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G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The board of directors (the “Board”) of G-Prop (Holdings) Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2011 (the “Year”) pursuant to paragraph 45 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Group’s consolidated statement of comprehensive income and consolidated statement of financial position, together with the comparative figures of the corresponding year ended 31 December 2010 are set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	<i>Notes</i>	2011 HK\$'000	2010 HK\$'000
Revenue	3	8,410	8,483
Costs of sales		<u>(162)</u>	<u>(204)</u>
Gross profit		8,248	8,279
Other income	5	3,981	210
Administrative expenses		(2,885)	(5,218)
Fair value changes on investment properties		<u>3,800</u>	<u>(4,150)</u>
Profit (loss) before tax		13,144	(879)
Income tax expense	7	<u>(50)</u>	<u>(980)</u>
Profit (loss) for the year	6	13,094	(1,859)
Other comprehensive (expense) income			
Fair value changes on available-for-sale financial assets		<u>(4,225)</u>	<u>5,415</u>
Total comprehensive income for the year		<u>8,869</u>	<u>3,556</u>
Profit (loss) for the year attributable to owners of the Company		<u>13,094</u>	<u>(1,859)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>8,869</u>	<u>3,556</u>
Earnings (loss) per share (HK cents)	9		
Basic and diluted		<u>0.54</u>	<u>(0.08)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	<i>Notes</i>	2011 HK\$'000	2010 HK\$'000
Non-current assets			
Investment properties		32,150	28,350
Goodwill		2,939	2,939
Interests in jointly controlled entities		–	–
Available-for-sale financial assets	10	34,978	79,677
		70,067	110,966
Current assets			
Available-for-sale financial assets	10	41,908	85,031
Debtors, deposits and prepayments	11	1,061	705
Short-term loans receivable		–	–
Loan to a fellow subsidiary		300,000	200,000
Time deposits and bank balances		75,650	91,242
		418,619	376,978
Current liabilities			
Creditors and accruals	12	488	1,220
Deposits and receipts in advance		438	427
Tax liabilities		11	9
Amount due to ultimate holding company		3	–
Amounts due to fellow subsidiaries		103	230
		1,043	1,886
Net current assets		417,576	375,092
Total assets less current liabilities		487,643	486,058
Equity attributable to owners of the Company			
Share capital		24,282	24,282
Share premium		351,638	351,638
Translation reserve		234	234
Securities investments reserve		(2,907)	1,318
Retained profits			
– Proposed final dividend		2,428	4,857
– Others		111,861	103,623
Total equity		487,536	485,952
Non-current liability			
Deferred tax liabilities		107	106
		487,643	486,058

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which is a collective term that includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial instruments, which are measured at their fair values.

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The accounting policies adopted in the consolidated financial statements for the Year are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2010 except as described below.

In the current year, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2011. The new HKFRSs adopted by the Group in the consolidated financial statements are set out below:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transaction with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definition of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

The Group had early adopted the amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 “Investment Property” for the financial year ended 31 December 2010 and this change in accounting policy has been consistently applied in the consolidated financial statements.

Save as described above, the application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 1 (Amendments)	Disclosures – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ¹
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities ³
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁵
HKFRS 9	Financial Instruments ⁵
HKFRS 10	Consolidated Financial Statements ³
HKFRS 11	Joint Arrangements ³
HKFRS 12	Disclosure of Interests in Other Entities ³
HKFRS 13	Fair Value Measurement ³
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ²
HKAS 19 (Revised in 2011)	Employee Benefits ³
HKAS 27 (Revised in 2011)	Separate Financial Statements ³
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures ³
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ⁴
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ³

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 July 2012

³ Effective for annual periods beginning on or after 1 January 2013

⁴ Effective for annual periods beginning on or after 1 January 2014

⁵ Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 “Financial Instruments” (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 “Financial Instruments” (as revised in November 2010) adds requirements for the financial liabilities and for derecognition. Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The application of HKFRS 9 might affect the classification, measurement and presentation of the Group’s financial assets and financial liabilities.

The Group is in the process of assessing the potential impact of these new and revised HKFRSs but is not yet in a position to determine whether these new and revised HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. Revenue

	2011	2010
	HK\$'000	HK\$'000
Revenue represents the aggregate amounts received and receivable, analysed as follows:		
Property rental income	1,764	1,695
Interest income from investment and finance	6,646	6,788
	8,410	8,483

4. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has engaged two reportable segments – (i) investment and finance; and (ii) properties investment. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

Principal activities are as follows:

- Investment and finance – Investing and financing activities
- Properties investment – Property leasing

The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2010.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

The Group evaluates performance on the basis of profit or loss from operations before tax expense but not including the major non-cash items. The major non-cash item is fair value changes on investment properties. There is no intersegment revenue accountable for in both years.

