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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 2008

FINANCIAL HIGHLIGHTS

Continuing operations

Turnover was HK\$6.79 million, an increase of 141.50%

Loss for the Year from continuing operations was HK\$3.04 million

Discontinued operation

Loss for the Year from discontinued operation was HK\$1.81 million

Continuing and discontinued operations

Net loss for the Year attributable to the equity holders of the Company was HK\$4.85 million

Basic and diluted loss per share was HK0.24 cents

The board of directors (the "Board") of G-Prop (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the financial year ended 31 December 2008 (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 "Stock Exchange") (the "Listing Rules"). The Group's consolidated income statement for the Year and consolidated balance sheet as at 31 December 2008, all of which have been reviewed by the Audit Committee of the Company, together with the comparative figures of the corresponding year ended 31 December 2007 are set out as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000
Continuing Operations			
Turnover	3	6,790	2,812
Direct costs		<u>(239)</u>	<u>(314)</u>
Gross profit		6,551	2,498
Other operating income	5	6,147	5,343
Administrative expenses		(13,117)	(4,770)
Finance cost	6	(9,893)	(2,169)
Gain on disposal of investment properties		–	580
Gain on disposal of an intangible asset		–	11,865
Gain on redemption of convertible bonds		8,281	–
Fair value changes on investment properties		<u>(3,700)</u>	<u>1,950</u>
(Loss)/profit before tax	7	(5,731)	15,297
Income tax credit	8	<u>2,690</u>	<u>1,334</u>
(Loss)/profit for the year from continuing operations		(3,041)	16,631
Discontinued operation			
Loss for the year from discontinued operation		<u>(1,813)</u>	<u>(1,438)</u>
(Loss)/profit for the year attributable to the equity holders of the Company		<u>(4,854)</u>	<u>15,193</u>
(Loss)/earnings per share	9		
From continuing and discontinued operations			
Basic (HK cents per share)		<u>(0.24)</u>	<u>1.49</u>
Diluted (HK cents per share)		<u>(0.24)</u>	<u>1.39</u>
From continuing operations			
Basic (HK cents per share)		<u>(0.15)</u>	<u>1.63</u>
Diluted (HK cents per share)		<u>(0.15)</u>	<u>1.50</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Investment properties		27,300	31,000
Goodwill		2,939	10,459
Property, plant and equipment		–	4,250
Prepaid lease payments		–	60,397
Interests in jointly controlled entities		–	–
Available-for-sale financial assets	<i>10</i>	127,704	–
		157,943	106,106
Current assets			
Deposits, prepayments and other receivables	<i>11</i>	1,839	70,862
Short-term loans receivable		–	–
Loan to a fellow subsidiary	<i>12</i>	136,000	–
Prepaid lease payments		–	1,253
Tax recoverable		106	106
Time deposits, bank balances and cash		5,442	354,015
		143,387	426,236
Current liabilities			
Accruals, deposits received and other payables	<i>13</i>	1,759	2,853
Tax payable		24	463
Amounts due to fellow subsidiaries		144	–
		1,927	3,316
Net current assets		141,460	422,920
Total assets less current liabilities		299,403	529,026
Non-current liabilities			
Convertible bonds		–	143,678
Deferred tax liabilities		2,025	19,689
		2,025	163,367
Total assets and liabilities		297,378	365,659
Capital and reserves			
Share capital		20,282	20,282
Share premium and reserves		277,096	345,377
Total equity		297,378	365,659

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations 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 the Listing Rules.

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

2. APPLICATION OF NEW AND REVISED HKFRSs

The accounting policies adopted in the consolidated financial statements are consistent with those followed in the preparation of the Group’s financial statements for the year ended 31 December 2007, except as described below.

In the current year, the Group has applied, for the first time, a number of amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2008. The new HKFRSs adopted by the Group in the consolidated financial statements are set out as follows:

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

In addition, the Group early adopted HKFRS 8 “Operating Segments” where early adoption was permitted. HKFRS 8 supersedes HKAS 14 “Segment Reporting”, and requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-makers in order to allocate resources to the segment and to assess its performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to chief operating decision-makers as required by HKFRS 8, there are no material changes to the operating segments on the adoption of HKFRS 8.

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 period adjustment has been required.

