Last Trading Day”	21 January 2015, being the last full trading day on which the Shares were traded on GEM prior to the issue and publication of the Joint Announcement
“Latest Practicable Date”	13 February 2015, being the latest practicable date prior to the printing of the Composite Document for the purpose of ascertaining information contained in this Composite Document

## DEFINITIONS

“Loyal Fine”	Loyal Fine Limited, a company incorporated under the laws of the BVI and is directly held as to 100% by the Forefront Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 885)
“Mazars”	Mazars CPA Limited, the auditor of the Company
“MOU”	the memorandum of understanding dated 9 October 2014 and entered into by, among others, the Vendor and the Offeror, regarding the possible sale of all or part of its shareholding interests in the Company
“MOU Announcement”	the Company’s announcement dated 14 October 2014 in relation to, among other things, the MOU
“Mr. Lo”	Mr. Lo Wong Fung, an executive Director, the chairman of the Board and a controlling Shareholder
“Offer Period”	has the meaning ascribed thereto under the Takeovers Code and commencing from 14 October 2014, being the date of the MOU Announcement, and ending on the Final Closing Date
“Offer Price”	HK\$0.38 for each Offer Share
“Offer Shares”	all existing issued Shares (other than those Shares already owned by the Offeror and parties acting in concert with it)
“Offeror” or “Dafeng Port”	Dafeng Port Overseas Investment Holdings Limited (大豐港海外投資控股有限公司), a company incorporated in Hong Kong with limited liability
“Overseas Shareholder(s)”	Shareholder(s), whose addresses, as shown in the Register of Members, are outside of Hong Kong
“PRC”	the People’s Republic of China which for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Register of Member”	the register of members of the Company
“Registrar”	Tricor Investor Services Limited, the branch registrar of the Company in Hong Kong

## DEFINITIONS

“Relevant Period”	the period from 14 April 2014, being six months preceding the commencement of the Offer Period on 14 October 2014, up to and including the Latest Practicable Date
“Sale Shares”	520,000,000 Shares beneficially owned by the Vendor and sold by it to the Offeror pursuant to the SP Agreement
“Shareholders”	holder(s) of the Shares
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Offer”	the mandatory conditional cash offer to be made jointly by Somerley and Kingston Securities for and on behalf of the Offeror to acquire all the issued Shares not already owned by the Offeror or parties acting in concert with it at HK\$0.38 per Offer Share in accordance with the Takeovers Code
“Share Option(s)”	the share option(s) to be granted under the share option scheme adopted by the Company on 3 August 2013
“Shareholder(s)”	holder(s) of the Shares
“Smart Oriental”	Smart Oriental Limited, a company incorporated under the laws of the BVI and is directly held as to 100% by Loyal Fine
“Somerley”	Somerley Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror and one of the agents making the Share Offer on behalf of the Offeror
“SP Agreement”	the sale and purchase agreement dated 22 January 2015 entered into between the Offeror and the Vendor for the acquisition of the Sale Shares
“Stamp Duty Ordinance”	the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

## DEFINITIONS

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers as amended, supplemented or otherwise modified from time to time
“Unconditional Date”	the date on which the Share Offer has become or is declared unconditional in all respects
“Vendor”	Golden Fame International Investments Group Limited, a company incorporated in Hong Kong and an investment holding company, is beneficially owned as to 40% by Smart Oriental, as to 20% by B & O Global Invest Limited and as to the remaining 40% by Mr. Lo
“%”	per cent.

LETTER FROM SOMERLEY AND KINGSTON SECURITIES



SOMERLEY CAPITAL LIMITED

20th Floor, China Building  
29 Queen's Road Central  
Hong Kong



KINGSTON SECURITIES LTD.

Suite 2801, 28th Floor  
One International Finance Centre  
1 Harbour View Street, Central, Hong Kong

18 February 2015

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER JOINTLY BY  
SOMERLEY CAPITAL LIMITED AND KINGSTON SECURITIES LIMITED  
FOR AND ON BEHALF OF  
DAFENG PORT OVERSEAS INVESTMENT HOLDINGS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
GAMMA LOGISTICS CORPORATION  
(OTHER THAN THOSE ALREADY OWNED  
BY DAFENG PORT OVERSEAS INVESTMENT HOLDINGS LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

**A. INTRODUCTION**

Reference is made to the Joint Announcement. On 22 January 2015, the Vendor and the Offeror entered into the SP Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to acquire 520,000,000 Sale Shares beneficially owned by the Vendor, representing approximately 46.43% of the existing issued share capital of the Company as at the date of SP Agreement, for a total consideration of HK\$197,600,000, equivalent to HK\$0.38 per Sale Share. Completion of the SP Agreement took place on 23 January 2015. As at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 520,000,000 Shares, representing approximately 46.43% of the existing issued share capital of the Company.

On 30 January 2015, the Offeror and the Company jointly announced that Somerley and Kingston Securities would, on behalf of the Offeror, make mandatory conditional cash offer to acquire all of the outstanding Shares (other than those Shares already owned by the Offeror and parties acting in concert with it). This letter forms part of the Composite Document and sets out certain background information of the Offeror and the intentions of the Offeror in relation to the Company. The terms of the Share Offer are set out in this letter, Appendix I to this Composite Document and in the accompanying Acceptance Form.

Your attention is also drawn to the letter from the Board on pages 16 to 21, the letter from the Independent Board Committee on pages 22 to 23 and the letter from Vinco Capital on pages 24 to 40 of this Composite Document.

## LETTER FROM SOMERLEY AND KINGSTON SECURITIES

### B. MANDATORY CONDITIONAL CASH OFFER

As at the Latest Practicable Date, there are 1,120,000,000 Shares in issue, of which the Offeror, its ultimate beneficial owners and parties acting in concert with them hold 520,000,000 Shares representing approximately 46.43% of the issued share capital of the Company. The Company has no other outstanding Shares, warrants, options, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest in the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a conditional mandatory cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it).

#### The Share Offer

Somerley and Kingston Securities are, on behalf of the Offeror, making the Share Offer on the following basis:

For each Offer Share..... HK\$0.38 in cash

The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Unconditional Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made.

The Offer Price of HK\$0.38 per Offer Share represents:

- (i) a discount of approximately 15.56% to the closing price of HK\$0.450 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 17.21% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK\$0.459 per Share;
- (iii) a discount of approximately 17.03% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK\$0.458 per Share;
- (iv) a premium of approximately 258.49% over the unaudited net assets value attributable to equity holders of the Company of approximately HK\$0.106 per Share as at 30 June 2014 (based on the number of Shares then in issue) and a premium of approximately 352.38% over the audited net assets value attributable to equity holders of the Company of approximately HK\$0.084 per Share at 31 December 2013 (based on the number of Shares then in issue); and
- (v) a discount of approximately 14.61% to the closing price of HK\$0.445 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

## LETTER FROM SOMERLEY AND KINGSTON SECURITIES

### **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period to the Latest Practicable Date were HK\$0.560 per Share on 17 November 2014 and HK\$0.280 per Share on 7 and 8 May 2014 respectively.

### **Value of the Share Offer**

On the basis of the Offer Price of HK\$0.38 per Offer Share and 1,120,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company would be valued at HK\$425,600,000. The number of Sale Shares under the SP Agreement is 520,000,000 and the amount paid by the Offeror for the Sale Shares upon Completion is HK\$197,600,000. The number of Shares subject to the Share Offer is 600,000,000. Accordingly, in the event that the Share Offer is accepted in full, the Share Offer based on the Offer Price values the Offer Shares at HK\$228,000,000.

### **Confirmation of financial resources**

The financial resources required from the Offeror to satisfy the consideration for the Share Offer amount to an aggregate of HK\$228,000,000. The Offeror intends to finance such consideration by the Facility granted by Kingston Securities.

Somerley and Kingston Corporate Finance have been jointly appointed as the financial advisers to the Offeror in respect of the Share Offer and are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptance of the Share Offer.

### **Condition of the Share Offer**

The Share Offer is conditional on valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of Shares which, together with the Shares acquired before or during the Share Offer, would result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company in accordance with the Takeovers Code.

### **Completion of the Share Offer**

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Share Offer or the fulfilment of the condition to the Share Offer in accordance with the Takeovers Code and the GEM Listing Rules. The latest time on which the Offeror can declare the Share Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

## LETTER FROM SOMERLEY AND KINGSTON SECURITIES

### **Effects of accepting the Share Offer**

The Share Offer will be a conditional one. Subject to the Share Offer becoming unconditional, the Share Offer is made on the basis that acceptance of the Share Offer by any person will constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the Unconditional Date or subsequently becoming attached to them, including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made.

The Share Offer will be made in compliance with the Takeovers Code which is administered by the Executive.

### **Hong Kong stamp duty**

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance, will be deducted from the cash amount payable to the Shareholders who accept the Share Offer. The Offeror will then pay the buyer's ad valorem stamp duty so deducted on its own behalf.

### **Payment**

Provided that the Share Offer has become, or has been declared, unconditional in all respects, settlement of the consideration in respect of acceptances of the Share Offer will be made as soon as practicable but in any event within seven (7) Business Days of the later of the date of receipt of duly completed and valid acceptances in respect of the Share Offer and the Unconditional Date.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

### **Overseas Shareholders**

The Offeror intends to make the Share Offer available to all Independent Shareholders, including the Overseas Shareholders. The making of the Share Offer to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. The Overseas Shareholders who wish to participate in the Share Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Share Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.



## LETTER FROM SOMERLEY AND KINGSTON SECURITIES

It is the sole responsibility of the Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Share Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders of the Share Offer will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that all applicable local laws and requirements have been complied with. Overseas Shareholders who are in doubt as to the action they should take should consult their stockbrokers, licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

The Offeror will comply with the requirements of the Takeovers Code in respect of Overseas Shareholders.

**WARNING: THE SHARE OFFER IS A CONDITIONAL ONE. IF THE TOTAL NUMBER OF SHARES IN RESPECT OF WHICH THE OFFEROR RECEIVES, AT OR BEFORE 4:00 P.M. ON THE FIRST CLOSING DATE (OR SUCH OTHER TIME AS THE OFFEROR MAY, SUBJECT TO THE TAKEOVERS CODE, DECIDE), VALID ACCEPTANCES UNDER THE SHARE OFFER TOGETHER WITH THE SHARES ACQUIRED BEFORE OR DURING THE SHARE OFFER, WILL RESULT IN THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT HOLDING 50% OR LESS OF THE VOTING RIGHTS OF THE COMPANY, THE SHARE OFFER WILL NOT BECOME UNCONDITIONAL**

### C. MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the Company to remain listed on GEM of the Stock Exchange after the Final Closing Date. The Offeror does not intend to exercise its right which may be available to it to compulsorily acquire the remaining Shares after the close of the Share Offer.

**In the event that after the completion of the Share Offer, the public float of the Company falls below 25%, the directors of the Offeror and proposed Directors who will be nominated by the Offeror and appointed as Directors and the then directors of the Offeror will jointly and severally undertake to the Stock Exchange that they will take appropriate steps to ensure that sufficient public float exists in the Shares.**

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

**D. INFORMATION OF THE OFFEROR**

The Offeror is a company incorporated in Hong Kong with limited liability on 26 September 2012 and is owned as to (i) 40% by 江蘇大豐海港控股集團有限公司 (Jiangsu Dafeng Harbor Holdings Limited\*) which is wholly-owned by 大豐市人民政府 (the People's Government of Dafeng City\*); (ii) 32% by Top Bright Surplus Limited which is wholly owned by COSMO Good Development Limited which in turn is wholly-owned by 楊建志 (Yang Jianzhi\*); (iii) 18% by Success Pacific Investment Group Limited which is owned as to 55% by 吉龍濤 (Ji Longtao\*) and 45% by 吉雷 (Ji Lei\*); and (iv) 10% by 江蘇華海投資有限公司 (Jiangsu Huahai Investment Limited\*) which is owned as to 55% by Ji Longtao and 45% by Ji Lei. The Offeror is principally engaged in investment holding.

Jiangsu Dafeng Harbor Holdings Limited is under the administration of State-owned Asset Supervision and Administration Commission of Dafeng City and is wholly-owned by the People's Government of Dafeng City. Jiangsu Dafeng Harbor Holdings Limited is principally engaged in port logistics, engineering construction, real estate, modern agriculture, technology development, foreign investments and other businesses.

Mr. Yang Jianzhi, aged 40, through its wholly-owned subsidiary COSMO Good Development Limited, wholly-owns Top Bright Surplus Limited which, in turn, owns approximately 32% of the equity interest in the Offeror. He is the director of COSMO Good Development Limited, Top Bright Surplus Limited and the Offeror. He has over 10 years of experience in property development and over 4 years of experience in manufacturing business.

Mr. Ji Longtao, aged 50, owns 55% equity interest in Success Pacific Investment Group Limited and Jiangsu Huahai Investment Limited. He owns 50% equity interest of 鹽城市龍橋置業有限公司 (Yancheng Longqiao Property Development Limited\*), which is engaged in property development and investment. He is the director of the Offeror and the executive director of Jiangsu Huahai Investment Limited and Success Pacific Investment Group Limited, both of which are engaged in investment and asset management businesses. Mr. Ji Longtao is the father of Mr. Ji Lei.

Mr. Ji Lei, aged 24, owns 45% equity interest in Success Pacific Investment Group Limited and Jiangsu Huahai Investment Limited. He currently holds directorship in Success Pacific Investment Group Limited, which is engaged in investment and asset management businesses. Mr. Ji Lei is the son of Mr. Ji Longtao.

**E. FUTURE INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP**

**Businesses and operations of the Group**

The Offeror intends to continue the existing business of the Group, including provision of integrated logistics freight services with a primary focus on logistics services between Hong Kong and the Pearl River Delta region, and has no intention to dispose of the Group's existing businesses nor inject any of its businesses to the Group immediately after completion of the Share Offer other than in ordinary course of business of the Group. The Offeror will, following completion of the Share Offer, conduct a detailed review of the operations of the Group with a view of developing suitable business strategy

## LETTER FROM SOMERLEY AND KINGSTON SECURITIES

to enhance the growth of its business and asset base as well as to broaden its income stream, which may include, subject to the market conditions based on the Offeror's expertise and knowledge, the expansion of the scope of business of the Group should appropriate opportunities arise. Subject to due compliance with the GEM Listing Rules and the Takeovers Code, this may or may not include the injection and disposal of assets or businesses into the Group by the Offeror. As at the Latest Practicable Date, no agreement/memorandum of understanding nor discussions/negotiations have been entered into between the Company and the Offeror in relation to (i) acquisition of new business or assets by the Company; or (ii) disposal, termination or scaling-down of the Company's existing business, operations or assets, other than those in the ordinary course of business of the Group. The Offeror will keep the Shareholders informed by further announcement if it decides on anything that requires disclosure pursuant to the Takeovers Code or the GEM Listing Rules.

The Offeror will review the human resources requirement of the Group and may consider terminating staff that are non-core to the operation of the Group. Save for the proposed change in the composition of the Board as detailed in the sub-section headed "Proposed change of Board composition" below, the Offeror does not intend to introduce any major changes to the existing operating and management structure of the Group, or to discontinue the employment of any employees of the Group.

### **Proposed change of Board composition**

The Board is currently made up of eight Directors, comprising four executive Directors, being Mr. Lo Wong Fung, Mr. Lo Ka Man, Mr. Yang Yue Xia and Mr. Jiang Tan Shan, one non-executive Director being Mr. Ho Chi Ho, and three independent non-executive Directors, being Mr. Luk Chi Shing, Mr. Zhang Fangmao and Mr. Wang Zongbo.

It is expected that Mr. Lo Ka Man, Mr. Yang Yue Xia, Mr. Luk Chi Shing, Mr. Zhang Fangmao and Mr. Wang Zongbo will remain on the Board after completion of the Share Offer (with Mr. Yang Yue Xia being re-designated as a non-executive Director). The Offeror currently intends to nominate four (4) new members to the Board, namely Mr. Ni Xiangrong, Mr. Wang Yijun and Mr. Shum Kan Kim as executive Directors, and Mr. Ji Longtao as a non-executive Director. Such appointments will only take effect after the date of despatch of this Composite Document in accordance with the requirements of the Takeovers Code.

Mr. Ni Xiangrong, aged 60, was the director of 江蘇大豐港經濟開發區管理委員會 (Management Committee of Jiangsu Dafeng Port Economic Development Zone\*) during the period from February 1999 to December 2014 and is the chairman and the legal representative of Jiangsu Dafeng Harbor Holdings Limited.

Mr. Wang Yijun, aged 48, was serving as the deputy director of Management Committee of Jiangsu Dafeng Port Economic Development Zone during the period from November 2007 to December 2014. He is also the director of Dafeng Port (HK) Development Limited, and the executive director and general manager of 江蘇大豐港和順科技公司 (Jiangsu Dafeng Harbor Heshun Technology Company Limited\*).

## LETTER FROM SOMERLEY AND KINGSTON SECURITIES

Mr. Shum Kan Kim, aged 52, is serving as the company secretary of Dafeng Port (HK) Development Limited and a director and the company secretary of the Offeror.

Information on Mr. Ji Longtao is set out in the section headed “D. Information of the Offeror”.

Any changes to the Board composition and new appointment of Directors will be made in compliance with the Takeovers Code, the GEM Listing Rules and the articles of association of the Company.

### **F. TAX IMPLICATIONS**

None of the Company, the Offeror, Somerley, Kingston Corporate Finance, Kingston Securities, Vinco Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer is in a position to advise the Independent Shareholders on their individual tax implications. Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Share Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Somerley, Kingston Corporate Finance, Kingston Securities, Vinco Capital, the Registrar or their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Share Offer.

### **G. ACCEPTANCE AND SETTLEMENT**

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Acceptance Form.

### **H. GENERAL INFORMATION**

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

The attention of the Overseas Shareholders is drawn to paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document.

All documents and remittances sent to the Independent Shareholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the Register of Members or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the Register of Members. None of the Company, the Offeror, Somerley, Kingston Corporate Finance, Kingston Securities, Vinco Capital, the Registrar, or

**LETTER FROM SOMERLEY AND KINGSTON SECURITIES**

any of their respective directors or professional advisers or any other parties involved in the Share Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

**I. ADDITIONAL INFORMATION ABOUT THE SHARE OFFER**

Your attention is drawn to the letter from the Board on pages 16 to 21 of this Composite Document, the letter from the Independent Board Committee on pages 22 to 23 of this Composite Document and the letter from Vinco Capital on pages 24 to 40 of this Composite Document in relation to their respective recommendations and advice with respect to the Share Offer.

Your attention is also drawn to the additional information set out in the Appendices to this Composite Document and the Acceptance Form.

Yours faithfully,  
For and on behalf of  
**Somerley Capital Limited**  
**Danny Cheng**  
*Director*

Yours faithfully,  
For and on behalf of  
**Kingston Securities Limited**  
**Chu, Nicholas Yuk Yui**  
*Director*

LETTER FROM THE BOARD



**GAMMA LOGISTICS CORPORATION**

**伽瑪物流集團\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8310)**

*Executive Directors:*

Mr. Lo Wong Fung (*Chairman*)  
Mr. Lo Ka Man  
Mr. Yang Yue Xia  
Mr. Jiang Tan Shan

*Registered office*

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Non-executive Director:*

Mr. Ho Chi Ho

*Head office and*

*principal place of business:*  
Unit 3004, 30/F  
West Tower, Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

*Independent Non-executive Directors:*

Mr. Luk Chi Shing  
Mr. Zhang Fangmao  
Mr. Wang Zongbo

18 February 2015

*To the Shareholders*

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER JOINTLY BY  
SOMERLEY CAPITAL LIMITED AND KINGSTON SECURITIES LIMITED  
FOR AND ON BEHALF OF  
DAFENG PORT OVERSEAS INVESTMENT HOLDINGS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
GAMMA LOGISTICS CORPORATION  
(OTHER THAN THOSE ALREADY OWNED BY DAFENG PORT  
OVERSEAS INVESTMENT HOLDINGS LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

Reference is made to the Joint Announcement. On 22 January 2015, the Vendor had entered into the SP Agreement with the Offeror, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 520,000,000 Shares, which

\* *For identification purposes only*

## LETTER FROM THE BOARD

represents approximately 46.43% of the existing issued share capital of the Company as at the Latest Practicable Date, for a total consideration of HK\$197,600,000, equivalent to HK\$0.38 per Sale Share, which was agreed between the Vendor and the Offeror after arm's length negotiations, and that Completion took place on 23 January 2015.

The Independent Board Committee comprising all three independent non-executive Directors, namely Mr. Luk Chi Shing, Mr. Zhang Fangmao and Mr. Wang Zongbo, has been established by the Company to make recommendation to the Independent Shareholders as to whether the Share Offer is fair and reasonable and as to the acceptance of the Share Offer. Mr. Ho Chi Ho, a non-executive Director, is the responsible officer of Kingston Corporate Finance and the executive director of Kingston Financial Group Limited (stock code: 1031), being the holding company of Kingston Corporate Finance and Kingston Securities, does not form part of the Independent Board Committee. The Independent Board Committee has appointed Vinco Capital to advise the Independent Board Committee in writing in connection with the Share Offer and in particular as to whether the Share Offer is, or is not, fair and reasonable and as to the acceptance of the Share Offer.

Reference is made to the Forecast Statement. The Forecast Statement, which constitutes a profit forecast of the Company under the Rule 10 of the Takeovers Code, has been reported on by Mazars and Vinco Capital in accordance with the Takeovers Code. Mazars is of the opinion that, so far as the accounting policies and calculations are concerned, the Forecast Statement has properly compiled in accordance with the bases adopted by the Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Vinco Capital is satisfied that the Forecast Statement has been prepared by the Directors with due care and consideration. Your attention is drawn to the reports from Mazars and Vinco Capital on the Forecast Statement set out in Appendices III and IV to the Composite Document, respectively.

The purpose of this Composite Document of which this letter forms part is to provide you with, among other matters, the terms of the Share Offer, information relating to the Group and the Offeror as well as to set out (i) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the Share Offer; and (ii) the letter from Vinco Capital containing its advice to the Independent Board Committee in respect of the Share Offer.

### THE SHARE OFFER

Prior to entering into the SP Agreement, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them were not interested in any Shares, warrants, options, derivatives or other securities that were convertible or exchangeable into Shares or other types of equity interest in the Company. As at the date of the Joint Announcement, the Offeror, its ultimate beneficial owners and parties acting in concert with any of it became interested in a total of 520,000,000 Shares, representing approximately 46.43% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror was required to make a mandatory conditional general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it.

## LETTER FROM THE BOARD

### Principal terms of the Share Offer

As at the Latest Practicable Date, the Company has 1,120,000,000 Shares in issue and has no other outstanding Shares, warrants, options, derivatives or securities that are convertible or exchangeable into Shares or other types of equity interest in the Company. It has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

Somerley and Kingston Securities are jointly making the Share Offer, which is subject to the Condition, for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

#### *The Share Offer*

For every Offer Share..... HK\$0.38 in cash

The Offer Price is the same as the price per Sale Share paid by the Offeror under the SP Agreement.

The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching to them as at the Final Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made.

Further details of the Share Offer, including terms and procedures for acceptance of the share offer are continued in the “Letter from Somerley and Kingston Securities” as set out on pages 7 to 15 and Appendix I to this Composite Document and the accompanying Acceptance Form.



## LETTER FROM THE BOARD

### INFORMATION ON THE COMPANY

The Company was incorporated in the Cayman Islands on 13 September 2011 as an exempted company with limited liability, and the Shares have been listed on GEM since 22 August 2013. The Group is principally engaged in the provision of integrated logistics freight services with a primary focus on logistics services between Hong Kong and the Pearl River Delta region. The following table sets out a summary of certain audited financial information of the Group for the year ended 31 December 2012, 31 December 2013 and unaudited financial information of the Group for the six months ended 30 June 2014:

	<b>Six months ended 30 June 2014</b>	<b>Year ended 31 December 2013</b>	<b>Year ended 31 December 2012</b>
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Revenue	184,407	466,456	452,111
Gross profit	27,660	93,590	92,413
(Loss)/profit before taxation for the period/year	(6,888)	16,578	15,610
(Loss)/profit for the period/year	(7,396)	12,688	12,566
	<b>As at 30 June 2014</b>	<b>As at 31 December 2013</b>	<b>As at 31 December 2012</b>
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Net assets attributable to equity holders of the Company	101,391	66,950	26,735

Further details of the information of the Group are set out in Appendices II and V to this Composite Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:

	<i>Number of Shares</i>	<i>Approximate %</i>
The Offeror and parties acting in concert with it	520,000,000	46.43
Public Shareholders	600,000,000	53.57
<b>Total</b>	<b>1,120,000,000</b>	<b>100.00</b>

## LETTER FROM THE BOARD

### INFORMATION OF THE OFFEROR

Please refer to the “Letter from Somerley and Kingston Securities” of this Composite Document for information of the Offeror.

