



G-PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 286)

**Interim Report
For The Six Months
Ended 30 June 2008**

CONTENTS

	<i>Page</i>
Corporate Information	1
Results	
Condensed Consolidated Income Statement	2
Condensed Consolidated Balance Sheet	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Cash Flow Statement	5
Notes to the Condensed Consolidated Financial Statements	6-14
Interim Dividend	15
Business Review	15
Financial Review	15-16
Prospects	16
Directors' and Chief Executive(s)' Interests in the Securities of the Company	17
Substantial Shareholders' Interests in the Securities of the Company	17-18
Share Option Scheme	18
Purchase, Sale or Redemption of the Company's Listed Securities	18
Audit Committee and Remuneration Committee	19
Corporate Governance	19
Model Code	19
Publication of Interim Report	19
Appreciation	19

CORPORATE INFORMATION

Directors

Executive Directors:

Kong, Chi-ming (*Deputy Chairman*)
Leung, Wing-pong (*Chief Executive Officer*)

Independent Non-executive Directors:

Leung, Yun-fai
Lam, Yat-fai
David Chain, Chi-woo

Audit Committee

Lam, Yat-fai (*Chairman*)
Leung, Yun-fai
David Chain, Chi-woo

Remuneration Committee

Leung, Yun-fai (*Chairman*)
Lam, Yat-fai
David Chain, Chi-woo

Company Secretary

Lam, Kwong-wai

Qualified Accountant

Wong, Yuet-ying

Auditors

HLB Hodgson Impey Cheng

Solicitors

Sit, Fung, Kwong & Shum
Chiu & Partners

Principal Bankers

Chong Hing Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, Bermuda

Branch Share Registrar and Transfer Office

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office

26th Floor, MassMutual Tower
38 Gloucester Road, Wanchai, Hong Kong
Tel: (852) 2866 6999
Fax: (852) 2866 2822, 2866 2833

Website

<http://www.g-prop.com.hk>

Stock Code

286

Board Lot

2,000 shares

UNAUDITED INTERIM RESULTS

The Board of Directors (the “**Board**”) of G-Prop (Holdings) Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2008 (the “**Period**”), together with the comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		For six months ended 30 June	
		2008	2007
	<i>Notes</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Continuing operations			
Turnover	3	1,005	1,706
Direct costs		<u>(133)</u>	<u>(114)</u>
Gross profit		872	1,592
Other operating income	4	2,634	1,918
Administrative expenses		(5,369)	(1,744)
Finance cost		(5,892)	–
Loss on disposal of investment properties		–	(79)
Fair value change on investment properties		<u>2,500</u>	<u>–</u>
(Loss)/profit before tax	5	(5,255)	1,687
Income tax credit	6	<u>773</u>	<u>–</u>
(Loss)/profit for the period from continuing operations		(4,482)	1,687
Discontinued operation			
Loss for the period from discontinued operation	7	<u>(1,652)</u>	<u>–</u>
(Loss)/profit for the period		<u>(6,134)</u>	<u>1,687</u>
Interim dividend			
		<u>Nil</u>	<u>Nil</u>
(Loss)/earning per share			
From continuing and discontinued operations			
Basic (HK cents per share)		<u>(0.3)</u>	<u>0.2</u>
Diluted (HK cents per share)		<u>(0.3)</u>	<u>N/A</u>
From continuing operations			
Basic (HK cents per share)		<u>(0.2)</u>	<u>0.2</u>
Diluted (HK cents per share)		<u>(0.2)</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

