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**G-PROP (HOLDINGS) LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

**CHAMPION DYNASTY LIMITED**

*(Incorporated in the British Virgin Islands with limited liability)*

## **JOINT ANNOUNCEMENT**

**(1) AGREEMENT IN RELATION TO THE SALE AND PURCHASE OF SHARES IN G-PROP (HOLDINGS) LIMITED**

**(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY QUAM SECURITIES COMPANY LIMITED**



**TO ACQUIRE ALL THE ISSUED SHARES OF G-PROP (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY ACQUIRED OR AGREED TO BE ACQUIRED BY CHAMPION DYNASTY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

**(3) RESUMPTION OF TRADING IN THE SHARES OF G-PROP (HOLDINGS) LIMITED**

**Financial adviser to Champion Dynasty Limited**



## **THE SHARE PURCHASE AGREEMENT**

The Offeror and the Company jointly announce that on 16 June 2012, the Vendors and the Offeror (among other parties) entered into the Share Purchase Agreement, pursuant to which the First Vendor and the Second Vendor have agreed to sell or procure the sale of 1,018,380,590 Sale Shares and 493,678,883 Sale Shares owned by them respectively, and the Offeror has agreed to acquire 1,512,059,473 Sale Shares in aggregate at a total cash consideration of HK\$423,660,973, representing a purchase price of approximately HK\$0.28019 per Sale Share. The Sale Shares represent (i) all the Sale Shares held by the Vendors; and (ii) approximately 62.26% of the existing issued share capital of the Company as at the date of this joint announcement.

Completion of the Share Purchase Agreement is conditional upon the conditions described in the section headed "Closing Conditions" in this joint announcement. Completion of the Share Purchase Agreement shall take place on the third Business Day after the date of fulfillment (or waiver) of the last of Closing Conditions (a), (c), (d) and (e), or such other date as the parties to the Share Purchase Agreement may agree in writing. At the date of this joint announcement, the First Vendor and the Second Vendor hold 1,018,380,590 and 493,678,883 Shares respectively, representing approximately 41.93% and 20.33% of the existing total issued share capital of the Company respectively. Immediately after Completion, the First Vendor and the Second Vendor will no longer hold any Shares in the Company, except that the Sale Shares will, at Completion, be charged by the Offeror in favour of the First Vendor to secure the Offeror's obligations to repay the total principal amounts under the Promissory Note(s) or any part thereof.

## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, the Offeror and parties acting in concert with it are not interested in the share capital or voting rights of the Company, other than their interest in the Shares under the Share Purchase Agreement. Immediately after Completion, the Offeror and parties acting in concert with it will be interested in a total of 1,512,059,473 Shares, representing approximately 62.26% of the existing issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make a mandatory unconditional general offer in cash for all the issued Shares, other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it.

Subject to and upon Completion, Quam Securities, on behalf of the Offeror and in compliance with the Takeovers Code, will make an unconditional cash offer for all the issued Shares (other than those acquired or agreed to be acquired by the Offeror and parties acting in concert with it) on the terms to be set out in the composite document in accordance with the Takeovers Code on the following basis:

**For each Share accepted under the Offer . . . . . HK\$0.28019 in cash**

On the basis of the Offer Price of HK\$0.28019 per Share which is equal to the price per Sale Share under the Share Purchase Agreement and 2,428,255,008 Shares in issue as at the date of this joint announcement, the entire issued Shares of the Company would be valued at approximately HK\$680.37 million. As the Offeror and parties acting in concert with it will own 1,512,059,473 Shares subject to and immediately after Completion, 916,195,535 Shares will be subject to the Offer and the total consideration of the Offer would be about HK\$256,708,827 based on the Offer Price. The principal terms of the possible Offer are summarised in the section headed “Possible Mandatory Unconditional Cash Offer” of this joint announcement.

Quam Capital, the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptance of the Offer.

**Warning: The Offer is a possibility only.**

**The Offer will only be made if the Share Purchase Agreement is completed. Completion is conditional upon the fulfillment of the conditions referred to in the section headed “Closing Conditions” under “The Share Purchase Agreement” in this joint announcement. Accordingly, the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.**

## **GENERAL**

It is the intention of the Offeror and the Company that the offer document and the offeree board circular be combined in a composite document. The composite document is expected to be despatched to Shareholders within 21 days of the date of this joint announcement or such other date as may be approved by the Executive. As there is a pre-condition (i.e. completion of the Share Purchase Agreement) to the making of the Offer, application will be made by the Offeror and the Vendors for the Executive’s consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for despatch of the composite document to within 7 days from Completion. The composite document will set out, among other matters, the Offer, a letter of advice from the Independent Board Committee in relation to the Offer and a letter of advice from an independent financial adviser to be appointed to advise the Independent Board Committee in respect of the Offer.