### FUTURE INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Future Intentions of the Offeror in relation to the Group” in the “Letter from Somerley and Kingston Securities” contained in this Composite Document.

As at the Latest Practicable Date, the Offeror intends to continue the existing business of the Group, including provision of integrated logistics freight services with a primary focus on logistics services between Hong Kong and the Pearl River Delta region, and has no intention to dispose of the Group’s existing businesses nor inject any of its businesses into the Group immediately after completion of the Share Offer other than in ordinary course of business of the Group.

The Offeror will review the human resources requirement of the Group and may consider terminating staff that are non-core to the operation of the Group. Save for the proposed change in the composition of the Board as detailed in the section headed “E. Future intentions of the Offeror in relation to the Group — Proposed change of Board composition” in the “Letter from Somerley and Kingston Securities”, the Offeror does not intend to introduce any major changes to the existing operating and management structure of the Group, or to discontinue the employment of any employees of the Group. As at the Latest Practicable Date, no agreement/memorandum of understanding nor discussions/negotiations have been entered into between the Company and the Offeror in relation to (i) acquisition of new business or assets by the Company; or (ii) disposal, termination or scaling-down of the Company’s existing business, operations or assets, other than those in the ordinary course of business of the Group.

### MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the Company to remain listed on GEM of the Stock Exchange after the Final Closing Date. The Offeror does not intend to exercise its right which may be available to it to compulsorily acquire the remaining Shares after the close of the Share Offer.

**In the event that after the completion of the Share Offer, the public float of the Company falls below 25%, the directors of the Offeror and proposed Directors who will be nominated by the Offeror and appointed as Directors and the then directors of the Offeror will jointly and severally undertake to the Stock Exchange that they will take appropriate steps to ensure that sufficient public float exists in the Shares.**

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

## LETTER FROM THE BOARD

### RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 22 to 23 of this Composite Document which contains its recommendation to the Independent Shareholders in respect of the Share Offer, and the “Letter from Vinco Capital” as set out on pages 24 to 40 of this Composite Document containing its advice to the Independent Board Committee in respect of the Share Offer.

### ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Acceptance Form in respect of the acceptance and settlement procedures of the Share Offer. Your attention is drawn to the additional information contained in the appendices of this Composite Document.

In considering what action to take in connection with the Share Offer, you should also consider your own tax position, if any, and in case of doubt, consult your professional adviser.

**WARNING: THE SHARE OFFER IS A CONDITIONAL ONE. IF THE TOTAL NUMBER OF SHARES IN RESPECT OF WHICH THE OFFEROR RECEIVES, AT OR BEFORE 4:00 P.M. ON THE FIRST CLOSING DATE (OR SUCH OTHER TIME AS THE OFFEROR MAY, SUBJECT TO THE TAKEOVERS CODE, DECIDE), VALID ACCEPTANCES UNDER THE SHARE OFFER TOGETHER WITH THE SHARES ACQUIRED BEFORE OR DURING THE SHARE OFFER, WILL RESULT IN THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT HOLDING 50% OR LESS OF THE VOTING RIGHTS OF THE COMPANY, THE SHARE OFFER WILL NOT BECOME UNCONDITIONAL AND WILL LAPSE.**

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

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of a letter of the Independent Board Committee to the Independent Shareholders in respect of the Share Offer for inclusion in this Composite Document.*



### **GAMMA LOGISTICS CORPORATION**

**伽瑪物流集團\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8310)**

18 February 2015

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER JOINTLY BY  
SOMERLEY CAPITAL LIMITED AND KINGSTON SECURITIES LIMITED  
FOR AND ON BEHALF OF  
DAFENG PORT OVERSEAS INVESTMENT HOLDINGS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
GAMMA LOGISTICS CORPORATION  
(OTHER THAN THOSE ALREADY OWNED BY DAFENG PORT  
OVERSEAS INVESTMENT HOLDINGS LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

We refer to the Composite Document dated 18 February 2015 issued jointly by the Offeror and the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Share Offer.

Vinco Capital has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Share Offer and as to the acceptance of the Share Offer. Details of the advice and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from Vinco Capital” on pages 24 to 40 of this Composite Document.

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Somerley and Kingston Securities” and the additional information set out in the Appendices to this Composite Document.

\* *For identification purposes only*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

### RECOMMENDATION

Having taken into account the terms of the Share Offer, advice and recommendations of Vinco Capital contained in the “Letter from Vinco Capital” and the principal factors taken into consideration by it in arriving at its opinion, we are of the opinion that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Share Offer. The Share Offer provides an alternative for the Independent Shareholders to realise their investments in the Shares in view of the thin trading volume of the Shares. Given the discount of the Offer Price in comparison with the current market price of the Shares, Independent Shareholders are reminded to carefully monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, where possible, rather than accepting the Share Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Share Offer. Independent Shareholders are recommended to read the full text of the “Letter from Vinco Capital” set out in this Composite Document.

The Independent Shareholders are recommended to read the full text of the “Letter from Vinco Capital” on pages 24 to 40 of this Composite Document. Notwithstanding our recommendation, Independent Shareholders are strongly advised that the decision to realise or to hold your investment in the Shares is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Share Offer.

Yours faithfully,

For and on behalf of the Independent Board Committee of

**Gamma Logistics Corporation**

**Mr. Luk Chi Shing**

**Mr. Zhang Fangmao**

**Mr. Wang Zongbo**

*Independent Non-executive Directors*

## LETTER FROM VINCO CAPITAL

*The following is the full text of a letter of advice from Vinco Capital to the Independent Board Committee in respect of the Share Offer which has been prepared for the purpose of incorporation in this Composite Document:*



**Grand Vinco Capital Limited**  
Units 4909–4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

18 February 2015

*To the Independent Board Committee of  
Gamma Logistics Corporation*

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFER JOINTLY BY  
SOMERLEY CAPITAL LIMITED AND KINGSTON SECURITIES LIMITED  
FOR AND ON BEHALF OF  
DAFENG PORT OVERSEAS INVESTMENT HOLDINGS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
GAMMA LOGISTICS CORPORATION  
(OTHER THAN THOSE ALREADY OWNED BY DAFENG PORT OVERSEAS  
INVESTMENT HOLDINGS LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

### **A. INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Share Offer, details of which are set out in the Composite Document jointly issued by the Offeror and the Company to the Shareholders dated 18 February 2015 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Composite Document unless the context otherwise requires.

The Offeror and the Company jointly announced that on 22 January 2015, the Vendor and the Offeror entered into the SP Agreement, pursuant to which the Vendor has agreed to sell and the Offeror has agreed to acquire the 520,000,000 Sale Shares beneficially owned by the Vendor, representing approximately 46.43% of the existing issued share capital of the Company as at the Latest Practicable Date. The Consideration for the Sale Shares pursuant to the SP Agreement is HK\$197,600,000, equivalent to HK\$0.38 per Sale Share.

## LETTER FROM VINCO CAPITAL

Completion of the SP Agreement has taken place on 23 January 2015. As at the date of this Composite Document, the Offeror and parties acting in concert with it are interested in 520,000,000 Shares, representing approximately 46.43% of the existing issued share capital of the Company.

The Independent Board Committee, comprising Mr. Luk Chi Shing, Mr. Zhang Fangmao and Mr. Wang Zongbo, all being the independent non-executive Directors who are independent of the Share Offer, has been formed to advise the Independent Shareholders in respect of the terms of the Share Offer and whether the terms of the Share Offer are fair and reasonable and as to whether the Independent Shareholders should accept the Share Offer. We have been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Share Offer. In our capacity as the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee as to whether the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and such appointment has been approved by the Independent Board Committee. We are not connected with the directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and therefore is considered suitable as defined under Rule 17.96 of the GEM Listing Rules to give independent advice to the Independent Board Committee and the Independent Shareholders. We have not acted as the independent financial adviser to the Company's other transactions during the last two years.

### **B. BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our opinion and recommendation, we have relied on the accuracy of the information and facts contained or referred to in the Composite Document and provided to us by the Company, the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Composite Document were true and accurate at the time when they were made and continue to be true and accurate at the date of the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror in the Composite Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and recommendations. The Directors have declared in a responsibility statement set out in the Appendix V to the Composite Document that they jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror, its ultimate beneficial owner and parties acting concert with them). We have not, however, carried out any independent verification of the information provided by the Company,

## LETTER FROM VINCO CAPITAL

the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the Offeror.

In formulating our opinions, we have not considered the tax implications on the Independent Shareholders arising from acceptances or non-acceptances of the Share Offer as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Share Offer. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas tax or Hong Kong taxation on securities dealings should consider their own tax position, and if in any doubt, should consult their own professional advisers.

In formulating our opinions, our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinions expressed herein which may come or be brought to our attention after the end of the period for the acceptance of the Share Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules (including the notes thereto).

This letter is issued for the Independent Board Committee solely in respect of the Share Offer and, except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.



## LETTER FROM VINCO CAPITAL

### C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee in relation to the Share Offer, we have considered the principal factors and reasons set out below:

#### 1. Historical financial performance of the Group

The Group is principally engaged in the provision of integrated logistics freight services with a primary focus on logistics services between Hong Kong and the Pearl River Delta region. The integrated logistics freight services can be divided into three categories, namely (i) land and ocean freight services; (ii) air freight forwarding services and (iii) operation equipment rental service. The following table sets out a summary of certain audited financial information of the Group for the year ended 31 December 2012, 31 December 2013 and unaudited financial information of the Group for the six months ended 30 June 2014:

	<b>Six months ended 30 June 2014 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2013 HK\$'000 (Unaudited)</b>	<b>Year ended 31 December 2013 HK\$'000 (Audited)</b>	<b>Year ended 31 December 2012 HK\$'000 (Audited)</b>
Revenue	184,407	234,286	466,456	452,111
Gross Profit	27,660	46,322	93,590	92,413
(Loss)/Profit before taxation for the period/year	(6,888)	9,541	16,578	15,610
(Loss)/Profit for the period/year	(7,396)	7,317	12,688	12,566
	<b>As at 30 June 2014 HK\$'000 (Unaudited)</b>	<b>As at 30 June 2013 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2013 HK\$'000 (Audited)</b>	<b>As at 31 December 2012 HK\$'000 (Audited)</b>
Net assets attributable to equity holders of the Company	101,391	—	66,950	26,735

#### *Audited consolidated results for the year ended 31 December 2013*

As disclosed in the annual report for the year ended 31 December 2013 (the “Annual Report 2013”) of the Company, the Group’s revenue grew by approximately 3.2% to approximately HK\$466.5 million for the year ended 31 December 2013 in comparison to the year ended 31 December 2012 of approximately

## LETTER FROM VINCO CAPITAL

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 the Group's clients, partially offset by the (i) decrease in revenue in air freight forwarding services of the Group to HK\$31.8 million due to the mild decrease in Hong Kong flight movements in terms of cargo, especially in Malaysia and (ii) the decrease in revenue in operation equipment rental services due to the decrease in containers being transported to and from PRC and Hong Kong.

The Group's cost of sales increased by 3.7% to approximately HK\$372.9 million for the year ended 31 December 2013 in comparison to the year ended 31 December 2012 of approximately HK\$359.7 million, which was mainly driven by the increase in feeder operating expenses costs of approximately 25.9%. The Group's gross profit margin stays stable at 20.1% for the year ended 31 December 2013 in comparison to 20.4% for the same period ended 2012. As such, the gross profit of the Group for the year ended 31 December 2013 recorded slight growth of approximately 1.3% as compared to the same period last year. Based on the above, the Group's profit for the year ended 31 December 2013 remains stable as compared to that for the year ended 31 December 2012 with a slight growth of approximately 1.0% to approximately HK\$12.7 million.

### *Unaudited consolidated results for the six months ended 30 June 2014*

As disclosed in the interim report of the Company for the six months ended 30 June 2014 (the "Interim Report 2014"), the Group's revenue declined by approximately 21% to approximately HK\$184 million for the six months ended 30 June 2014 in comparison to the same period ended 30 June 2013 of approximately HK\$234 million. The decrease in revenue was mainly attributable to the decrease in revenue in integrated logistics freight services segment, partially offset by the increase in revenue in provision of fuel cards as a result of increased marketing efforts for the promotion discount offered to our clients.

The decrease in revenue in the integrated logistics freight services segment was due to (i) decline of the Group's business in land and ocean freight services of the integrated logistics freight services segment of approximately 24% to approximately HK\$152 million as the Group has implemented a profit optimization strategy from the first quarter of 2014 with a gradual increase in shipping freight charges up to 30% on customers to optimize the return on the shareholders' equity; (ii) the decrease in revenue in air freight forwarding services to approximately HK\$17 million for the six months ended 30 June 2014 which was in line with the air cargo movement in the East Asia region and (iii) the decline in income from operation equipment rental services to approximately HK\$0.3 million for the six months ended 30 June 2014 from HK\$6 million for the six months ended 30 June 2013 as containers being transported to and from the PRC and Hong Kong decreased.

The Group's cost of sales has also decreased by 17% to approximately HK\$157 million for the six months ended 30 June 2014 as compared to approximately HK\$188 million for the same period of 2013, with the fixed cost remains stable and the revenue from integrated logistics freight services on a decline. Therefore the combined effects of the above result in the Group's gross profit margin significant declined by approximately 24.3% to 15.0% for the six months ended 30 June 2014. As such, the gross profit for the six months ended 30 June 2014 declined approximately 40.3% to approximately HK\$27.7 million. As a result, the Group recorded a turnaround from a profit of approximately HK\$7.3 million for the six months ended 30 June 2013 to a loss of approximately HK\$7.4 million for six months ended 30 June 2014.

## **2. Prospect of the Group**

The principal activities of the Group are mainly in Hong Kong and the Pearl River Delta region. As stated in the Interim Report 2014, the Group will continue to engage in the integrated logistics freight service. The Group will also continue to enhance the core business in land and ocean freight services while also expand the Group's business in air freight forwarding business and explore other business and investment opportunities to diversify the revenue stream and business portfolios to enhance the interests of the Shareholders.

According to the report "The Greater Pearl River Delta — 7th edition" published by Invest Hong Kong in April 2014 ("the Report"), a new system of major ports, branch ports and feeder ports is emerging in the Greater Pearl River Delta region as a result of recent decades of economic transformation and the organisation of regional production in various cities. Economic integration is leading to fiercer competition in the Greater Pearl River Delta region among ports, which will bring about change in the relative position of container water transport.

On the other hand, the governments in the Pearl River Delta region are also investing and developing their ports. According to the Report, Shenzhen is continuing to develop its container ferry in Yantian port in the eastern wing of the city, and phase two of Dachanwan port in its western wing. Meanwhile, Guangzhou will invest more than US\$3.17 billion (equivalent to approximately RMB20 billion) on phase three of the development of Nansha port, as well as the construction of ferries for grains delivery and general navigation to strengthen the city's logistic functions, and increase its attractiveness for inland sources of goods. Zhuhai seems to have adopted a strategy of differentiation, planning to develop its Gaolan port into a regional logistic centre with functions such as a world-class navigation equipment manufacturing base, an international base for clean energy and a national petrochemical base.

Despite the positive outlook on the further development of the Pearl River Delta region, there is a fierce competition in the region and we are of view that this might bring in new competitors to the sectors and the cost of labor will then increase along with the

## LETTER FROM VINCO CAPITAL

competition. Given the unsatisfied performance of the Company in 2014 and the potential competition from government bodies, we consider that this might be a challenge and uncertainty on the Group's core business development and profitability.

### 3. Information on the Offeror

Set out below is the information on the Offeror obtained from the "Letter from Somerley and Kingston Securities" of the Composite Document:

The Offeror is a company incorporated in Hong Kong with limited liability on 26 September 2012 and is owned as to (i) 40% by 江蘇大豐海港控股集團有限公司 (Jiangsu Dafeng Harbor Holdings Limited\*) which is wholly-owned by 大豐市人民政府 (the People's Government of Dafeng City\*); (ii) 32% by Top Bright Surplus Limited which is wholly owned by COSMO Good Development Limited which in turn is wholly-owned by 楊建志 (Yang Jianzhi\*); (iii) 18% by Success Pacific Investment Group Limited which is owned as to 55% by 吉龍濤 (Ji Longtao\*) and 45% by 吉雷 (Ji Lei\*); and (iv) 10% by 江蘇華海投資有限公司 (Jiangsu Huahai Investment Limited\*) which is owned as to 55% by Ji Longtao and 45% by Ji Lei. The Offeror is principally engaged in investment holding.

Jiangsu Dafeng Harbor Holdings Limited is under the administration of State-owned Asset Supervision and Administration Commission of Dafeng City and is wholly-owned by the People's Government of Dafeng City. Jiangsu Dafeng Harbor Holdings Limited is principally engaged in port logistics, engineering construction, real estate, modern agriculture, technology development, foreign investments and other businesses.

Mr. Yang Jianzhi, aged 40, through its wholly-owned subsidiary COSMO Good Development Limited, wholly-owns Top Bright Surplus Limited which, in turn, owns approximately 32% of the equity interest in the Offeror. He is the director of COSMO Good Development Limited, Top Bright Surplus Limited and the Offeror. He has over 10 years of experience in property development and over 4 years of experience in manufacturing business.

Mr. Ji Longtao, aged 50, owns 55% equity interest in Success Pacific Investment Group Limited and 江蘇華海投資有限公司 (Jiangsu Huahai Investment Limited\*). He owns 50% equity interest of 鹽城市龍橋置業有限公司 (Yancheng Longqiao Property Development Limited\*), which is engaged in property development and investment. He is the director of the Offeror and the executive director of Jiangsu Huahai Investment Limited and Success Pacific Investment Group Limited, both of which are engaged in investment and asset management businesses. Mr. Ji Longtao is the father of Mr. Ji Lei.

Mr. Ji Lei, aged 24, owns 45% equity interest in Success Pacific Investment Group Limited and Jiangsu Huahai Investment Limited. He currently holds directorship in Success Pacific Investment Group Limited, which is engaged in investment and asset management businesses. Mr. Ji Lei is the son of Mr. Ji Longtao.

**4. Intention of the Offeror and proposed change of Board composition**

*Business*

As stated in the Letter from Somerley and Kingston Securities, the Offeror intends to continue the existing business of the Group, including provision of integrated logistics freight services with a primary focus on logistics services between Hong Kong and the Pearl River Delta region, and has no intention to dispose of the Group's existing businesses nor inject any of its businesses to the Group immediately after completion of the Share Offer other than in ordinary course of business of the Group. The Offeror will, following completion of the Share Offer, conduct a detailed review of the operations of the Group with a view of developing suitable business strategy to enhance the growth of its business and asset base as well as to broaden its income stream, which may include, subject to the market conditions based on the Offeror's expertise and knowledge, the expansion of the scope of business of the Group should appropriate opportunities arise. Subject to due compliance with the GEM Listing Rules and the Takeovers Code, this may or may not include the injection and disposal of assets or businesses into the Group by the Offeror. As at the Latest Practicable Date, no agreement/memorandum of understanding nor discussions/negotiations have been entered into between the Company and the Offeror in relation to (i) acquisition of new business or assets by the Company; or (ii) disposal, termination or scaling-down of the Company's existing business, operations or assets, other than those in the ordinary course of business of the Group. The Offeror will keep the Shareholders informed by further announcement if it decides on anything that requires disclosure pursuant to the Takeovers Code or the GEM Listing Rules.

The Offeror will review the human resources requirement of the Group and may consider terminating staff that are non-core to the operation of the Group. Save for the proposed change in the composition of the Board as detailed in the section headed "Proposed change of Board Composition" below, the Offeror does not intend to introduce any major changes to the existing operating and management structure of the Group, or to discontinue the employment of any employees of the Group.

*Maintain listing of the Group*

The Offeror intends to maintain the listing status of the Company on GEM of the Stock Exchange after the Final Closing Date. The Offeror does not intend to exercise its right which may be available to it to compulsory acquire the remaining Shares after the close of the Share Offer.

In the event that after the completion of the Share Offer, the public float of the Company falls below 25%, the directors of the Offeror and proposed Directors who will be nominated by the Offeror and appointed as Directors and the then directors of the Offeror will jointly and severally undertake to the Stock Exchange that they will take appropriate steps to ensure that sufficient public float exists for the Shares.

## LETTER FROM VINCO CAPITAL

### *Proposed change of Board composition of the Company*

The Board is currently made up of eight Directors, comprising four executive Directors, being Mr. Lo Wong Fung, Mr. Lo Ka Man, Mr. Yang Yue Xia and Mr. Jiang Tan Shan, one non-executive Director being Mr. Ho Chi Ho, and three independent non-executive Directors, being Mr. Luk Chi Shing, Mr. Zhang Fangmao and Mr. Wang Zongbo.

It is expected that Mr. Lo Ka Man, Mr. Yang Yue Xia, Mr. Luk Chi Shing, Mr. Zhang Fangmao and Mr. Wang Zongbo will remain on the Board after completion of the Share Offer (with Mr. Yang Yue Xia being re-designated as a non-executive Director). The Offeror currently intends to nominate four (4) new members to the Board, namely Mr. Ni Xiangrong, Mr. Wang Yijun and Mr. Shum Kan Kim as executive Directors, and Mr. Ji Longtao as a non-executive Director. Such appointments will only take effect after the date of despatch of the Composite Document in accordance with the requirements of the Takeovers Code.

Mr. Ni Xiangrong, aged 60, was the director of 江蘇大豐港經濟開發區管理委員會 (Management Committee of Jiangsu Dafeng Port Economic Development Zone\*) during the period from February 1999 to December 2014 and is the chairman and the legal representative of Jiangsu Dafeng Harbor Holdings Limited.

Mr. Wang Yijun, aged 48, was serving as the deputy director of Management Committee of Jiangsu Dafeng Port Economic Development Zone during the period from November 2007 to December 2014. He is also the director of Dafeng Port (HK) Development Limited, and the executive director and general manager of 江蘇大豐港和順科技公司 (Jiangsu Dafeng Harbor Heshun Technology Company Limited\*).

Mr. Shum Kan Kim, aged 52, is serving as the company secretary of Dafeng Port (HK) Development Limited and a director and the company secretary of the Offeror.

Information on Mr. Ji Longtao is set out in the section headed “Information of the Offeror” of the Letter from Somerley and Kingston Securities.

Any changes to the Board composition and new appointment of Directors will be made in compliance with the Takeovers Code, the GEM Listing Rules and the articles of association of the Company.

## LETTER FROM VINCO CAPITAL

### 5. The Share Offer

Somerley and Kingston Securities are jointly making the Share Offer, which is subject to the Condition, for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

#### *The Share Offer*

For each Offer Share..... HK\$0.38 in cash

The Offer Price is the same as the price per Sale Share payable by the Offeror under the SP Agreement.

The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching to them as at the Final Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made.

### 6. Comparisons of value

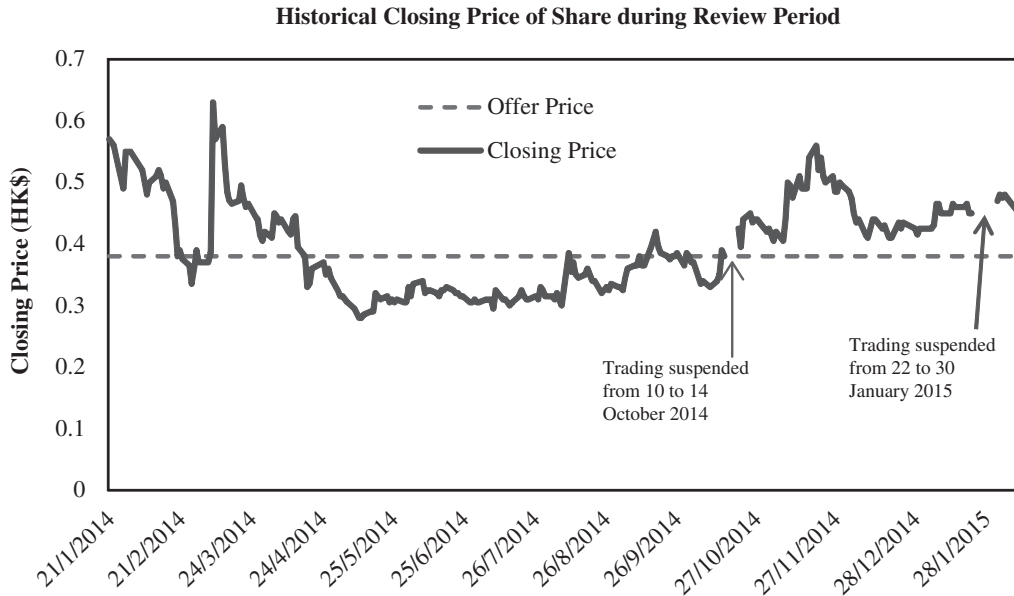
The Offer Price of HK\$0.38 per Offer Share represents:

- (i) a discount of approximately 15.56% to the closing price of HK\$0.450 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 17.21% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK\$0.459 per Share;
- (iii) a discount of approximately 17.03% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK\$0.458 per Share;
- (iv) a premium of approximately 258.49% over the unaudited net assets value attributable to equity holders of the Company of approximately HK\$0.106 per Share as at 30 June 2014 (based on the number of Shares then in issue) and a premium of approximately 352.38% over the audited net assets value attributable to equity holders of the Company of approximately HK\$0.084 per Share at 31 December 2013 (based on the number of Shares then in issue); and
- (v) a discount of approximately 14.61% to the closing price of HK\$0.445 per share as quoted on the Stock Exchange on the Latest Practicable Date.