	<i>Notes</i>	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Non-current assets			
Investment properties		33,500	31,000
Goodwill		2,939	10,459
Property, plant and equipment		–	4,250
Prepaid lease payments		–	60,397
Interests in jointly controlled entities		–	–
Available-for-sale financial assets		161,188	–
		<u>197,627</u>	<u>106,106</u>
Current assets			
Trade and other receivables	9	862	438
Deposits and prepayments		248	70,424
Short-term loans receivable		–	–
Prepaid lease payment		–	1,253
Tax prepaid		138	106
Time deposits, bank balances and cash		299,721	354,015
		<u>300,969</u>	<u>426,236</u>
Assets classified as held for sale	10	207,055	–
		<u>508,024</u>	<u>426,236</u>
Current liabilities			
Trade and other payables	11	166,673	888
Accruals and deposits received		443	1,965
Tax payable		493	463
Amounts due to fellow subsidiaries		34	–
		<u>167,643</u>	<u>3,316</u>
Liabilities directly associated with assets classified as held for sale	10	10,781	–
		<u>178,424</u>	<u>3,316</u>
Net current assets		<u>329,600</u>	<u>422,920</u>
Total assets less current liabilities		<u>527,227</u>	<u>529,026</u>
Non-current liabilities			
Convertible bonds		149,570	143,678
Deferred taxation liabilities		8,066	19,689
		<u>157,636</u>	<u>163,367</u>
Total assets and liabilities		<u>369,591</u>	<u>365,659</u>
Capital and reserves			
Share capital	12	20,282	20,282
Share premium and reserves		349,309	345,377
Total equity		<u>369,591</u>	<u>365,659</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Attributable to the equity holders of the Company						
			Convertible				
	Share capital	Share premium	bonds equity reserve	Investments revaluation reserve	Translation reserve	Retained Profits	Total
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
At 1 January 2007 (Audited)	7,940	24,764	–	–	234	95,738	128,676
Profit for the period	–	–	–	–	–	1,687	1,687
Dividends paid	–	–	–	–	–	(7,941)	(7,941)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2007 (Unaudited)	7,940	24,764	–	–	234	89,484	122,422
Profit for the period	–	–	–	–	–	13,506	13,506
Exchange reserve	–	–	–	–	2,118	–	2,118
Shares issued	12,342	185,404	–	–	–	–	197,746
Issue of convertible bonds	–	–	36,297	–	–	–	36,297
Deferred tax	–	–	(6,430)	–	–	–	(6,430)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007 and 1 January 2008 (Audited)	20,282	210,168	29,867	–	2,352	102,990	365,659
Loss for the Period	–	–	–	–	–	(6,134)	(6,134)
Deferred tax	–	–	367	–	–	–	367
Exchange reserve	–	–	–	–	11,533	–	11,533
Decrease in fair value of available-for-sale financial assets	–	–	–	(1,834)	–	–	(1,834)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2008 (Unaudited)	<u>20,282</u>	<u>210,168</u>	<u>30,234</u>	<u>(1,834)</u>	<u>13,885</u>	<u>96,856</u>	<u>369,591</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	For six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	111,089	4,590
Net cash (used in)/generated from investing activities	(172,641)	11,117
Net cash used in financing activities	<u>—</u>	<u>(7,941)</u>
Net (decrease)/increase in cash and cash equivalents	(61,552)	7,766
Effect of foreign exchange rate changes	7,258	—
Cash and cash equivalents at the beginning of the period	<u>354,015</u>	<u>88,062</u>
Cash and cash equivalents at the end of the period	<u>299,721</u>	<u>95,828</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated financial statements of the Company for the Period (the “**Financial Statements**”) have been prepared in accordance with the requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standards (“**HKAS**”) 34: Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The Financial Statements have been prepared under the historical cost basis except the investment properties and certain financial instruments which are measured at fair value or revalued amount, as appropriate.

The Financial Statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2007 (the “**2007 Annual Financial Statements**”). The accounting policies and methods of computation used in the preparation of the Financial Statements are consistent with those used in the 2007 Annual Financial Statements.

2. Application of new and revised Hong Kong Financial Reporting Standards

In current period, the Group has applied for the first time, a number of new and revised standards, amendments and interpretations (the “**new HKFRSs**”) issued by the HKICPA, which are effective for current accounting periods of the Group. The adoption of the new HKFRSs has no material effect on how the results and financial position for current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required in the Financial Statements.

In addition, the Group has elected to adopt HKFRS 8 Operating Segments in advance of its effective for accounting periods beginning on or after 1 January 2009. HKFRS 8 is a disclosure standard which has resulted in redesignation of the Group’s reportable segments but has had no impact on the reported results or financial position of the Group. The Group’s reportable segments are set out in note 3 below.