Included in revenue arising from investment and finance of HK\$6,646,000 (2010: HK\$6,788,000) is revenue of approximately HK\$5,070,000 (2010: HK\$5,961,000) which arose from the Group's three (2010: four) major customers and each customer accounted for more than 10% of the Group's total revenue.

Operating segment information is presented below:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Investment and finance HK\$'000	Properties investment HK\$'000	Consolidated HK\$'000
Revenue			
Revenue from external customers	<u>6,646</u>	<u>1,764</u>	<u>8,410</u>
Results			
Segment results for reportable segments	<u>9,304</u>	<u>1,619</u>	10,923
Unallocated items			
Interest income			579
Unallocated corporate expenses, net			(2,158)
Income tax expense			<u>(50)</u>
Core profit (excluding major non-cash item)			9,294
Major non-cash item			
– fair value changes on investment properties			<u>3,800</u>
Profit for the year attributable to owners of the Company			<u><u>13,094</u></u>

Consolidated Statement of Financial Position

At 31 December 2011

	Investment and finance HK\$'000	Properties investment HK\$'000	Consolidated HK\$'000
Assets			
Segment assets for reportable segments	<u>448,279</u>	<u>37,468</u>	485,747
Unallocated corporate assets			<u>2,939</u>
Consolidated total assets			<u><u>488,686</u></u>
Liabilities			
Segment liabilities for reportable segments	<u>536</u>	<u>496</u>	1,032
Unallocated corporate liabilities			<u>118</u>
Consolidated total liabilities			<u><u>1,150</u></u>

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2010

	Investment and finance HK\$'000	Properties investment HK\$'000	Consolidated HK\$'000
Revenue			
Revenue from external customers	<u>6,788</u>	<u>1,695</u>	<u>8,483</u>
Results			
Segment results for reportable segments	<u>4,437</u>	<u>1,508</u>	5,945
Unallocated items			
Interest income			93
Unallocated corporate expenses			(2,767)
Income tax expense			<u>(980)</u>
Core profit (excluding major non-cash item)			2,291
Major non-cash item			
– fair value changes on investment properties			<u>(4,150)</u>
Loss for the year attributable to owners of the Company			<u>(1,859)</u>

Consolidated Statement of Financial Position
At 31 December 2010

	Investment and finance HK\$'000	Properties investment HK\$'000	Consolidated HK\$'000
Assets			
Segment assets for reportable segments	<u>452,846</u>	<u>32,159</u>	485,005
Unallocated corporate assets			<u>2,939</u>
Consolidated total assets			<u>487,944</u>
Liabilities			
Segment liabilities for reportable segments	<u>1,326</u>	<u>551</u>	1,877
Unallocated corporate liabilities			<u>115</u>
Consolidated total liabilities			<u>1,992</u>

Geographical information

For the years ended 31 December 2011 and 2010, all the Group's operations are located in Hong Kong. The Group's revenue is all derived from Hong Kong for both years.

5. Other Income

	2011 HK\$'000	2010 HK\$'000
Included in other income are:		
Interest income	579	93
Exchange gain, net	<u>2,658</u>	<u>–</u>

6. Profit (Loss) for the Year

	2011 HK\$'000	2010 HK\$'000
Profit (loss) for the year has been arrived at after (charging) crediting:		
Total staff costs:		
Directors' emoluments	(470)	(410)
Salaries and other benefits	(989)	(899)
Retirement benefit scheme contributions	(52)	(40)
	(1,511)	(1,349)
Auditors' remuneration	(300)	(300)
Exchange loss, net	–	(2,451)
Gross rental income from investment properties	1,764	1,695
Less: Direct operating expenses from investment properties that generated rental income during the year	(146)	(187)
Direct operating expenses from investment properties that did not generate rental income during the year	(16)	(17)
	<u>1,602</u>	<u>1,491</u>

7. Income Tax Expense

	2011 HK\$'000	2010 HK\$'000
The charge comprises:		
Current tax:		
Hong Kong	49	51
Deferred tax	<u>1</u>	<u>929</u>
	<u><u>50</u></u>	<u><u>980</u></u>

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the Year.