## LETTER FROM VINCO CAPITAL

### 7. Historical price performance of the Shares

The chart below illustrates the closing price levels of the Shares as quoted on the Stock Exchange during the twelve-month period preceding the date of the SP Agreement, from (i) 21 January 2014 up to 21 January 2015, being the last trading day prior to suspension for the Joint Announcement published on 30 January 2015, and (ii) 2 February 2015 up to the Latest Practicable Date (collectively known as the “Review Period”):



Source: The Stock Exchange

As shown in the chart above, during the Review Period, the highest and lowest closing prices of the Shares were HK\$0.63 on 6 March 2014 and HK\$0.28 on 7 May and 8 May 2014 respectively. The Offer Price therefore represents a discount of approximately 39.68% to the highest closing price of the Shares and a premium of approximately 35.71% over the lowest closing price of the Shares during the Review Period.



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From January 2014 to March 2014, the Share price demonstrated an overall decreasing trend. The Directors are of the view that they are not aware of any reason which may cause the significant increase in the Share price and trading volume during this period as stated in the announcements of unusual price and trading volume movement. During the above mentioned period, there was significant decrease in the share price from HK\$0.57 to HK\$0.335, a 41.23% decrease during the period between 21 January to 5 March 2014.

The Share price reached the twelve-month high of HK\$0.63 in March 2014 and then demonstrated an overall decreasing trend from March 2014 to October 2014. We are of the view that the decreasing trend of the Share price for that period might be due to the publication of loss by the Company from the first quarterly report for the three months period ended 31 March 2014 and the Interim Report 2014. During the above mentioned period, there was significant decrease in profits and gross profit margin as compared to the figures reported in their respective reporting periods.

After the MOU Announcement, the Share price experienced a significant surge from October 2014 to November 2014. Subsequently, the share price then dropped after the publication of loss by the Company in the third quarterly report for the nine months period ended 30 September 2014.

Trading in Shares was suspended from 21 January 2015 to 30 January 2015 pending the release of the Joint Announcement. Following the publication of the Joint Announcement on 30 January 2015, the closing prices of the Shares during the period from 2 February 2015, being the first trading day after the Joint Announcement was published, to the Latest Practicable Date (the "Post-Joint Announcement Period") ranged from the highest of HK\$0.48 (recorded on 3 February 2015 and 5 February 2015) to the lowest of HK\$0.445 (recorded on 12 February 2015 and 13 February 2015). The Offer Price represents a discount of approximately 20.83% to the highest closing price of the Shares and a discount of approximately 14.61% to the lowest closing price of the Shares during the Post-Joint Announcement Period.

Independent Shareholders should note that although the Offer Price represents a discount of approximately 14.61% to the closing price of HK\$0.445 per Share on the Latest Practicable Date, there is no assurance that the trading price of the Shares will continue to sustain at such level or to be significantly higher or lower than the Offer Price during the period for the acceptance of the Share Offer. Independent Shareholders should be reminded to closely monitor the market price of the Shares during the period for the acceptance of the Share Offer.

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### 8. Liquidity of the Shares

The table below sets out the average daily trading volume of the Shares during the Review Period, and the percentage as represented by such average daily trading volume to the total number of Shares in issue and the total number of Shares held by the Independent Shareholders.

	Total trading volume for the month/period <i>(Note 1)</i>	Maximum daily trading volume for the month/period	Minimum daily trading volume for the month/period <i>(Note 2)</i>	Average daily trading volume for the month/period	Approximate percentage of average daily trading volume to total number of Shares in issue at the Latest Practicable Date <i>(Note 3)</i>
<b>2014</b>					
January <i>(Note 4)</i>	83,890,000	52,620,000	1,780,000	11,984,286	1.07%
February	194,310,000	41,150,000	970,000	10,226,842	0.91%
March	375,385,000	142,600,000	290,000	17,875,476	1.60%
April	346,010,000	83,530,000	370,000	17,300,500	1.54%
May	95,420,000	23,620,000	790,000	4,771,000	0.43%
June	26,030,000	4,220,000	330,000	1,301,500	0.12%
July	41,860,000	14,300,000	310,000	1,902,727	0.17%
August	155,840,000	73,720,000	420,000	7,420,952	0.66%
September	67,780,000	12,790,000	450,000	3,227,619	0.29%
October <i>(Note 5)</i>	153,070,000	43,230,000	760,000	8,503,889	0.76%
November	99,560,000	26,210,000	290,000	4,978,000	0.44%
December	21,460,000	3,070,000	0	1,021,905	0.09%
<b>2015</b>					
January <i>(Note 6)</i>	18,760,000	6,440,000	130,000	1,250,667	0.11%
February <i>(Note 7)</i>	30,370,000	20,240,000	330,000	3,037,000	0.27%

*Source: the Stock Exchange*

*Notes:*

- (1) Total trading volume for the month/period is sourced from the website of the Stock Exchange.
- (2) Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which excludes any trading day on which trading in the Shares on the Stock Exchange was suspended for the whole trading day.
- (3) Based on 1,120,000,000 Shares in issue, being the total issued share capital of the Company as at the Latest Practicable Date
- (4) Since the beginning of the Review Period, i.e. 22 January 2014
- (5) The trading of Shares had been suspended from 10 October 2014 up to 14 October 2014
- (6) The trading of Shares had been suspended from 23 January 2015 up to 30 January 2015
- (7) Up to the Latest Practicable Date

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As illustrated from the above table, the daily trading volume of the Shares during the Review Period ranged from approximately 0 Shares to approximately 142,600,000 Shares, representing approximately 0% and 12.73% of the total number of Shares in issue as at the Latest Practicable Date respectively.

We noted that there was an increase in trading volume of the Shares on 6 March 2014 and 7 March 2014, however the Directors are not aware of any reason which may cause the significant increase in the Share price and trading volume as announced by the Company on 6 March 2014. The average daily trading volume throughout the Review Period was 6,704,882 shares, representing approximately 0.60% of the total number of Shares in issue as at the Latest Practicable Date. However, such level of trading volume was still considered to be thin. Given the low liquidity of Shares during the Review Period, the Independent Shareholders should note that if they wish to realise their investments in the Company, especially those with bulk quantities of Shares, they might not be able to dispose the Shares in the market without exerting a downward pressure on the market price of the Shares in short term. Therefore, we anticipate that the Independent Shareholders may have difficulties in selling a significant number of Shares in the open market within a short period of time if the same trading pattern of the Shares persists during and shortly after the period for the acceptance of the Share Offer. Independent Shareholders who intend to dispose part or all of their shareholdings should closely monitor the market price and the liquidity of the Shares in the open market.

### **9. Comparable analysis**

In assessing the fairness and reasonableness of the Offer Price, it is a general practice to apply commonly used benchmarks for evaluating the value of companies. We have considered applying the price-to-book ratios (the “P/B ratio(s)”) in our analysis. We have not considered applying the price-earnings ratios (the “P/E ratio(s)”) as the Company is at a loss making position and no earnings could then be applied to calculate the P/E ratio. We have searched for comparable companies listed on the Stock Exchange which are primarily engaged in businesses similar to those of the Group. We identified 4 comparable companies (the “Comparables”), all of which are in similar line of business as the Group’s (i.e. principally engaged in (i) land and ocean freight services; (ii) air freight forwarding services and (iii) operation equipment rental service). The list is exhaustive and we consider the Comparables are fair and representative comparables to the Company. Shareholders should note that the business, operation and prospect of the Company are not exactly the same as the Comparables and we have not conducted any in-depth investigation into business and operations of the Comparables save for the aforesaid

## LETTER FROM VINCO CAPITAL

selection criteria. Nevertheless, the Comparables can still be a meaningful reference in assessing the fairness and reasonableness of the Offer Price. Our relevant findings are summarised in the table below.

Company	Stock code	Principal activities	Share price as at Latest Practicable Date (HK\$)	Market Capitalisation as at Latest Practicable Date (HK\$'000)	Approximate Net Asset Value (NAV) (HK\$'000)	P/B ratio (Note 1)
Chu Kong Shipping Enterprises (Group) Company Limited	560	Shipping agency, river trade cargo direct shipment and transshipment, wharf cargo handling, cargo consolidation, go-down storage, container hauling, trucking and passenger ferry transportation	1.93	1,737,000	2,127,681	0.816
Kerry Logistics Network Ltd	636	Integrated logistics and international freight forwarding businesses.	11.36	19,213,334	13,939,448	1.378
ASR Logistics Holdings Limited	1803	Provision of air freight service in the wholesale market.	0.67	540,596	182,859	2.956
SITC International Holdings Company Limited	1308	Provision of marine transportation services, freight forwarding services for marine transportation depot and warehouse services and related businesses.	4.35	11,261,145	5,701,280	1.975
				<b>Minimum</b>		0.816
				<b>Maximum</b>		2.956
				<b>Average</b>		1.781
			<b>Offer Price</b>			
	<b>Company</b>		0.38	425,600 (Note 2)	101,390	4.198 (Note 2)

*Sources: The Stock Exchange*

## LETTER FROM VINCO CAPITAL

*Notes:*

- (1) P/B ratios of the Comparables are calculated based on their respective closing prices as at the Latest Practicable Date and the net asset value attributable to owners of the Comparables as extracted from their respective latest interim reports, divided by the total number of issued shares as at Latest Practicable Date.
- (2) The implied P/B ratio of the Company is calculated based on the Offer Price and the net asset value attributable to owners of the Company of approximately HK\$101.39 million as stated in Interim Report 2014 and 1,120,000,000 Shares in issue of the Company as at Latest Practicable Date.

As illustrated in the above, the P/B ratios of the Comparables ranged from approximately 0.816 times to approximately 2.956 times. The average P/B ratios of the Comparables are approximately 1.781 times. The implied P/B ratio of the Company, based on the Offer Price of HK\$0.38, are approximately 4.198 times, which are higher than the range of the Comparables' P/B ratio and higher than the average of the P/B ratios of the Comparables. As such, we consider the Offer Price, with reference to the above implied P/B ratio, is fair and reasonable given the current market valuation and pricing of shares on the other listed companies in the industry.

### **D. RECOMMENDATION**

Taking into consideration the abovementioned factors and reasons for the Share Offer, in particular:

- (i) With the further development of the Pearl River Delta region, there are fierce competitions in the region with new competitors arising in the sectors and the cost of labor are increasing which the Group may face challenge and uncertainty on the operations;
- (ii) the Share Offer represents an opportunity for the Shareholders to realise their investment since the Shareholders may not be able to dispose large quantities of the Shares without exerting downward pressure on the price of the Shares in the open market given the low liquidity of the Shares; and
- (iii) the P/B ratio as implied by the Offer Price is higher than the average P/B ratios of the Comparables.

Based on the aforesaid, we are of the view that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Share Offer.

## LETTER FROM VINCO CAPITAL

The Independent Shareholders, in particular those who intend to accept the Share Offer, are reminded to note the recent fluctuation in the price of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Share Offer. The Independent Shareholders who intend to accept the Share Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Share Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Share Offer.

The Independent Shareholders are also reminded that their decisions to dispose or hold their investment in the Shares are subject to their individual circumstances and investment objectives. The Independent Shareholders should read carefully the procedures for accepting the Share Offer as detailed in the Composite Document, the appendices to the Composite Document and the form of acceptance, if they wish to accept the Share Offer.

Yours faithfully,  
For and on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

*Note:* Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Grand Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in and completed various advisory transactions involving companies listed in Hong Kong in respect of the Takeovers Code.

**1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER**

To accept the Share Offer, you should complete and sign the accompanying Acceptance Form in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Share Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares, you must send the Acceptance Form duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Gamma Logistics Corporation Share Offer" on the envelope, in any event not later than 4:00 p.m., on the First Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares, you must either:
  - i. lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "Gamma Logistics Corporation Share Offer" the duly completed and signed Acceptance Form together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - ii. arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "Gamma Logistics Corporation Share Offer" the duly completed and signed Acceptance Form together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or
  - iii. if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC to accept the Share Offer on your behalf on or before the deadline set out by HKSCC. In order to meet the deadline set by HKSCC, you should check

with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- iv. if your Shares have been lodged with your investor participant stock account with CCASS, authorise your instruction via the CCASS phone system or CCASS internet system no later than the deadline set out by HKSCC.
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the Acceptance Form and deliver it in an envelope marked “Gamma Logistics Corporation Share Offer” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an authority to the Offeror and/or Somerley and/or Kingston Securities or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Acceptance Form.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares is/are not readily available or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the Acceptance Form and deliver it in an envelope marked “Gamma Logistics Corporation Share Offer” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed Acceptance Form is received by the Registrar by no later than 4:00 p.m. on the First Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code), and the Registrar has recorded that the Acceptance Form and any relevant documents required, under paragraph (f) below have been so received.



- (f) Acceptance of the Share Offer may not be counted as valid unless the Acceptance Form is duly completed and signed and is:
- i. accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
  - ii. from a Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph under this paragraph (f)); or
  - iii. certified by the Registrar or the Stock Exchange.

If the Acceptance Form is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (g) No acknowledgement of receipt of any Acceptance Form, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) If the Share Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Shareholders who have accepted the Share Offer by ordinary post at the Shareholders' own risk as soon as possible but in any event within 10 days after the Share Offer has lapsed.

## 2. SETTLEMENT

- (a) If you accept the Share Offer, settlement of the consideration, less seller's ad valorem stamp duty, will be made by cheque as soon as possible, but in any event within seven (7) Business Days following the later of the date of receipt of a complete and valid acceptance of the Share Offer and the date on which the Share Offer becomes or is declared unconditional in all respects. Each cheque will be despatched by ordinary post to the address specified on the relevant Shareholder's Acceptance Form at his/her/its own risk.
- (b) No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

### 3. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Share Offer is made on 18 February 2015, namely the date of despatch of this Composite Document, and are capable of acceptance on and from this date.
- (b) Unless the Share Offer has previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Acceptance Form must be received by the Registrar by 4:00 p.m. on the First Closing Date in accordance with the instructions printed on the relevant Acceptance Form. The Share Offer is conditional upon the Offeror having received valid acceptances in respect of the Shares which, together with the Shares already acquired by it and any party acting in concert with it before or during the Offer Period, will result in the Offeror and any party acting in concert with it holding more than 50% of the Shares. Pursuant to the Takeovers Code, where the Share Offer becomes or is declared unconditional, the Share Offer will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement as and when the Share Offer becomes or is declared unconditional.
- (c) If the Share Offer is extended, the announcement of such extension will state the next closing date or if the Share Offer is unconditional as to acceptances, a statement that the Share Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Independent Shareholders before the Share Offer is closed. If, in the course of the Share Offer, the Offeror revises the terms of the Share Offer, all Independent Shareholders, whether or not they have already accepted the Share Offer, will be entitled to accept the revised Share Offer under the revised terms. The revised Share Offer must be kept open for at least 14 days following the date on which the revised share offer document(s) are posted and shall not close earlier than the First Closing Date.
- (d) If the First Closing Date is extended, any references in this Composite Document and the Acceptance Form to the First Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

### 4. ANNOUNCEMENT

- (a) By 6:00 p.m. on the First Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry or unconditionality of the Share Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating whether the Share Offer has been revised or extended, has expired or has become or been declared unconditional.

The announcement will state the total number of Shares:

- i. for which acceptances of the Share Offer have been received;

- ii. held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and
- iii. acquired by the Offeror or parties acting in concert with it during the Offer Period.

The announcement will also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold.

The announcement will also specify the percentages of the issued share capital of the Company, and the percentages of voting rights, represented by these numbers.

In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfil the acceptance conditions set out in this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the First Closing Date, being the latest time and date for acceptance of the Share Offer, shall be included.

- (b) As required under the Takeovers Code, all announcements in relation to the Share Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

## **5. NOMINEE REGISTRATION**

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

## **6. RIGHT OF WITHDRAWAL**

The Share Offer is conditional upon fulfilment of the Condition set out in the “Letter from Somerley and Kingston Securities” in this Composite Document. Acceptance of the Share Offer tendered by Independent Shareholders, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Share Offer shall be entitled to withdraw his/her/its consent within 21 days from the First Closing Date if the Share Offer has not by then become unconditional as to acceptances. An acceptor of the Share Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

Furthermore, in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Share Offer as described under the paragraph headed “4. Announcement” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Independent Shareholder(s) withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any indemnity or indemnities provided in respect thereof) lodged with the Acceptance Form to the relevant Independent Shareholder(s).

Save as aforesaid, acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn.

## **7. OVERSEAS SHAREHOLDERS**

The Share Offer is available to all the Independent Shareholders, including the Overseas Shareholders. However, the Overseas Shareholders who wish to participate in the Share Offer are subject to, and may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Share Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdiction).

## **8. STAMP DUTY**

Seller’s ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance, will be deducted from the cash amount payable to the Shareholders who accept the Share Offer. The Offeror will then pay the buyer’s ad valorem stamp duty so deducted on its own behalf. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer’s ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares to the Stamp Office in accordance with the Stamp Duty Ordinance.

## **9. TAX IMPLICATIONS**

None of the Company, the Offeror, Somerley, Kingston Corporate Finance, Kingston Securities, Vinco Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer is in a position to advise the Independent Shareholders on their individual tax implications.

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Share Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Somerley, Kingston Corporate Finance, Kingston Securities, Vinco Capital, the Registrar or their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Share Offer.

## 10. GENERAL

- (a) All communications, notices, the Acceptance Form, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Independent Shareholders at their addresses, specified on the relevant Acceptance Form. None of the Offeror, Somerley, Kingston Securities, Kingston Corporate Finance, the Company, the Registrar, or any of their respective directors or agents, or any other person involved in the Share Offer, accepts any liability for any loss or delay in transmission in postage or any other liabilities that may arise as a result.
- (b) The provisions set out in the Acceptance Form form part of the terms of the Share Offer.
- (c) The accidental omission to despatch this Composite Document and/or Acceptance Form or any of them to any person to whom the Share Offer is made will not invalidate the Share Offer in any way.
- (d) Due execution of the Acceptance Form will constitute an irrevocable authority to the Offeror and/or Somerley and/or the Kingston Securities (or such person or persons as the Offeror and/or Somerley and/or the Kingston Securities may direct) to complete and execute any document on behalf of the person accepting the Share Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Shares in respect of which such person has accepted the Share Offer.
- (e) Acceptance of the Share Offer by Independent Shareholders, will be deemed to constitute a warranty by such person(s) to the Offeror that such Shares acquired under the Share Offer are sold or tendered by Independent Shareholders free from all Encumbrances and together with all rights accruing or attaching thereto on the Unconditional Date or subsequently becoming attached to them, including the right to receive in full all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made.
- (f) References to the Share Offer in this Composite Document and in the Acceptance Form shall include any extension and/or revision thereof.

- (g) Any Independent Shareholders accepting the Share Offer will be responsible for payment of any other transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (h) Settlement of the consideration to which any Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.
- (i) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Acceptance Form is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Share Offer on their behalf.
- (j) The English text of this Composite Document and of the Acceptance Form shall prevail over the Chinese text for the purpose of interpretation.
- (k) In making their decision, Independent Shareholders must rely on their own examination of the Group and the terms of the Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Acceptance Form, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Somerley, Kingston Corporate Finance and Kingston Securities, or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.
- (l) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Share Offer in Hong Kong and the operating rules of the Stock Exchange.

## I. FINANCIAL SUMMARY

Set out below is a summary of the financial information of the Group for the three financial years ended 31 December 2011, 2012 and 2013, the six months ended 30 June 2014 and nine months ended 30 September 2014, which is extracted from the audited consolidated financial statements of the Group as set forth in the prospectus of the Company dated 14 August 2013, the annual report of the Company for the financial year ended 31 December 2013, the interim report of the Company for the six months ended 30 June 2014 and the third quarterly report of the Company for the nine months ended 30 September 2014.

The auditor's report jointly issued by Mazars and LKY China in respect of the Group's audited consolidated financial statements for the three financial years ended 31 December 2011, 2012 and 2013 did not contain any qualifications. The Group has no exceptional items recorded in the financial statements of the Group for the three financial years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 and nine months ended 30 September 2014.

	For the nine months ended 30 September 2014 HK\$'000	For the six months ended 30 June 2014 HK\$'000	Year ended 31 December		
			2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Revenue	279,373	184,407	466,456	452,111	444,376
Cost of sales	<u>(236,575)</u>	<u>(156,747)</u>	<u>(372,866)</u>	<u>(359,698)</u>	<u>(355,139)</u>
<b>Gross profit</b>	42,798	27,660	93,590	92,413	89,237
Other income	4,381	3,488	1,215	1,530	5,494
Administrative expenses	(55,698)	(37,659)	(78,177)	(77,566)	(77,234)
Finance costs	(1,012)	(645)	(1,317)	(3,042)	(3,663)
Share of results of associates	<u>253</u>	<u>268</u>	<u>1,267</u>	<u>2,275</u>	<u>1,153</u>
<b>(Loss) Profit before taxation</b>	(9,278)	(6,888)	16,578	15,610	14,987
Taxation	<u>(789)</u>	<u>(508)</u>	<u>(3,890)</u>	<u>(3,044)</u>	<u>(3,345)</u>
<b>(Loss) Profit for the year/ period</b>	(10,067)	(7,396)	12,688	12,566	11,642
<b>Other comprehensive income:</b>					
Item that may be reclassified to profit or loss in subsequent periods:					
Exchange difference arising from translation of foreign operations	<u>28</u>	<u>31</u>	<u>—</u>	<u>395</u>	<u>257</u>
<b>Total comprehensive (loss) income for the year/period</b>	<u>(10,039)</u>	<u>(7,365)</u>	<u>12,688</u>	<u>12,961</u>	<u>11,899</u>

	For the nine months ended 30 September 2014 <i>HK\$'000</i>	For the six months ended 30 June 2014 <i>HK\$'000</i>	Year ended 31 December		
			2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>(Loss) Profit attributable to:</b>					
Equity holders of the Company	(10,745)	(7,946)	10,095	8,700	7,219
Non-controlling interests	<u>678</u>	<u>550</u>	<u>2,593</u>	<u>3,866</u>	<u>4,423</u>
	<u>(10,067)</u>	<u>(7,396)</u>	<u>12,688</u>	<u>12,566</u>	<u>11,642</u>
<b>Total comprehensive (loss) income attributable to:</b>					
Equity holders of the Company	(10,717)	(7,915)	10,095	9,095	7,476
Non-controlling interests	<u>678</u>	<u>550</u>	<u>2,593</u>	<u>3,866</u>	<u>4,423</u>
	<u>(10,039)</u>	<u>(7,365)</u>	<u>12,688</u>	<u>12,961</u>	<u>11,899</u>
(Loss) Earnings per share attributable to equity holders of the Company	<u>(1.16) HK cents</u>	<u>(0.95) HK cents</u>	<u>1.50 HK cents</u>	<u>1.45 HK cents</u>	<u>1.20 HK cents</u>



## 2. FINANCIAL INFORMATION OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2013

The following is the full text of the audited consolidated financial statements of the Group for the year ended 2013 extracted from the annual report of the Company for the year ended 31 December 2013:

### Consolidated Statement of Comprehensive Income Year ended 31 December 2013

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
<b>Revenue</b>	6	466,456	452,111
Cost of sales		<u>(372,866)</u>	<u>(359,698)</u>
Gross profit		93,590	92,413
Other income	7	1,215	1,530
Administrative expenses		(78,177)	(77,566)
Finance costs	8	(1,317)	(3,042)
Share of results of associates		<u>1,267</u>	<u>2,275</u>
<b>Profit before taxation</b>	8	16,578	15,610
Taxation	10	<u>(3,890)</u>	<u>(3,044)</u>
<b>Profit for the year</b>		<u>12,688</u>	<u>12,566</u>
<b>Other comprehensive income:</b>			
Item that may be reclassified to profit and loss in subsequent periods:			
Exchange difference arising from translation of foreign operations		<u>—</u>	<u>395</u>
<b>Total comprehensive income for the year</b>		<u>12,688</u>	<u>12,961</u>
<b>Profit attributable to:</b>			
Equity holders of the Company		10,095	8,700
Non-controlling interests		<u>2,593</u>	<u>3,866</u>
		<u>12,688</u>	<u>12,566</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		10,095	9,095
Non-controlling interests		<u>2,593</u>	<u>3,866</u>
		<u>12,688</u>	<u>12,961</u>
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and Diluted	13	<u>1.50 HK cents</u>	<u>1.45 HK cents</u>