An Independent Board Committee has been established by the Company to advise the Independent Shareholders. The independent financial adviser to the Independent Board Committee in respect of the Offer will be identified and appointed by the Independent Board Committee. The Company will make a separate announcement once the independent financial adviser is appointed.

## **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading of Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 18 June 2012 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 6 July 2012.

## **THE SHARE PURCHASE AGREEMENT**

**Date:** 16 June 2012

### **Parties**

- Vendors:**
- (a) Mass Rise Limited, being the First Vendor, is beneficially interested in 1,018,380,590 Shares as at the date of this joint announcement, representing approximately 41.93% of the entire issued share capital of the Company.
  - (b) Asian Kingdom Limited, being the Second Vendor, is beneficially interested in 493,678,883 Shares as at the date of this joint announcement, representing approximately 20.33% of the entire issued share capital of the Company.

The Vendors are together beneficially interested in 1,512,059,473 Shares in aggregate as at the date of this joint announcement, representing approximately 62.26% of the entire issued share capital of the Company.

**Offeror:** Champion Dynasty Limited, a company incorporated in the BVI and is wholly-owned by Mr. Cheung Wai Kuen.

- Warrantors of the Vendors:**
- (a) CEHL, being the sole beneficial owner of the First Vendor. CEHL has agreed to guarantee the due and punctual performance by the First Vendor of its obligations under the Share Purchase Agreement.

- (b) Crown Jade Limited, being the sole beneficial owner of the Second Vendor. Crown Jade Limited is incorporated in the BVI and is wholly-owned by Mr. Lau who is an executive director of CEHL. Crown Jade Limited has agreed to guarantee the due and punctual performance by the Second Vendor of its obligations under the Share Purchase Agreement.

Guarantor of the Offeror: Mr. Cheung Wai Kuen, as guarantor of the Offeror to guarantee the due and punctual performance by the Offeror of its obligations under the Share Purchase Agreement.

### **Sale and purchase of the Sale Shares**

Under the Share Purchase Agreement, the First Vendor and the Second Vendor agreed to sell or procure the sale of 1,018,380,590 Sale Shares and 493,678,883 Sale Shares owned by them respectively, and the Offeror agreed to acquire the Sale Shares, being 1,512,059,473 Shares in aggregate, representing approximately 62.26% of the issued share capital of the Company as at the date of this joint announcement, free from all encumbrances and with all rights attaching thereto from the Completion Date (excluding the right to the Special Dividend) at the Share Purchase Price. The Offeror shall not be obliged to purchase any of the Sale Shares unless the sale and purchase of all the Sale Shares is completed simultaneously.

Immediately after Completion, the First Vendor and the Second Vendor will no longer hold any Shares, except that the Sale Shares will, at Completion, be charged by the Offeror in favour of the First Vendor to secure the Offeror's obligations to repay the total principal amounts under the Promissory Note(s) or any part thereof.

### **Share Purchase Price**

#### ***Amount of Share Purchase Price***

The total consideration for the Sale Shares is HK\$423,660,973 (of which HK\$285,338,057 is payable to the First Vendor and HK\$138,322,916 is payable to the Second Vendor), equivalent to approximately HK\$0.28019 per Sale Share. It was arrived at after arm's length negotiations between the Offeror and the Vendors with reference to, among others, the net asset value as of 31 December 2011 of the Group, the Special Dividend to be declared and the listing status of the Company.

### ***Manner of payment of the Share Purchase Price***

The Share Purchase Price is payable by the Offeror to the Vendors in the following manner:

- (i) upon signing of the Share Purchase Agreement, a deposit (“Deposit”) in the aggregate sum of HK\$42,366,098 was paid to the Vendors as payment of part of the Share Purchase Price, of which as to HK\$28,533,806 was paid to the First Vendor and as to HK\$13,832,292 was paid to the Second Vendor;
- (ii) upon signing of the Share Purchase Agreement, a sum of HK\$161,925,075 (“Escrow Sum”) was paid to the Escrow Agent and will be held by the Escrow Agent until Completion. The Escrow Sum paid in accordance with the above provisions to the Escrow Agent shall, upon and subject to Completion taking place, be released to the Vendors (of which as to HK\$37,434,451 to the First Vendor (or its nominee), and as to HK\$124,490,624 to the Second Vendor (or its nominee)), in accordance with the joint instructions to be given to the Escrow Agent by the First Vendor, the Second Vendor and the Offeror; and
- (iii) subject to Completion taking place, unless the Offeror and the Vendors reach an agreement on an alternate method of settlement of the Remaining Balance (as defined below) which complies with the requirements under the Takeovers Code and the Listing Rules, the sum of HK\$219,369,800, being the remaining balance (“Remaining Balance”) of the Share Purchase Price, payable to the First Vendor shall be settled through the Offeror’s issue of the Promissory Note(s) at Completion.

