



## G-PROP (HOLDINGS) LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

#### 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 2007, together with the comparative figures for the corresponding period in 2006 as follows:

#### CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 June 2007*

		<b>For Six Months ended</b>	
		<b>30 June</b>	
		<b>2007</b>	2006
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	3	<b>1,706</b>	1,803
Direct costs		<b>(114)</b>	(1,053)
Gross profit		<b>1,592</b>	750
Other operating income	4	<b>1,918</b>	942
Administrative expenses		<b>(1,744)</b>	(1,960)
Loss on disposal of assets classified as held for sale		<b>(79)</b>	–
Surplus arising on revaluation of investment properties		–	2,560
Profit before tax	5	<b>1,687</b>	2,292
Income tax expense	6	–	(451)
Profit for the period		<b>1,687</b>	1,841
Interim Dividend	7	<b>Nil</b>	Nil
Earnings per share			
– basic and diluted (HK\$)	8	<b>0.0021</b>	0.0023

# CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Unaudited) HK\$'000
<b>Non-current assets</b>		
Investment properties	–	35,600
Intangible asset	–	–
Interests in associates	–	–
Interests in jointly controlled entities	–	–
Available-for-sales financial assets	100	220
	<u>100</u>	<u>35,820</u>
<b>Current assets</b>		
Trade and other receivables	3,238	593
Short-term loans receivable	–	–
Cash and cash equivalents	95,829	88,062
	<u>99,067</u>	<u>88,655</u>
Assets classified as held for sale	35,600	9,338
	<u>134,667</u>	<u>97,993</u>
<b>Current liabilities</b>		
Trade and other payables	10,576	3,229
Amounts due to fellow subsidiaries	45	185
	<u>10,621</u>	<u>3,414</u>
<b>Net current assets</b>	<u>124,046</u>	<u>94,579</u>
<b>Total assets less current liabilities</b>	<u>124,146</u>	<u>130,399</u>
<b>Non-current liabilities</b>		
Deferred taxation liabilities	1,723	1,723
	<u>1,723</u>	<u>1,723</u>
<b>Total assets and liabilities</b>	<u>122,423</u>	<u>128,676</u>
<b>Capital and reserves</b>		
Share capital	7,940	7,940
Share premium and reserves	114,483	120,736
<b>Total equity</b>	<u>122,423</u>	<u>128,676</u>

# NOTES TO FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standards (“HKASs”) 34 “Interim Financial Reporting” and Hong Kong (IFRIC) Interpretations (“HKIFIC-int”) 10 “Interim Financial Reporting and Impairment” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with disclosure 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”). The consolidated interim financial statements are unaudited and have been reviewed by the Company’s audit committee.

The basis of preparation and the principal accounting policies applied in the preparation of the consolidated interim financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2006.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA issued the following new or revised HKASs and INTs (hereinafter collectively referred to “new HKFRSs”) which are currently in use and effective for accounting periods beginning on or after 1 January 2007. For the purpose of preparing and presenting the consolidated interim financial statements, the Group has adopted all these new HKFRSs. The first time adoption of these new HKFRSs had no material effect on how the results for current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) - INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) - INT 8	Scope of HKFRS 2
HK(IFRIC) - INT 9	Reassessment of Embedded Derivatives
HK(IFRIC) - INT 10	Interim Financial Reporting and Impairment

The Group has not early adopted of the following new or revised standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new or revised standards or interpretations will have no material impact on the consolidated interim financial statements of the Group.

HKAS 23 Revised	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC) – Int 11	HKFRS 2-Group and Treasury Share Transactions <sup>2</sup>
HK(IFRIC) – Int 12	Service concession arrangements <sup>3</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2009*

<sup>2</sup> *Effective for annual periods beginning on or after 1 March 2007*

<sup>3</sup> *Effective for annual periods beginning on or after 1 January 2008*

### 3. TURNOVER

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

	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	<b>1,676</b>	1,594
Income from finance	<b>30</b>	209
	<hr/>	<hr/>
	<b>1,706</b>	1,803
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#### ***Business segments***

For management purposes, the Group is currently organised into two operating divisions – (i) investment and finance and (ii) properties investment. These divisions are the basis on which the Group reports its primary segment information. The business segments of energy saving machine (manufacturing and trading of energy saving machine) and other investments (trading of investments in securities) have not been presented because of these segments for the periods did not have significant contribution to the Group.