**Consolidated Statement of Financial Position***At 31 December 2013*

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<i>15</i>	22,705	19,928
Interests in associates	<i>16</i>	<u>12,046</u>	<u>11,379</u>
		<u>34,751</u>	<u>31,307</u>
<b>Current assets</b>			
Trade and other receivables	<i>17</i>	105,657	101,339
Pledged bank deposits	<i>18(a)</i>	400	923
Bank balances and cash	<i>18</i>	<u>40,405</u>	<u>9,756</u>
		<u>146,462</u>	<u>112,018</u>
<b>Current liabilities</b>			
Trade and other payables	<i>19</i>	88,178	87,392
Current portion of interest-bearing borrowings	<i>20</i>	13,310	14,971
Bank overdrafts (secured)	<i>18</i>	3,515	649
Taxation		<u>3,458</u>	<u>1,324</u>
		<u>108,461</u>	<u>104,336</u>
<b>Net current assets</b>		<u>38,001</u>	<u>7,682</u>
<b>Total assets less current liabilities</b>		<u>72,752</u>	<u>38,989</u>
<b>Non-current liabilities</b>			
Non-current portion of interest-bearing borrowings	<i>20</i>	3,107	1,498
Deferred tax liabilities	<i>26</i>	<u>667</u>	<u>1,378</u>
		<u>3,774</u>	<u>2,876</u>
<b>NET ASSETS</b>		<u><u>68,978</u></u>	<u><u>36,113</u></u>
<b>Capital and reserves</b>			
Share capital	<i>22</i>	8,000	—
Reserves		<u>58,950</u>	<u>26,735</u>
Total equity attributable to equity holders of the Company		66,950	26,735
Non-controlling interests		<u>2,028</u>	<u>9,378</u>
<b>TOTAL EQUITY</b>		<u><u>68,978</u></u>	<u><u>36,113</u></u>

**Statement of Financial Position***At 31 December 2013*

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment in subsidiaries	<i>14</i>	<u>34,656</u>	<u>—</u>
<b>Current assets</b>			
Prepayments	<i>17</i>	205	4,818
Amounts due from subsidiaries	<i>14(a)</i>	18,950	—
Cash at bank	<i>18</i>	<u>26,573</u>	<u>—</u>
		<u>45,728</u>	<u>4,818</u>
<b>Current liabilities</b>			
Other payables	<i>19</i>	2,214	—
Amount due to a subsidiary	<i>14(a)</i>	<u>28,256</u>	<u>14,455</u>
		<u>30,470</u>	<u>14,455</u>
<b>Net current assets (liabilities)</b>		<u>15,258</u>	<u>(9,637)</u>
<b>NET ASSETS (LIABILITIES)</b>		<u><u>49,914</u></u>	<u><u>(9,637)</u></u>
<b>Capital and reserves</b>			
Share capital	<i>22</i>	8,000	—
Reserves	<i>24</i>	<u>41,914</u>	<u>(9,637)</u>
<b>TOTAL EQUITY (DEFICITS)</b>		<u><u>49,914</u></u>	<u><u>(9,637)</u></u>

## Consolidated Statement of Changes in Equity

Year ended 31 December 2013

Note	Attributable to equity holders of the Company						Accumulated profits	Total	Non-controlling interests	Total equity
	(Note 22) Share capital HK\$'000	(Note 24(a)) Share premium HK\$'000	(Note 24(b)) Capital reserve HK\$'000	(Note 24(c)) Exchange reserve HK\$'000	(Note 24(d)) Statutory reserve HK\$'000	(Note 24(e)) Other reserve 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
<b>Transactions with owners</b>										
Contributions and distributions										
Capital contribution from the ultimate holding company to a subsidiary (Note)	—	—	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
<b>Profit and total comprehensive income for the year</b>	—	—	—	—	—	—	10,095	10,095	2,593	12,688
<b>Transactions with owners</b>										
Contributions and distributions										
Placing of shares	22(c)	2,000	48,000	—	—	—	—	50,000	—	50,000
Share placement expenses	22(c)	—	(14,010)	—	—	—	—	(14,010)	—	(14,010)
Capitalisation issue	22(d)	5,900	(5,900)	—	—	—	—	—	—	—
Dividend	—	—	—	—	—	—	—	—	(3,800)	(3,800)
		7,900	28,090	—	—	—	—	35,990	(3,800)	32,190
Changes in ownership interests										
Reorganisation	22(b)(ii)	100	—	887	—	—	—	987	—	987
Acquisition of additional interest in non-wholly owned subsidiaries	24(e)	—	—	—	—	—	(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	2,028	68,978

Note: During 2012, Golden Fame International Investments Group Limited (“GFII”), the ultimate holding company, has made further investment of HK\$10 million in Golden Fame Logistics Holding Limited (“GF Logistics”), one of the subsidiaries of the Group, by cash consideration.

**Consolidated Statement of Cash Flows**  
Year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	25	23,115	24,862
Interest paid		(1,317)	(3,042)
Tax paid		(2,467)	(5,105)
<b>Net cash generated from operating activities</b>		<b>19,331</b>	<b>16,715</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposals of property, plant and equipment		69	518
Interest received		20	78
Decrease in pledged bank deposits		523	13,538
Purchase of property, plant and equipment		(6,484)	(1,545)
Repayment from associates		—	2,139
<b>Net cash (used in) generated from investing activities</b>		<b>(5,872)</b>	<b>14,728</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid to non-controlling shareholders		(3,800)	(2,000)
Capital contributed from the ultimate holding company		—	10,000
Acquisition of additional equity interests in non-wholly owned subsidiaries	24(e)	(13,000)	—
New bank borrowings		26,086	10,250
Proceeds from placing of new shares	22(c)	50,000	—
Repayment of obligations under finance leases		(3,905)	(3,087)
Repayment of other loan payable		—	(7,925)
Repayment of loan from a third party		—	(3,000)
Repayment of bank borrowings		(27,123)	(11,655)
Payment of share placement expenses	22(c)	(14,010)	—
Repayment to related parties		(524)	(7,046)
Dividend received from associates		600	600
<b>Net cash generated from (used in) financing activities</b>		<b>14,324</b>	<b>(13,863)</b>
<b>Net increase in cash and cash equivalents</b>		<b>27,783</b>	<b>17,580</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>9,107</b>	<b>(8,517)</b>
Effect on exchange rate changes		—	44
<b>Cash and cash equivalents at end of year</b>	18	<b>36,890</b>	<b>9,107</b>
<b>Major non-cash transactions:</b>			
Acquisition of property, plant and equipment under finance lease arrangement		4,890	—
Capitalisation of amount due to GFII	22(b)(ii)	987	—
Capitalisation issue	22(d)	5,900	—

**Notes to the Consolidated Financial Statements**

*Year ended 31 December 2013*

**1. CORPORATION INFORMATION**

Gamma Logistics Corporation (the “Company”) was incorporated in the Cayman Islands on 13 September 2011 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company. The principal activities of its subsidiaries are detailed in note 14 to the consolidated financial statements. The principal place of business is Unit 13006-08E, 13/F., ATL Logistics Centre B, Berth 3, Kwai Chung Container Terminal, Kwai Chung, New Territories, Hong Kong.

The Company and its subsidiaries are herein collectively referred to as the “Group”.

**2. 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.

### 3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also complies with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

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.

A summary of the principal accounting policies adopted by the Group is set out in note 4 to the consolidated financial statements.

### 4. PRINCIPAL ACCOUNTING POLICIES

#### **Basis of measurement**

The measurement basis used in the preparation of these consolidated financial statements is historical costs.

#### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the parent, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments’ proportionate share in the recognised amounts of the acquiree’s identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

#### *Allocation of total comprehensive income*

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### *Changes in ownership interest*

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

### **Subsidiaries**

Subsidiaries are all entities over which the Group has control.

Specifically, the Group controls an investee if and only if the Group has all the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In the Company's statement of financial position, an investment in subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### **Associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but no control or joint control of those policies.

The Group's investments in associates are accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the Group's investment in associates is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the post-acquisition results of



the associates and any impairment loss relating to the investment. The consolidated statement of financial position includes the Group's share of the net assets of the associate. The Group discontinues recognising its share of further losses when the Group's share of losses of the associate equals or exceeds the carrying amount of its interest in the associate, which includes any long term interests that, in substance, form part of the Group's net investment in the associate, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 Financial Instruments: Recognition and Measurement ("HKAS 39") are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When the application of HKAS 39 indicates that the investment may be impaired, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets ("HKAS 36") as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of the asset or as a replacement.

The Group has entered into Usage Priority Agreements for the preferential use on three vessels with the legal owners of each vessel with an aggregate consideration of approximately RMB8.4 million. According to the Usage Priority Agreements, the legal owners and the Group mutually agreed the following key terms:

- the Group has the exclusive preferential right to use these three vessels;
- the Group has the preferential right to acquire the interest or obtain the sales proceeds of disposal (pre-approval by the Group in advance) of these vessels; and
- any transfer, leasing, written-off or pledge of these vessels have to be approved by the Group in advance.

In accordance with HKAS 16 Property, Plant and Equipment ("HKAS 16"), the cost of an item of property, plant and equipment shall be recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. With reference to the terms of Usage Priority Agreements, the cost of these three vessels can be measured reliably. In addition, the Group can demonstrate the ability to control these three vessels as the use, disposal, transfer, leasing, written-off or pledge of these vessels have to be pre-approved by the Group. Moreover, the Group can obtain future economic benefits associated with these three vessels by exercising the exclusive preferential right to use the vessels to provide logistic services to the customers or obtain the sales proceeds on disposal of these three vessels.

Therefore, management considered that the Group has controlled these three vessels and the future economic benefits associated with these three vessels are expected to flow to the Group. Accordingly, the aggregate net book value of HK\$3.61 million and HK\$4.42 million as at 31 December 2013 and 2012 have been recorded under property, plant and equipment respectively.

In accordance with HKAS 38 Intangible Assets (“HKAS 38”), some intangible assets may be contained in or on a physical substance. In determining whether an asset that incorporates both intangible and tangible elements should be treated under HKAS 16 or as an intangible asset under HKAS 38, the entity uses judgement to assess which element is more significant.

The management of the Group, based on the terms set out in the Usage Priority Agreements, considered that in substance the Group is able to exercise effective control over the “usage” of the three vessels as if it were the owner throughout the period covered by the Usage Priority Agreements. Accordingly, the three vessels are recorded by the Group under HKAS 16.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the unexpired term of lease
Furniture, fixtures and equipment	20%
Motor vehicles	20%
Computer equipment	20%
Containers	20%
Feeder vessels and barges	81/3%

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the terms of the leases.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the item is included in profit or loss in the year in which the item is derecognised.

#### **Impairment of other assets**

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether the carrying amounts of its property, plant and equipment have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income immediately.

**Financial instruments***Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) the Group transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

*Classification and measurement*

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

*Loans and receivables*

Loans and receivables including trade and other receivables, pledged bank deposits and cash and bank balances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

*Financial liabilities*

The Group's financial liabilities include trade and other payables, bank loans and other borrowings. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

*Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract is initially recognised as deferred income within trade and other payables at fair value (being the transaction price, unless the fair value can otherwise be reliably estimated). Subsequently, it is measured at the higher of (i) the amount initially recognised, less accumulated amortisation, and (ii) the amount of the provision, if any, that is required to settle the commitment at the end of the reporting period.

*Impairment of financial assets*

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial assets' original effective interest rate.

Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### **Cash equivalents**

For the purpose of the consolidated statements of cash flow, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts.

#### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

Revenues from ocean freight and land transportation services are recognised and coincided with the date of departure.

Revenues from container terminal operations are recognised when the services rendered are complete and the vessel leaves the berth.

Revenue from ocean and air freight forwarding business are recognised and coincided with the date of departure for outward freights and the time of transfer of goods to the customers at the designated location for inward freight.

The insurance agency income are recognised when the related services are complete.

Income from tractor repair and maintenance is recognised when the related services are complete.

The percentage of completion for revenue recognition is not applicable because the integrated logistics services provided by the Group can be completed in a short period of time. Financially, even if the adoption of percentage of completion for revenue recognition is possible, it would not have caused any material difference with the revenue recognition basis currently adopted by the Group.

Income from provision for fuel cards, net of trade discount, is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Revenues from operational equipment rental are recognised when the equipment are let out and on the straight-line basis over the lease terms.

Management fee income is recognised when services are rendered.

Interest income from financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

#### **Foreign currency translation**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong dollars, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency of each of the Group's entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of reporting period.
- Income and expenses for each statement of comprehensive income are translated at average rates.
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.
- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.
- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.
- On all other partial disposals, which includes partial disposal of associates that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

### **Borrowing costs**

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is

material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *As lessee*

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable or receivable under operating leases are charged or credited to profit or loss on a straight-line basis over the term of the relevant lease.

Lease incentives are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognised as expenses in the accounting period in which they are incurred.

### **Employee benefits**

#### *Short-term employee benefits*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### *Defined contribution plans*

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Contributions to the state-managed retirement schemes in jurisdictions other than Hong Kong, which are calculated on certain percentages of the applicable payroll costs, are charged as expenses when employees have rendered services entitling them to the contributions.

### **Share-based payment transactions**

#### *Equity-settled transactions*

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account the terms and conditions of the transactions, other than conditions linked to the price of the shares of the Company ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year(s) in which the vesting conditions are to be fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“vesting date”). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, with a corresponding adjustment to the reserve within equity.

### **Taxation**

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### **Related parties**

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person’s family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of the parent of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

#### **Critical accounting estimates and judgements**

In the process of applying the Group's accounting policies, which are described above, management has made various estimates and judgements which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements are continually evaluated. The key source of estimation uncertainty and accounting judgements, other than the judgment on the ownership of three vessels as described in above, that result in significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year or significantly affect the amounts recognised in the consolidated financial statements are discussed below:

#### **Key sources of estimation uncertainty**

*(i) Useful lives of property, plant and equipment*

The management determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technological innovations which could affect the related depreciation charges included in profit or loss.

*(ii) Allowance for bad and doubtful debts*

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the accounts receivable. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, allowance will be required.

*(iii) Income taxes*

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business, where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impair the income tax and deferred tax provision in the period in which such determination is made.



*(iv) Impairment of investments and receivables*

The Group assesses annually if investment in subsidiaries and associates has suffered any impairment in accordance with HKAS 36 and follows the guidance of HKAS 39 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

*(v) Control over Win Top Shipping Limited (“Win Top”) and Wintop Logistics Development Co., Ltd (“Wintop Logistics”)*

Although the Group had only 50% effective equity interests and voting rights in Win Top before the acquisition of further interests in Win Top and Wintop Logistics as detailed in note 14 to the consolidated financial statements, the Group had control of these two companies because a written agreement (“Written Agreement”) had been mutually agreed by shareholders of these two companies. Pursuant to the Written Agreement, the director appointed by the non-controlling shareholder of these two companies would vote unanimously and consistently with the directors appointed by the Group. In effect, the arrangement granted the Group the right to direct the relevant activities of these two companies.

**Future changes in HKFRSs**

At the date of authorisation of these consolidated financial statements, 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 <sup>1</sup>
Amendments to HKAS 32	Presentation — Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC)-Int 21	Levies <sup>1</sup>
Amendments to HKAS 19 (2011)	Defined Benefit Plans — Employee Contributions <sup>2</sup>
Various HKFRSs	Annual Improvements Project — 2010-2012 Cycle <sup>3</sup>
Various HKFRSs	Annual Improvements Project — 2011-2013 Cycle <sup>3</sup>
HKFRS 14	Regulatory deferral accounts <sup>4</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Financial Instruments (Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39) <sup>5</sup>

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.

## 5. 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:

<b>Operating segments</b>	<b>Principal activities</b>
<ul style="list-style-type: none"> <li>— Integrated logistics freight services</li>      <li>— Provision of fuel cards</li>   <li>— Tractors repairs and maintenance services and insurance agency services</li> </ul>	<ul style="list-style-type: none"> <li>— Provision of ocean freight and land transportation and container drayage services</li> <li>— Provision of ocean freight forwarding services</li> <li>— Provision of air freight forwarding services</li> <li>— Provision of feeder container storage facilities and hiring services of barges and vehicles</li>   <li>— Provision of fuel cards</li>   <li>— Tractors repairs and maintenance</li> <li>— Provision of insurance agency services</li> </ul>

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**

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

## 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	<u>59,515</u>	<u>1,428</u>	<u>4,317</u>	<u>(65,260)</u>	<u>—</u>
Total revenue	<u>496,090</u>	<u>16,404</u>	<u>4,877</u>	<u>(65,260)</u>	<u>452,111</u>
<b>Results</b>					
Segment result	<u>18,187</u>	<u>132</u>	<u>66</u>	<u>—</u>	18,385
Share of results of associates					2,275
Other unallocated corporate expenses					<u>(5,050)</u>
Profit before taxation					15,610
Taxation					<u>(3,044)</u>
Profit for the year					<u><u>12,566</u></u>

## 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
<b>ASSETS</b>				
Segment assets	131,079	8,799	2,361	142,239
Unallocated corporate assets				<u>38,974</u>
Consolidated total assets				<u><u>181,213</u></u>
<b>LIABILITIES</b>				
Segment liabilities	(105,273)	(2,393)	(2,354)	(110,020)
Unallocated corporate liabilities				<u>(2,215)</u>
Consolidated total liabilities				<u><u>(112,235)</u></u>
<b>OTHER INFORMATION</b>				
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)	<u>—</u>	<u>—</u>	<u>—</u>	<u>4</u>

As at 31 December 2012

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

**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:

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

*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:

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

#### 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.

#### 6. REVENUE

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
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	<u>761</u>	<u>560</u>
	<u><u>466,456</u></u>	<u><u>452,111</u></u>

#### 7. OTHER INCOME

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
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	<u>698</u>	<u>462</u>
	<u><u>1,215</u></u>	<u><u>1,530</u></u>

## 8. PROFIT BEFORE TAXATION

	2013 HK\$'000	2012 HK\$'000
This is stated after charging:		
<b>Finance costs</b>		
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
	<u>1,317</u>	<u>3,042</u>
<b>Other items</b>		
Auditors' remuneration	1,050	93
Depreciation	8,449	8,270
Operating lease payments on premises	17,293	13,336
	<u>17,293</u>	<u>13,336</u>
<b>Staff costs</b>		
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
	<u>3,202</u>	<u>3,050</u>
	<u>62,757</u>	<u>60,996</u>

## 9. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

## (i) Directors' emoluments

The aggregate amounts of emoluments paid and payable to the directors of the Company by the Group during the year are as follows:

	Appointed during the year	Salaries, allowance and benefits in		Bonuses	Contributions to defined contribution plans	Total
		Fee HK\$'000	kind HK\$'000			
<b>Year ended 31 December 2013</b>						
<b>Executive directors</b>						
Mr. Lo Wong Fung	—	—	1,667	—	—	1,667
Mr. Lo Ka Man	—	—	930	—	15	945
Ms. Leung Wai Ching	—	—	821	—	15	836
Mr. Yang Yue Xia	20 December 2013	—	8	—	—	8
<b>Independent non-executive directors</b>						
Mr. Lam Ying Hung, Andy	3 August 2013	42	—	—	—	42
Mr. Zschiesche Gustav	3 August 2013	42	—	—	—	42
Mr. Hung Chiu Shing Wilson	3 August 2013	42	—	—	—	42
		<u>126</u>	<u>3,426</u>	<u>—</u>	<u>30</u>	<u>3,582</u>

	Appointed during the year	Salaries, allowance and benefits in		Bonuses	Contributions to defined contribution plans	Total
		Fee	kind			
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended 31 December 2012</b>						
<i>(Note)</i>						
<b>Executive directors</b>						
Mr. Lo Wong Fung	—	—	2,000	—	—	2,000
Mr. Lo Ka Man	—	—	864	—	14	878
Ms. Leung Wai Ching	—	—	816	—	14	830
<b>Independent non-executive directors</b>						
Mr. Lam Ying Hung, Andy	—	—	—	—	—	—
Mr. Zschiesche Gustav	—	—	—	—	—	—
Mr. Hung Chiu Shing Wilson	—	—	—	—	—	—
		<u>—</u>	<u>3,680</u>	<u>—</u>	<u>28</u>	<u>3,708</u>

For the years ended 31 December 2013 and 2012, no emoluments were paid by the Group to any of the directors as an inducement to join the Group or upon joining the Group or as compensation for loss of office. During the year, Mr. Lo Wong Fung agreed to waive the basic salaries as provided his services agreement in a total amount of HK\$333,000 (2012: Nil).

*Note:* The information for the year ended 31 December 2012 is extracted from the Prospectus for illustrative purpose.

**(ii) Five highest paid individuals**

The five highest paid individuals included three directors for the years ended 31 December 2013 and 2012. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2013 HK\$'000	2012 HK\$'000
Salaries and allowances	2,187	1,919
Contributions to defined contribution plans	<u>30</u>	<u>28</u>
	<u>2,217</u>	<u>1,947</u>

The above individuals' emoluments during the year were within the following bands:

	2013 HK\$'000	2012 HK\$'000
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	—	1
HK\$1,500,001 to HK\$2,000,000	<u>1</u>	<u>—</u>
	<u>2</u>	<u>2</u>

No remuneration was paid or payable by the Group to any of the five highest paid individuals as an inducement to join the Group or upon joining the Group or as compensation for loss of office during the year.



## 10. TAXATION

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Current tax:			
Hong Kong Profits Tax			
— Current year		4,033	2,818
— Over-provision in prior year		<u>(381)</u>	<u>(104)</u>
		<u>3,652</u>	<u>2,714</u>
PRC Enterprise Income Tax			
— Current year		864	384
— Under-provision in prior year		<u>85</u>	<u>13</u>
		<u>949</u>	<u>397</u>
Deferred tax credit	26	<u>(711)</u>	<u>(67)</u>
Total income tax recognised in profit or loss		<u><u>3,890</u></u>	<u><u>3,044</u></u>

**(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:

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Profit before taxation	<u>16,578</u>	<u>15,610</u>
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	<u>(649)</u>	<u>352</u>
Tax expense for the year	<u>3,890</u>	<u>3,044</u>

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.

**11. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY**

The loss attributable to equity holders of the Company for the year ended 31 December 2013 includes a loss of HK\$11,095,000 (2012: HK\$5,037,000) which has been dealt with in the financial statements of the Company.

**12. DIVIDENDS**

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

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

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.

#### 14. INVESTMENT IN SUBSIDIARIES

	The Company	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Unlisted shares, at cost	<u>34,656</u>	<u>—</u>

Particulars of the Company’s subsidiaries are as follows:

Name of subsidiary	Place of incorporation	Issued and paid-up capital/registered capital	Ownership interest held by the Company		Principal activities
			Directly held	Indirectly held	
Gamma Logistics (B.V.I.) Corporation	The BVI	US\$10	100.0%	—	Investment holding
Golden Fame Shipping Limited	Hong Kong	HK\$2,200,000	—	100.0%	Provision of ocean freight transportation and container drayage services
Golden Ocean Warehouse & Transportation Limited	Hong Kong	HK\$10,000	—	100.0%	Provision of feeder container storage facilities and the hiring services of barges and vehicles
Upward Miles Limited	Hong Kong	HK\$500,000	—	100.0%	Rental of trucks
Golden Fame Logistics Holding Limited	Hong Kong	HK\$10	—	100.0%	Investment holding
Global Cargo International Limited	Hong Kong	HK\$1,000,000	—	51.0%	Provision of air freight, ocean transportation and handling services
Golden Fame Delta Shipping Limited	The BVI	US\$2	—	100.0%	Provision of freight and feeder rental services

Name of subsidiary	Place of incorporation	Issued and paid-up capital/ registered capital	Ownership interest held by the Company		Principal activities
			Directly held	Indirectly held	
中山市金洋國際貨運代理有限公司	The PRC	Registered and paid-up capital RMB7,000,000	—	100.0%	Provision of Non Vessel Operating Common Carrier (“NVOCC”) and international forwarding agency services
中山市愛酒時貿易有限公司	The PRC	Registered and paid-up capital RMB500,000	—	100.0%	Inactive
中山市伽瑪信息科技有限公司	The PRC	Registered and paid-up capital RMB100,000	—	100.0%	Inactive
中山市金信貨運有限公司	The PRC	Registered and paid-up capital RMB3,000,000	—	100.0%	Provision of transportation services
U-Drive Company Limited	Hong Kong	HK\$1,000	—	93.7%	Provision of fuel cards
Win & Fame Motor Limited	Hong Kong	HK\$1,000,000	—	80.0%	Provision of vehicle and tractor maintenance services
Win Top Shipping Company Limited	Hong Kong	HK\$2	—	100.0%	Provision of feeder shipping services
Wintop Logistics Development Co. Ltd	Hong Kong	HK\$10,000	—	100.0%	Provision of NVOCC services
Treasure Pipe Limited	The BVI	US\$10	—	100.0%	Investment holding
Golden Fame Insurance Services Limited	Hong Kong	HK\$500,000	—	100.0%	Provision of insurance agency services

During the year, there were material non-controlling interests in Win Top until the acquisition of remaining interests in Win Top as mentioned below.