The Deposit will be forfeited by the Vendors as liquidated damages if Completion fails to take place as a result of the default of the Offeror. The Deposit will be refunded to the Offeror if Completion does not take place which is not due to default of any party to the Share Purchase Agreement. If after fulfilment (or waiver (to the extent waivable)) of all the Closing Conditions under the Share Purchase Agreement (other than condition (g) as set out in the section headed “Closing Conditions” below and the Purchaser is in a position to proceed to Completion and comply with all of its obligations in connection with the delivery of the Completion documents to the Vendors), the Vendors or either of them fail to proceed to Completion, the defaulting Vendor(s) shall pay to the Purchaser, in addition to the refund of the Deposit, such amount as equal to the interest actually accrued thereon and paid or credited by the bank if the relevant amount of the Deposit has been deposited for the period from the date of receipt of the Deposit by such Vendor to the date of actual payment.

If Completion does not take place, the Escrow Sum deposited with the Escrow Agent will be refunded to the Offeror upon the Escrow Agent receiving irrevocable certification from the Offeror.

If Completion takes place, upon Completion, a security agreement will be entered into between the Offeror and the First Vendor, pursuant to which the Offeror will charge and assign all of the Offeror's interest (excluding the rights to dividend and to vote at general meetings) in and with respect to all the Sale Shares in favour of the First Vendor as security to secure the Offeror's obligations to pay the principal amounts and the related interests under the Promissory Note(s).

Under the Promissory Note(s) to be issued for the Remaining Balance at Completion, the principal amounts shall become payable on three months from the date of issue of such Promissory Note(s), and interest will be accrued thereon at the rate of 12% per annum. Promissory Note(s) will generally be issued in the denomination of HK\$5 million each. The Offeror is entitled to early repayment of any of the Promissory Note(s). A Promissory Note is transferrable by its holder to its associates (as defined in the Listing Rules) at any time before its maturity.

### ***Downward adjustment of the Share Purchase Price***

Where the net asset value ("NAV") of the Company as stated in the certificate for the accounts of the Company as at Completion ("Completion NAV") is less than HK\$380,368,000 ("Agreed Minimum NAV"), the Share Purchase Price shall be adjusted as follows:

$$\text{New Share Purchase Price} = \text{OP} - \{(A-B) \times C\}$$

Where OP	=	HK\$423,660,973
A	=	Agreed Minimum NAV
B	=	Completion NAV
C	=	1,512,059,473/2,428,255,008

In the event of any downward adjustment to the Share Purchase Price pursuant to the Share Purchase Agreement:

- (a) in the case of the First Vendor, the Purchaser shall cancel the original Promissory Note(s) and issue new Promissory Note(s), the principal amount of which shall be the Remaining Balance less the First Vendor's Prescribed Proportion of the difference between the adjusted Share Purchase Price and the original Share Purchase Price; and
- (b) in the case of the Second Vendor, the Second Vendor shall deliver to the Purchaser a cashier order issued by a licensed bank in Hong Kong (or such other payment method as the Purchaser and the Second Vendor may agree in writing) for an amount equal to the Second Vendor's Prescribed Proportion of the difference between the adjusted Share Purchase Price and the original Share Purchase Price.



## **Closing Conditions**

Completion of the Share Purchase Agreement is subject to the following conditions being fulfilled and (where applicable) remaining satisfied as at Completion (or waived by the Offeror):

- (a) the Stock Exchange and the Executive advising that they have no further comment on this joint announcement, and the publication of this joint announcement on the Stock Exchange's website;
- (b) no indication being received on or before the date of Completion from the SFC or the Stock Exchange to the effect that the listing of the Shares on the main board of the Stock Exchange will or may be withdrawn or objected to (or conditions will or may be attached thereto) as a result of the Completion or in connection with the terms of or any transaction contemplated by the Share Purchase Agreement (including, but not limited to, in connection with an allegation that the Company is no longer suitable for listing);
- (c) (to the extent required under the Listing Rules) the independent shareholders of the First Warrantor having approved the Share Purchase Agreement and the transactions contemplated by the Share Purchase Agreement;
- (d) (to the extent required under the Takeovers Code) obtaining all necessary consents and/or approvals to the issue of the Promissory Note(s) to settle the Remaining Balance;
- (e) (to the extent required under the Takeovers Code and the Listing Rules) obtaining all consents and approvals necessary for the Company to declare and pay a special dividend (and for the avoidance of doubt, without taking account of the final dividend of 0.1 HK cent per Share as approved by the Shareholders in the annual general meeting of the Company held on 25 May 2012), after the date of the Share Purchase Agreement, in the sum of 4.5 HK cents per Share, which will result in the payment of such special dividend in the aggregate amount of about HK\$109 million. For the avoidance of doubt, the record date for ascertaining entitlement to such dividend shall fall on a date before the Completion Date, provided that the actual payment of such special dividend may be made before, upon or after the Completion Date;
- (f) no order has been made or petition presented or resolution passed for the winding up of the Company; and
- (g) the warranties under the Share Purchase Agreement remaining true and accurate in all material respects.