The Group has not early adopted of the following new or revised standards or interpretations that have been issued but are not yet effective:

HKAS 1 (Revised)	Presentation of Financial Statement ¹
HKAS 23 (Revised)	Borrowing Cost ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 &1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Share-based Payment-Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS3 (Revised) may affect the accounting of business combinations for which the acquisition date is on or after the beginning of the first annual report periods beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary that do not result a loss of control, which will be accounted for as equity transactions. The directors of the Company (the “**Directors**”) anticipate that these standards or interpretations have no material impact on the Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

3. Turnover

Turnover represents the net amounts received and receivable from third parties and is summarised as follows:

	For six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Rental income	939	1,676
Income from finance	66	30
	<hr/>	<hr/>
	1,005	1,706
	<hr/>	<hr/>

There was no turnover for the Period from the discontinued operation (2007: Nil).

Operating segments

The Group has adopted HKFRS 8 Operating Segments in advance of its effective date, with effect from 1 January 2008. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. However, following the adoption of HKFRS 8, the Group's reportable segments are as same as the business segments in the 2007 Annual Financial Statements.

For the information reported to the Group's chief operating decision maker by the purposes of resource allocation and assessment of segment performance, the Group's reportable segments are divided into three operating divisions – (i) investment and finance, (ii) properties investment and (iii) methanol.

Principal activities are as follows:

Investment and finance	–	investing and financing activities
Properties investment	–	property leasing
Methanol	–	development, manufacture and sales of the methanol product and by-products

The operation of the methanol segment was discontinued for the Period and details are set out in note 7 below.

Information regarding the Group's reportable segments is presented below and amounts reported for the prior period have been restated to conform to the requirement of the reportable segments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

3. Turnover (cont'd)

(a) Reportable segment revenues and results

An analysis of the Group's reportable segment (loss)/profit after tax for the periods by operating segments is as follows:

For the six months ended 30 June 2008

	Continuing operations		Total (Unaudited) HK\$'000	Discontinued	Consolidated (Unaudited) HK\$'000
	Investment and finance (Unaudited) HK\$'000	Properties investment (Unaudited) HK\$'000		operation Methanol (Unaudited) HK\$'000	
Turnover from external customers	<u>66</u>	<u>939</u>	<u>1,005</u>	<u>-</u>	<u>1,005</u>
Operating (loss)/profit	<u>62</u>	<u>917</u>	<u>979</u>	<u>(2,282)</u>	<u>(1,303)</u>
Interest income			2,514	41	2,555
Central administrative costs and directors' remuneration			(5,356)	-	(5,356)
Income tax expense			<u>(34)</u>	<u>-</u>	<u>(34)</u>
Core operating loss			<u>(1,897)</u>	<u>(2,241)</u>	<u>(4,138)</u>
Major non-cash items:					
Depreciation and amortisation			-	(8)	(8)
Fair value change on investment properties			2,500	-	2,500
Imputed interest on the convertible bonds and deferred tax			<u>(5,085)</u>	<u>597</u>	<u>(4,488)</u>
Loss after tax			<u>(4,482)</u>	<u>(1,652)</u>	<u>(6,134)</u>

For the six months ended 30 June 2007

	Investment and finance (Unaudited) HK\$'000	Properties investment (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Turnover from external customers	<u>30</u>	<u>1,676</u>	<u>1,706</u>
Operating profit	<u>58</u>	<u>1,141</u>	1,199
Interest income			1,831
Central administrative cost and directors' remuneration			(1,374)
Income tax expense			<u>-</u>
Core operating profit			1,656
Major non-cash item:			
Impairment losses reversed in the income statement			<u>31</u>
Profit after tax			<u>1,687</u>

Turnover reported above represents revenue generated from external customers. There was no inter-segment revenue during the Period (2007: Nil).