8. Dividends

	2011 HK\$'000	2010 HK\$'000
(a) Final dividend for 2010 paid on 17 June 2011 of HK0.2 cents (2009: HK0.1 cent) per share	4,857	2,428
(b) Interim dividend for 2011 paid on 28 September 2011 of HK0.1 cent (2010: Nil) per share	<u>2,428</u>	<u>–</u>
Total dividends paid	<u><u>7,285</u></u>	<u><u>2,428</u></u>

Final dividend of HK0.1 cent (2010: HK0.2 cents) per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. Earnings (Loss) Per Share

The calculation of the basic and diluted earnings (loss) per share is based on the profit attributable to owners of the Company of HK\$13,094,000 (2010: loss of HK\$1,859,000) and the weighted average number of 2,428,255,008 (2010: 2,428,255,008) ordinary shares in issue during the Year.

Diluted earnings (loss) per share for the years ended 31 December 2011 and 2010 was the same as the basic earnings (loss) per share as there were no diluting events during both years.

10. Available-for-sale Financial Assets

	2011 HK\$'000	2010 HK\$'000
Available-for-sale financial assets comprise:		
Club debentures	–	–
Floating rate notes		
Listed	–	38,976
Unlisted	<u>76,886</u>	<u>125,732</u>
	<u>76,886</u>	<u>164,708</u>
Analysis for reporting purposes as:		
Non-current assets	34,978	79,677
Current assets	<u>41,908</u>	<u>85,031</u>
	<u>76,886</u>	<u>164,708</u>

The unlisted floating rate notes carry floating interest at LIBOR plus 0.3% to 0.35% (2010: listed floating rate note EURIBOR plus 0.2% and unlisted floating rate notes LIBOR plus 0.3% to 0.35%) per annum. The floating rate notes will mature in 2012 and 2014.

11. Debtors, Deposits and Prepayments

Included in debtors, deposits and prepayments are trade receivable of HK\$8,400 (2010: Nil) comprised rental receivables billed in advance and settlements are expected upon receipts of billings.

The following is the aged analysis of trade receivable (net of allowance for doubtful debts), at the end of the reporting period:

	2011 HK\$'000	2010 HK\$'000
0 – 30 days	4	–
31 – 60 days	<u>4</u>	<u>–</u>
	<u>8</u>	<u>–</u>

The directors of the Company consider that the carrying amounts of the Group's debtors, deposits and prepayments approximate their fair values.

12. Creditors and Accruals

There were no trade payable included in creditors and accruals as at 31 December 2011 and 2010.

DIVIDENDS

The Board has recommended the payment of final dividend of HK0.1 cent per share for the Year (2010: HK0.2 cents). Subject to the shareholders' approval at the forthcoming annual general meeting of the Company to be held on 25 May 2012 (the "AGM"), the recommended final dividend will be paid on or around 13 June 2012 to the shareholders whose names appear on the register of members of the Company on 1 June 2012.

Taken together with the interim dividend of HK0.1 cent per share paid on 28 September 2011, this will make a total dividend for the full year of HK0.2 cents per share in 2011 (2010: HK0.2 cents).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 23 May 2012 to 25 May 2012, both days inclusive. In order to be eligible to attend and vote at the AGM, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar and Transfer Office in Hong Kong, namely Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 May 2012.

The recommended final dividend is subject to the approval of the shareholders at the AGM. The record date for the recommended final dividend is at the close of business on 1 June 2012. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 31 May 2012 to 1 June 2012, both days inclusive. In order to qualify for the recommended final dividend, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar and Transfer Office in Hong Kong, namely Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 30 May 2012.

FINANCIAL OPERATION REVIEW

Results

Revenue for the Year was HK\$8,410,000 (2010: HK\$8,483,000), a slight decrease of HK\$73,000 when compared with last year. Gross profit for the Year amounted to HK\$8,248,000 (2010: HK\$8,279,000), a decrease of HK\$31,000 as compared with last year. Interest income generated from floating rate notes (“FRN”) and loan to a fellow subsidiary was HK\$3,803,000 (2010: HK\$4,434,000) and HK\$2,843,000 (2010: HK\$2,354,000) respectively.

For property leasing, rental income for the Year amounted to HK\$1,764,000 (2010: HK\$1,695,000). An increase in fair value of investment properties of HK\$3,800,000 was recorded in the Year compare with a decrease of HK\$4,150,000 in 2010.

Exchange gain included in other income of HK\$2,658,000 (2010: exchange loss of HK\$2,451,000 included in administrative expenses) was mainly due to the conversion of cash, received upon maturity of EUR denominated FRN, in foreign currency into Hong Kong Dollars.