If the above conditions are not fulfilled or waived on or before the Long Stop Date, the Share Purchase Agreement shall lapse and be of no further effect except certain clauses as specified therein and no party to the Share Purchase Agreement shall have any claim against or liability to the other parties, save in respect of any antecedent breaches of the Share Purchase Agreement. Other than the Closing Conditions (a), (c), (d) and (e), the Offeror may at its absolute discretion at any time waive by notice in writing to the Vendors any of the Closing Conditions (to the extent it is capable of being waived).

Since no regulatory approval or consent in connection with Closing Conditions (c), (d) and (e) is required to be obtained, as at the date of this joint announcement, Closing Conditions (c) and (d) are considered to have been satisfied, where the satisfaction of Closing Condition (e) is subject to the approval of the Board only. Such meeting of the Board is expected to be held within a reasonable time and in compliance with the corporate governance code under Appendix 14 to the Listing Rules. The Vendors will use all their reasonable endeavours to satisfy such Closing Condition.

For purposes of Closing Condition (g) above, the Vendors may instruct an audit firm to consider any breach of warranties under the Share Purchase Agreement as alleged by the Purchaser and issue a certificate of the amount of loss to the Group as a result of the breach of such warranty(ies). If the amount of loss set out in the Loss Certificate is less than HK\$10 million, Closing Condition (g) shall be deemed to have been fulfilled. In all other cases, such condition shall be deemed not to have been fulfilled.

### **Additional undertakings under the Share Purchase Agreement**

The First Vendor and First Warrantor undertook to the Offeror that, amongst others:

- (i) immediate after Completion, the First Warrantor shall use its best endeavours to procure Fancy Mark (a wholly-owned subsidiary of the First Warrantor) to give an undertaking not to exercise its rights to re-borrow the loan facility after any repayment and other relevant provisions under the Fancy Mark Loan Agreement, unless the Company have given its prior written consent to such proposed re-borrowing; and
- (ii) immediate after Completion, upon serving a written repayment notice by the Company with Fancy Mark, the First Warrantor shall use its best endeavours to procure Fancy Mark to fully or partially repay the sum (together with the interest payment) then owing under the Fancy Mark Loan Agreement (which is expected to amount to HK\$220 million at Completion) as stated in the repayment notice within 30 days from the date of the repayment notice.

## **Completion**

Completion of the Share Purchase Agreement is conditional upon the conditions as stated above under the section headed “Closing Conditions” being fulfilled (or, where applicable, waived by the Offeror). Completion of the Share Purchase Agreement shall take place on the third Business Day after the fulfillment (or waiver) of the last of Closing Conditions (a), (c), (d) and (e), or such other date as the parties to the Share Purchase Agreement may agree in writing.

## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, the Offeror and parties acting in concert with it are not interested in any Shares of the Company, other than the interest in Shares under the Share Purchase Agreement. Immediately after Completion, the Offeror and parties acting in concert with it will own a total of 1,512,059,473 Shares, representing approximately 62.26% of the existing issued share capital of the Company. Under Rule 26.1 of the Takeovers Code, the Offeror will be required to make a mandatory unconditional general offer in cash for all the issued Shares, other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it.

**Warning: The Offer is a possibility only.**

**The Offer will only be made if the Share Purchase Agreement is completed. Completion is conditional upon the fulfillment of the conditions referred to in the section headed “Closing Conditions” under “The Share Purchase Agreement” in this joint announcement. Accordingly, the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.**

The Offer, if made, will be on the terms mentioned below.

### **Principal terms of the Offer**

Subject to and upon Completion, Quam Securities, on behalf of the Offeror and in compliance with the Takeovers Code, will make a mandatory unconditional cash offer for all the issued Shares, other than those already acquired or agreed to be acquired by the Offeror and parties acting in concert with it, on the terms to be set out in the composite document in accordance with the Takeovers Code on the following basis:

**For each Share accepted under the Offer . . . . . HK\$0.28019 in cash**

The Offer Price will not be affected by the possible downward adjustment on the Share Purchase Price, if any, as stipulated in the section headed “Share Purchase Price – Downward adjustment of the Share Purchase Price” in this joint announcement.

The Offer will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

The Shares to be acquired under the Offer shall be fully paid, free from all liens, charges and encumbrances.