Pursuant to the conditional agreement entered into between the Group and Sure Rich Logistics Limited (“Sure Rich”), a related company controlled by Ms. Kwong Mi Li who is a senior management of the Group, the Group agreed to acquire and Sure Rich agreed to sell the remaining 50% equity interests in Win Top, which owned 100% equity interests in Wintop Logistics, at a consideration of HK\$13,000,000. Completion of the acquisition was conditional upon, among other things, the Stock Exchange granting the listing of and permission to deal in the shares of the Company on the GEM of the Stock Exchange. The excess of the fair value of the consideration paid over the carrying amount of the net assets acquired has been debited to equity, details of which are set out in note 24(e) to the consolidated financial statements. The transaction was completed on 2 September 2013.

Following the acquisition of remaining interests in Win Top, there were no non-controlling interests in Win Top as at 31 December 2013. The summarised financial information of Win Top below represents amounts before intragroup eliminations.

	At 31 December 2013 <i>HK\$'000</i>	At 31 December 2012 <i>HK\$'000</i>
Current assets	23,576	22,271
Non-current assets	2,045	3,054
Current liabilities	(9,795)	(11,213)
Non-current liabilities	(351)	(528)
Net assets	<u>15,475</u>	<u>13,584</u>
Equity attributable to owners of the Company	<u>15,475</u>	<u>6,792</u>
Non-controlling interests	<u>—</u>	<u>6,792</u>
	<b>From 1 January to 31 December 2013 <i>HK\$'000</i></b>	<b>From 1 January to 31 December 2012 <i>HK\$'000</i></b>
Revenue	<u>81,051</u>	<u>73,439</u>
Profit for the year	<u>9,481</u>	<u>5,476</u>
Total profit and other comprehensive income attributable to		
— owners of the Company	6,335	2,738
— non-controlling interests	<u>3,146</u>	<u>2,738</u>
	<u>9,481</u>	<u>5,476</u>
Dividends paid to non-controlling interests	<u>3,800</u>	<u>2,000</u>
	<b>From 1 January to 31 December 2013 <i>HK\$'000</i></b>	<b>From 1 January to 31 December 2012 <i>HK\$'000</i></b>
Net cash inflow from operating activities	4,610	6,523
Net cash outflow from investing activities	(1,642)	(4,348)
Net cash outflow from financing activities	(1,751)	(4,874)
Net cash inflow (outflow) for the year	<u>1,217</u>	<u>(2,699)</u>

#### 14(a) AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts are unsecured, interest-free and have no fixed repayment term.

## 15. PROPERTY, PLANT AND EQUIPMENT

## The Group

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Feeder vessels and barges (Note) HK\$'000	Containers HK\$'000	Total HK\$'000
<b>At cost</b>							
At 1 January 2012	5,188	4,594	52,743	4,621	23,302	6,071	96,519
Additions	305	215	833	192	—	—	1,545
Disposals	(9)	(40)	(2,795)	—	—	—	(2,844)
Exchange realignment	—	10	451	4	—	—	465
At 31 December 2012 and 1 January 2013	5,484	4,779	51,232	4,817	23,302	6,071	95,685
Additions	443	285	5,503	129	—	5,014	11,374
Disposals	(233)	(214)	(606)	(103)	—	—	(1,156)
<b>At 31 December 2013</b>	<b>5,694</b>	<b>4,850</b>	<b>56,129</b>	<b>4,843</b>	<b>23,302</b>	<b>11,085</b>	<b>105,903</b>
<b>Accumulated depreciation</b>							
At 1 January 2012	3,373	3,797	38,155	3,329	16,493	4,836	69,983
Charge for the year	839	352	5,094	422	1,074	489	8,270
Disposals	(9)	(37)	(2,727)	(3)	—	—	(2,776)
Exchange realignment	—	5	273	2	—	—	280
At 31 December 2012 and 1 January 2013	4,203	4,117	40,795	3,750	17,567	5,325	75,757
Charge for the year	643	328	4,433	381	1,074	1,590	8,449
Disposals	(113)	(210)	(586)	(99)	—	—	(1,008)
<b>At 31 December 2013</b>	<b>4,733</b>	<b>4,235</b>	<b>44,642</b>	<b>4,032</b>	<b>18,641</b>	<b>6,915</b>	<b>83,198</b>
<b>Net book value</b>							
At 31 December 2013	961	615	11,487	811	4,661	4,170	22,705
At 31 December 2012	1,281	662	10,437	1,067	5,735	746	19,928

*Note:* As at 1 January 2012, 31 December 2012 and 31 December 2013, the Group owned three barges with aggregate cost of HK\$12.7 million and three vessels under the Usage Priority Agreements with aggregate cost of HK\$9.7 million. According to the Usage Priority Agreements, the Group has the exclusive preferential right to use the three vessels and to acquire the interest or to obtain the sales proceeds of disposal, which has to be approved by the Group in advance, of these three vessels. The Group considers that it, in substance, owned these three vessels. Accordingly, the aggregate net book value of HK\$3.61 million as at 31 December 2013 (2012: HK\$4.42 million) has been recorded under property, plant and equipment.

**The Group**

The assets held under finance leases at the end of the reporting period are as follows:

	<b>Motor vehicles</b> <i>HK\$'000</i>	<b>Containers</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 31 December 2013</b>			
Cost	—	4,890	4,890
Accumulated depreciation	—	(1,223)	(1,223)
	<u>—</u>	<u>(1,223)</u>	<u>(1,223)</u>
<b>Net book value</b>	<u>—</u>	<u>3,667</u>	<u>3,667</u>
<b>At 31 December 2012</b>			
Cost	7,975	—	7,975
Accumulated depreciation	(3,329)	—	(3,329)
	<u>7,975</u>	<u>—</u>	<u>7,975</u>
<b>Net book value</b>	<u>4,646</u>	<u>—</u>	<u>4,646</u>

**16. INTERESTS IN ASSOCIATES**

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Share of net assets	<u>12,046</u>	<u>11,379</u>

Particulars of the associates, which are unlisted corporate entities, principally affected the results or financial positions of the Group are as follows:

Name of associate	Form of business	Place of establishment and principal place of operation	Paid-up capital/registered capital	Proportion of ownership interest		Principal activities
				Group's effective interest	Indirectly held by subsidiaries	
Earnward Warehouse Limited	Incorporated	Hong Kong	HK\$400,000	50%	50%	Provision of warehouse and transportation services
Win Way Container Services Company Limited	Incorporated	Hong Kong	HK\$3,000,000	50%	50%	Provision of warehouse, transportation and delivery services
Full & Fame Oil Product Agency Limited	Incorporated	Hong Kong	HK\$2	50%	50%	Provision for fuel cards
Echo Chain Shipping Limited	Incorporated	Hong Kong	HK\$10,000	50%	50%	Provision of feeder shipping services
Vanco Logistics Limited	Incorporated	Hong Kong	HK\$120,000	50%	50%	Provision of transportation services

Name of associate	Form of business	Place of establishment and principal place of operation	Paid-up capital/ registered capital	Proportion of ownership interest		Principal activities
				Group's effective interest	Indirectly held by subsidiaries	
廣州市道正物流有限公司	Incorporated	The PRC	RMB3,000,000	50%	50%	Provision of transportation services
Logistics Network Management Company Limited	Incorporated	Hong Kong	HK\$300,000	25%	25%	Provision of transportation services
Wada Mini Storage Limited	Incorporated	Hong Kong	HK\$10,000	30%	30%	Operation for Mini store

#### Relationship with major associates

Full & Fame Oil Product Agency Limited supports the Group's cost control strategy in provision of fuel cards segment.

Echo Chain Shipping Limited diversifies the brand name of feeder services of the Group in Zhongshan and Zhuhai, Guangdong Province and explores feeder service market in Jiangmen, Guangdong Province.

Earnward Warehouse Limited provides warehouse management services to the Group's customers, which allow the Group to penetrate this market in which the Group does not directly participate.

All of these associates are accounted for using the equity method in the consolidated financial statements.

Summary of financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRS.

#### (A) Full & Fame Oil Product Agency Limited

	As at 31 December	
	2013	2012
	HK\$'000	HK\$'000
Current assets	17,882	16,134
Current liabilities	<u>(9,622)</u>	<u>(8,355)</u>
Net assets	<u>8,260</u>	<u>7,779</u>
Proportion of the Group's ownership interest in the associate	<u>50%</u>	<u>50%</u>
Carrying amount of the Group's interest in the associate	<u>4,130</u>	<u>3,890</u>
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	<u>(25)</u>	<u>641</u>



	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total revenue of associate for the year	<u>24,183</u>	<u>28,182</u>
Total profit and other comprehensive income of associate for the year	<u>480</u>	<u>575</u>
<b>Share of associate's results</b>		
Profit for the year	<u>240</u>	<u>287</u>
The above profit for the year includes the following:		
Income tax expense	<u>94</u>	<u>71</u>

The above financial information is prepared using the same accounting policies as adopted by the Group.

*(B) Echo Chain Shipping Limited*

	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	7,497	6,836
Non-current assets	674	315
Current liabilities	(3,829)	(3,586)
Non-current liabilities	<u>(38)</u>	<u>(38)</u>
Net assets	<u>4,304</u>	<u>3,527</u>
Proportion of the Group's ownership interest in the associate	<u>50%</u>	<u>50%</u>
Carrying amount of the Group's interest in the associate	<u>2,152</u>	<u>1,764</u>
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	<u>1,864</u>	<u>1,879</u>

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total revenue of associate for the year	<u>43,059</u>	<u>41,634</u>
Total profit and other comprehensive income of associate for the year	<u>777</u>	<u>501</u>
<b>Share of associate's results</b>		
Profit for the year	<u>388</u>	<u>251</u>
The above profit for the year includes the following:		
Depreciation	172	177
Interest income	4	2
Income tax expenses	<u>149</u>	<u>155</u>

The above financial information is prepared using the same accounting policies as adopted by the Group.

(C) *Earnward Warehouse Limited*

	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	35,283	31,308
Non-current assets	3,273	3,374
Current liabilities	(30,561)	(27,107)
Non-current liabilities	<u>(141)</u>	<u>(141)</u>
Net assets	<u>7,854</u>	<u>7,434</u>
Proportion of the Group's ownership interest in the associate	<u>50%</u>	<u>50%</u>
Carrying amount of the Group's interest in the associate	<u>3,927</u>	<u>3,717</u>
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	<u>1,858</u>	<u>1,517</u>

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total revenue of associate for the year	113,953	115,514
Total profit and other comprehensive income of associate attributable to:		
— Owners of the parent	2,384	3,568
— Non-controlling interests	<u>1,112</u>	<u>1,382</u>
	<u>3,496</u>	<u>4,950</u>
Dividends received from the associate during the year	<u>600</u>	<u>600</u>
<b>Share of associate's results</b>		
Profit for the year	<u>1,192</u>	<u>1,784</u>
The above profit for the year includes the following:		
Depreciation	825	808
Interest income	5	6
Interest expenses	437	512
Income tax expenses	<u>590</u>	<u>1,040</u>

The above financial information is prepared using the same accounting policies as adopted by the Group.

The aggregate information of associates that are not individually material is summarised as follows:

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
The Group's share of total revenue of associates for the year	<u>10,495</u>	<u>9,062</u>
The Group's share of total loss and other comprehensive loss of associates for the year	<u>(553)</u>	<u>(47)</u>
	<b>As at 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount of the Group's interests in associates	<u>1,837</u>	<u>2,008</u>

The above financial information is prepared using the same accounting policies as adopted by the Group.

## 17. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	<b>The Group</b>		<b>The Company</b>	
		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Trade receivables</b>		<u>78,847</u>	<u>77,005</u>	<u>—</u>	<u>—</u>
<b>Other receivables</b>					
Deposits, prepayments and other debtors		24,461	22,983	205	4,818
Due from associates	17(a)	2,349	1,067	—	—
Due from related parties	17(a), 27(iii)	<u>—</u>	<u>284</u>	<u>—</u>	<u>—</u>
		<u>26,810</u>	<u>24,334</u>	<u>205</u>	<u>4,818</u>
		<u>105,657</u>	<u>101,339</u>	<u>205</u>	<u>4,818</u>

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

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
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	<u>55</u>	<u>99</u>
	<u>78,847</u>	<u>77,005</u>

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

The ageing analysis of trade receivables which are past due but not impaired is as follows:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	<u>44,730</u>	<u>42,871</u>
Within 90 days	32,568	31,709
91–180 days	1,255	2,033
181–365 days	265	299
More than 365 days	<u>29</u>	<u>93</u>
Past due but not impaired	<u>34,117</u>	<u>34,134</u>
	<u>78,847</u>	<u>77,005</u>

Included in the Group's trade receivable balance are debtors with carrying amounts of HK\$34,117,000 (2012: HK\$34,134,000) as at 31 December 2013 which are past due at the end of the reporting period but which the Group has not impaired as there have not been any significant changes in credit quality and the directors believe that the amounts are fully recoverable. The management had reviewed the subsequent settlement status and repayment history of these customers and no provision for doubtful debt is considered necessary. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired as at 31 December 2013 and 2012 relate to a wide range of customers for whom there was no history of default.

#### 17(a) DUE FROM ASSOCIATES/RELATED PARTIES

The amounts due are unsecured, interest-free and have no fixed term of repayment.

#### 18. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank balances and cash	40,405	9,756	26,573	—
Bank overdrafts (secured)	<u>(3,515)</u>	<u>(649)</u>	<u>—</u>	<u>—</u>
	<u>36,890</u>	<u>9,107</u>	<u>26,573</u>	<u>—</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Bank overdrafts bear interest at prevailing market rate.

#### 18(a) PLEDGED BANK DEPOSITS

At 31 December 2013, pledged bank deposits of the Group mainly represent bank deposits are pledged to a bank against the general banking facilities as mentioned in note 31 to the consolidated financial statements.

#### 19. TRADE AND OTHER PAYABLES

	Note	The Group		The Company	
		2013	2012	2013	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Trade payables</b>		<u>57,092</u>	<u>57,568</u>	<u>—</u>	<u>—</u>
<b>Other payables</b>					
Accrued charges and other creditors		22,002	19,313	2,214	—
Due to associates	19(a)	9,084	9,000	—	—
Due to a related party	19(a), 27(iv)	<u>—</u>	<u>1,511</u>	<u>—</u>	<u>—</u>
		<u>31,086</u>	<u>29,824</u>	<u>2,214</u>	<u>—</u>
		<u>88,178</u>	<u>87,392</u>	<u>2,214</u>	<u>—</u>

The ageing analysis of trade payables is as follows:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
90 days or below	48,600	50,403
91–180 days	7,733	5,930
181–365 days	<u>759</u>	<u>1,235</u>
	<u><u>57,092</u></u>	<u><u>57,568</u></u>

#### 19(a) DUE TO ASSOCIATES/A RELATED PARTY

The amounts due are unsecured, interest-free and have no fixed repayment term.

#### 20. INTEREST-BEARING BORROWINGS

	<i>Note</i>	<b>2013</b>	<b>2012</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans		12,392	13,429
Obligations under finance leases	21	<u>4,025</u>	<u>3,040</u>
		<u><u>16,417</u></u>	<u><u>16,469</u></u>
Current portion			
Portion of interest-bearing borrowings due for repayment within one year			
— Obligations under finance leases		918	1,542
— Bank loans		<u>9,564</u>	<u>6,727</u>
		<u><u>10,482</u></u>	<u><u>8,269</u></u>
Portion of interest-bearing borrowings due for repayment after one year which contain a repayment on demand clause			
— Bank loans		<u>2,828</u>	<u>6,702</u>
		<u><u>2,828</u></u>	<u><u>6,702</u></u>
Total current portion of interest-bearing borrowings		<u><u>13,310</u></u>	<u><u>14,971</u></u>
Non-current portion			
— Obligations under finance leases		<u>3,107</u>	<u>1,498</u>
Total interest-bearing borrowings		<u><u>16,417</u></u>	<u><u>16,469</u></u>
		<b>2013</b>	<b>2012</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Analysed as follows:</b>			
Secured		4,025	6,040
Unsecured but guaranteed		<u>12,392</u>	<u>10,429</u>
		<u><u>16,417</u></u>	<u><u>16,469</u></u>

At the end of reporting date, the analysis of interest-bearing borrowings due based on the scheduled repayment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
The above borrowings, other than bank loans, are repayable as follows:		
— repayable on demand or within 1 year	918	1,542
— repayable after 1 year but within 2 years	974	817
— repayable after 2 years but within 5 years	<u>2,133</u>	<u>681</u>
	<u>4,025</u>	<u>3,040</u>
The above bank loans are repayable as follows:		
— repayable on demand or within 1 year	9,564	6,727
— repayable after 1 year but within 2 years	2,063	3,874
— repayable after 2 years but within 5 years	<u>765</u>	<u>2,828</u>
	<u>12,392</u>	<u>13,429</u>
Total interest-bearing borrowings	<u><u>16,417</u></u>	<u><u>16,469</u></u>

The bank loans carry interest at the prevailing market rates of about 3% to 6% (2012: 4% to 6%) per annum for the year ended 31 December 2013. Further details about the banking facilities granted to the Group are set out in Note 31 to the consolidated financial statements.

The obligations under finance leases carry interest at the annual percentage rates of about 6% (2012: 5.3% to 8.3%) per annum for the year ended 31 December 2013.

## 21. OBLIGATIONS UNDER FINANCE LEASES

As the end of reporting period, the Group leased certain of its containers (2012: motor vehicles) under finance leases. The average lease term is 4 years for the years ended 31 December 2013 and 2012.

	Minimum lease payments		Present value of minimum lease payments	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Amounts payable:				
Within one year	1,134	1,657	918	1,542
In the second to fifth years inclusive	<u>3,403</u>	<u>1,615</u>	<u>3,107</u>	<u>1,498</u>
	4,537	3,272	4,025	3,040
Future finance charges	<u>(512)</u>	<u>(232)</u>		
Present value of lease obligations	<u><u>4,025</u></u>	<u><u>3,040</u></u>		
Less: Amounts due for settlement within 12 months			<u>(918)</u>	<u>(1,542)</u>
Amounts due for settlement after 12 months			<u><u>3,107</u></u>	<u><u>1,498</u></u>

The Group's obligations under finance leases are secured by the following:

- (a) guarantees of HK\$802,000 given by Mr. Lo Wong Fung as at 31 December 2012;
- (b) joint guarantees of HK\$1,547,000 given by Mr. Lo Wong Fung and Mr. Lo Ka Man as at 31 December 2012;
- (c) guarantees of HK\$1,547,000 given by GFII as at 31 December 2012;
- (d) motor vehicles with net book value of HK\$4,646,000 as at 31 December 2012;
- (e) containers with net book value of HK\$3,667,000 as at 31 December 2013.

## 22. SHARE CAPITAL

	Note	2013		2012	
		Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
<b>Ordinary shares of HK\$0.01 each</b>					
<b>Authorised</b>					
At beginning of year	22(a)	38,000,000	380	38,000,000	380
Increase in authorised capital	22(b)(i)	<u>9,962,000,000</u>	<u>99,620</u>	—	—
At end of year		<u>10,000,000,000</u>	<u>100,000</u>	<u>38,000,000</u>	<u>380</u>
<b>Issued and fully paid:</b>					
At beginning of year	22(a)	1	—	1	—
Issue of shares upon reorganisation	22(b)(ii)	9,999,999	100	—	—
Placing of new shares	22(c)	200,000,000	2,000	—	—
Capitalisation issue	22(d)	<u>590,000,000</u>	<u>5,900</u>	—	—
At end of year		<u>800,000,000</u>	<u>8,000</u>	<u>1</u>	<u>—</u>

### 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 of the Company's shares on the GEM, 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 "Written Resolutions"), 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) As mentioned in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” of the Prospectus, GLBVI capitalised the amount due to GFII of HK\$986,795, resulting from execution of several assignments and novations, by allotting 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 allotted 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.

### 23. SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) on 3 August 2013. The purpose of the Scheme is to recognise and acknowledge the contributions that participants has made or may make to the Group, to provide participants with an opportunity to have a personal stake in the Company with the view to achieve motivating the participants to optimise their performance and efficiency for the benefit of the Group, to attract and retain or otherwise maintain ongoing business relationship with participant, whose contributions are or will be beneficial to the long term growth of the Group.

Participants include (i) any director and employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (“Affiliate”); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

The directors may, at their discretion, invite any participant to take up options. Options may be granted to participants under the Scheme during the period of 10 years commencing on the effective date of the Scheme. An option is deemed to have been granted and accepted by the grantee upon the duplicate letter comprising acceptance of the option duly signed by the grantee and paying HK\$1 by way of consideration for the grant thereof.

The subscription price of the share options will be a price determined by the board and shall not be less than the higher of (a) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the relevant option, which must be a business day (b) the average closing price of the shares as stated in the Stock Exchange’s daily quotation sheet for the five business days immediately preceding the date of grant of the relevant option and (c) the nominal value of a share on the date of grant.

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time. The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 80,000,000 shares of the Company, being 10% of the total number of shares of the Company in issue as at the date of approval of the Scheme unless shareholders' approval has been obtained. An option may be exercised during a period to be determined by the directors in their absolute discretion and in any event such period shall not be later than 10 years after the date of grant of the option.

The maximum entitlement for any participant is that the total number of shares issued and to be issued upon exercise of the options granted to each participant under the Scheme in any 12-month period shall not exceed 1 percent of the total number of shares in issue of the Company. Any further grant of options in excess of the 1 percent limit shall be subject to certain requirements provided under the GEM Listing Rules.

At the end of the reporting period, no option has been granted under the Scheme since its adoption.

## 24. RESERVES

		<b>Share premium</b>	<b>The Company Contributed surplus</b>	<b>Accumulated losses</b>	<b>Total</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Note 24(f))</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2012		—	—	(4,600)	(4,600)
Loss and total comprehensive loss for the year		<u>—</u>	<u>—</u>	<u>(5,037)</u>	<u>(5,037)</u>
At 31 December 2012		—	—	(9,637)	(9,637)
Loss and total comprehensive loss for the year		—	—	(11,095)	(11,095)
<b>Transaction with owners</b>					
Placing of shares	22(c)	48,000	—	—	48,000
Share placement expenses	22(c)	(14,010)	—	—	(14,010)
Capitalisation issue	22(d)	(5,900)	—	—	(5,900)
Arising from the Reorganisation	24(f)	<u>—</u>	<u>34,556</u>	<u>—</u>	<u>34,556</u>
<b>Total transactions with owners</b>		<u>28,090</u>	<u>34,556</u>	<u>—</u>	<u>62,646</u>
<b>At 31 December 2013</b>		<u>28,090</u>	<u>34,556</u>	<u>(20,732)</u>	<u>41,914</u>

### 24(a) SHARE PREMIUM

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

### 24(b) CAPITAL RESERVE

The capital reserve arises from the business combination under common control in relation to the Reorganisation. The amounts represent the difference between aggregate net asset value of the companies comprising the Group and the investment costs in the subsidiaries.

The negative capital reserve represents the excess of “total investment costs in the companies comprising the Group” over “the aggregate net assets value of the companies comprising the Group”.

Under merger accounting the net assets of the combining entities are combined 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. Accordingly, the above mentioned difference has been recorded in the capital reserve under merger accounting.

#### 24(c) EXCHANGE RESERVE

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group’s subsidiaries in the PRC. The reserve is dealt with in accordance with the accounting policy set out in note 4 above.

#### 24(d) STATUTORY RESERVE

The statutory reserves are reserves required by the Accounting Regulations for Business Enterprises applicable to the Company’s PRC subsidiaries. The reserves can be used to reduce previous year’s losses and to increase the capital of the subsidiaries.

#### 24(e) OTHER RESERVES

During the year, the Group acquired the remaining 50% equity interests in Win Top, which owns 100% equity interests in Wintop Logistics, at a consideration of HK\$13,000,000 as mentioned in note 14 to the consolidated financial statements. The carrying amount of the non-controlling interests in the two subsidiaries on the date of acquisition was HK\$6,143,000. The Group derecognised non-controlling interests of HK\$6,143,000 and recognised directly in equity attributable to owners of the parent of HK\$6,857,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

#### 24(f) CONTRIBUTED SURPLUS

The contributed surplus of the Company arose from the Reorganisation on 3 August 2013. The balance represents the difference between the nominal amount of the Company’s shares issued and the consolidated shareholders’ fund of the subsidiaries acquired during the Reorganisation.