The Group has not early adopted the following revised standards, amendments and interpretations that have been issued but are not yet effective. The Group is in the process of assessing the potential impact of these revised standards, amendments and interpretations but is not yet in a position to determine whether these revised standards, amendments and interpretations will have a significant impact on how its results of operations and financial position are prepared and presented. These revised standards, amendments and interpretations may result in changes in the future as to how the results and financial position are prepared and presented.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁵
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ³
HK(IFRIC) – Int 18	Transfers of Assets from Customers ³

¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

² Effective for annual periods beginning on or after 1 January 2009.

³ Effective for annual periods beginning on or after 1 July 2009.

⁴ Effective for annual periods beginning on or after 1 July 2008.

⁵ Effective for annual periods beginning on or after 1 October 2008.

The application of HKFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

3. TURNOVER

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

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Rental income	1,916	2,782	-	-	1,916	2,782
Interest income from finance	4,874	30	-	-	4,874	30
	6,790	2,812	-	-	6,790	2,812

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.

During the Year, the Group disposed of its subsidiaries and assets relating in manufacture and sales of methanol products, which resulted discontinuance of the methanol business segment.

Except for the discontinued methanol business segment, for management purposes, the Group currently engaged in two operating divisions – (i) investment and finance; and (ii) properties investment. The segmentations are based on the information about the operation 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 the year of 2007.

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

Except for the discontinued methanol business segment, no business unit is managed to operate in different countries separately. Revenue and result are attributed to countries on the basis of the assets located.

An analysis of the Group's reportable segment (loss)/profit for the year, assets, liabilities and other selected financial information for the year by operating segment is as follows:

For the year ended 31 December 2008

	Continuing operations			Discontinued operation	Consolidated
	Investment and finance HK\$'000	Property investment HK\$'000	Total HK\$'000	Methanol HK\$'000	HK\$'000
Income statement					
Turnover					
Revenue from external customers					
– Hong Kong	4,874	1,916	6,790	–	6,790
– the PRC	–	–	–	–	–
	<u>4,874</u>	<u>1,916</u>	<u>6,790</u>	<u>–</u>	<u>6,790</u>
Segment results					
for reportable segments					
– Hong Kong	(962)	(2,006)	(2,968)	–	(2,968)
– the PRC	–	–	–	–	–
	<u>(962)</u>	<u>(2,006)</u>	<u>(2,968)</u>	<u>–</u>	<u>(2,968)</u>
Interest income			4,717	41	4,758
Unallocated corporate income			9,694	–	9,694
Unallocated corporate expenses			(7,281)	(2,451)	(9,732)
Finance cost			<u>(9,893)</u>	<u>–</u>	<u>(9,893)</u>
Loss before tax			(5,731)	(2,410)	(8,141)
Income tax credit			<u>2,690</u>	<u>597</u>	<u>3,287</u>
Loss for the year			<u>(3,041)</u>	<u>(1,813)</u>	<u>(4,854)</u>

	Continuing operations			Discontinued	Consolidated
	Investment and finance	Property investment	Total	operation	
	HK\$'000	HK\$'000	HK\$'000	Methanol HK\$'000	HK\$'000
Balance sheet					
Assets					
Segment assets					
for reportable segments					
– Hong Kong	267,049	30,949	297,998	–	297,998
– the PRC	–	–	–	–	–
	<u>267,049</u>	<u>30,949</u>	<u>297,998</u>	<u>–</u>	<u>297,998</u>
Unallocated corporate assets					<u>3,332</u>
Consolidated total assets					<u><u>301,330</u></u>
Liabilities					
Segment liabilities					
for reportable segments					
– Hong Kong	(50)	(2,489)	(2,539)	–	(2,539)
– the PRC	–	–	–	–	–
	<u>(50)</u>	<u>(2,489)</u>	<u>(2,539)</u>	<u>–</u>	<u>(2,539)</u>
Unallocated corporate liabilities					<u>(1,413)</u>
Consolidated total liabilities					<u><u>(3,952)</u></u>
Other segment information					
Fair value changes on					
investment properties	–	3,700	3,700	–	3,700
Depreciation and amortisation	–	–	–	8	8
Additions to non-current assets					
(other than financial instruments					
and deferred tax assets)					
	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,047</u>	<u>1,047</u>

