



**G·PROP**  
(HOLDINGS) LIMITED

# G-PROP (HOLDINGS) LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock code: 286)

## FINAL RESULT FOR THE YEAR ENDED 31 DECEMBER 2006

	FIVE YEAR FINANCIAL SUMMARY				
	For the year ended 31 December			For the nine months ended	For the year ended
	2006	2005	2004	31.12.2003	2003
	HK\$'000	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000
<b>Results</b>					
Revenue	<u>3,512</u>	<u>4,698</u>	<u>9,362</u>	<u>3,287</u>	<u>8,951</u>
Profit/(loss) before taxation	<u>5,511</u>	<u>9,216</u>	<u>10,204</u>	<u>439,910</u>	<u>(244,867)</u>
Taxation	<u>(692)</u>	<u>(2,124)</u>	<u>306</u>	<u>(43)</u>	<u>(440)</u>
Profit/(loss) for the year/period	<u>4,819</u>	<u>7,092</u>	<u>10,510</u>	<u>439,867</u>	<u>(245,307)</u>
Attributable to:					
Equity holders of the parent	<u>4,819</u>	<u>7,092</u>	<u>10,510</u>	<u>439,867</u>	<u>(245,247)</u>
Minority interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60)</u>
<b>Profit/(loss) for the year/period</b>	<u>4,819</u>	<u>7,092</u>	<u>10,510</u>	<u>439,867</u>	<u>(245,307)</u>

The Board of Directors (the "Board") of G-Prop (Holdings) Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006, together with the comparative figures for the corresponding year in 2005 as follows:

**RESULTS**  
**CONSOLIDATED INCOME STATEMENT**  
*For the year ended 31 December 2006*

	<i>Notes</i>	<b>2006</b> <b>HK\$'000</b>	2005 <i>HK\$'000</i>
<b>Turnover</b>	3	<b>3,512</b>	4,698
<b>Direct costs</b>		<b>(1,689)</b>	(2,037)
<b>Gross profit</b>		<b>1,823</b>	2,661
<b>Other operating income</b>	4	<b>2,409</b>	1,042
<b>Administrative expenses</b>		<b>(3,293)</b>	(2,913)
<b>Finance costs</b>	5	–	(159)
<b>(Loss)/gain on disposal of investment properties</b>		<b>(746)</b>	3,538
<b>Fair value changes on investment properties</b>		<b>5,318</b>	5,047
<b>Profit before taxation</b>	6	<b>5,511</b>	9,216
<b>Taxation</b>	7	<b>(692)</b>	(2,124)
<b>Profit for the year</b>		<b>4,819</b>	7,092
<b>Dividends</b>	8	<b>7,941</b>	7,941
<b>Earnings per share</b>	9		
Basic (HK cents per share)		<b>0.6</b>	0.9
Diluted (HK cents per share)		<b>0.6</b>	0.9

## CONSOLIDATED BALANCE SHEET

As at 31 December 2006

		2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		35,600	107,720
Intangible asset		–	–
Interests in associates		–	–
Interests in jointly controlled entities		–	–
Available-for-sale financial assets		220	220
		<u>35,820</u>	<u>107,940</u>
<b>Current assets</b>			
Trade and other receivables	10	593	608
Short-term loans receivable		–	–
Cash and cash equivalents		88,062	27,559
		<u>88,655</u>	<u>28,167</u>
Non-current assets classified as held for sale		9,338	–
		<u>97,993</u>	<u>28,167</u>
<b>Current liabilities</b>			
Trade and other payables	11	3,229	3,132
Amounts due to fellow subsidiaries		185	146
		<u>3,414</u>	<u>3,278</u>
<b>Net current assets</b>		<u>94,579</u>	<u>24,889</u>
<b>Total assets less current liabilities</b>		<u>130,399</u>	<u>132,829</u>
<b>Non-current liabilities</b>			
Deferred taxation liabilities		1,723	1,031
		<u>1,723</u>	<u>1,031</u>
<b>Total assets and liabilities</b>		<u>128,676</u>	<u>131,798</u>
<b>Capital and reserves</b>			
Share capital		7,940	7,940
Share premium and reserves		120,736	123,858
<b>Total equity</b>		<u>128,676</u>	<u>131,798</u>

## Notes

### 1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), and Interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The measurement basis used in the preparation of the consolidated financial statement is historical cost as modified by the revaluation of certain investment properties which are carried at fair value.

The preparation of the consolidated financial statements requires management to exercise its judgment in the process of applying the Company’s accounting policies.