Save for the Shares, the Company has no outstanding warrants, options, derivatives or securities convertible into Shares and has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

Save for the Share Purchase Agreement, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them have not dealt in nor do they have any shareholding interest in or control any Shares, convertible securities, warrants or options in the Company during the six months immediately prior to the date of the Share Purchase Agreement and up to the date of this joint announcement.

### **Comparisons of value**

The Offer Price of HK\$0.28019 is equal to the price per Sale Share payable by the Offeror under the Share Purchase Agreement and represents:

- (i) a premium of approximately 45.93% over the closing price of HK\$0.1920 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 62.52% over the average closing price of HK\$0.1724 per Share as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 75.89% over the average closing price of HK\$0.1593 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 63.66% over the average closing price of HK\$0.1712 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 90.61% over the price of HK\$0.1470 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.045 per Share had been declared and paid with reference to closing price of HK\$0.1920 per Share as quoted on the Stock Exchange on the Last Trading Day);

- (vi) a premium of approximately 119.93% over the price of HK\$0.1274 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.045 per Share had been declared and paid with reference to average closing price of HK\$0.1724 per Share as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day);
- (vii) a premium of approximately 145.14% over the price of HK\$0.1143 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.045 per Share had been declared and paid with reference to average closing price of HK\$0.1593 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day); and
- (viii) a premium of approximately 122.02% over the price of HK\$0.1262 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.045 per Share had been declared and paid with reference to average closing price of HK\$0.1712 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day).

### **Highest and lowest Share price**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Day from 16 December 2011 to 15 June 2012 were HK\$0.1960 per Share on 23 February 2012 and HK\$0.1310 per Share on 10 January 2012 respectively.

### **Total consideration for the Offer**

On the basis of the Offer Price of HK\$0.28019 per Share which is equal to the price per Sale Share under the Share Purchase Agreement and 2,428,255,008 Shares in issue as at the date of this joint announcement, the entire issued Shares of the Company would be valued at about HK\$680.37 million. As the Offeror and parties acting in concert with it will own 1,512,059,473 Shares subject to and immediately after Completion, 916,195,535 Shares will be subject to the Offer and the total consideration of the Offer would be about HK\$256,708,827 based on the Offer Price.

## **Financial resources available to the Offeror**

The Offeror will satisfy the cash consideration payable under the Offer from (i) internal resources of the Offeror and (ii) the loan facility of up to HK\$75 million under the Loan Facility Agreement. Quam Capital, the financial adviser to the Offeror is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer.

## **Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within 7 business days (as defined under the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title of the Shares in respect of such acceptances are received by the Offeror to render each such acceptance complete and valid.

## **Effect of accepting the Offer**

The Offer, subject to Completion taking place, will be unconditional. By accepting the Offer, Shareholders will sell their Shares free from encumbrances and together with all rights attaching to them, and all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer is made. For the avoidance of doubt, for the Shareholders who will be entitled to receive the Special Dividend, acceptance of the Offer shall not prejudice their entitlement to receive such Special Dividend.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions declared, made or paid, if any, on or after the date on which the Offer is made. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

## **Hong Kong stamp duty**

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% (or part thereof) of the consideration payable in respect of the relevant acceptance by the Shareholders or if higher, the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Offer. The Offeror will bear the buyer's Hong Kong ad valorem stamp duty as purchaser of the Shares and will arrange for the payment of the stamp duty in connection with such sales and purchases.

## **Other arrangements**

The Offeror confirms that as at the date hereof,

- (i) the Offeror, its ultimate beneficial owners, and parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered by the Offeror, its ultimate beneficial owner or any person acting in concert with any of them;
- (iii) save for the security agreement under the Share Purchase Agreement and the Loan Facility Agreement which contains a provision in connection with the provision by the Offeror to Quam Securities of all the Shares tendered for acceptance under the Offer to be accepted by Quam Securities on behalf of the Offeror as collateral, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) none of the Offeror, its ultimate beneficial owners and parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) save for the Share Purchase Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (vi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company immediately before and after Completion (and assuming there are no changes to the issued share capital of the Company):

Name of Shareholders	Existing		Upon completion of the purchase of Sale Shares by the Offeror	
	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue
The Offeror	–	–	1,512,059,473	62.26
First Vendor	1,018,380,590	41.93	–	–
Second Vendor	493,678,883	20.33	–	–
Public	916,195,535	37.74	916,195,535	37.74
<b>Total</b>	<b><u>2,428,255,008</u></b>	<b><u>100.00</u></b>	<b><u>2,428,255,008</u></b>	<b><u>100.00</u></b>

## INFORMATION ON THE COMPANY

The Company is a company incorporated in Bermuda with limited liability and its Shares have been listed on the Stock Exchange since 1990. The principal activities of the Group are property investment, and investment and finance.

The following table is a summary of certain audited financial information of the Group for the two years ended 31 December 2010 and 31 December 2011 respectively.

