

**GAMMA LOGISTICS CORPORATION:  
HOW ABOUT THIS COSY LITTLE DEAL !**

**You Scratch My Back, And I'll Scratch Yours**

The close association between [Gamma Logistics Corporation \(\)](#) (Code: 8310, The Growth Enterprise Market [The **GEM**] of The Stock Exchange of Hongkong Ltd) and Forefront Group Ltd () (Code: 885, Main Board, The Stock Exchange of Hongkong Ltd) is at least six years old and it appears that at least one of the former subsidiaries of Forefront Group became a subsidiary of Gamma Logistics ... rather quietly, during the 2008 Financial Year.

The exact date of the acquisition of the former Forefront Group subsidiary by Gamma Logistics was May 28, 2008, according to this medium's confirmed intelligence.

There is, of course, nothing wrong with a publicly listed company, selling one of its subsidiaries to a privately held company, one that is beneficially owned by a friend of the de facto chairman of the selling company.

For the avoidance of any doubt, **TARGET** () is not questioning the legality of the transactions and/or of the reasonability of the amount of the consideration, paid by Gamma Logistics to Forefront Group, and/or of that which transpired after the completion of the compact.

The company that was passed over from Forefront Group to Gamma Logistics was U-Drive Company Ltd (). U-Drive, today, is owned as to 93.70 percent by Gamma Logistics Corporation.

According to the database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, U-Drive, up until December 31, 2007, was beneficially owned as to 93.70 percent by Forefront Group.

In the Annual Report of Forefront Group in respect of the Financial Year, ended December 31, 2007, it is stated at Page 5:

***'Logistic Services***

*'On 13 September 2007, an indirect wholly-owned subsidiary of the Company, Smart Oriental Limited, invested 40% of the enlarged issued share capital of Golden Fame International Investment Group Limited ("GFIIGL"). GFIIGL provides various logistic services in Hong Kong and PRC. GFIIGL has contributed profit of approximately HK\$2 million to the Group's results for the year 2007.'*

(Golden Fame International Investments Group Ltd [] was incorporated in Hongkong on July 27, 1990, according to the Listing Prospectus of Gamma Logistics. It is, today, the holding company of the Gamma Logistics Group of Companies.)

The 2007 Annual Report of Forefront Group showed that U-Drive Company Ltd was a 93.70 percent-owned subsidiary of this publicly listed company.

In the Annual Report of Forefront Group in respect of succeeding Year, it is stated at Page 70:

***‘(b) Disposal of U-Drive Company Limited***

*‘During the year, the Group disposed of its entire interest in a 93.7% indirectly-held subsidiary, U-Drive Company Limited (“U-Drive”), to Golden Fame International Investments Group Limited, an associate of the Group, at a consideration of HK\$2,000,000 on 30 May 2008 and recognised a gain of approximately HK\$2,000,000. The principal activity of U-Drive was investment holding and provision of fuel chain services to vehicle customers. The profit of U-Drive from 1 January 2008 up to the date of disposal amounting to HK\$823,000 (2007: profit of HK\$2,414,000) has been included in loss from discontinued operation in the income statement. The comparative information in relation to income and cash flow statement and the related notes attributable to discontinued operations have been restated as discontinued operations in the current year.’*

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