### 25. CASH GENERATED FROM OPERATIONS

	<b>2013</b>	<b>2012</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
Profit before taxation	16,578	15,610
Depreciation	8,449	8,270
Foreign exchange differences	—	120
Interest income	(20)	(78)
Interest expenses	1,317	3,042
Share of results of associates	(1,267)	(2,275)
Loss (Gain) on disposal of property, plant and equipment	<u>79</u>	<u>(450)</u>
Cash flow before changes in working capital:	25,136	24,239
Trade and other receivables	(4,318)	(7,957)
Trade and other payables	<u>2,297</u>	<u>8,580</u>
<b>Cash generated from operations</b>	<u><u>23,115</u></u>	<u><u>24,862</u></u>

**26. DEFERRED TAXATION**

The movements for the year in the Group's net deferred tax position are as follows:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the reporting period	(1,378)	(1,445)
Credit to profit and loss	<u>711</u>	<u>67</u>
<b>At end of the reporting period</b>	<b><u>(667)</u></b>	<b><u>(1,378)</u></b>

Recognised deferred tax liabilities at the end of the reporting period represent the following:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation allowances	(662)	(1,373)
Others	<u>(5)</u>	<u>(5)</u>
<b>Deferred tax liabilities</b>	<b><u>(667)</u></b>	<b><u>(1,378)</u></b>

At the end of the reporting period, the Group had unrecognised tax losses of approximately HK\$2,564,000 (2012: HK\$239,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The expiry dates of unrecognised tax losses are as follows:

	<b>The Group</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax losses without expiry date	1,379	—
Tax losses expiring on 31 December 2018	267	—
Tax losses expiring on 31 December 2017	918	—
Tax losses expiring on 31 December 2016	—	—
Tax losses expiring on 31 December 2015	—	—
Tax losses expiring on 31 December 2014	—	—
Tax losses expiring on 31 December 2013	<u>—</u>	<u>239</u>
<b>At the end of the reporting period</b>	<b><u>2,564</u></b>	<b><u>239</u></b>

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends distributed to foreign investors by the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and jurisdiction of the foreign investors.

As at 31 December 2013 and 2012, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Groups' subsidiaries established in the PRC because these PRC subsidiaries have accumulated losses as at 31 December 2013 and 2012.

**27. RELATED PARTY BALANCES/TRANSACTIONS**

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, the Group has the following transactions/balances with the following related parties during the year:

**(i) Name of and relationship with the related parties**

<b>Name of related parties</b>	<b>Relationship</b>
Mr. Lo Wong Fung, Mr. Lo Ka Man, Ms. Leung Wai Ching, Mr. Yang Yue Xia	Executive directors of the Company
Golden Fame International Investments Group Limited	Ultimate holding company in which Mr. Lo Wong Fung has beneficial interests
Earnward Warehouse Limited	Associate of the Group
Win Way Container Services Company Limited	Associate of the Group
Echo Chain Shipping Limited	Associate of the Group
Full & Fame Oil Product Agency Limited	Associate of the Group
Vanco Logistics Limited	Associate of the Group
廣州市道正物流有限公司	Associate of the Group
Forefront Group Limited	Indirect shareholder of Golden Fame International Investments Group Limited
Ms. Kwong Mi Li, Winnie	Key management personnel

**(ii) Related party transactions**

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Ocean freight income received from:		
Echo Chain Shipping Limited	9,225	8,046
Ocean freight charge paid to:		
Echo Chain Shipping Limited	90	181
Vanco Logistics Limited	216	—
Management fee income received from:		
Full & Fame Oil Product Agency Limited	228	108
Golden Fame International Investments Group Limited	120	240
Equipment rental received from:		
Earnward Warehouse Limited	1,680	1,908
Vanco Logistics Limited	156	—
Fuel and oil fee received from:		
Vanco Logistics Limited	327	—
Fuel and oil fee paid to:		
Full & Fame Oil Product Agency Limited	8,050	9,418
Administrative expenses paid to:		
Earnward Warehouse Limited	<u>356</u>	<u>665</u>

**(iii) Amounts due from related parties**

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Forefront Group Limited	—	279
Ms. Kwong Mi Li, Winnie	<u>—</u>	<u>5</u>
	<u>—</u>	<u>284</u>

**(iv) Amount due to related party**

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Golden Fame International Investments Group Limited	<u>—</u>	<u>1,511</u>

**28. COMMITMENTS**

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases (other than Shipping Slot Charter Agreement (船舶運輸合同) mentioned below) which are payable as follows:

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Within one year	1,870	2,358
In the second to fifth years inclusive	<u>323</u>	<u>1,162</u>
	<u><u>2,193</u></u>	<u><u>3,520</u></u>

Operating lease payments represent rentals payable by the Group for its office premises and dormitories. Leases for office premises and dormitories are negotiated for term ranging from 1 to 5 years with fixed rentals.

At the end of the reporting period, the Group had committed to pay for the use of flight in relation to the minimum tonnage arrangement as follows:

	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Within one year	<u>1,986</u>	<u>4,485</u>

During the year, the Group entered into two kinds of agreements, namely Shipping Slot Charter Agreement (船舶運輸合同) and Usage Priority Agreements.

Charges under Shipping Slot Charter Agreement (船舶運輸合同) are usually calculated based on usage volume. Accordingly, there is no significant non-cancellable commitment as at 31 December 2013.

According to the Usage Priority Agreements, the Group has the exclusive preferential right to use the three vessels and to acquire the interest or to obtain the sales proceeds of disposal, which has to be approved by the Group in advance, of these vessels. The Group has controlled these vessels and their net book values have been recorded under property, plant and equipment accordingly. Therefore, there was no operating lease commitment in this regard as at 31 December 2013 and 2012.

The Company had no significant lease commitment as at 31 December 2013 and 2012.

**29. FINANCIAL INSTRUMENTS****(a) Financial risk management objectives and policies**

The Group's principal financial instruments comprise interest-bearing borrowings, amounts due from/to associates and bank balances and cash. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are (i) foreign currency risk, (ii) interest rate risk, (iii) credit risk and (iv) liquidity risk. The Group does not have any written risk management policies and guidelines. However, the board of directors co-operates closely with key management to identify and evaluate risks and generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum level as follows:

*(i) Foreign currency risk*

Most of the Group's business transactions were conducted in Hong Kong dollars and Renminbi ("RMB"). Exposures to foreign currency risk arise from certain of the Group's trade and other receivables, trade and other payables and cash and bank balances denominated in RMB. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and considers there is no significant exposure on its foreign currency risk.

*(ii) Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to its interest-bearing financial instruments including interest-bearing borrowings with variable interest rates and bank balances and cash.

The table below is a summary quantitative data about exposure to interest rates at the end of the reporting period:

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Pledged bank deposits	400	923	—	—
Bank balances and cash	40,405	9,756	26,573	—
Bank overdrafts, secured	(3,515)	(649)	—	—
Interest-bearing borrowings (with variable interest rate)	<u>(12,392)</u>	<u>(13,429)</u>	<u>—</u>	<u>—</u>
Net exposure	<u>24,898</u>	<u>(3,399)</u>	<u>26,573</u>	<u>—</u>

At the end of the reporting period, if interest rates had been 100 basis points lower/higher and all other variables were held constant, the Group's net profit would decrease/increase by HK\$249,000 (2012: net profit would increase/decrease by HK\$34,000).

At the end of the reporting period, if interest rates had been 100 basis points lower/higher and all other variables were held constant, the Company's net loss would increase/decrease by HK\$266,000 (2012: Nil).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period.



*(iii) Credit risk*

Credit risk mainly arises from restricted and unrestricted bank balances and cash, trade receivables, other receivables and amounts due from related parties. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Pledged bank deposits	400	923	—	—
Bank balances and cash	40,405	9,756	26,573	—
Trade and other receivables	98,036	91,755	—	—
Due from related parties	—	284	—	—
Due from associates	2,349	1,067	—	—

The credit risk on pledged bank deposits and bank balances is limited because the counterparties are creditworthy licensed banks. Management does not expect any counterparty to fail to meet its obligation.

The Group reviews the recoverable amount of each individual debtor, including related and third parties, at the end of the reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

At 31 December 2013, the Group had a concentration of credit risk as 8.9% (2012: 10.0%) of the total trade receivables was due from the Group's largest customer and 25.2% (2012: 30.0%) of the total trade receivables was due from the Group's five largest customers respectively.

*(iv) Liquidity risk*

Management of the Group aims at maintaining sufficient level of cash and cash equivalents to finance the Group's operations and expected expansion. The Group's primary cash requirements include payments for operating expenses, additions or upgrades of property, plant and equipment and repayment of borrowings. The Group finances its working capital requirements mainly by the funds generated from operations, advanced from related parties and use of bank borrowings.

The Group manages liquidity risk by forecasting the amount of cash required and monitoring the working capital of the Group to ensure that all liabilities due and known funding requirements could be met. Based on the assessment of the management, the overall liquidity risk encountered by the Group is manageable.

The maturity profile of the Group's financial liabilities at the end of reporting period based on contractual undiscounted payments is summarised below:

*The Group*

	<b>On demand</b> <i>HK\$'000</i>	<b>Less than 3 months</b> <i>HK\$'000</i>	<b>Over 3 months but not more than 12 months</b> <i>HK\$'000</i>	<b>Over 1 year but not more than 5 years</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 31 December 2013</b>					
Trade and other payables	50,964	28,130	—	—	79,094
Due to associates	9,084	—	—	—	9,084
Obligations under finance leases	—	286	848	3,403	4,537
Bank overdrafts and borrowings	15,907	—	—	—	15,907
	<u>75,955</u>	<u>28,416</u>	<u>848</u>	<u>3,403</u>	<u>108,622</u>
<b>At 31 December 2012</b>					
Trade and other payables	37,636	36,899	2,346	—	76,881
Due to related parties	1,511	—	—	—	1,511
Due to associates	9,000	—	—	—	9,000
Obligations under finance leases	—	621	1,036	1,615	3,272
Bank overdrafts and borrowings	14,078	—	—	—	14,078
	<u>62,225</u>	<u>37,520</u>	<u>3,382</u>	<u>1,615</u>	<u>104,742</u>

The amounts repayable under loan agreements that include a clause that gives lenders the unconditional right to call loans at any time are classified under the "on demand" bracket. In this regard, interest bearing loans of approximately HK\$2,828,000 as at 31 December 2013 (2012: HK\$6,702,000) (see note 20) have been so classified even though the directors do not expect that lenders would exercise their rights to demand repayment and thus these borrowings (including the aggregate principal and interest cash outflows) would be repaid according to the following schedule as set out in the loan agreements:

	<b>The Group</b>	
	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Interest bearing borrowings with a repayment on demand clause based on contractual undiscounted payments:		
After 1 year but not more than 2 years	2,169	4,139
Over 2 years but not more than 5 years	776	2,945
	<u>2,945</u>	<u>7,084</u>

*The Company*

	<b>On demand</b> <i>HK\$'000</i>
<b>At 31 December 2013</b>	
Other payables	2,214
Amount due to a subsidiary	<u>28,256</u>
	<u>30,470</u>
Financial guarantees ( <i>note 30</i> )	<u>17,907</u>
	<b>On demand</b> <i>HK\$'000</i>
<b>At 31 December 2012</b>	
Amount due to a subsidiary	<u>14,455</u>

**(b) Capital management**

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The capital structure of the Group consists of interest-bearing borrowings, pledged bank deposits, cash and cash equivalents and equity attributable to equity owners of the Company.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 2012.

**(c) Categories and fair value of financial instruments**

The carrying amounts of each of the following categories of financial assets and financial liabilities are set out as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>	<b>2012</b> <i>HK\$'000</i>
Loans and receivables:				
Trade and other receivables	100,385	93,106	—	—
Pledged bank deposits	400	923	—	—
Bank balances and cash	40,405	9,756	26,573	—
Amount due from a subsidiary	<u>—</u>	<u>—</u>	<u>18,950</u>	<u>—</u>
	<u>141,190</u>	<u>103,785</u>	<u>45,523</u>	<u>—</u>

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial liabilities measured at amortised costs:				
Trade and other payables	88,178	87,392	2,214	—
Current portion of interest-bearing borrowings	13,310	14,971	—	—
Non-current portion of interest-bearing borrowings	3,107	1,498	—	—
Bank overdrafts (secured)	3,515	649	—	—
Amount due to a subsidiary	—	—	28,256	14,455
	<u>108,110</u>	<u>104,510</u>	<u>30,470</u>	<u>14,455</u>

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2013 and 2012.

### 30. FINANCIAL GUARANTEES

The Company has issued several guarantees in respect of banking facilities granted to the subsidiaries to the total extent of HK\$44,406,000 (2012: Nil) without charge. The Company has not recognised a value for the financial guarantees given in the financial statements as their fair values are insignificant and their transaction price is HK\$Nil.

At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under these guarantees. The maximum liability of the Company at the end of the reporting period under these guarantees is HK\$17,907,000 (2012: Nil), representing the banking facilities drawn down by the subsidiaries at the end of the reporting period.

### 31. PLEDGE OF ASSETS/BANKING FACILITIES

The details of pledge of assets and the banking facilities granted to the Group are summarised as follows:

	2013	2012
	HK\$'000	HK\$'000
Total banking facilities granted to the Group	<u>44,406</u>	<u>36,529</u>
Total utilised banking facilities	<u>17,907</u>	<u>20,493</u>

The banking facilities are secured by the followings:

- personal properties of the director, Mr. Lo Wong Fung and his close family member as at 31 December 2012;
- joint guarantees of HK\$6,914,000 given by GFII, Mr. Lo Wong Fung and a director of a subsidiary as at 31 December 2012;
- joint guarantees of HK\$3,892,000 issued by Mr. Lo Wong Fung, GFII and Mr. Cheung Chi Tai who is an ex-shareholder of a non-controlling shareholder of GFII as at 31 December 2012;
- joint guarantees of HK\$34,223,000 issued by Mr. Lo Wong Fung and GFII as at 31 December 2012;

- (e) pledged deposits as shown in the consolidated statements of financial position as at 31 December 2013 and 2012;
- (f) guarantees of HK\$44,406,000 issued by the Company as at 31 December 2013 (note 30).

**32. EVENTS AFTER THE REPORTING PERIOD**

No significant events took place subsequent to 31 December 2013.

### 3. FINANCIAL INFORMATION OF THE COMPANY FOR THE SIX MONTHS ENDED 30 JUNE 2014

The following is the full text of the unaudited consolidated financial statements of the Group for the six months ended 30 June 2014 extracted from the interim report of the Company for the six months ended 30 June 2014:

#### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months and six months ended 30 June 2014

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Revenue</b>	4	95,450	122,604	184,407	234,286
Cost of sales		<u>(77,964)</u>	<u>(98,414)</u>	<u>(156,747)</u>	<u>(187,964)</u>
Gross profit		17,486	24,190	27,660	46,322
Other income	5	1,039	243	3,488	518
Administrative expenses		(18,995)	(18,602)	(37,659)	(36,955)
Finance costs	6	(369)	(221)	(645)	(606)
Share of results of associates		<u>690</u>	<u>222</u>	<u>268</u>	<u>262</u>
<b>(Loss)/profit before taxation</b>	6	(149)	5,832	(6,888)	9,541
Taxation	7	<u>(487)</u>	<u>(1,942)</u>	<u>(508)</u>	<u>(2,224)</u>
<b>(Loss)/profit for the period</b>		(636)	3,890	(7,396)	7,317
<b>Other comprehensive income:</b>					
Item that may be reclassified to profit or loss in subsequent periods:					
Exchange difference arising from translation of foreign operations		<u>(212)</u>	<u>—</u>	<u>31</u>	<u>—</u>
<b>Total comprehensive (loss)/income for the period</b>		<u><u>(848)</u></u>	<u><u>3,890</u></u>	<u><u>(7,365)</u></u>	<u><u>7,317</u></u>

	<i>Note</i>	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2014	2013	2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(Loss)/profit attributable to:</b>					
Equity holders of the Company		(925)	2,004	(7,946)	5,153
Non-controlling interests		<u>289</u>	<u>1,886</u>	<u>550</u>	<u>2,164</u>
		<u>(636)</u>	<u>3,890</u>	<u>(7,396)</u>	<u>7,317</u>
<b>Total comprehensive (loss)/ income attributable to:</b>					
Equity holders of the Company		(1,137)	2,004	(7,915)	5,153
Non-controlling interests		<u>289</u>	<u>1,886</u>	<u>550</u>	<u>2,164</u>
		<u>(848)</u>	<u>3,890</u>	<u>(7,365)</u>	<u>7,317</u>
<b>(Loss)/earnings per share attributable to equity holders of the Company</b>					
Basic and Diluted (HK cents)	9	<u>(0.11)</u>	<u>0.33</u>	<u>(0.95)</u>	<u>0.86</u>

**Condensed Consolidated Statement of Financial Position***As at 30 June 2014*

	<i>Note</i>	<b>Unaudited As at 30 June 2014 HK\$'000</b>	<b>Audited As at 31 December 2013 HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	18,307	22,705
Interests in associates		<u>12,064</u>	<u>12,046</u>
		<u>30,371</u>	<u>34,751</u>
<b>Current assets</b>			
Trade and other receivables	<i>11</i>	107,668	105,657
Pledged bank deposits	<i>12(a)</i>	555	400
Bank balances and cash	<i>12</i>	<u>66,134</u>	<u>40,405</u>
		<u>174,357</u>	<u>146,462</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	68,373	88,178
Current portion of interest-bearing borrowings	<i>14</i>	18,428	13,310
Bank overdrafts (secured)	<i>12</i>	8,031	3,515
Taxation		<u>2,632</u>	<u>3,458</u>
		<u>97,464</u>	<u>108,461</u>
<b>Net current assets</b>		<u>76,893</u>	<u>38,001</u>
<b>Total assets less current liabilities</b>		<u>107,264</u>	<u>72,752</u>
<b>Non-current liabilities</b>			
Non-current portion of interest-bearing borrowings	<i>14</i>	2,628	3,107
Deferred tax liabilities		<u>667</u>	<u>667</u>
		<u>3,295</u>	<u>3,774</u>
<b>NET ASSETS</b>		<u><u>103,969</u></u>	<u><u>68,978</u></u>



		<b>Unaudited</b>	<b>Audited</b>
		<b>As at</b>	<b>As at</b>
		<b>30 June</b>	<b>31 December</b>
		<b>2014</b>	<b>2013</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital	15	9,600	8,000
Reserves		<u>91,791</u>	<u>58,950</u>
Total equity attributable to equity holders of the Company		101,391	66,950
Non-controlling interests		<u>2,578</u>	<u>2,028</u>
<b>TOTAL EQUITY</b>		<u><u>103,969</u></u>	<u><u>68,978</u></u>

**Condensed Consolidated Statement of Changes of Equity***For the six months ended 30 June 2014*

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	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			
At 1 January 2013 (audited)	—	—	(8,224)	1,332	170	—	33,457	26,735	9,378	36,113
Profit and total comprehensive income for the period	—	—	—	—	—	—	5,153	5,153	2,164	7,317
At 30 June 2013 (unaudited)	—	—	(8,224)	1,332	170	—	38,610	31,888	11,542	43,430
	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	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			
At 1 January 2014 (audited)	8,000	28,090	(7,337)	1,332	170	(6,857)	43,552	66,950	2,028	68,978
Loss for the period	—	—	—	—	—	—	(7,946)	(7,946)	550	(7,396)
Exchange difference arising from translation of foreign operations	—	—	—	31	—	—	—	31	—	31
<b>Total comprehensive income for the period</b>	—	—	—	31	—	—	(7,946)	(7,915)	550	(7,365)
<b>Transaction with owners</b>										
Placing of shares	1,600	41,920	—	—	—	—	—	43,520	—	43,520
Share placement expenses	—	(1,164)	—	—	—	—	—	(1,164)	—	(1,164)
<b>Total transaction with owners</b>	1,600	40,756	—	—	—	—	—	42,356	—	42,356
At 30 June 2014 (unaudited)	9,600	68,846	(7,337)	1,363	170	(6,857)	35,606	101,391	2,578	103,969

**Condensed Consolidated Statement of Cash Flows***For the six months ended 30 June 2014*

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash (used in) generated from operations</b>	(26,796)	785
<b>Interest paid</b>	(645)	(606)
<b>Tax paid</b>	<u>(1,335)</u>	<u>(846)</u>
<b>Net cash used in operating activities</b>	(28,776)	(667)
<b>Net cash generated from (used in) investing activities</b>	2,711	(6,482)
<b>Net cash generated from financing activities</b>	<u>47,245</u>	<u>4,954</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	21,180	(2,195)
<b>Cash and cash equivalents at beginning of the period</b>	36,890	9,107
<b>Effect on exchange rate changes</b>	<u>33</u>	<u>—</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>58,103</u></u>	<u><u>6,912</u></u>

**Notes to the Unaudited Interim Financial Statements**

*For the six months ended 30 June 2014*

**1. CORPORATION INFORMATION**

The Company was incorporated in the Cayman Islands on 13 September 2011 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company.

**2. REORGANISATION OF THE GROUP AND BASIS OF PREPARATION****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 GEM of 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 GEM of the Stock Exchange by way of placing on 22 August 2013 (the “Listing”).

**Basis of preparation**

As the Group were controlled by the ultimate holding company of the Group 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”).

The preparation of the Interim Financial Statements requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The Interim Financial Statements also complies with the applicable disclosure requirements under the GEM Listing Rules.

The Interim Financial Statements have been prepared on a basis consistent with the accounting policies adopted in the Group’s audited financial statements for the year ended 31 December 2013.

**Adoption of new/revised HKFRS**

The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current period, did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

The Group has not early adopted any new/revised HKFRS that have been issued but are not yet effective for the current period. The Directors have already commenced an assessment of the impact of these new and revised HKFRS but are not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group’s results of operations and financial position.

### 3. SEGMENT INFORMATION

The chief operating decision maker has been identified collectively as the executive Directors. 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:

<b>Operating segments</b>	<b>Principal activities</b>
— 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
— Tractor repair and maintenance services and insurance agency services	— Tractor repair 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 six months ended 30 June 2014

	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)	169,388	14,773	246	—	184,407
— Inter-segment revenue	<u>24,408</u>	<u>1,716</u>	<u>1,711</u>	<u>(27,835)</u>	<u>—</u>
Total revenue	<u>193,796</u>	<u>16,489</u>	<u>1,957</u>	<u>(27,835)</u>	<u>184,407</u>
<b>Results</b>					
Segment result	<u>(3,263)</u>	<u>610</u>	<u>(149)</u>	<u>—</u>	<u>(2,802)</u>
Share of results of associates					268
Other unallocated corporate expenses					<u>(4,354)</u>
Loss before taxation					(6,888)
Taxation					<u>(508)</u>
Loss for the period					<u><u>(7,396)</u></u>

## For the six months ended 30 June 2013

	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)	225,108	8,859	319	—	234,286
— Inter-segment revenue	<u>26,259</u>	<u>742</u>	<u>1,822</u>	<u>(28,823)</u>	<u>—</u>
Total revenue	<u>251,367</u>	<u>9,601</u>	<u>2,141</u>	<u>(28,823)</u>	<u>234,286</u>
<b>Results</b>					
Segment result	<u>11,492</u>	<u>101</u>	<u>(176)</u>	<u>—</u>	<u>11,417</u>
Share of results of associates					262
Other unallocated corporate expenses					<u>(2,138)</u>
Profit before taxation					9,541
Taxation					<u>(2,224)</u>
Profit for the period					<u><u>7,317</u></u>

**4. REVENUE**

Revenue, which represents income from provision of integrated logistics freight services, provision of fuel cards and tractor repair and maintenance services and insurance agency services, is analysed by category as follows:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income from provision of integrated logistics freight services	87,507	117,269	169,388	225,108
Income from provision of fuel cards	7,873	5,211	14,773	8,859
Tractor repair and maintenance services and insurance agency services fee	70	124	246	319
	<u>95,450</u>	<u>122,604</u>	<u>184,407</u>	<u>234,286</u>

**5. OTHER INCOME**

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	4	4	9	9
Exchange gain	—	105	56	147
Gain on disposal of property, plant and equipment	489	—	2,572	—
Management fee income	102	49	204	64
Sundry income	444	85	647	298
	<u>1,039</u>	<u>243</u>	<u>3,488</u>	<u>518</u>

**6. (LOSS)/PROFIT BEFORE TAXATION**

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
This is stated after charging:				
<b>Finance costs</b>				
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	314	119	530	399
Finance charge on obligations under finance leases	55	102	115	207
	<u>369</u>	<u>221</u>	<u>645</u>	<u>606</u>
<b>Other items</b>				
Depreciation	2,017	2,116	4,114	4,461
Operating lease payments on premises	4,019	4,353	8,474	8,683
<b>Staff costs</b>				
Salaries, allowance and the other short-term employee benefits including directors' emoluments	12,443	11,898	25,256	25,838
Contributions to defined contribution plans	958	871	1,960	1,715
	<u>13,401</u>	<u>12,769</u>	<u>27,216</u>	<u>27,553</u>

## 7. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) of the estimated assessable profits for the period. The People's Republic of China (the "PRC") Enterprise Income Tax is calculated at the prevailing tax rate at 25% (2013: 25%) on taxable income determined in accordance with the relevant laws and regulations in the PRC.