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

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are either effective for accounting periods beginning on or after 31 December 2005 or 1 January 2006. The new HKFRSs adopted by the Group in the consolidated financial statements are set out as follows:

HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS – Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above new HKFRSs has no material impact on the accounting policies and the results and financial position of the Group.

The Group has not early adopted the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HK(IFRIC)-Int 8	Scope of HKFRS 2 <sup>2</sup>
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives <sup>3</sup>
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 May 2006

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2006

<sup>4</sup> Effective for annual periods beginning on or after 1 November 2006

### 3. Turnover

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

	2006 HK\$'000	2005 HK\$'000
Rental income	3,227	4,189
Income from finance	285	509
	<u>3,512</u>	<u>4,698</u>

#### 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 years 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:

**For the year ended 31 December 2006**

	<b>Investment and finance</b> <i>HK\$'000</i>	<b>Properties investment</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>
<b>Income statement:</b>			
Turnover			
External sales	285	3,227	3,512
Segment result	<u>612</u>	<u>6,264</u>	6,876
Interest income			1,846
Unallocated corporate expenses			(3,211)
Profit before taxation			5,511
Taxation			(692)
Profit for the year			<u>4,819</u>
<b>Other segment information</b>			
Fair value changes on investment properties	–	5,318	5,318
Impairment losses reversed in the income statement	327	–	327
Other non-cash expenses	–	(12)	<u>(12)</u>

**For the year ended 31 December 2005**

	<b>Investment and finance</b> <i>HK\$'000</i>	<b>Properties investment</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>
<b>Income statement:</b>			
Turnover			
External sales	509	4,189	4,698
Segment result	<u>897</u>	<u>10,744</u>	11,641
Interest income			429
Unallocated corporate expenses			(2,695)
Finance costs			(159)
Profit before taxation			9,216
Taxation			(2,124)
Profit for the year			<u>7,092</u>
<b>Other segment information</b>			
Fair value changes on investment properties	–	5,047	5,047
Impairment losses reversed in the income statement	388	–	<u>388</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 is presented.

**4. Other Operating Income**

	<b>2006</b> <i>HK\$'000</i>	<b>2005</b> <i>HK\$'000</i>
Other operating income included the following:		
Interest income	<b>1,846</b>	429
Written back of allowance for bad and doubtful debts	<u>327</u>	<u>388</u>

**5. Finance Costs**

	<b>2006</b> <i>HK\$'000</i>	<b>2005</b> <i>HK\$'000</i>
Interest on bank and other borrowings not wholly repayable with five years	<u>–</u>	<u>159</u>

**6. Profit before Taxation**

	<b>2006</b> <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Profit before taxation have been arrived at after charging:		
Staff costs:		
Directors' remuneration	204	153
Salaries and other benefits	1,066	976
Retirement benefit scheme contributions excluding directors and after forfeited contribution of HK\$9,000 (2005: HK\$8,000)	52	40
	<u>1,322</u>	<u>1,169</u>
Auditors' remuneration	300	460
and after crediting:		
Property rental income, net of outgoings of HK\$965,000 (2005: HK\$1,103,000)	<u>2,262</u>	<u>3,086</u>

**7. Taxation**

	<b>2006</b> <i>HK\$'000</i>	2005 <i>HK\$'000</i>
The charge comprises:		
Taxation of the Company and its subsidiaries	–	–
Deferred taxation	692	2,124
	<u>692</u>	<u>2,124</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 the year or have tax losses brought forward to set off assessable profit for the year.

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

**8. Dividends**

	<b>2006</b> <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Proposed final dividend of HK\$0.01 (2005: HK\$0.01) per share	<u>7,941</u>	<u>7,941</u>

The directors of the Company have resolved to recommend the payment of a final dividend of HK\$7,941,000 representing HK\$0.01 (2005: HK\$0.01 per share) per share in respect of the year ended 31 December 2006. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

The proposed final dividends for the year ended 31 December 2005 of HK\$0.01 per share was approved by the shareholders in general meeting and paid during the year.

**9. Earnings per share**

The calculation of the basic earnings per share is based on the profit for the year of HK\$4,819,000 (2005: HK\$7,092,000) and on the weighted average number of ordinary shares in issue of 794,057,800 shares during the year (2005: 781,383,827 shares).

For the years ended 31 December 2006 and 31 December 2005, no diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue.