	Year ended 31 December 2010 <i>HK\$'000</i>	Year ended 31 December 2011 <i>HK\$'000</i>
Turnover	8,483	8,410
Gross profit	8,279	8,248
Profit/(Loss) before taxation	(879)	13,144
Profit/(Loss) for the year	(1,859)	13,094
Consolidated net asset value	485,952	487,536



### ***Fancy Mark Loan Agreement***

By the Fancy Mark Loan Agreement dated 22 September 2011 and entered into among the Company (as lender), Fancy Mark (as borrower, which is a wholly-owned subsidiary of the First Warrantor) and the First Warrantor (as guarantor of Fancy Mark), a loan facility to the extent of HK\$300 million has been agreed by the Company to be extended to Fancy Mark. For the detailed terms and conditions of the Fancy Mark Loan Agreement, please refer to the Company's announcement and circular dated 22 September 2011 and 12 October 2011 respectively. As at the date of this joint announcement, the principal amount owing by Fancy Mark to the Company under the Fancy Mark Loan Agreement amounted to HK\$300 million. The Company plans to declare before Completion the Special Dividend of 4.5 HK cents per Share and the dividends payable are expected to amount to about HK\$109 million (The record date for ascertaining the entitlement to the Special Dividend shall fall on a date before the Completion Date). To facilitate the payment of the Special Dividend, the Company plans to call for early repayment of a portion of the said loan in the sum of HK\$80 million. After such repayment, the principal amount owing at Completion under the Fancy Mark Loan Agreement is expected to amount to HK\$220 million.

### **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the BVI with limited liability on 13 March 2012. Its entire issued share capital is wholly-owned by Mr. Cheung.

Mr. Cheung, aged 38, is an executive director of Goodtop Tin International Holdings Limited, a company listed on the main board of the Stock Exchange ("Goodtop Tin", stock code: 195). Mr. Cheung has established a number of enterprises in various industries in the PRC since 1997, including property investment, hospital and trading business. He has over 10 years of experience in capital management and corporate management. He was appointed an executive director of Goodtop Tin on 4 December 2009.

### **INTENTIONS OF THE OFFEROR IN RELATION TO THE COMPANY**

#### **Business**

The Offeror intends to continue the existing businesses of the Company and has no intention to dispose of the Company's businesses immediately after completion of the Offer. The Offeror will, following the completion of the Offer, conduct a detailed review of the operations of the Company with a view to developing corporate strategy to enhance its existing businesses and asset base and broaden its income stream, which may include further investing in and expansion of existing businesses or divesting of loss-making operations of

the Company should appropriate opportunities arise. However, the Offeror has no plan of injecting any of its assets into the Company (but any proposed injection of assets in the future will be made in compliance with the Listing Rules) or redeploying the employees and fixed assets of the Company other than in the ordinary course of business.

### **Maintaining the listing status of the Company**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

In the event that after the completion of the Offer, the public float of the Company falls below 25%, the new Directors who are nominated by the Offeror to be appointed to the Company and the then directors of the Offeror will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

**The Stock Exchange has stated that if, upon closing of the 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, then it will consider exercising its discretion to suspend trading in the Shares.**

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

The Board is currently made up of five Directors, comprising two executive Directors, being Mr. Kong, Chi-ming and Mr. Leung, Wing-pong and three independent non-executive Directors, being Dr. David Chain, Chi-woo, Mr. Lam, Yat-fai and Mr. Leung, Yun-fai. The Offeror does not have intention to request for resignation of any independent non-executive Directors in connection with completion of the Share Purchase Agreement, and subject to Completion, all other existing Directors may resign after the close of the Offer.

Subject to Completion, the Offeror intends to nominate new Director(s) to the Board with effect from the earliest date permitted under the Takeovers Code, the Listing Rules and laws applicable to the Company.

The Offeror intends to nominate Mr. Cheung and Mr. Cheng Hau Yan as executive Directors. Such appointments will not take effect earlier than the date of posting of the composite document in relation to the Offer subject to the requirements of the Takeovers Code. A further announcement will be made on any further proposed change of the composition of the Board.

Any changes to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules.

### **Biographies of new Directors to be nominated by the Offeror**

#### ***Mr. Cheung Wai Kuen***

Please refer to the section headed “Information on the Offeror” for the biography of Mr. Cheung.

#### ***Mr. Cheng Hau Yan***

Mr. Cheng, aged 65, was the deputy division chief of the Finance and Planning Division of Yunnan Provincial Geology and Mining Bureau from October 1984 to March 1986, and deputy director of the Economic Commission of Kunming for the period from April 1986 to April 1988. From May 1988 to 1996, he was the president of the Yunnan Branch of Bank of Communications. Mr. Cheng was an executive director of Yunnan Enterprises Holdings Limited, a company listed on the main board of the Stock Exchange (Stock Code: 455) from April 1998 to March 2006, and west China regional director of CEHL from 2006 to 2010. Mr. Cheng obtained a master degree in Business Administration from the Shanghai Jiao Tong University in 1983. He was appointed an independent non-executive director of Goodtop Tin on 23 December 2009 and re-designated as its executive director on 10 December 2010. As at the date of this joint announcement, Mr. Cheng is an executive director of Goodtop Tin.