For the year ended 31 December 2007

	Continuing operations			Discontinued	Consolidated
	Investment and finance	Property investment	Total	operation	
	HK\$'000	HK\$'000	HK\$'000	Methanol HK\$'000	HK\$'000
Income statement					
Turnover					
Revenue from external customers					
– Hong Kong	30	2,782	2,812	–	2,812
– the PRC	–	–	–	–	–
	<u>30</u>	<u>2,782</u>	<u>2,812</u>	<u>–</u>	<u>2,812</u>
Segment results					
for reportable segments					
– Hong Kong	30	4,998	5,028	–	5,028
– the PRC	–	–	–	(1,470)	(1,470)
	<u>30</u>	<u>4,998</u>	<u>5,028</u>	<u>(1,470)</u>	<u>3,558</u>
Interest income			5,291	241	5,532
Unallocated corporate income			11,917	–	11,917
Unallocated corporate expenses			(4,770)	(209)	(4,979)
Finance cost			<u>(2,169)</u>	<u>–</u>	<u>(2,169)</u>
Profit/(loss) before tax			15,297	(1,438)	13,859
Income tax credit			<u>1,334</u>	<u>–</u>	<u>1,334</u>
Profit/(loss) for the year			<u>16,631</u>	<u>(1,438)</u>	<u>15,193</u>

	Continuing operations			Discontinued	Consolidated
	Investment and finance	Property investment	Total	operation	
	HK\$'000	HK\$'000	HK\$'000	Methanol HK\$'000	HK\$'000
Balance sheet					
Assets					
Segment assets					
for reportable segments					
– Hong Kong	35	34,615	34,650	–	34,650
– the PRC	–	–	–	167,187	167,187
	<u>35</u>	<u>34,615</u>	<u>34,650</u>	<u>167,187</u>	<u>201,837</u>
Unallocated corporate assets					<u>330,505</u>
Consolidated total assets					<u><u>532,342</u></u>
Liabilities					
Segment liabilities					
for reportable segments					
– Hong Kong	(10)	(4,289)	(4,299)	–	(4,299)
– the PRC	–	–	–	(11,315)	(11,315)
	<u>(10)</u>	<u>(4,289)</u>	<u>(4,299)</u>	<u>(11,315)</u>	<u>(15,614)</u>
Unallocated corporate liabilities					<u>(151,069)</u>
Consolidated total liabilities					<u><u>(166,683)</u></u>
Other segment information					
Fair value changes on					
investment properties	–	(1,950)	(1,950)	–	(1,950)
Depreciation and amortisation	–	–	–	15	15
Additions to non-current assets					
(other than financial instruments					
and deferred tax assets)					
	–	–	–	341	341
Impairment loss of goodwill	–	–	–	1,470	1,470
	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,470</u>	<u>1,470</u>

5. OTHER OPERATING INCOME

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other operating income included the followings:						
Interest income	4,717	5,291	41	241	4,758	5,532
Gain on disposal of subsidiaries	1,302	33	-	-	1,302	33

6. FINANCE COST

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Effective interest expense on convertible bonds	9,893	2,169	-	-	9,893	2,169

7. (LOSS)/PROFIT BEFORE TAX

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

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Staff costs:						
Directors' remuneration	290	234	–	–	290	234
Salaries and other benefits	758	775	809	34	1,567	809
Retirement benefit scheme contributions excluding directors and after forfeited contribution of HK\$7,000 (2007: HK\$12,000)	34	16	24	–	58	16
	1,082	1,025	833	34	1,915	1,059
Auditors' remuneration	420	420	–	–	420	420
Exchange loss	5,914	–	–	–	5,914	–
Impairment loss on available-for-sale financial assets	–	220	–	–	–	220
Depreciation on property, plant and equipment	–	–	6	11	6	11
Amortisation on prepaid lease payments	–	–	2	4	2	4
and after crediting:						
Gross rental income from investment properties	1,916	2,782	–	–	1,916	2,782
Less: direct operating expenses from investment properties that generated rental income during the year	(170)	(285)	–	–	(170)	(285)
direct operating expenses from investment properties that did not generate rental income during the year	(69)	(29)	–	–	(69)	(29)
	1,677	2,468	–	–	1,677	2,468
Amortised income derived from effective interest income included in interest income	1,464	–	–	–	1,464	–