Principal activities are as follows:

- Investment and finance – investing and financing activities
- Properties investment – property rental and leasing of equipment and trading of properties held for resale

Segment information about these businesses is presented below:

	<b>Investment and Finance</b>		<b>Properties Investment</b>		<b>Consolidation</b>	
	<b>Six month</b>		<b>Six month</b>		<b>Six month</b>	
	<b>ended 30 June</b>		<b>ended 30 June</b>		<b>ended 30 June</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Income statement:</b>						
<i>Turnover</i>						
External sales	<u>30</u>	<u>209</u>	<u>1,676</u>	<u>1,594</u>	<u>1,706</u>	<u>1,803</u>
Segment result	<u>89</u>	<u>462</u>	<u>1,141</u>	<u>3,137</u>	<u>1,230</u>	<u>3,599</u>
Interest Income					<u>1,831</u>	<u>478</u>
Unallocated corporate expenses					<u>(1,374)</u>	<u>(1,785)</u>
Profit before tax					<u>1,687</u>	<u>2,292</u>
Income tax expense					<u>–</u>	<u>(451)</u>
Profit for the period					<u>1,687</u>	<u>1,841</u>
<b>Other segment information</b>						
Impairment losses reversed in the income statement	<u>31</u>	<u>253</u>			<u>31</u>	<u>253</u>
Surplus arising on revaluation of investment properties			<u>–</u>	<u>2,560</u>	<u>–</u>	<u>2,560</u>

***Geographical segments***

The Group's operations are principally located in Hong Kong. All identifiable assets of the Group are located in Hong Kong. Accordingly, no geographical segments are presented.

#### 4. OTHER OPERATING INCOME

	Six months ended 30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income, other than from loans receivable	<b>1,858</b>	478
Written back of allowance for bad and doubtful debts	<b>31</b>	253
Gain on disposal of an subsidiary company	<b>28</b>	–
Gain on disposal of an associated company	–	105
Other income	<b>1</b>	106
	<hr/>	<hr/>
	<b>1,918</b>	942
	<hr/> <hr/>	<hr/> <hr/>

#### 5. PROFIT BEFORE TAX

	Six months ended 30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax have been arrived at after charging:		
Staff costs:		
Directors' remuneration	<b>120</b>	100
Salaries and other benefits	<b>340</b>	623
Retirement benefit scheme contributions excluding directors and after forfeited contribution of HK\$18,000 (2006: HK\$8,000)	<b>(5)</b>	29
	<hr/>	<hr/>
	<b>455</b>	752
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and after crediting:		
Property rental income, net of outgoings of HK\$114,000 (2006: HK\$570,000)	<b>1,562</b>	1,024
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## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
The tax charge comprises:		
Current tax of the Company and its subsidiaries	–	–
Deferred taxation	–	451
	<u>–</u>	<u>451</u>
	<u>–</u>	<u>451</u>

No provision for Hong Kong Profits Tax has been made as the group companies which are subject to Hong Kong Profits Tax either incurred tax losses for period or have tax losses brought forward to set off assessable profit for the period.

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

## 7. INTERIM DIVIDEND

The Board of Directors resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil).

## 8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period of HK\$1,687,000 (2006: HK\$1,841,000) and on the weighted average number of ordinary shares in issue of 794,057,800 shares during the period (2006: 794,057,800 shares).

For the six months ended 30 June 2007 and 30 June 2006, diluted earnings per share has been presented even though there were no dilutive potential ordinary shares in issue.