## **GENERAL**

### **Independent Board Committee**

An Independent Board Committee (comprising all the independent non-executive Directors) has been established by the Company to advise the Independent Shareholders in respect of the Offer. The independent financial adviser to the Independent Board Committee in respect of the Offer will be identified and appointed by the Independent Board Committee.

## **Availability of the composite document**

It is the intention of the Offeror and the Company that the offer document and the offeree board circular be combined in a composite document. The composite document is expected to be despatched to Shareholders within 21 days of the date of this joint announcement or such other date as may be approved by the Executive. As the making of the Offer is subject to Completion having occurred, application will be made by the Offeror and the Vendors for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for despatch of the composite document to within 7 days from Completion. The composite document will set out, among other things, details of the Offer, a letter of advice from the Independent Board Committee in relation to the Offer and a letter of advice from an independent financial adviser to be appointed to advise the Independent Board Committee in respect of the Offer.

## **Disclosure of dealings in the Shares**

The respective associates of the Offeror and the Company are hereby reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

### **“Responsibilities of stockbrokers, banks and other intermediaries**

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

Any associates (including persons holding 5% or more of a class of relevant securities of a company) of the Company, the Vendors, the Offeror or parties acting in concert with any of them are reminded to disclose their dealings in any securities of the Company.

## **IMPORTANT NOTE TO SHAREHOLDERS OUTSIDE HONG KONG**

The Offer will be in respect of securities of a company incorporated in Bermuda and will be subject to the statutory procedural and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions.

The Offeror intends to make the Offer (or any mandatory unconditional cash offer referred to herein) available to all Shareholders, including those with registered addresses, as shown in the register of members of the Company, outside Hong Kong. The availability of the Offer (or any mandatory unconditional cash offer referred to herein) to persons not resident in Hong Kong and the ability of Shareholders outside of Hong Kong to participate in the Offer will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

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. It will be the responsibility of Overseas Shareholders who wish to accept the 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 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).

## **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading of Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 18 June 2012 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 6 July 2012.

## DEFINITIONS

In this joint announcement, the following expressions have the following meanings, unless the context requires otherwise:

“acting in concert”	the meaning ascribed to it in the Takeovers Code
“associates”	the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Offeror or the Company, as applicable
“Business Day”	a day (other than Saturday or Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted on Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which licensed banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“CEHL” or “First Warrantor”	Chinese Estates Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 127), being the sole beneficial owner of the First Vendor
“Closing Condition(s)”	condition(s) precedent to Completion, further details of which are set out in the section headed “Closing Conditions” of this joint announcement
“Company”	G-Prop (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 286)
“Completion Date”	means the third Business Day after the fulfillment (or waiver) of the last of Closing Conditions or such other date as the parties to the Share Purchase Agreement shall agree in writing as the date on which Completion shall take place

“Completion”	completion of the Share Purchase Agreement
“Director(s)”	director(s) of the Company, including independent non-executive director(s) of the Company
“Escrow Agent”	an escrow agent (who is an affiliated secretarial company of the Offeror’s legal advisers as to Hong Kong law) jointly appointed by the Vendors and the Offeror from time to time pursuant to the terms of the Escrow Agreement for the purpose of holding the Escrow Sum
“Escrow Agreement”	the escrow agreement dated 16 June 2012 entered into among the Vendors, the Offeror and the Escrow Agent
“Escrow Sum”	the sum of HK\$161,925,075 (representing approximately 38.22% of the Share Purchase Price for the Sale Shares) deposited with the Escrow Agent
“Executive”	the executive director of the Corporate Finance Division of the SFC from time to time or any delegate of the executive director
“Fancy Mark”	Fancy Mark Limited (trading as Fancy Mark Capital Limited in Hong Kong), a company incorporated in the BVI and a wholly-owned subsidiary of the First Warrantor, the borrower of the Fancy Mark Loan Agreement
“Fancy Mark Loan Agreement”	a loan agreement dated 22 September 2011 and entered into among the Company (as lender), Fancy Mark (as borrower) and the First Warrantor (as guarantor of Fancy Mark) in relation to a three-year revolving facility of up to HK\$300 million, whose terms are summarized in the Company’s circular dated 12 October 2011
“First Vendor” or “Mass Rise”	Mass Rise Limited, a company incorporated in the BVI with limited liability and is indirectly wholly-owned by CEHL
“Group”	the Company and its subsidiaries