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Current tax</b>				
Hong Kong Profits Tax				
— Current period	330	1,857	330	2,004
PRC Enterprise Income Tax				
— Current period	6	—	6	115
— Under-provision in prior period	151	85	172	105
	157	85	178	220
Total income tax recognized in profit or loss	487	1,942	508	2,224

## 8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

## 9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share for the six months ended 30 June 2014 and 2013 are calculated by dividing the (loss)/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 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 2013 for the purpose of the calculation of basic (loss)/earnings per share.

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
(Loss)/profit attributable to equity holders of the Company	(925)	2,004	(7,946)	5,153
Weighted average number of ordinary shares in issue	880,879,120	600,000,000	840,662,983	600,000,000
Basic (loss)/earnings per share (HK cents)	(0.11)	0.33	(0.95)	0.86

Basic and diluted (loss)/earnings per share are the same as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2014 and 2013.



**10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2014, the Group acquired items of plant and machinery with a cost of approximately HK\$0.88 million (2013: HK\$5.9 million). Items of plant and machinery with a net book value of approximately HK\$1.16 million were disposed of during the six months ended 30 June 2014 (2013: HK\$0.09 million), resulting in a gain on disposal of approximately HK\$2.57 million (2013: loss HK\$0.09 million).

**11. TRADE AND OTHER RECEIVABLES**

		<b>Unaudited 30 June 2014 HK\$'000</b>	<b>Audited 31 December 2013 HK\$'000</b>
	<i>Note</i>		
<b>Trade receivables</b>		<u>76,372</u>	<u>78,847</u>
<b>Other receivables</b>			
Deposits, prepayments and other debtors		28,997	24,461
Due from associates	<i>11(a)</i>	<u>2,299</u>	<u>2,349</u>
		<u>31,296</u>	<u>26,810</u>
		<u>107,668</u>	<u>105,657</u>

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

	<b>Unaudited 30 June 2014 HK\$'000</b>	<b>Audited 31 December 2013 HK\$'000</b>
Outstanding balances which aged:		
90 days or below	66,611	73,349
91–180 days	8,980	5,007
181–365 days	731	436
More than 365 days	<u>50</u>	<u>55</u>
	<u>76,372</u>	<u>78,847</u>

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

The ageing analysis of trade receivables which are past due but not impaired is as follows:

	<b>Unaudited 30 June 2014 HK\$'000</b>	<b>Audited 31 December 2013 HK\$'000</b>
Neither past due nor impaired	<u>45,549</u>	<u>44,730</u>
Within 90 days	25,950	32,568
91–180 days	2,985	1,255
181–365 days	1,888	265
More than 365 days	<u>—</u>	<u>29</u>
Past due but not impaired	<u>30,823</u>	<u>34,117</u>
	<u><u>76,372</u></u>	<u><u>78,847</u></u>

Included in the Group's trade receivables balance are debtors with carrying amounts of approximately HK\$31 million as at 30 June 2014 (31 December 2013: HK\$34 million) which are past due at the end of the reporting period but which the Group has not impaired as there have not been any significant changes in credit quality and the Directors believe that the amounts are fully recoverable. The management had reviewed the subsequent settlement status and repayment history of these customers and no provision for doubtful debt is considered necessary. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired as at 30 June 2014 and 31 December 2013 relate to a wide range of customers for whom there was no history of default.

#### 11(a) DUE FROM ASSOCIATES

The amounts due are unsecured, interest-free and have no fixed term of repayment.

#### 12. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	<b>Unaudited 30 June 2014 HK\$'000</b>	<b>Audited 31 December 2013 HK\$'000</b>
Bank balances and cash	66,134	40,405
Bank overdrafts (secured)	<u>(8,031)</u>	<u>(3,515)</u>
	<u><u>58,103</u></u>	<u><u>36,890</u></u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Bank overdrafts bear interest at prevailing market rate.

#### 12(a) PLEDGED BANK DEPOSITS

At 30 June 2014 and 31 December 2013, pledged bank deposits of the Group mainly represent bank deposits are pledged to a bank against the general banking facilities as mentioned in note 17 to the unaudited interim financial statements.

## 13. TRADE AND OTHER PAYABLES

		<b>Unaudited 30 June 2014 HK\$'000</b>	<b>Audited 31 December 2013 HK\$'000</b>
	<i>Note</i>		
<b>Trade payables</b>		<u>43,453</u>	<u>57,092</u>
<b>Other payables</b>			
Accrued charges and other creditors		15,485	22,002
Due to associates	<i>13(a)</i>	<u>9,435</u>	<u>9,084</u>
		<u>24,920</u>	<u>31,086</u>
		<u><u>68,373</u></u>	<u><u>88,178</u></u>

The ageing analysis of trade payables is as follows:

	<b>Unaudited 30 June 2014 HK\$'000</b>	<b>Audited 31 December 2013 HK\$'000</b>
90 days or below	36,463	48,600
91–180 days	6,587	7,733
181–365 days	<u>403</u>	<u>759</u>
	<u><u>43,453</u></u>	<u><u>57,092</u></u>

## 13(a) DUE TO ASSOCIATES

The amounts due are unsecured, interest-free and have no fixed repayment term.

## 14. INTEREST-BEARING BORROWINGS

	<b>Unaudited</b> <b>30 June</b> <b>2014</b> <i>HK\$'000</i>	<b>Audited</b> <b>31 December</b> <b>2013</b> <i>HK\$'000</i>
Bank loans	17,482	12,392
Obligations under finance leases	<u>3,574</u>	<u>4,025</u>
	<u>21,056</u>	<u>16,417</u>
Current portion		
Portion of interest-bearing borrowings due for repayment within one year		
— Obligations under finance leases	946	918
— Bank loans	<u>15,826</u>	<u>9,564</u>
	<u>16,772</u>	<u>10,482</u>
Portion of interest-bearing borrowings due for repayment after one year which contain a repayment on demand clause		
— Bank loans	<u>1,656</u>	<u>2,828</u>
	<u>1,656</u>	<u>2,828</u>
Total current portion of interest-bearing borrowings	<u>18,428</u>	<u>13,310</u>
Non-current portion		
— Obligations under finance leases	<u>2,628</u>	<u>3,107</u>
Total interest-bearing borrowings	<u>21,056</u>	<u>16,417</u>
<b>Analysed as follows:</b>		
Secured	3,574	4,025
Unsecured but guaranteed	<u>17,482</u>	<u>12,392</u>
	<u>21,056</u>	<u>16,417</u>

## 15. SHARE CAPITAL

	30 June 2014		31 December 2013	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
<b>Ordinary shares of HK\$0.01 each</b>				
<b>Authorised</b>				
At 1 January	10,000,000,000	100,000	38,000,000	380
Increase in authorized capital	—	—	9,962,000,000	99,620
At 30 June/31 December	<u>10,000,000,000</u>	<u>100,000</u>	<u>10,000,000,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>				
At 1 January	800,000,000	8,000	1	—
Issue of shares upon reorganisation	—	—	9,999,999	100
Listing by way of placing	—	—	200,000,000	2,000
Capitalisation issue	—	—	590,000,000	5,900
Placing of new shares ( <i>note</i> )	<u>160,000,000</u>	<u>1,600</u>	—	—
At 30 June/31 December	<u>960,000,000</u>	<u>9,600</u>	<u>800,000,000</u>	<u>8,000</u>

*Note:* On 16 May 2014, 160,000,000 ordinary shares of HK\$0.01 each were issued by way of placing to places at HK\$0.272 per placing share. A total consideration of HK\$43,520,000. The excess of the placing price over the par value of the shares issued, net of expenses of HK\$1,164,000 was credited to the share premium account.

**16. RELATED PARTY TRANSACTIONS**

During the period, save as disclosed elsewhere in the Interim Financial Statements, the Group had the following transactions with related parties:

**(a) Significant related party transactions**

	<b>Unaudited 30 June 2014 HK\$'000</b>	<b>Audited 31 December 2013 HK\$'000</b>
<b>Ocean freight income received from:</b>		
Echo Chain Shipping Limited	4,449	3,958
<b>Ocean freight charge paid to:</b>		
Echo Chain Shipping Limited	252	31
Vanco Logistics Limited	13	51
<b>Management fee income received from:</b>		
Full & Fame Oil Product Agency Limited	174	54
GFII	—	120
<b>Equipment rental received from:</b>		
Earnward Warehouse Limited	554	988
Vanco Logistics Limited	78	78
Echo Chain Shipping Limited	381	—
<b>Fuel and oil fee received from:</b>		
Vanco Logistics Limited	420	27
<b>Fuel and oil fee paid to:</b>		
Full & Fame Oil Product Agency Limited	2,144	3,820
<b>Administrative expenses paid to:</b>		
Earnward warehouse Limited	<u>70</u>	<u>252</u>

*Notes:*

- GFII is the ultimate holding company of the Group in which Mr. Lo Wong Fung has beneficial interests;
- Echo Chain Shipping Limited, Vanco Logistics Limited, Full & Fame Oil Product Agency Limited and Earnward Warehouse Limited are associates of the Group.

**(b) Key management personnel remuneration**

The remuneration of Directors, who are also identified as key management personnel of the Group, during the period is as follows:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries allowance and the other short-term employee benefits	396	984	1,029	2,033
Contribution to defined contribution plans	4	4	12	8
	<u>400</u>	<u>988</u>	<u>1,041</u>	<u>2,041</u>

**17. PLEDGE OF ASSETS AND BANKING FACILITIES**

The details of pledge of assets and the banking facilities granted to the Group are summarized as follows:

	Unaudited	Audited
	30 June 2014	31 December 2013
	HK\$'000	HK\$'000
Total banking facilities granted to the Group	<u>42,687</u>	<u>44,406</u>
Total utilized banking facilities	<u>33,307</u>	<u>17,907</u>

The banking facilities are secured by the followings:

- (a) pledged deposits as shown in the note 12(a) to the Interim Financial Statements;
- (b) guarantees of HK\$42,687,000 issued by the Company as at 30 June 2014 (31 December 2013: HK\$44,406,000) and the Company has issued several guarantees in respect of banking facilities granted to the subsidiaries without charge.

**18. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS**

The Interim Financial Statements were approved and authorised for issue by the Board on 12 August 2014.

#### 4. FINANCIAL INFORMATION OF THE COMPANY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

The following is the full text of the unaudited consolidated financial statements of the Group for the nine months ended 30 September 2014 extracted from the third quarterly report of the Company for the nine months ended 30 September 2014:

##### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

*For the three months and nine months ended 30 September 2014*

	Note	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Revenue</b>	3	94,966	121,578	279,373	355,864
Cost of sales		<u>(79,828)</u>	<u>(99,700)</u>	<u>(236,575)</u>	<u>(287,664)</u>
Gross profit		15,138	21,878	42,798	68,200
Other income		893	346	4,381	864
Administrative expenses		(18,039)	(24,299)	(55,698)	(61,254)
Finance costs	4	(367)	(337)	(1,012)	(943)
Share of results of associates		<u>(15)</u>	<u>872</u>	<u>253</u>	<u>1,134</u>
<b>(Loss)/profit before taxation</b>	4	(2,390)	(1,540)	(9,278)	8,001
Taxation	5	<u>(281)</u>	<u>(136)</u>	<u>(789)</u>	<u>(2,360)</u>
<b>(Loss)/profit for the period</b>		(2,671)	(1,676)	(10,067)	5,641
<b>Other comprehensive income:</b>					
Item that may be reclassified to profit or loss in subsequent periods:					
Exchange difference arising from translation of foreign operations		<u>(3)</u>	<u>—</u>	<u>28</u>	<u>—</u>
<b>Total comprehensive (loss)/income for the period</b>		<u><u>(2,674)</u></u>	<u><u>(1,676)</u></u>	<u><u>(10,039)</u></u>	<u><u>5,641</u></u>



	<i>Note</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>(Loss)/profit attributable to:</b>					
Equity holders of the Company		(2,799)	(2,635)	(10,745)	2,518
Non-controlling interests		<u>128</u>	<u>959</u>	<u>678</u>	<u>3,123</u>
		<u>(2,671)</u>	<u>(1,676)</u>	<u>(10,067)</u>	<u>5,641</u>
<b>Total comprehensive (loss)/ income attributable to:</b>					
Equity holders of the Company		(2,802)	(2,635)	(10,717)	2,518
Non-controlling interests		<u>128</u>	<u>959</u>	<u>678</u>	<u>3,123</u>
		<u>(2,674)</u>	<u>(1,676)</u>	<u>(10,039)</u>	<u>5,641</u>
<b>(Loss)/earnings per share attributable to equity holders of the Company</b>					
Basic and Diluted (HK cents)	7	<u>(0.26)</u>	<u>(0.38)</u>	<u>(1.16)</u>	<u>0.40</u>

**Notes to the Unaudited Third Quarterly Financial Statements***For the three months and nine months ended 30 September 2014***1. CORPORATION INFORMATION**

The Company was incorporated in the Cayman Islands on 13 September 2011 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company.

**2. REORGANISATION OF THE GROUP AND BASIS OF PREPARATION****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 GEM of 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 GEM of the Stock Exchange by way of placing on 22 August 2013 (the “Listing”).

**Basis of preparation**

As the Group were controlled by the ultimate holding company of the Group 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”).

The preparation of the Third Quarterly Financial Statements requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Third Quarterly Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The Third Quarterly Financial Statements also complies with the applicable disclosure requirements under the GEM Listing Rules.

The Third Quarterly Financial Statements have been prepared on a basis consistent with the accounting policies adopted in the Group’s audited financial statements for the year ended 31 December 2013.

**Adoption of new/revised HKFRS**

The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current period, did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

The Group has not early adopted any new/revised HKFRS that have been issued but are not yet effective for the current period. The Directors have already commenced an assessment of the impact of these new and revised HKFRS but are not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group's results of operations and financial position.

### 3. REVENUE

Revenue, which represents income from provision of integrated logistics freight services, provision of fuel cards and provision of tractor repair and maintenance services and insurance agency services, is analysed by category as follows:

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income from provision of integrated logistics freight services	86,034	114,713	255,422	339,821
Income from provision of fuel cards	8,221	6,445	22,994	15,304
Tractor repair and maintenance services and insurance agency services fee	711	420	957	739
	<u>94,966</u>	<u>121,578</u>	<u>279,373</u>	<u>355,864</u>

### 4. (LOSS)/PROFIT BEFORE TAXATION

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
This is stated after charging:				
<b>Finance costs</b>				
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	323	254	853	644
Finance charge on obligations under finance leases	44	83	159	299
	<u>367</u>	<u>337</u>	<u>1,012</u>	<u>943</u>
<b>Other items</b>				
Depreciation	1,988	1,971	6,102	6,432
Operating lease payments on premises	<u>2,875</u>	<u>4,327</u>	<u>11,349</u>	<u>13,010</u>

## 5. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) of the estimated assessable profits for the period. The People's Republic of China ("PRC") Enterprise Income Tax is calculated at the prevailing tax rate at 25% (2013: 25%) on taxable income determined in accordance with the relevant laws and regulations in the PRC.

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Current tax</b>				
Hong Kong Profits Tax				
— Current period	<u>250</u>	<u>(143)</u>	<u>580</u>	<u>1,861</u>
PRC Enterprise Income Tax				
— Current period	<u>31</u>	<u>279</u>	<u>37</u>	<u>394</u>
— Under-provision in prior period	<u>—</u>	<u>—</u>	<u>172</u>	<u>105</u>
	<u>31</u>	<u>279</u>	<u>209</u>	<u>499</u>
Total income tax recognized in profit or loss	<u>281</u>	<u>136</u>	<u>789</u>	<u>2,360</u>

## 6. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2014 (2013: Nil).

## 7. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share for the three months and nine months ended 30 September 2014 and 2013 are calculated by dividing the (loss)/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 2013 for the purpose of the calculation of basic (loss)/earnings per share.

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
(Loss)/profit attributable to equity holders of the Company	<u>(2,799)</u>	<u>(2,635)</u>	<u>(10,745)</u>	<u>2,518</u>
Weighted average number of ordinary shares in issue	<u>1,092,173,913</u>	<u>684,782,609</u>	<u>925,421,246</u>	<u>628,571,429</u>
Basic (loss)/earnings per share (HK cents)	<u>(0.26)</u>	<u>(0.38)</u>	<u>(1.16)</u>	<u>0.40</u>

Basic and diluted (loss)/earnings per share are the same as the Company did not have any dilutive potential ordinary shares during the three months and nine months ended 30 September 2014 and 2013.

## 8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to equity holders of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	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			
At 1 January 2013 (audited)	—	—	(8,224)	1,332	170	—	33,457	26,735	9,378	36,113
Profit and total comprehensive income for the period	—	—	—	—	—	—	2,518	2,518	3,123	5,641
<b>Transactions with owners</b>										
Contributions and distributions										
Placing of shares	<i>i</i>	2,000	48,000	—	—	—	—	50,000	—	50,000
Share placement expenses	<i>i</i>	—	(14,010)	—	—	—	—	(14,010)	—	(14,010)
Capitalisation issue	<i>ii</i>	5,900	(5,900)	—	—	—	—	—	—	—
Dividend		—	—	—	—	—	—	—	(3,800)	(3,800)
		7,900	28,090	—	—	—	—	35,990	(3,800)	32,190
Changes in ownership interests										
Reorganisation	<i>iii</i>	100	—	887	—	—	—	987	—	987
Acquisition of additional interest in non-wholly owned subsidiaries	<i>iv</i>	—	—	—	—	—	(6,857)	(6,857)	(6,143)	(13,000)
		100	—	887	—	—	(6,857)	(5,870)	(6,143)	(12,013)
<b>Total transactions with owners</b>		8,000	28,090	887	—	—	(6,857)	30,120	(9,943)	20,177
At 30 September 2013 (unaudited)		8,000	28,090	(7,337)	1,332	170	(6,857)	35,975	2,558	61,931

Note	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Other reserve	Accumulated profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014 (audited)	8,000	28,090	(7,337)	1,332	170	(6,857)	43,552	66,950	2,028	68,978
(Loss)/profit for the period	—	—	—	—	—	—	(10,745)	(10,745)	678	(10,067)
Exchange difference arising from translation of foreign operations	—	—	—	28	—	—	—	28	—	28
Total comprehensive income for the period	—	—	—	28	—	—	(10,745)	(10,717)	678	(10,039)
<b>Transactions with owners</b>										
Contributions and distributions										
Placing of shares	v 3,200	80,320	—	—	—	—	—	83,520	—	83,520
Share placement expenses	v —	(2,239)	—	—	—	—	—	(2,239)	—	(2,239)
<b>Total Transactions with owners</b>	<b>3,200</b>	<b>78,081</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>81,281</b>	<b>—</b>	<b>81,281</b>
At 30 September 2014 (unaudited)	11,200	106,171	(7,337)	1,360	170	(6,857)	32,807	137,514	2,706	140,220

*Notes:*

- i. On 22 August 2013, 200,000,000 ordinary shares of HK\$0.01 each were issued by way of 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.
- ii. 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.
- iii. As mentioned in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” of the Prospectus, GLBVI capitalised the amount due to GFII of HK\$986,795, resulting from execution of several assignments and novations, by allotting 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 share capital of GLBVI from GFII and in consideration of and in exchange for which, the Company allotted 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.

- iv. The Group acquired the remaining 50% equity interests in Win Top Shipping Company Limited, which owns 100% equity interests in Wintop Logistics Development Co., Limited, at a consideration of HK\$13,000,000. The carrying amount of the non-controlling interests in the two subsidiaries on the date of acquisition was HK\$6,143,000. The Group derecognised non-controlling interests of HK\$6,143,000 and recognised directly in equity attributable to owners of the parent of HK\$6,857,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.
- v. On 16 May 2014, 160,000,000 ordinary shares of HK\$0.01 each were issued by way of placing at a price of HK\$0.272 per share for cash consideration of HK\$43,520,000. The excess of the placing price over the par value of the shares issued, net of listing expenses of HK\$1,164,000, was credited to the share premium account; and

On 17 July 2014, 160,000,000 ordinary shares of HK\$0.01 each were issued by way of placing at a price of HK\$0.25 per share for cash consideration of HK\$40,000,000. The excess of the placing price over the par value of the shares issued, net of listing expenses of HK\$1,075,000, was credited to the share premium account.

#### **9. APPROVAL OF THE UNAUDITED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS**

The Third Quarterly Financial Statements were approved and authorised for issue by the Board on 14 November 2014.

#### **5. MATERIAL CHANGE**

The Directors confirm that save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2013, being the date to which the last published audited financial statements of the Company were made up, and up to and including the Latest Practicable Date:

- (i) the Company published a profit warning statement on 20 March 2014, which stated that based on the preliminary review of the unaudited management accounts of the Group for the two months ended 28 February 2014, the Group is expected to record a loss for the three months ended 31 March 2014 as compared with the profit the Group recorded in the corresponding period in 2013 due to the decline of the Group's business in integrated logistics freight services;
- (ii) the Company published a profit warning statement on 22 April 2014, which stated that based on the preliminary review of the unaudited management accounts of the Group for the three months ended 31 March 2014, the Group is expected to record a loss for the three months ended 31 March 2014 as compared with the profit the Group recorded in the corresponding period in 2013 due to the substantial decline in revenue and gross profit margin of the integrated logistics freight services which recorded a period-on-period decrease of approximately 20% and 40% respectively, as compared with the three months ended 31 March 2013;
- (iii) the placing of 80,000,000 shares by the controlling shareholder as disclosed in the announcement of the Company dated 8 April 2014;

- (iv) for the three months ended 31 March 2014, the Group recorded unaudited loss for the period of approximately HK\$6.76 million while the Group recorded unaudited profit of approximately HK\$3.43 million for the same period in 2013. The loss was mainly due to decline of the Group's business in integrated logistics freight services as a result of implementation of the profit optimization strategy in the first quarter of 2014 as stated in the annual report of the Group for the year ended 31 December 2013, details of which were disclosed in the first quarterly report of the Company dated 14 May 2014;
- (v) the placing of 160,000,000 new shares to independent third parties under general mandate as disclosed in the announcements of the Company dated 30 April 2014 and 16 May 2014;
- (vi) the placing of 160,000,000 new shares to independent third parties under general mandate as disclosed in the announcements of the Company dated 3 July 2014 and 17 July 2014;
- (vii) the Company published a profit warning statement on 23 July 2014, which stated that based on the preliminary assessment of the unaudited financial statements of the Group, it is expected that the Group will record a loss for the six months ended 30 June 2014 as compared to the profit recorded for the corresponding period in 2013 due to a substantial decline in revenue and gross profit margin of the Group's integrated logistics freight services which recorded a period-on-period decrease of approximately 21% and 25% respectively, as compared with those for the corresponding period in 2013;
- (viii) for the six months ended 30 June 2014, the Group recorded unaudited loss for the period of approximately HK\$7.4 million while the Group recorded unaudited profit of approximately HK\$7.32 million for the same period in 2013. The loss was mainly due to decline of the Group's business in integrated logistics freight services as a result of implementation of the profit optimization strategy in the first quarter of 2014 as stated in the annual report of the Group for the year ended 31 December 2013, details of which were disclosed in the interim report of the Company dated 12 August 2014;
- (ix) the Company published a profit warning statement on 22 October 2014, which stated that based on based on the preliminary assessment of the unaudited consolidated financial statements of the Group for the nine months ended 30 September 2014, it is expected that the Group will record a consolidated loss attributable to equity holders of the Company of approximately HK\$11 million for the nine months ended 30 September 2014 as compared to a consolidated profit attributable to equity holders of the Company of approximately HK\$2.5 million for nine months ended 30 September 2013. The loss for the nine months ended 30 September 2014 was mainly due to the significant decline in revenue and gross profit margin of the Group's integrated logistics freight services which recorded a period-on-period decrease of approximately 22% and 20% respectively, as compared with those for the corresponding period in 2013;



- (x) for the nine months ended 30 September 2014, the Group recorded unaudited loss for the period of approximately HK\$10.1 million while the Group recorded unaudited profit of approximately HK\$5.64 million for the same period in 2013. The loss was mainly due to decline of the Group's business in integrated logistics freight services as a result of implementation of the profit optimization strategy in the first quarter of 2014 as stated in the annual report of the Group for the year ended 31 December 2013, details of which were disclosed in the third quarterly report of the Company dated 14 November 2014; and
- (xi) the Company published a profit warning statement on 19 January 2015, based on the information currently available and the preliminary assessment of the unaudited consolidated financial statements of the Group for the year ended 31 December 2014 which is prepared in consistence with the presentation basis and accounting policies set out in note 2 and 4 to the annual accounts of the Company for the year ended 31 December 2013 (The adoption of the new/revised Hong Kong Financial Reporting Standard which effective beginning from 1 January 2014 do not have any impact on the unaudited consolidated financial statements of the Group for the year ended 31 December 2014), it is expected that the Group will record a consolidated loss attributable to equity holders of the Company of approximately HK\$20 million as compared to a consolidated profit attributable to equity holders of the Company of approximately HK\$10 million for year ended 31 December 2013. The loss for the year ended 31 December 2014 was mainly due to the significant decline in revenue and gross profit margin of the Group's integrated logistics freight services for the year, as compared with those for the corresponding year ended 31 December 2013.