The segment (loss)/profit represents the (loss)/profit earned by each segment without allocation of interest income, central administrative costs and directors' remuneration, income tax expense and major non-cash items. This is the measure reported to the chief operating decision marker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

3. Turnover (cont'd)

(b) Segment assets

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Continuing operations		
Investment and finance	161,932	35
Properties investment	36,593	34,615
Unallocated assets	300,071	330,505
Segment assets of continuing operations	498,596	365,155
Discontinued operation		
Methanol	207,055	167,187
Reportable segment assets of continuing operations and discontinued operation	705,651	532,342

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets of the Group are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segment.

(c) Geographical information

The Group's operations are principally located in Hong Kong and the People's Republic of China other than Hong Kong and Macau (the "PRC"). Total turnover of the Group amounted to approximately HK\$1,005,000 (2007: approximately HK\$1,706,000) is revenue receipt from external customers for the Period in Hong Kong. There has been no revenue receipt from external customers in the PRC for the two six months ended 30 June 2008 and 2007.

As at 30 June 2008, the total non-current assets of the Group amounted to approximately HK\$197,627,000 are located in Hong Kong. As at 31 December 2007, the non-current assets of Group amounted to approximately HK\$33,939,000 and HK\$72,167,000 were located in Hong Kong and the PRC respectively.

4. Other operating income

	For six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interest income other than from loans receivable	2,514	1,858
Written back of allowance for bad and doubtful debts	–	31
Gain on disposal of a subsidiary	–	28
Other income	120	1
	2,634	1,918

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

5. (Loss)/profit before tax

(Loss)/profit before tax has been arrived at after charging:

	Continuing operations		Discontinued operation		Consolidated	
	For six months ended 30 June		For six months ended 30 June		For six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Staff costs:						
Directors' remuneration	145	120	–	–	145	120
Salaries and other benefits	399	340	732	–	1,131	340
Retirement benefit scheme contributions excluding directors and after deducting forfeited contribution of HK\$7,000 (2007: HK\$18,000)	15	(5)	21	–	36	(5)
	<u>559</u>	<u>455</u>	<u>753</u>	<u>–</u>	<u>1,312</u>	<u>455</u>
Auditors' remuneration	<u>180</u>	<u>–</u>	<u>5</u>	<u>–</u>	<u>185</u>	<u>–</u>
and after crediting:						
Gross rental income from investment property	939	1,676	–	–	939	1,676
Less: direct operating expenses from investment properties that generated rental income during the period	(133)	(105)	–	–	(133)	(105)
direct operating expenses from investment properties that did not generate rental income during the period	–	(9)	–	–	–	(9)
	<u>806</u>	<u>1,562</u>	<u>–</u>	<u>–</u>	<u>806</u>	<u>1,562</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

6. Income tax credit

	Continuing operations		Discontinued operation		Consolidated	
	For six months ended 30 June		For six months ended 30 June		For six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
The tax (charge)/credit comprises:						
Current tax						
– Hong Kong	(34)	–	–	–	(34)	–
– PRC	–	–	–	–	–	–
Deferred tax	807	–	597	–	1,404	–
	<u>773</u>	<u>–</u>	<u>597</u>	<u>–</u>	<u>1,370</u>	<u>–</u>

Hong Kong Profit Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits for the Period. No provision for Hong Kong Profits Tax had been made for six months ended 30 June 2007 as the group companies which were subject to Hong Kong Profits Tax either incurred tax losses or had tax losses brought forward to set off assessable profits for that period.

Taxation arising in the PRC or other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

7. Discontinued operation

On 1 February 2008, the Company (as vendor) and Fame Ascent Investments Limited (as purchaser) entered into a disposal agreement pursuant to which the Company had conditionally agreed to sell, and Fame Ascent Investments Limited had conditionally agreed to purchase, (i) the entire issued share capital of Big Winner Investments Limited (“Big Winner”) which is a directly wholly-owned subsidiary of the Company; and (ii) all the shareholders’ loan due from Big Winner and its subsidiaries (“Big Winner Group”) to the Company at an aggregate consideration of HK\$183,698,986. Details of the disposal were set out in the circular dated 30 June 2008. The disposal was completed at 25 July 2008 on which the control of Big Winner Group was passed to Fame Ascent Investments Limited.