**10. Trade and other receivables**

Included in trade and other receivables of the Group are trade receivables of HK\$271,000 (2005: HK\$182,000) comprising mainly rental receivables which are billed in advance and settlements are expected upon receipts of billings. Its aged analysis at the balance sheet date is as follows:

	<b>2006</b> <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Within 30 days	215	172
31 – 60 days	38	3
Over 60 days	18	7
	<u>271</u>	<u>182</u>

The Directors consider that the carrying amount of the Group's trade and other receivables at 31 December 2006 approximates to their fair value.

## 11. Trade and other payables

Included in trade and other payables of the Group are trade creditors of HK\$10,000 (2005: HK\$146,000). Its aged analysis at the balance sheet date is as follows:

	2006 HK\$'000	2005 HK\$'000
Within 30 days	4	28
31 – 60 days	–	10
Over 60 days	6	108
	<u>10</u>	<u>146</u>

The Directors consider that the carrying amount of the Group's trade and other payables at 31 December 2006 approximates to their fair value.

## 12. Comparative Figures

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

### BUSINESS REVIEW

During the year ended 31 December 2006, the Group disposed of 3-storey shopping arcade which is known as Yuen Long New Place and two residential units on 4th floor of Golden Hall Building. The shopping arcade had a total gross floor area of approximately 19,127 square feet and the loss on disposal of was HK\$0.7 million as disclosed as the loss on disposal of investment properties in the consolidated income statement for the year ended 31 December 2006. After the completion of the disposal in September 2006, the remaining eight levels of the godown in Kwai Chung were continuing to generate rental income to the Group for the whole year.

As the above disposal was completed in September 2006, there was a decrease in rental income from HK\$4.2 million in 2005 to HK\$3.2 million in 2006 and contributed 83.3% of HK\$1.2 million reduction on turnover for the year ended 31 December 2006.

### FINANCIAL OPERATION REVIEW

#### Results

Turnover for the year was HK\$3.5 million and was decreased by HK\$1.2 million or 25.2% when compared with last year. The decrease in turnover was the result of the decrease in rental income and other investment of HK\$1 million and HK\$0.2 million respectively.

The profit from operations for the year was HK\$4.8 million and was decreased by HK\$2.3 million or 32.1%. It is merely because the loss on disposal of investment properties for the year was HK\$0.7 million but there was a gain on disposal of investment properties of HK\$3.5 million in last year. Other operating income for the year was HK\$2.4 million (2005: HK\$1 million), which mainly comprised of bank interest income of HK\$1.8 million, representing an increase of 3.3 times from last year. Increase in bank interest income was due to increase in bank balance arising from disposal of investment properties during the year.

#### Net Asset Value

As at 31 December 2006, the Group's total net asset was approximately HK\$128.7 million (2005: HK\$131.8 million), a decrease of HK\$3.1 million or 2.4% when compared with last year. The decrease was caused by net effects on the dividend payment of HK\$7.9 million during the year and retained profit for the year of HK\$4.8 million for the year. Net asset value per share as at 31 December 2006 was HK\$0.162 (2005: HK\$0.166).

#### 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 HK\$1.8 million. There was no finance costs due to no borrowing of the Group during the year.

#### Remuneration Policies and Share Option Scheme

As at 31 December 2006, the Group employed a total of 3 staff excluding the directors (31 December 2005: 4 staff). Total staff cost for the year was approximately HK\$1.1 million and no material difference with last year (2005: HK\$1 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 will be disclosed in the financial statements for the year ended 31 December 2006. There were no outstanding options at the beginning and at the end of the year. No options were granted, exercised, cancelled and lapsed during the year.

### **Property Valuation**

During the year, the Group has disposed investment properties with carrying value of HK\$68.1 million as at 1 January 2006. The Group's investment properties were revalued at 31 December 2006 by Norton Appraisals Limited, an independent firm of professional property valuers, at HK\$35.6 million after reallocation HK\$9.3 million to non-current assets held for sales during the year. The non-current assets held for sales comprised of properties which the indirect wholly subsidiaries had entered into sale and purchase agreement before 31 December 2006 with the completion date after 31 December 2006. The surplus on revaluation of investment properties of HK\$5.3 million was credited to the consolidated income statement.

### **Dividends**

The directors of the Company have resolved to recommend the payment of a final dividend of HK\$7,941,000 representing HK\$0.01 (2005: HK\$0.01 per share) per share in respect of the year ended 31 December 2006. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

The register of members will be closed from 9 May 2007 to 15 May 2007 (both days inclusive) and those persons whose names are Registered as Members of the Company on 15 May 2007 will be entitled to receive the proposed final dividend. In order to qualify for the purposed final dividend, all transfers must be lodged with Company's Branch Share Registrar in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road, East, Hong Kong not later than 4:00 p.m. on 8 May 2007.