## 6. INDEBTEDNESS

### Indebtedness

At the close of business on 31 December 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had total indebtedness of approximately HK\$9,852,000, comprising (i) the unsecured loan from a third party of HK\$5,500,000 and (ii) finance leases of HK\$4,352,000 which were secured by motor vehicles and containers.

### Banking facilities and guarantee

At the close of business on 31 December 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had obtained several banking facilities amount of HK\$26,100,000 and HK\$7,491,032 was utilised as at 31 December 2014, all being bank guarantees issued by bankers in favour of the suppliers of subsidiaries. Bank deposit of HK\$155,000 had been pledged to banks for the banking facilities granted to the Group.

**Financial Guarantee of the Company**

At the close of business on 31 December 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Company has issued several guarantees in respect of banking facilities granted to the subsidiaries to the total HK\$16,100,000 without charge. The Company has not recognised a value for the financial guarantees given in the financial statements as their fair values are insignificant and their transaction price is HK\$Nil.

The maximum liability of the Company at the close of business on 31 December 2014 under these guarantees is HK\$775,000, representing a bank guarantee issued to a supplier of the Company's subsidiaries as at 31 December 2014. The Directors do not consider it probable that a claim will be made against the Company under these guarantees as the subsidiaries have sufficient cash and resources to settle the amount drawn down.

**Disclaimers**

Save as aforesaid and apart from intra-group liabilities, at the close of business on 31 December 2014, the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than under normal trade bills) or acceptance credits, debt securities (whether issued and outstanding or authorised or otherwise created but unissued), guarantees or other material contingent liabilities.

The Directors confirmed that there had been no material changes to the indebtedness and contingent liabilities of the Group since 31 December 2014.



The Board of Directors  
Gamma Logistics Corporation (the “Company”)  
Unit 3004, 30/F  
West Tower, Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

Dear Sirs,

### **FORECAST STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014**

We refer to the estimate of the consolidated loss attributable to the equity holders of the Company for the year ended 31 December 2014 (the “**Forecast Statement**”) set forth in note xi to the section headed “5. Material Change” of Appendix II to the composite document issued jointly by the Company and Dafeng Port Overseas Investment Holdings Limited dated 18 February 2015 (the “**Composite Document**”). The Forecast Statement has been prepared by the directors of the Company based on the management accounts of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2014.

### **RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE REPORTING ACCOUNTANTS**

The Company’s directors are solely responsible for the preparation of the Forecast Statement.

It is our responsibility to form an opinion on the accounting policies and calculations of the Forecast Statement based on our procedures and report our opinion solely to you, as a body, for incorporation in the Composite Document and for no other purpose. We do not report on the appropriateness and validity of the bases based on which the Forecast Statement is prepared, nor do we assume responsibility towards or accept liability to any other person for the contents of this report.

### **BASIS OF OPINION**

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “*Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness*” and with reference to Hong Kong Standard on Assurance Engagements 3000 “*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*” issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the

Forecast Statement in accordance with the bases determined by the directors and as to whether the Forecast Statement is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**OPINION**

In our opinion, so far as the accounting policies and calculations are concerned, the Forecast Statement has been properly compiled in accordance with the bases adopted by the directors as set out in note xi to the section headed “5. Material Change” of Appendix II to the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in Company’s published annual report for the year ended 31 December 2013.

Yours faithfully,

**Mazars CPA Limited**  
*Certified Public Accountants*  
Hong Kong, 18 February 2015

*The following is the text of a report on the Forecast Statement prepared for the sole purpose of inclusion in the Composite Document, received from Vinco Capital.*



Grand Vinco Capital Limited  
Units 4909–4910, 49/F., The Center  
99 Queen’s Road Central, Hong Kong

18 February 2015

To the Board of Directors of  
Gamma Logistics Corporation

Dear Sirs,

We refer to the profit warning statement made by the Company in respect of the estimate of the Group’s loss for the year ended 31 December 2014 (the “**Forecast Statement**”) dated 19 January 2015, for which the directors of the Company (the “**Directors**”) is solely responsible. We note that the Forecast Statement is regarded as a profit forecast pursuant to Rule 10 of the Takeovers Code. Capitalised terms used herein have the same meanings as defined in the composite document of the Company date 18 February 2015, unless otherwise stated.

We have discussed with the Directors and the senior management of the Company the bases upon which the Forecast Statement has been made and reviewed the unaudited management accounts for the year ended 31 December 2014 and other relevant information and documents. In addition, we have considered, the report on the Forecast Statement by Mazars CPA Limited addressed to the Directors regarding the accounting policies adopted and calculations upon which the Forecast Statement has been made.

Based on the above, we are satisfied that the Forecast Statement, for which the Directors is solely responsible, has been made with due care and consideration.

Yours faithfully,  
For the on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Share Offer, the Offeror and the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror and parties acting in concert with it), have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company was as follows:

<b>Authorised</b>		<i>HK\$</i>
10,000,000,000	Shares as at the Latest Practicable Date	100,000,000
<i>Issued and fully paid</i>		
1,120,000,000	Shares as at the Latest Practicable Date	11,200,000

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

As at the Latest Practicable Date, save for 1,120,000,000 Shares in issue, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

Since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, the Company had (i) allotted and issued 160,000,000 new Shares on 16 May 2014 pursuant to the placing agreement dated 30 April 2014 (details of which are set out in the announcement of the Company dated 16 May 2014); and (ii) allotted and issued 160,000,000 new Shares on 17 July 2014 pursuant to the placing agreement dated 3 July 2014 (details of which are set out in the announcement of the Company dated 17 July 2014).

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests in the Company

As at the Latest Practicable Date, none of the Directors had any beneficial interests in the share capital of the Company which were required to be notified to the Company and the Stock Exchange pursuant to section 341 or section 344 of the SFO, or were required, pursuant to section 352 of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers, to be entered in the register referred to therein. None of the Directors were interested in any other relevant securities of the Company as at the Latest Practicable Date. None of the Directors held any Shares as at the Latest Practicable Date in respect of which they would accept or reject the Share Offer.

#### (b) Interest in the Offeror

As at the Latest Practicable Date, none of the Company nor any of the Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

### 4. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as was known to the Directors or chief executive of the Company, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the shares or the 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 directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital were as follows:

Name of persons/ corporations	Capacity/ Nature of interest	Number of Shares interested	Percentage of the Company's issued share capital (%)
the Offeror	Beneficial owner ( <i>Note</i> )	520,000,000	46.43
江蘇大豐海港控股集團 有限公司 (Jiangsu Dafeng Harbor Holdings Limited*) (“ <b>Jiangsu Dafeng</b> ”) ( <i>Note</i> )	Interests in a controlled corporation	520,000,000	46.43
大豐市人民政府 (People's Government of Dafeng City*) ( <i>Note</i> )	Interests in a controlled corporation	520,000,000	46.43

*Note:* Dafeng Port, a company incorporated in Hong Kong with limited liability, and is owned as to 40% by Jiangsu Dafeng, which in turn is wholly owned by the 大豐市人民政府 (People's Government of Dafeng City\*).

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, no person (not being a Director or chief executive of the Company) had an interest or a short position in the shares or the 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, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital.

## 5. MARKET PRICES

The table below shows the closing prices per Share on the Stock Exchange on (i) the Latest Practicable Date; (ii) the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period.

Date	Closing Price per Share
30 April 2014	0.3150
30 May 2014	0.3350
30 June 2014	0.3100
31 July 2014	0.3100
29 August 2014	0.3600
30 September 2014	0.3400
31 October 2014	0.4200
28 November 2014	0.4950
31 December 2014	0.4250
21 January 2015	0.4500
(Last Trading Day)	
30 January 2015	suspended
Latest Practicable Date	0.4450

The highest and lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period were HK\$0.5600 per Share on 17 November 2014 and HK\$0.2800 per Share on 7 May 2014 and 8 May 2014, respectively.

## 6. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period,

- (a) save for the Sale Shares, the Directors did not have any dealings in any Shares, warrants, Share Options, derivatives and securities carrying conversion or subscription rights into Shares;



- (b) no subsidiaries of the Company, pension funds of any member of the Group or any advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into the Shares; and
- (c) no fund managers connected with the Company had any dealings in any Shares, warrants, Share Options, derivatives and securities carrying conversion or subscription rights into Shares.

## 7. DEALINGS IN SECURITIES OF THE OFFEROR

During the Relevant Period, none of the Company nor the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of any of the Offeror.

## 8. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date,

- (a) neither the Company, any member of the Group nor any of the Director was interested in or owned or controlled any shares, convertible securities, warrants options or derivatives of the Offeror;
- (b) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of member of the Group or by an adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code;
- (c) save for the SP Agreement, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person who owned or controlled Shares or any convertible securities, warrants, options or derivatives issued by the Company and the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (d) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Company;
- (e) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Share Offer;
- (f) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Share Offer or otherwise connected with the Share Offer;

- (g) no material contracts have been entered into by any of the Offeror in which any Director has a material personal interest; and
- (h) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

## 9. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts in force with the Company, its subsidiaries or associated companies which (i) had been entered into or amended within six months before the commencement of the Offer Period (including both continuous and fixed term contracts); (ii) or are continuous contracts with a notice period of twelve months or more; or (iii) are fixed term contracts with more than twelve months to run irrespective of the notice period.

## 10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice, which are contained in this Composite Document:

Name	Qualifications
Mazars	Certified Public Accountants
Vinco Capital	corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities) and type 6 (advising on corporate finance)

As at the Latest Practicable Date, each of Mazars and Vinco Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its report and reference to its name in the form and context in which it appears in this Composite Document.

## 11. MATERIAL CONTRACTS

Save as disclosed below, the Group did not enter into any contract which are or may be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within the two years immediately preceding the date on which the Offer Period commenced:

- (a) the sale and purchase agreement dated 6 September 2011 (as supplemented by a supplemental agreement dated 31 December 2011, a second supplemental agreement dated as of 31 July 2012 and a third supplemental agreement dated as of 31 July 2013) and entered into between Sure Rich Logistics Limited, Gamma Logistics (B.V.I.) Corporation (“**Gamma Logistics (B.V.I.)**”) and Ms. Kwong Mi Li in relation to the acquisition of 1 share of HK\$1 in Win Top Shipping Company Limited;

- (b) an instrument of transfer and one set of bought and sold notes all dated 25 June 2013 between the Vendor and Gamma Logistics (B.V.I.) whereby the Vendor transferred 10 shares of HK\$1 each in GF Logistics to Gamma Logistics (B.V.I.) and in consideration of and in exchange for which, Gamma Logistics (B.V.I.) allotted and issued 10 shares of US\$1 each, credited as fully paid, to the Vendor;
- (c) an instrument of transfer dated 25 June 2013 between the Vendor and Gamma Logistics (B.V.I.) whereby the Vendor transferred 2 shares of US\$1 each in Golden Fame Delta Shipping Limited (“**GF Delta Shipping**”) to Gamma Logistics (B.V.I.) and in consideration of and in exchange for which, Gamma Logistics (B.V.I.) allotted and issued 10 shares of US\$1 each, credited as fully paid, to the Vendor;
- (d) an instrument of transfer and one set of bought and sold notes all dated 25 June 2013 between the Vendor and Gamma Logistics (B.V.I.) whereby the Vendor transferred 1 share of HK\$1 in Full & Fame Oil Product Agency Limited to Gamma Logistics (B.V.I.) and in consideration of and in exchange for which, Gamma Logistics (B.V.I.) allotted and issued 10 shares of US\$1 each, credited as fully paid, to the Vendor;
- (e) an instrument of transfer dated 25 June 2013 between the Vendor and Gamma Logistics (B.V.I.), an instrument of transfer dated 25 June 2013 between Mr. Lo and Mr. Lo Ka Man, one set of bought and sold notes dated 25 June 2013 between the Vendor and Gamma Logistics (B.V.I.) and a declaration of trust given by Mr. Lo Ka Man in favour of Gamma Logistics (B.V.I.) in respect of 1 share in U-Drive Company Limited (“**U-Drive**”), whereby the Vendor and Mr. Lo (as nominee for the Vendor) respectively transferred 936 shares and 1 share of HK\$1 each in U-Drive to Gamma Logistics (B.V.I.) and Mr. Lo Ka Man (as nominee for Gamma Logistics (B.V.I.)) and in consideration of and in exchange for which, Gamma Logistics (B.V.I.) allotted and issued 10 shares of US\$1 each, credited as fully paid, to the Vendor;
- (f) an instrument of transfer and one set of bought and sold notes all dated 25 June 2013 between the Vendor and Gamma Logistics (B.V.I.) whereby the Vendor transferred 510,000 shares of HK\$1 each in Global Cargo International Limited (“**Global Cargo**”) to Gamma Logistics (B.V.I.) and in consideration of and in exchange for which, Gamma Logistics (B.V.I.) allotted and issued 10 shares of US\$1 each, credited as fully paid, to the Vendor;
- (g) an instrument of transfer and one set of bought and sold notes all dated 25 June 2013 between the Vendor and Gamma Logistics (B.V.I.) whereby the Vendor transferred 800,000 shares of HK\$1 each in Win & Fame Motor Limited (“**Win & Fame**”) to Gamma Logistics (B.V.I.) and in consideration of and in exchange for which, Gamma Logistics (B.V.I.) allotted and issued 10 shares of US\$1 each, credited as fully paid, to the Vendor;
- (h) an instrument of transfer dated 25 June 2013 between the Vendor and Golden Fame Logistics Holding Limited (“**GF Logistics**”), an instrument of transfer dated 25 June 2013 between the Vendor and Mr. Lo Ka Man, one set of bought and sold notes

dated 25 June 2013 between the Vendor and GF Logistics and a declaration of trust dated 25 June 2013 given by Mr. Lo Ka Man in favour of GF Logistics in respect of 1 share in Golden Fame Shipping Limited (“**GF Shipping**”), whereby the Vendor transferred 219,999 shares and 1 share of HK\$1 each in GF Shipping to GF Logistics and Mr. Lo Ka Man (as nominee for GF Logistics) respectively and in consideration of and in exchange for which, Gamma Logistics (B.V.I.) allotted and issued 10 new shares of US\$1 each, credited as fully paid, to the Vendor at the direction of GF Logistics;

- (i) three instruments of transfer all dated 25 June 2013 between the Vendor and Mr. Lo Ka Man whereby the Vendor transferred 1 share of HK\$1 in each of Golden Fame Insurance Services Limited (“**GF Insurance**”), Golden Ocean Warehouse & Transportation Limited (“**GO Warehouse & Transportation**”) and Upward Miles Limited (“**Upward Miles**”) to Mr. Lo Ka Man at nil consideration and three declarations of trust all dated 25 June 2013 given by Mr. Lo Ka Man in favour of GF Logistics in respect of 1 share in each of GF Insurance, GO Warehouse & Transportation and Upward Miles whereby he held the aforesaid shares in GF Insurance, GO Warehouse & Transportation and Upward Miles on trust for GF Logistics;
- (j) a deed of assignment, novation and capitalisation of loans dated 25 July 2013 between Global Cargo, GF Delta Shipping, GF Insurance, GF Logistics, GF Shipping, GO Warehouse & Transportation, Treasure Pipe, Upward Miles, Win & Fame, the Vendor and Gamma Logistics (B.V.I.) in relation to certain reorganization exercise;
- (k) the sale and purchase agreement dated 3 August 2013 and entered into between the Company, Mr. Lo and the Vendor in relation to the acquisition of the entire equity interest in Gamma Logistics (B.V.I.);
- (l) a deed of non-competition dated 3 August 2013 entered into by Golden Fame Transportation Company Limited and W.F. Lo Holding Co Inc. in favour of the Company;
- (m) a deed of indemnity dated 9 August 2013 between the Company and the Vendor, Mr. Lo, Mr. Cheung Chun Pong and B & O Global Invest Limited;
- (n) the conditional underwriting agreement dated 9 August 2013 and entered into between, among others, the Company, Emperor Capital Limited and Asian Capital (Corporate Finance) Limited as joint sponsors, Asian Capital (Corporate Finance) Limited as the bookrunner and the Asian Capital (Corporate Finance) Limited, Sun Hung Kai International Limited and VC Brokerage Limited as the underwriters;
- (o) a placing agreement dated 30 April 2014 entered into between Kingston Securities and the Company regarding the placing on a best effort basis, up to 160,000,000 new Shares at HK\$0.272 per share to independent third parties; and

- (p) a placing agreement dated 3 July 2014 entered into between Kingston Securities and the Company regarding the placing on a best effort basis, up to 160,000,000 new Shares at HK\$0.25 per share to independent third parties.

## 12. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## 13. GENERAL

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The English text of this Composite Document and the Acceptance Form shall prevail over Chinese text.

## 14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours at the principal place of business of the Company in Hong Kong at Unit 3004, 30/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong; and (ii) on the websites of the SFC ([www.sfc.hk](http://www.sfc.hk)) and the Company ([www.gamma-corporation.com](http://www.gamma-corporation.com)) from the date of this Composite Document up to and including the Final Closing Date:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2013;
- (c) the first quarterly report of the Company for the three months ended 31 March 2014;
- (d) the interim report of the Company for the six months ended 30 June 2014;
- (e) the third quarterly report of the Company for the nine months ended 30 September 2014;
- (f) the letter from the Board, the text of which is set out in this Composite Document;
- (g) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (h) the letter from Vinco Capital, the text of which is set out in this Composite Document;
- (i) the report from Mazars on the Forecast Statement, the text of which is set out in Appendix III to this Composite Document;
- (j) the report from Vinco Capital on the Forecast Statement, the text of which is set out in Appendix IV to this Composite Document;

- (k) the written consent as referred to in the paragraph headed “Experts and Consents” in this appendix; and
- (l) the material contracts as referred to in the paragraph headed “Material Contracts” in this appendix.

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Share Offer, the Offeror and the Group.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, the Vendor and parties acting in concert with any of them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, the Vendor and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

## 2. DISCLOSURE OF INTERESTS

- (a) The Offeror is owned as to, among others, 40% by 江蘇大豐海港控股集團有限公司 (Jiangsu Dafeng Harbor Holdings Limited\*), which in turn is wholly owned by 大豐市人民政府 (the People's Government of Dafeng City\*). For further details, please refer to the section headed "D. Information of the Offeror" in the "Letter from Somerley and Kingston Securities" in this Composite Document.
- (b) Upon Completion and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owners and parties acting in concert with them were interested in a total of 520,000,000 Shares, representing approximately 46.43% of the entire issued share capital of the Company.
- (c) Save for the Sale Shares, none of the Offeror, its directors and/or ultimate beneficial owners and/or parties acting in concert with any of them had owned or controlled any other interest in the Shares, options, derivatives, warrants or other securities convertible into Shares as at the Latest Practicable Date.

## 3. DEALINGS IN SECURITIES OF THE COMPANY

- (a) Save for the Sale Shares, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them had dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.
- (b) Save for the SP Agreement, as at the Latest Practicable Date, no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between any of the Offeror or their associates or any parties acting in concert with any of them and any other person.
- (c) As at the Latest Practicable Date, no Shares or convertible securities, warrants, options or derivatives of the Company was owned or controlled by a person with whom the Offeror, its ultimate beneficial owners or any party acting in concert with

them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

- (d) As at the Latest Practicable Date, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with them had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in the Company.
- (e) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Offeror, its ultimate beneficial owners and/or parties acting in concert with them, and no such person had dealt in any Shares or convertible securities, warrants, Share Options or derivatives of the Company during the Relevant Period.

#### 4. OTHER ARRANGEMENTS RELATING TO THE SHARE OFFER

As at the Latest Practicable Date:

- (a) save for the Offeror's interest in the Sale Shares pursuant to the SP Agreement, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with them owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (b) save for the SP Agreement, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Share Offer;
- (c) no benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Share Offer;
- (d) there was no agreement or arrangement to which any of the Offeror, its ultimate beneficial owners and/or parties acting in concert with them was a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Offer;
- (e) save for the SP Agreement and the arrangement of resignation as disclosed in section headed "E. Future intentions of the Offeror in relation to the Group — Proposed change of Board composition" in the "Letter from Somerley and Kingston Securities" in this Composite Document, there was no agreement, arrangement or understanding (including any compensation arrangement) between any of the Offeror and parties acting in concert with it, and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependent on the Share Offer;



- (f) save for the charge of the Sale Shares and the Shares to be acquired pursuant to the Share Offer to secure the Acquisition Facility and the Facility, there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Share Offer would be transferred, charged or pledged to any other persons. The payment of interest on, repayment of or security for the Acquisition Facility and the Facility (contingent or otherwise) will not depend to any significant extent on the business of the Company; and
- (g) no Shareholder (including the Directors) had irrevocably committed himself or herself or itself to accept or reject the Share Offer during the Relevant Period.

## 5. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice, which is contained in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
Kingston Corporate Finance	corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Securities	corporation licensed to carry on type 1 (dealing in securities) regulated activity under SFO
Somerley	corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under SFO

Each of Kingston Corporate Finance, Kingston Securities and Somerley has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its advice, letter and/or the references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, none of Kingston Corporate Finance, Kingston Securities and Somerley had any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 31 December 2013, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**6. GENERAL**

- (a) The registered office of the Offeror is situated at Unit 1009, Exchange Tower, No. 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The directors of the Offeror are Mr. Ni Xiangrong, Mr. Shum Kan Kim, Mr. Pan Jian, Mr. Ji Longtao, Mr. Wang Yijun, Mr. Yang Jianzhi and Mr. Lu Feng.
- (c) The Offeror is owned as to 40% by 江蘇大豐海港控股集團有限公司 (Jiangsu Dafeng Harbor Holdings Limited\*) (“**Jiangsu Dafeng**”), the registered office of which is situated at Harbor District, Dafeng Port, Dafeng City, Jiangsu Province, China. Jiangsu Dafeng is wholly owned by 大豐市人民政府 (the People’s Government of Dafeng City\*), the registered office of which is situated at No.1, Dahua East Road, Dafeng City, Jiangsu Province, China.
- (d) The Offeror is owned as to 32% by Top Bright Surplus Limited (“**Top Bright**”), the registered office of which is situated at Unit 8, 21/F., Block C, Wah Tat Industrial Centre, 8–10 Wah Sing Street, Kwai Chung, New Territories, Hong Kong. Top Bright is wholly-owned by COSMO Good Development Limited (“**COSMO**”), the registered office of which is situated at Sea Meadow House, Blackburne Highway (P.O. Box 116), Road Town, Tortola, British Virgin Islands. COSMO is in turn wholly-owned by 楊建志 (Yang Jianzhi\*), the correspondence address of Mr. Yang Jianzhi is Room 31G, Qing Hai Building, Futian District, Shenzhen City, China. The sole director of both Top Bright and COSMO is Mr. Yang Jianzhi.
- (e) The Offeror is owned as to 18% by Success Pacific Investment Group Limited (“**Success Pacific**”), the registered office of which is situated at Sea Meadow House, Blackburne Highway (P.O. Box 116), Road Town, Tortola, British Virgin Islands, and 10% by 江蘇華海投資有限公司 (Jiangsu Huahai Investment Limited\*) (“**Jiangsu Huahai**”), the registered office of which is situated at Room 123, Block 4, Hairong Square, Dafeng Port Economic Zone, Dafeng City, Jiangsu Province, China. Both Success Pacific and Jiangsu Huahai are owned as to 55% by 吉龍濤 (Ji Longtao\*) and 45% by 吉雷 (Ji Lei\*). The correspondence address of both Mr. Ji Longtao and Mr. Ji Lei is Room 1601, Unit 8, B5 Floor, Fengyexindushi, Fenghuinan Road, Yanta District, Xian City, Shanxi Province, China. The directors of Success Pacific are Mr. Ji Longtao and Mr. Ji Lei. The sole director of Jiangsu Huahai is Mr. Ji Longtao.
- (f) The principal place of business of Somerley is at 20/F., China Building, 29 Queen’s Road Central, Hong Kong.
- (g) The principal place of business of Kingston Corporate Finance and Kingston Securities is at Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (i) during normal business hours at the principal place of business of the Company in Hong Kong at Unit 3004, 30/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong; and (ii) on the websites of the SFC ([www.sfc.hk](http://www.sfc.hk)) and the Company ([www.gamma-corporation.com](http://www.gamma-corporation.com)) from the date of this Composite Document up to and including the Final Closing Date:

- (a) the memorandum of association and articles of association of the Offeror;
- (b) the Letter from Somerley and Kingston Securities, the text of which is set out in this Composite Document; and
- (c) the written consents as referred to in the paragraph headed “5. Experts and Consents” in this appendix.