Profit (Loss) Attributable to Owners of the Company

For the Year, profit attributable to owners of the Company surged to HK\$13,094,000 (2010: loss of HK\$1,859,000) which was mainly due to the increase in fair value of investment properties and exchange gain upon conversion of cash, received upon maturity of EUR denominated FRN, in foreign currency into Hong Kong Dollars. The basic and diluted earnings per share for the Year are HK0.54 cents (2010: loss per share of HK0.08 cents).

Core Profit

The major non-cash item for the Year was the increase in fair value of investment properties of HK\$3,800,000 (2010: decrease of HK\$4,150,000). The core profit attributable to owners of the Company will drop to HK\$9,294,000 (2010: turn around to profit of HK\$2,291,000) when the major non-cash item is excluded.

Net Asset Value

As at 31 December 2011, the Group's total net asset attributable to owners of the Company was HK\$487,536,000 (2010: HK\$485,952,000), showing an increase of HK\$1,584,000 or 0.3% compared with last year. The increase comprises the profit retained for the Year of HK\$13,094,000, decrease of fair value of available-for-sale financial assets of HK\$4,225,000 and payment of dividends of HK\$7,285,000.

Net asset value per share attributable to owners of the Company as at 31 December 2011 was HK20.08 cents (2010: HK20.01 cents).

Investment and Finance

Certain long term FRN matured during the Year. As at 31 December 2011, the FRN retained and recorded under available-for-sale financial assets are in principal amount of US\$10,500,000 with maturity dates in 2012 and 2014. The interest rates are calculated with reference to the LIBOR. The three-year revolving loan to Chinese Estates Group ("CE Group") of HK\$200,000,000 per agreement made in 2008 expired during the Year. A new three-year revolving loan facility up to HK\$300,000,000 at HIBOR plus 1.5% per annum was lent to the CE Group on 3 November 2011. No hedging for interest rate and foreign currency were subsisted during the Year.

As at 31 December 2011, the carrying amount of the FRN amounted to HK\$76,886,000 (2010: HK\$164,708,000), and the loan amounted to HK\$300,000,000 (2010: HK\$200,000,000) representing 15.7% and 61.4% of the total assets of the Group respectively.

Equity

The number of issued ordinary shares as at 31 December 2011 and 2010 were 2,428,255,008.

Debt and Equity Ratio

The Group did not have any borrowings as at 31 December 2011 and 2010.

The Group continued to maintain a sound capital and cash position. Time deposits and bank balances as at 31 December 2011 was approximately HK\$75,650,000 (2010: HK\$91,242,000). The majority of the Group's income for the Year was denominated in Hong Kong Dollars and United States Dollars and no hedging for non-Hong Kong Dollars assets or investments had been made during the Year.

Pledge of Assets

As at 31 December 2011 and 2010, no assets were pledged by the Group to secure any banking facilities and the Group did not have any obligations under banking facility documentation.

Capital Commitment and Contingent Liabilities

The Group did not have any material capital commitment and contingent liabilities as at 31 December 2011 and 2010.

Financial and Interest Income/Expenses

Interest income was included in revenue and other income for the Year. Interest income was HK\$7,225,000 (2010: HK\$6,881,000), representing an increase of 5% from last year. It was mainly due to the increase in interest income from time deposits and loan to CE Group for the Year. There was no finance cost (2010: Nil) during the Year.

Remuneration Policies and Share Option Scheme

As at 31 December 2011, the Group did not employ any staff (2010: Nil). The total staff cost excluding directors' emoluments for the Year was approximately HK\$1,041,000 (2010: HK\$939,000) representing the staff cost recharged from other fellow subsidiaries of the Company. The Company had adopted share option scheme since 15 February 2002. No option was outstanding at the beginning and at the end of the Year. No option was granted, exercised, cancelled or lapsed during the Year. The said scheme expired on 14 February 2012.

Property Valuation

A property valuation has been carried out by B.I. Appraisals Limited ("B.I. Appraisals"), independent qualified professional valuers, in respect of the Group's investment properties as at 31 December 2011 and it was used in preparing 2011 final results. Property valuation as at 31 December 2010 was also carried out by B.I. Appraisals. The valuation was based on either direct comparison approach assuming each of these properties is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets, or investment method by taking into account the current passing rents and the reversionary income potential of such properties.

The Group's investment properties were valued at HK\$32,150,000 as at 31 December 2011 (2010: HK\$28,350,000), an increase in fair value of HK\$3,800,000 was recognised in the consolidated statement of comprehensive income for the Year.

BUSINESS REVIEW

During the Year, the Group was mainly engaged in the businesses of investment and finance, and property investment.