The combined results and cash flows of the discontinued operation included in these unaudited condensed consolidated income statement and cash flow statement are set out below:

	For six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Loss for the period from discontinued operation:		
Turnover	–	–
Expenses	(2,249)	–
Loss before tax	(2,249)	–
Income tax credit	597	–
Loss for the period from discontinued operation	<u>(1,652)</u>	<u>–</u>
Cash flows from discontinued operation:		
Net cash flows used in operating activities	(49,392)	–
Net cash flows used in investing activities	(852)	–
Net cash flows used in discontinued operation	<u>(50,244)</u>	<u>–</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

8. (Loss)/earning per share

For continuing and discontinued operations

The calculation of the basic and diluted (loss)/earning per share are based on the following data:

(Loss)/earnings	For six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
(Loss)/earning for the purpose of basic and diluted (loss)/earning per share	<u>(6,134)</u>	<u>1,687</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>2,028,255,008</u>	<u>794,057,800</u>

For continuing operations

The calculation of the basic and diluted (loss)/earning per share from continuing operations are based on the following data:

(Loss)/earnings	For six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
(Loss)/earning for the purpose of basic and diluted (loss)/earning per share	<u>(6,134)</u>	1,687
Add: loss for the period from discontinued operation	<u>1,652</u>	<u>–</u>
(Loss)/earning for the purpose of basic and diluted (loss)/earning per share from continuing operations	<u>(4,482)</u>	<u>1,687</u>

The denominators used are the same as those detailed above for both basic and diluted (loss)/earning per share.

From discontinued operation

Both basic and diluted loss per share for the discontinued operation is HK0.1 cent per share (2007: HK Nil cent per share), based on the loss for the Period from the discontinued operation of approximately HK\$1,652,000 (2007: HK\$Nil) and the denominators detailed above for both basic and diluted loss per share.

Diluted loss per share for continuing and discontinued operations has been presented for the Period is as same as basic loss per share for continuing and discontinued operations because the anti-dilutive effects from adjustment of the potential exercise the conversion of the convertible bonds would results in a decrease in diluted loss per share for the Period.

No diluted earning per share for continuing and discontinued operations has been presented for the six months ended 30 June 2007 because the convertible bonds were issued on 25 October 2007.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

9. Trade and other receivables

Included in trade and other receivables of the Group are trade receivable of HK\$Nil (2007: HK\$Nil) comprising mainly rental receivable which are billed in advance and settlements are expected upon receipts of billings. Its aged analysis at balance sheet date is as follows:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Within 30 days	-	-
31 – 60 days	-	-
Over 60 days	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The Directors consider that the carrying amounts of the Group's trade and other receivables at 30 June 2008 approximate to their fair values.

10. Assets classified as held for sale/Liabilities directly associated with assets classified as held for sale

The major classes of assets and liabilities of Big Winner Group have been re-classified to assets classified as held for sale and liabilities directly associated with assets classified as held for sale respectively, during the Period are as follows:

	(Unaudited) HK\$'000
Property, plant and equipment	5,335
Prepaid lease payments	65,489
Goodwill	7,756
Trade and other receivables	117,129
Cash and bank balances	11,346
	<u>207,055</u>
Assets classified as held for sale	<u>207,055</u>
Other payables	(928)
Deferred tax liabilities	(9,853)
	<u>(10,781)</u>
Liabilities directly associated with assets classified as held for sale	<u>(10,781)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

11. Trade and other payables

Included in trade and other payables of the Groups are trade creditors of HK\$Nil (2007: HK\$Nil). Its aged analysis at the balance sheet date is as follows;

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Within 30 days	-	-
31 – 60 days	-	-
Over 60 days	-	-
	<u> -</u>	<u> -</u>
	<u> -</u>	<u> -</u>

The directors consider that the carrying amounts of the Group's trade and other payables at 30 June 2008 approximate to their fair values.