It is expected that the relevant dividend will be payable to those entitled thereto on or around 5 June 2007 subject to the shareholder's approval in the 2007 annual general meeting of the Company.

### **Post Balance Sheet Event**

- (a) On 29 December 2006, Boria Enterprises Limited ("Boria"), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party in relation to the disposal of a property located at 3rd Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at a consideration of HK\$8,800,000, which shall be satisfied by the purchaser in cash and completed on or before 31 May 2007. Details of the disposal were disclosed in the Company's announcement dated 12 December 2006 and Company's circular dated 27 December 2006.
- (b) On 4 January 2007, Boria entered into a preliminary sale and purchase agreement with an independent third party in relation to the disposal of a property located at 11th Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at a consideration of HK\$5,180,000, which shall be satisfied by the purchaser in cash and completed on or before 25 July 2007. Details of the disposal were disclosed in the Company's announcement dated 8 January 2007 and Company's circular dated 27 January 2007.
- (c) On 16 January 2007, Boria entered into a preliminary sale and purchase agreement, with an independent third party in relation to the disposal of properties located at 7th to 10th Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at a total consideration of HK\$20,660,000, which shall be satisfied by the purchaser in cash and completed on 6 August 2007. Details of the disposal were disclosed in the Company's announcement dated 13 February 2007.

### **PROSPECTS**

The existing eight levels of the godown in Kwai Chung are expected to continue to generate rental income to the Group until the disposal of 3rd Floor, 11th floor and 7th to 10th of the godown would be completed on or before 31 May 2007 and 25 July 2007 and on 6 August 2007 respectively. On 6 August 2007, on the assumption that there is no further acquisition made by the Group and the above disposed properties are completed on time, the remaining investment properties owned by the Group will comprise the whole of 4th Floor (including the Flat Roof thereof), the whole of 5th Floor and ground floor Car parking space no. 25 of the godown building. Those two levels of the godown will continue to generate rental income for the year ending 31 December 2007.



The cash balance at 31 December 2006 was HK\$88 million. Adding up the net proceeds of HK\$34 million from the disposal of the above properties, net operating cash inflow and deducting the proposed final dividend of HK\$7.9 million for the year of 2006 and the expected cash balance will be HK\$119 million. The percentages of cash to total assets and net assets of the Group will be approximately 93% and 95% respectively. The Group is principally engaged in property investment and property leasing in Hong Kong. The Group has no intention to change its principal business. The Directors will make use of the funds available identifying the suitable investment(s) and / or business(es) and will consider new investment before 6 August 2007.

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

During the reporting period, the Company has fully adopted and no departure from the provision of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of Listing Rules of The Stock Exchange of Hong Kong (the “HKEx”) except for certain deviations in respect of the followings:

Under code provisions A.4.1 and A.4.2 in Appendix 14 of the Listing Rules, (a) non-executive directors should be appointed for specific terms and subject to re-election, and (b) every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The independent non-executive directors of the Company were not appointed for any specific terms, as they are subject to retirement by rotation at the Company’s annual general meeting in accordance with the Company’s Bye-laws. Under the Company’s Bye-laws, at each annual general meeting, one-third of the directors of the Company for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that notwithstanding anything herein, the Chairman or Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors of the Company to retire in each year. Meeting the same objective on re-election at regular intervals as the code provision, the Company shall take the relevant measures towards compliance with the Code.

#### **COMPLIANCE WITH THE MODEL CODE**

The Securities Transaction Code of the Company has been adopted without deviation by the Board in accordance with Appendix 10 to the Listing Rules of the HKEx entitled Model Code for Securities Transaction by Directors of Listed Issuers (“Model code”). The Company has made specific enquiry of all Directors whether the directors have complied with the required standard set out in the Model Code regarding to Directors’ securities transactions and all Directors confirmed that they have complied with the Model Code.

#### **REVIEW OF FINANCIAL RESULTS AND THIS ANNOUNCEMENT**

The financial results for the year ended 31 December 2006 have been reviewed and consented by the Audit Committee of the Company and this result announcement has been reviewed without disagreement with the auditors of the Company, HLB Hodgson Impey Cheng.

By Order of the Board  
**Ming-wai Lau**  
Chairman

Hong Kong, 8 March 2007

*As at the date of this announcement, the Board comprises Mr. Ming-wai Lau, 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.*

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

“Please also refer to the published version of this announcement in The Standard”