“HK\$” or “HK cent(s)”	Hong Kong dollar(s) or cent(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors, namely Dr. David Chain, Chi-woo; Mr. Lam, Yat-fai; and Mr. Leung, Yun-fai, which has been established by the Company to make recommendations to the Independent Shareholders in respect of the Offer
“Independent Shareholders”	Shareholders other than the Offeror, its ultimate beneficial owner and any parties acting in concert with any of them
“Last Trading Day”	15 June 2012, the last trading day for the Shares prior to the suspension of trading in the Shares
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility Agreement”	A short term loan facility agreement dated 15 June 2012 (and supplemented by two supplemental agreements dated 27 June 2012 and 5 July 2012 respectively) entered into between the Offeror and Quam Securities whereby the Offeror obtained a loan facility up to HK\$75 million from Quam Securities for a period up to a day which is not later than the seventh Business Day immediate after the final closing date of the Offer
“Long Stop Date”	5:00 p.m. on 31 August 2012, or such later date as the Vendors and the Offeror may agree in writing
“Loss Certificate”	a certificate issued by a firm of auditors, as specified in the Share Purchase Agreement, instructed by the Vendors pursuant to the Share Purchase Agreement to conclude the amount of loss to the Group as a result of breach of warranties under the Share Purchase Agreement

“Mr. Lau”	Mr. Joseph Lau, Luen-hung, the sole beneficial owner of Asian Kingdom. Mr. Lau is the executive director of CEHL and indirectly held the controlling interest of CEHL
“Offer Price”	the cash amount of HK\$0.28019 payable by the Offeror for each Share in respect of the Offer
“Offer”	the mandatory unconditional cash offer to be made by Quam Securities on behalf of the Offeror to acquire all the issued Shares not already acquired or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code as a result of (and subject to) the completion of the purchase of the Sale Shares by the Offeror under the Share Purchase Agreement
“Offeror” or “Purchaser”	Champion Dynasty Limited, a company incorporated in the BVI with limited liability, being the purchaser of the Share Purchase Agreement and a company wholly and beneficially owned by Mr. Cheung
“Overseas Shareholder(s)”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prescribed Proportion”	the proportion of 1,018,380,590 to 493,678,883 as between the First Vendor and the Second Vendor respectively
“Promissory Note(s)”	means promissory note(s) to be issued by the Offeror to the First Vendor for settlement of part of the Share Purchase Price under the Share Purchase Agreement
“Purchaser Guarantor” or “Mr. Cheung”	Mr. Cheung Wai Kuen, being the sole beneficial owner of the Purchaser and the Offeror

“Quam Capital”	Quam Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to Champion Dynasty Limited
“Quam Securities”	Quam Securities Company Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Sale Shares”	1,512,059,473 Shares agreed to be acquired by the Offeror from the Vendors pursuant to the Share Purchase Agreement
“Second Vendor” or “Asian Kingdom”	Asian Kingdom Limited, a company incorporated in the BVI with limited liability, and is wholly-owned by the Second Warrantor
“Second Warrantor”	Crown Jade Limited, a company incorporated in the BVI with limited liability, being the sole beneficial owner of the Second Vendor, and is wholly-owned by Mr. Lau
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Purchase Agreement”	the share purchase agreement dated 16 June 2012 entered into among the Vendors, the Offeror, the First Warrantor, the Second Warrantor and the Purchaser Guarantor in relation to the sale and purchase of the Sale Shares
“Share Purchase Price”	HK\$423,660,973, being the consideration payable by the Offeror to the Vendors for the purchase of the Sale Shares
“Share(s)”	the share(s) having a par value of HK\$0.01 each in the Company as at the date hereof
“Shareholders”	holder(s) of Share(s)

“Special Dividend”	a special dividend of 4.5 HK cents per Share proposed to be declared by the Company, details of which are set out in Closing Condition (e)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vendors”	collectively, the First Vendor and the Second Vendor
“Warrantors”	collectively, the First Warrantor and the Second Warrantor
“%”	per cent.

By order of the board of directors of  
**G-Prop (Holdings) Limited**  
**Mr. Lam, Kwong-wai**  
*Company Secretary*

By order of the sole director of  
**Champion Dynasty Limited**  
**Mr. Cheung Wai Kuen**  
*Director*

Hong Kong, 5 July 2012

*As at the date of this joint announcement, the executive Directors of the Company are Mr. Kong, Chi-ming and Mr. Leung, Wing-pong; and the independent non-executive Directors of the Company are Dr. David Chain, Chi-woo, Mr. Lam, Yat-fai, and Mr. Leung, Yun-fai.*

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Cheung Wai Kuen.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information in relation 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 joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information in relation to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*Website of the Company: <http://www.g-prop.com.hk>*