## 9. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform to the current period's presentation.

## **RESULTS**

Turnover for the period was approximately HK\$1.70 million, representing a decrease approximately 5.38% when compared with the last corresponding period. The decrease in turnover was mainly caused by decrease income from finance for the period.

Profit for the period was approximately HK\$1.69 million and was decreased by approximately HK\$0.15 million or 8.37% when compared with the last corresponding period. The main cause of such decrease was the surplus on arising on revaluation of investment of approximately HK\$2.56 million for the last corresponding period but nil for the current period although there was a sharp increase of approximately HK\$1.38 million or 2.89 times on bank interest income compared with the last corresponding period.

## **BUSINESS REVIEW**

During the six months ended 30 June 2007, the Group disposed of 3rd Floor of Chung Kiu Godown Building in Kwai Chung and a car parking space in Bank of America Tower in Wanchai at consideration of approximately HK\$8.80 million and HK\$0.54 million respectively and the total losses of approximately HK\$0.08 million on these disposals were already reflected in income statement for the current period. However, the Group had signed a series of sales and purchase agreements to sell all remaining properties of the Group, of which comprise 11th Floor, 7th to 10th Floor and 4th to 5th Floor of Chung Kiu Godown Building, the dates of completion are 25 July 2007, 6 August 2007 and 15 October 2007 respectively. Before the completion of the above disposals, that seven levels of the godown in Kwai Chung were continuing to generate rental income to the Group from the beginning of the period to the dates of completion.

## **FINANCIAL REVIEW**

### **Net Asset Value**

As at 30 June 2007, the Group's net asset was approximately HK\$122.42 million (2006: approximately HK\$128.68 million), a decrease of approximately HK\$6.26 million or 4.86% when compared with the year ended 31 December 2006. The decrease was mainly caused by the final dividend payment of HK\$7.9 million for the year ended 31 December 2006 during the period. Net asset value per share as at 30 June 2007 was approximately HK\$0.154 (31 December 2006: approximately HK\$0.162).



## **Equity**

The number of ordinary shares in issue as at 30 June 2007 and 31 December 2006 was 794,057,800 shares.

## **Debt and Gearing**

The Group did not have borrowings and any financial instrument used for hedging purposes as at 30 June 2007 and 31 December 2006. Cash and bank balances as at 30 June 2007 and 31 December 2006 were approximately HK\$95.83 million and HK\$88.06 million respectively. All assets and investments of the Group were denominated in Hong Kong dollars.

## **Pledge of Assets**

As at 30 June 2007 and 31 December 2006, the Group did not have any assets pledged.

## **Contingent Liabilities**

The Group did not have any material contingent liabilities as at 30 June 2007 and 31 December 2006.

## **Financial and Interest Income/Expenses**

Interest income was included in turnover and other operating income. Interest received, other than from loans receivables, was bank interest income of approximately HK\$1.86 million for the period (2006: approximately HK\$0.48 million). There was no finance costs due to no borrowing of the Group during the current period and the last corresponding period.

## **Remuneration Policies and Share Option Scheme**

As at 30 June 2007, the Group employed a total of 2 staff excluding the directors (31 December 2006: 3 staff). Total staff cost excluding directors' remuneration for the period was approximately HK\$0.34 million (2006: approximately HK\$0.62 million). Remuneration package comprised salary and year-end bonuses based on individual merits. The Company has adopted share option scheme on 15 February 2002 (the "2002 Scheme"). Details of the 2002 Scheme had disclosed in the audited consolidated financial statements for the year ended 31 December 2006. There were no outstanding options at the beginning and at the end of the period. No options were granted, exercised, cancelled and lapsed during the current period and the last corresponding period.

## **POST BALANCE EVENTS**

On 25 July 2007, the disposal of 11th Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at consideration of approximately HK\$5.18 million was completed. It is not expected any material gain or loss on this disposal will be recorded in second half year of the year ending 31 December 2007 because the carrying book value of the property was as same as the consideration of this disposal since it was stated as the fair value as at 31 December 2006.