8. INCOME TAX CREDIT

	Continuing operations		Discontinued operation		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Current tax						
– Hong Kong	85	467	–	–	85	467
Deferred tax						
– Current year	(2,614)	(1,801)	–	–	(2,614)	(1,801)
– Attributable to a change in tax rate	(161)	–	(597)	–	(758)	–
	<u>(2,775)</u>	<u>(1,801)</u>	<u>(597)</u>	<u>–</u>	<u>(3,372)</u>	<u>(1,801)</u>
	<u><u>(2,690)</u></u>	<u><u>(1,334)</u></u>	<u><u>(597)</u></u>	<u><u>–</u></u>	<u><u>(3,287)</u></u>	<u><u>(1,334)</u></u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2008 (2007: 17.5%).

9. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share from continuing and discontinued operations attributable to the equity holders of the Company is based on the following data:

	2008 HK\$'000	2007 HK\$'000
(Loss)/earnings:		
(Loss)/profit attributable to the equity holders of the Company for the purpose of basic (loss)/earnings per share calculation from:		
– continuing operations	(3,041)	16,631
– discontinued operation	<u>(1,813)</u>	<u>(1,438)</u>
	<u><u>(4,854)</u></u>	15,193
Effect of dilutive potential ordinary shares:		
– effective interest expense on convertible bonds		2,169
– deferred tax relating to effective interest expense on convertible bonds		<u>(380)</u>
		<u><u>16,982</u></u>

Number of shares:

	2008	2007
Weighted average number of ordinary shares in issue	<u><u>2,028,255,008</u></u>	1,020,609,068
Adjustment for assumed exercise of convertible bonds		<u>203,957,382</u>
		<u><u>1,224,566,450</u></u>

Diluted loss per share for the year ended 31 December 2008 did not assume the conversion of the convertible bonds outstanding during the year since their conversion would have an anti-dilutive effect on loss per share.

From continuing operations

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	2008	2007
	HK\$'000	HK\$'000
(Loss)/earnings:		
(Loss)/profit attributable to the equity holders of the Company for the purpose of basic (loss)/earnings per share calculation from:		
– continuing operations	<u><u>(3,041)</u></u>	16,631
Effect of dilutive potential ordinary shares:		
– effective interest expense on convertible bonds		2,169
– deferred tax relating to effective interest expense on convertible bonds		<u>(380)</u>
		<u><u>18,420</u></u>

Number of shares:

	2008	2007
Weighted average number of ordinary shares in issue	<u><u>2,028,255,008</u></u>	1,020,609,068
Adjustment for assumed exercise of convertible bonds		<u>203,957,382</u>
		<u><u>1,224,566,450</u></u>

Diluted loss per share for the year ended 31 December 2008 did not assume the conversion of the convertible bonds outstanding during the year since their conversion would have an anti-dilutive effect on loss per share.

From discontinued operation

Basic and diluted loss per share from discontinued operation is HK0.09 cents per share for the year ended 31 December 2008 (2007: HK0.14 cents), based on the loss for the year from discontinued operation of HK\$1,813,000 (2007: HK\$1,438,000) and the denominators detailed as continuing and discontinued operations for the basic (loss)/earnings per share as above.

Diluted loss per share for the year ended 31 December 2008 and 2007 did not assume the conversion of the convertible bonds outstanding during the year since their conversion would have an anti-dilutive effect on loss per share.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008 HK\$'000	2007 HK\$'000
The Group's available-for-sale financial assets comprise:		
Club debentures	–	–
Floating rate notes		
– Listed	35,262	–
– Unlisted	92,442	–
	<u>127,704</u>	–
	<u><u>127,704</u></u>	<u><u>–</u></u>

The listed and unlisted floating rate notes carry floating interest at EURIBOR + 0.2% and LIBOR + 0.3% to LIBOR + 0.35% per annum, payable quarterly with the date of maturity in between 2011 to 2014. The effective interest rate of the notes are ranging from 3.71% to 7.71% per annum.

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

There were no trade debtors as at 31 December 2008 and 2007.