Investment and Finance

During the Year, a total sum of HK\$200,000,000 advanced to the CE Group at the annual interest rate of HIBOR plus 1% under the three-year revolving loan facility agreement made in November 2008 expired on 3 November 2011. A new three-year revolving loan facility up to HK\$300,000,000 at the annual interest rate of HIBOR plus 1.5% was lent to the CE Group on 3 November 2011 upon receiving the approval from the independent shareholders of the Company.

At the end of the Year, the Company accrued an interest income in the sum of approximately HK\$2,843,000 from the aforesaid revolving loans, in comparison with HK\$2,354,000 last year.

On the other hand, the investment in various FRN for long-term investment purpose in EUR and USD denominated principal contributed an interest income of approximately HK\$3,803,000 for the Year, comparing HK\$4,434,000 last year. Certain FRN in the principal sum of EUR3,800,000 and US\$6,000,000 expired during the Year and the conversion of EUR into HK Dollars upon maturity of EUR denominated FRN has substantially contributed to the exchange gain for the Year.

Property Investment

As at 31 December 2011, the Group held 31 car parking spaces with 5 adjoining spaces and a carport basement situated in Wanchai and Central. The relevant occupancy rate was approximately 80.04% with rental income amounted to about HK\$1,764,000 for the Year. The rental income represented an increment of 4.1% as compared to last year. Besides, an unrealised fair value gains on investment properties in the amount of HK\$3,800,000 was recorded during the Year.

PROSPECTS

The sovereignty debts problems in certain European countries spread like fire and triggered off chain effect on the economy of other countries in the world. The risk of economic recession is getting higher and Hong Kong as an export-oriented economy cannot be relieved from adverse effect in this trend. The United States (“US”) economy has not shown substantial recovery since the global financial turmoil in 2008. The interest rate remains at a very low level in Hong Kong inter-banking industry. The Company, however, has bargained for a better interest rate return from the CE Group, notwithstanding the prevailing uncertain economic climate. It is believed that the interest on loan to the CE Group would be steady to bring income to the Group. For US Dollars denominated FRN, they would remain stable in light of the recent slight improvement in US economy. The revenue from the car parking spaces letting is believed to be stable in future. The Company strives to maintain a prudent but flexible business model in the getting harsh business environment. Meanwhile, the Company will continue to take a conservative and cautious stand to face the future business and economic challenges.

CORPORATE GOVERNANCE

The Company had fully applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Listing Rules throughout the Year. None of the directors was aware of any information that would reasonably indicate that the Company was during the Year, incompliant with the Code except for several deviations (some of them are minor deviations in form), concerning code provisions A.2 (Role of chairman), A.4.1 (Specific term of office for the non-executive directors) and C.2.2 (Adequacy of resources, qualifications and experience of staff of the listed company’s accounting and financial reporting function, and their training programmes and budget as part of internal control). For details of such deviations, please refer to pages 20 and 21 of the 2011 interim report of the Company. Full coverage of the aforesaid deviations of the code provisions will be reproduced in the Corporate Governance Report which will be included in the forthcoming 2011 annual report of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by the directors. The Company has also adopted a code of conduct regarding securities transactions by the relevant employees on terms no less exacting than the required standard set out in the Model Code (the “Employees’ Code”). Having made specific enquiry of all the directors and the relevant employees (viz., the senior executives of CE Group), all the directors and the relevant employees confirmed that they have complied with the required standard set out in the Model Code and the Employees’ Code throughout the Year.

PROPOSED AMENDMENTS TO THE BYE-LAWS AND ADOPTION OF NEW BYE-LAWS

It is proposed to amend the existing bye-laws of the Company (the “Bye-laws”) so as to bring the constitution of the Company in line with certain amendments made to the Listing Rules which came into effect on 1 January 2012 and to adopt a new set of Bye-laws which consolidates such proposed amendments and all previous amendments made pursuant to resolutions passed by the members of the Company at previous general meetings.

The proposed amendments to the Bye-laws relate to the removal of the exception that a director may vote (or be counted in the quorum) on any proposal concerning any other company in which he or his associates are interested, whether directly or indirectly, provided that he or any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company or of the voting rights.

Details of the proposed amendments to the Bye-laws will be set out in a circular and the notice convening the AGM. The proposed amendments and the adoption of a new set of Bye-laws will be subject to the approval of the shareholders by way of passing special resolutions at the said meeting.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Year.

REVIEW OF FINANCIAL RESULTS

The financial results for the Year have been reviewed by the Audit Committee of the Company.

APPRECIATION

I would like to take this opportunity to express our gratitude to the shareholders of the Company for their continued support, and our fellow directors and those who have worked for the Group for their valuable contribution.

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

Hong Kong, 9 March 2012

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

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