On 31 July 2007, the special general meeting (SGM) was held and approved the major and connection acquisition transaction as ordinary resolution of the Company. The details of the transaction is set out as below:–

On 26 June 2007, the Gold Long Enterprises Limited (the "Purchaser"), a wholly own subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with Fine Pacific Limited (the "Minkind Vendor"), Top Cliff Ltd. (the "Remson Vendor") and Paul Y. Holdings Company Limited (the "Debt Vendor"), whereby (a) the Purchaser conditionally agreed to purchase and the Minkind Vendor conditionally agreed to sell the shares of Minkind Development Limited ("Minkind"); (b) the Purchaser conditionally agreed to purchase and the Remson Vendor conditionally agreed to sell the share of Remson Investment Limited ("Remson") ; and (c) the Purchaser conditionally agreed to purchase and the Debt Vendor conditionally agreed to sell the Loan to Minkind, loan to Remson and the Loan to Grow Wealth Company Ltd ("Grow Wealth"), a wholly owned subsidiary of Remson. In addition, as disclosed in the announcement of the Company dated 26 June 2007, the Minkind Consideration

and the Remson Consideration would be subject to post-completion adjustment in accordance with the terms of the Agreement. Based on the unaudited completion accounts of Minkind and the Remson Group, the Minkind Consideration and the Remson Consideration had been adjusted accordingly, as a result of which the Minkind Consideration was increased from HK\$7,788,754 to HK\$7,849,079 and the Remson Consideration was increased from HK\$21,183,406 to HK\$21,431,289, representing an increase of HK\$60,325 or 0.77% for the Minkind Consideration and an increase of HK\$247,884 or 1.17% for the Remson Consideration.

The details of poll result were disclosed in the Company announcement dated 31 July 2007.

## **PROSPECTS**

As foresaid, the Agreement and contemplated transaction thereunder was approved by independent shareholders at SGM on 31 July 2007. Therefore, the Company will hold (i) the six carparking spaces and carport basement at Nine Queen's Road Central in Central and (ii) the 25 carparking spaces together with 5 adjoining spaces at Bank of East Asia Harbour View Centre in Wanchai upon the completion of disposals. Besides, the Company is identifying any new business opportunities available to the Group in future.

## **AUDIT COMMITTEE AND REMUNERATION COMMITTEE**

The Audit Committee and Remuneration Committee both comprise all three Independent Non-executive Directors of the Company. The Group's consolidated interim financial statements for the six months ended 30 June 2007 was unaudited but had been reviewed by the Audit Committee. The Remuneration Committee had being responsible for reviewing and evaluating the remuneration packages of the existing and new Executive Directors and making recommendations to the Board of Directors during the current period.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

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 of the Company was aware of any information that would reasonably indicate that the Company was not any part of the accounting period covered by the period, incompliance 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 of the Company were 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 of which comprises ensuring that all directors are properly briefed on issue arising at board meetings and the directors receive adequate information, which must be complete and reliable, in a timely manner. The Company had fully complied with this code during the period although previous Chairman resigned on 31 May 2007 and the vacancy has not been filled up to the date of this announcement. Indeed, the Deputy Chairman of the Company had taking all roles of Chairman temporary until new Chairman is appointed.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions. 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 during the six months period ended 30 June 2007 and all Directors confirmed that they had complied with the Model Code throughout the period.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.g-prop.com.hk>). The interim report for the six months ended will be dispatch to the Shareholders and will be available on websites of the Stock Exchange and the Company in due course.

### **APPRECIATION**

I take this opportunity to express our gratitude to the Shareholders of the Company for their continued support and our Directors and our staff for their contribution to the Company.

By Order of the Board  
**Lam Kwong-wai**  
*Company Secretary*

Hong Kong, 2 August 2007

*As at the date of this announcement, the Board comprises Mr. Leung, Wing-pong and Mr. Kong, Chi-ming as Executive Directors and Mr. Leung, Yun-fai, Mr. Lam, Yat-fai and Dr. David Chain, Chi-woo as Independent Non-Executive Directors.*