12. Share Capital

	Number of Shares	Share Capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 30 June 2008 and 31 December 2007	<u>80,000,000,000</u>	<u>800,000</u>
Issued and fully paid:		
At 30 June 2008 and 31 December 2007	<u>2,028,255,008</u>	<u>20,282</u>

13. Post balance sheet event

On 22 July 2008, a special general meeting of the Company was held and approved the disposal agreement to dispose the entire share capital of Big Winner Group which mainly involved the methanol project in the PRC as a major and connected transaction and as ordinary resolution of the Company. The disposal was completed 25 July 2008 with an aggregate consideration of HK\$183,698,986.

INTERIM DIVIDEND

The board of the Directors resolved not to recommend the payment of an interim dividend for the Period (2007: Nil).

BUSINESS REVIEW

Turnover for the Period was approximately HK\$1.0 million (2007: approximately HK\$1.7 million) representing a decrease approximately 41.2% when compared with the last corresponding period. The decrease in turnover was mainly caused by dropping rental income for the Period since the rental income from Chung Kiu Godown was ceased after the disposals were completed in 2007.

Loss for the Period was approximately HK\$6.1 million and the profit for the last corresponding period was approximately HK\$1.7 million. The main reasons of turning from profit to loss for the Period were (i) a non-cash expense which was the finance cost for the convertible bonds of approximately HK\$5.9 million (2007: HK\$Nil); and (ii) the loss for discontinued operation of approximately HK\$1.7 million (2007: HK\$Nil).

The Group is principally engaged in property investment and leasing in Hong Kong. In late 2007, the Group started to develop the methanol project by the acquisition a company in the PRC. In October 2007, the Company received net proceeds of approximately HK\$373 million from the subscription of issue of shares and the convertible bonds of the Company (the “**Subscription**”) and it was expected that such amount was sufficient for the first year operation of the methanol project. The Group is required to raise for additional funds of approximately HK\$3,747 million in order to meet the future capital for the development of the methanol project in the coming three years. However, the change in the performance and sentiment of the capital market (in particular, the change after November 2007) had led to a more difficult environment for the Group to raise for additional capital. On 1 February 2008, the Group entered into an agreement to dispose the methanol project and the disposal was approved by the independent shareholders of the Company on 22 July 2008. The Group completely ceased the operation of methanol project through the disposal of Big Winner Group on 25 July 2008.

In order to better utilise the unused proceeds from the Subscription, the Group had utilised approximately HK\$163 million to acquire various floating rate notes in June 2008.

FINANCIAL REVIEW

Net Assets Value

As at 30 June 2008, the Group’s net assets was approximately HK\$369.6 million (31 December 2007: approximately HK\$365.7 million), an increase of approximately HK\$3.9 million or 1.1% when compared with the year ended 31 December 2007. Such increase was mainly because of an increase of approximately HK\$11.5 million (31 December 2007: approximately HK\$2.1 million) on translation reserve although the Group incurred a loss of approximately HK\$6.1 million (2007: profit approximately HK\$1.7 million) for the Period. Furthermore, there was a decrease in fair value of available-for-sale financial assets of approximately HK\$1.8 million (31 December 2007: HK\$Nil) which was directly charged into the equity of the Company.

Equity

The number of ordinary shares in issue as at 30 June 2008 and 31 December 2007 was 2,028,255,008 shares.

FINANCIAL REVIEW (cont'd)

Available-for-sale Financial Assets

As at 30 June 2008, the Group held a fair value of approximately HK\$161.2 million floating rate notes as available-for-sale financial assets. The denominated currencies of these floating rate notes are United States Dollars and European Dollars and the date of maturity are between 2011 to 2014. The interest rates are calculated mainly with reference to LIBOR. No hedging for interest rate and foreign currency were subsisted during or at the end of the Period.

Debt and Equity Ratio

The Group had outstanding convertible bonds with principal value of HK\$180 million as at 30 June 2008 (31 December 2007: HK\$180 million). The debt and equity ratio was 40.5% as at 30 June 2008 (31 December 2007: 39.3%) which was expressed as a percentage of the carrying amount of the liability component of the convertible bonds of approximately HK\$149.6 million (31 December 2007: approximately HK\$143.7 million) over the net assets of approximately HK\$369.6 million as at 30 June 2008 (31 December 2007: approximately HK\$365.7 million). Cash and bank balances as at 30 June 2008 and 31 December 2007 were approximately HK\$299.7 million (excluding the cash and balances of Big Winner Group amounted to approximately HK\$11.3 million which was re-classified to assets classified as held for sale during the Period) and approximately HK\$354.0 million respectively.

Pledge of Assets

As at 30 June 2008 and 31 December 2007, the Group did not have any assets pledged.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2008 and 31 December 2007.

Financial and Interest Income/Expenses

Bank interest income was included in other operating income and loss for the period from discontinued operation. Bank interest income was approximately HK\$2.6 million for the Period (2007: approximately HK\$1.8 million). The finance cost of approximately HK\$5.9 million was effective interest expense on the convertible bonds which was a non-cash expense during the Period (2007: HK\$Nil).

Remuneration Policies

As at 30 June 2008, the Group employed total of 7 staff excluding the Directors (31 December 2007: 7 staff). Total staff cost excluding Directors' remuneration for the Period was approximately HK\$1.2 million (2007: approximately HK\$0.3 million). Remuneration packages comprised salary and year-end bonuses based on individual merits.

PROSPECTS

After ceasing the methanol project, the Group continues its principal activities in property investment and leasing in Hong Kong. As to the investment and finance business, the Group intends to hold the floating rate notes amounted to approximately HK\$161.2 million for long-term purpose. It is expected that interest income from the floating rate notes will be increased in second half of the year.

DIRECTORS' AND CHIEF EXECUTIVE(S)' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2008, none of the Directors or chief executive(s) of the Company nor their associates had any interests or short position in any shares, underlying shares or rights to subscribe for the securities of the Company and its associated corporations as recorded in the register maintained by the Company under the section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the Listing Rules ("Model Code").

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2008, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO or as otherwise notified to the Company, as being directly or indirectly or deemed to be interested in 5% or more of the issued share capital of the Company:

Long position in shares

Name of shareholder	Number of shares	Number of underlying shares	Capacity	Notes	Percentage of shareholding %
Mr. Joseph Lau, Luen-hung	1,512,059,473	1,111,111,110	Founder of trust, beneficiary of trust and interest of controlled corporations	1&3	129.33
Asian Kingdom Limited	493,678,883	444,444,444	Beneficial owner	1	46.25
Crown Jade Limited	493,678,883	444,444,444	Interest of controlled corporation	1	46.25
Global King Ltd.	1,018,380,590	666,666,666	Trustee	2	83.07
GZ Trust Corporation	1,018,380,590	666,666,666	Trustee, beneficiary of trust and interest of controlled corporations	2	83.07
Chinese Estates Holdings Limited	1,018,380,590	666,666,666	Interest of controlled corporations	4&5	83.07
Chinese Estates, Limited	904,340,740	666,666,666	Interest of controlled corporations	6	77.45
Mass Rise Limited	740,521,829	666,666,666	Beneficial owner	5&6	69.37
High Victory Limited	113,818,911	-	Beneficial owner	5&6	5.61

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

(cont'd)

Long position in shares (cont'd)

Notes:

1. The entire issued share capital of Asian Kingdom Limited was owned by Crown Jade Limited, the entire issued share capital of which was wholly-owned by Mr. Joseph Lau, Luen-hung (“**Mr. Lau**”). Mr. Lau and Crown Jade Limited were deemed to be interested in the same parcel of shares and underlying shares in which Asian Kingdom Limited was interested.
2. GZ Trust Corporation as trustee of a discretionary trust held units in a unit trust of which Global King Ltd. was the trustee. Global King Ltd. was entitled to exercise more than one-third of the voting power at general meetings of Chinese Estates Holdings Limited (“CE”). Accordingly, Global King Ltd. and GZ Trust Corporation were deemed to be interested in the same interests stated against CE. Global King Ltd. changed its name to Global King (PTC) Ltd. with effect from 1 August 2008.
3. Mr. Lau by virtue of his 53.58% interest in the issued share capital of CE, was deemed to be interested in the same interests stated against CE under the provision of the SFO.
4. Mr. Kong, Chi-ming and Mr. Leung, Wing-pong are the Directors and employees of CE’s subsidiaries. These subsidiaries are not themselves substantial shareholders of the Company.
5. These shares and underlying shares comprised of 740,521,829 shares and 666,666,666 underlying shares beneficially owned by Mass Rise Limited, 113,818,911 shares beneficially owned by High Victory Limited, 76,877,685 shares beneficially owned by Luckpoint Investment Limited, 50,000,000 shares beneficially owned by Million Point Limited and 37,162,165 shares beneficially owned by Great Empire International Ltd.. Each of Mass Rise Limited, High Victory Limited, Luckpoint Investment Limited, Million Point Limited and Great Empire International Ltd. was an indirect wholly-owned subsidiary of CE and therefore, CE was deemed to be interested in the same parcel of shares and underlying shares in which each of such companies was interested.
6. These shares and underlying shares comprised of 740,521,829 shares and 666,666,666 underlying shares beneficially owned by Mass Rise Limited, 113,818,911 shares beneficially owned by High Victory Limited and 50,000,000 shares beneficially owned by Million Point Limited. Each of Mass Rise Limited, High Victory Limited and Million Point Limited was a/an direct/indirect wholly-owned subsidiary of Chinese Estates, Limited. Chinese Estates, Limited was deemed to be interested in the same parcel of shares and underlying shares in which each of such companies was interested.

All the interests stated above represent long position which included interests in shares and underlying shares. As at 30 June 2008, no short position was recorded in the register kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company had adopted share option scheme since 15 February 2002 (the “2002 Scheme”). Details of the 2002 Scheme were set out in the 2007 Annual Financial Statements. No option was outstanding at the beginning and at the end of the Period. No option was granted, exercised, cancelled and lapsed during the Period (2007: Nil).

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE AND REMUNERATION COMMITTEE

The Audit Committee and Remuneration Committee are comprised all three independent non-executive Directors. The Financial Statements had not been reviewed by the auditors of the Company but had been reviewed by the Audit Committee. The Remuneration Committee had reviewed and evaluated the remuneration packages of the executive Directors and making recommendations to the Board during the Period.

CORPORATE GOVERNANCE

The Company had fully applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the “**Code**”) as set out in Appendix 14 of the Listing Rules throughout the Period. None of the Directors was aware of any information that would reasonably indicate that the Company was not during any part of the accounting period covered by the Period, in compliance with the Code except for certain deviation in respect of the followings:-

Under code provision A.4.1 in Appendix 14 of the Listing Rules, non-executive directors should be appointed for specific terms and subject to re-election. However, the independent non-executive Directors are not appointed for any specific term, as they are subject to retirement by rotation at the Company’s annual general meeting in accordance with the Company’s Bye-laws.

Besides, under code provision A.2 in Appendix 14 of the Listing Rules, the roles of chairman are management of the board, among other things, ensuring that all directors are properly briefed on issue arising at board meetings and the directors receive adequate information, which must be completed and reliable, in a timely manner. Although the chairman of Company has not been filled since 1 June 2007, the deputy chairman of the Company has taken up its role to the date of this report. Accordingly, the Directors consider that the code provision under A.2 in Appendix 14 has been complied with.

MODEL CODE

The Securities Transaction Code of the Company has adopted without deviation by the Board in accordance with the Model Code. The Company had made specific enquiries of all Directors whether the Directors had complied with the required standard as set out in the Model Code and all Directors confirmed that they had complied with the Model Code throughout the Period.

PUBLICATION OF INTERIM REPORT

This report will be published on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.g-prop.com.hk>) and dispatched to the shareholders of the Company on 9 September 2008.

APPRECIATION

I take this opportunity to express our gratitude to our shareholders for their continuous support and my fellow directors and staff for their contribution to the Group.

By Order of the Board
Kong, Chi-ming
Deputy chairman

Hong Kong, 5 August 2008