12. LOAN TO A FELLOW SUBSIDIARY

On 4 November 2008, the Company, as lender, has entered into a loan agreement (the “Loan Agreement”) with Fancy Mark Limited (“Fancy Mark”), as borrower, and Chinese Estates Holdings Limited, as guarantor.

In accordance with the Loan Agreement, the Company would provide a three-year revolving facility of up to HK\$200 million to Fancy Mark. The Company is entitled, by giving not less than one month’s (or such shorter period as Fancy Mark may agree) prior notice to Fancy Mark, to demand full or partial repayment of the amount outstanding. Fancy Mark shall also repay the aggregate principal amount outstanding under the facility, all accrued interest thereon and all other amount payable under the Loan Agreement on the date falling three years from the date of the Loan Agreement. The loan to Fancy Mark carries an interest rate of HIBOR plus 1% per annum.

For further details, please refer to the Company’s circular dated 25 November 2008.

13. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

There were no trade creditors as at 31 December 2008 and 2007.

14. COMPARATIVE FIGURES

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

DIVIDENDS

The Board has not recommended the payment of final and interim dividend for the Year (2007: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 25 May 2009 to 27 May 2009, both days inclusive. For the purpose of ascertaining the members' entitlement to the attendance of the forthcoming annual general meeting of the Company, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars 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 2009.

BUSINESS REVIEW

During the Year, the Group has ceased to participate in the methanol and acetic acid projects and was principally engaged in the businesses of property investment, investment and finance.

Property Investment

Rentals from investment properties continued to be one of the major sources of our income. The Group currently owns 31 carparking spaces with 5 adjoining spaces, and a carport basement situated in prime locations. During the Year, the relevant occupancy rate was approximately 92.76% with rental income of approximately HK\$1.9 million. The rental income had decreased 31.15% as compared to last year due to the disposal of Chung Kiu Godown Building in late 2007. If excluded the disposed properties, the rental income has an increase of approximately 1.8 times as compared to last year.

Cessation of the Methanol and Acetic Acid Projects

In 2007, the Group commenced the methanol project by acquisition of a company in the PRC for manufacture of methanol products. In addition, the Group announced to participate in the acetic acid project of construction of acetic acid factory and production and sale of acetic acid in January 2008. However, due to the capital market worsened by the credit crisis which has led to a more difficult environment for the Group to raise additional capital for the development of the methanol and acetic acid projects in the medium to long term, the Group has in February 2008 decided to cease to take part in the said projects. The cessations were completed in 2008.

Investment and Finance

In June 2008, the Group had acquired various floating rate notes in the principal amount of approximately EUR3.8 million and US\$16.5 million with date of maturity between 2011 to 2014 as available-for-sale financial assets for long-term investment purpose which would generate relatively stable income for the Group. Interest income of approximately HK\$4.8 million has been gained during the Year.

Coupled with the shrinking interest returns, in order to secure a more reasonably profitable but secured return other than keeping the idle cash as bank deposits, the Company (as the lender) has entered into a facility agreement on 4 November 2008 with Fancy Mark Limited (as the borrower), a wholly-owned subsidiary of Chinese Estates Holdings Limited (“Chinese Estates”), and Chinese Estates (as the guarantor) for a three-year revolving loan facility of up to HK\$200 million. The loan had been approved by the independent shareholders of the Company at the special general meeting held on 12 December 2008. As at 31 December 2008, the Company has advanced HK\$136 million to Fancy Mark Limited at the interest rate of HIBOR plus 1% per annum. The loan is repayable on demand upon serving not less than one month’s prior notice to Fancy Mark Limited.

FINANCIAL OPERATION REVIEW

Results

Continuing Operations

Turnover for the Year was HK\$6,790,000 (2007: HK\$2,812,000), an increase of HK\$3,978,000 or 1.4 times when compared with last year. Gross profit for the Year amounted to HK\$6,551,000 (2007: HK\$2,498,000), a 1.6 times increase as compared with last year. The increase in turnover and gross profit was the result in the interest income from floating rate notes of HK\$4,835,000 (2007: Nil).

For property leasing, the rental income dropped to HK\$1,916,000 (2007: HK\$2,782,000), it was mainly due to the disposal of Chung Kiu Godown Building in 2007. Included in the current year result was a decrease in fair value on investment properties of HK\$3,700,000 (2007: gain of HK\$1,950,000).

Finance cost recorded an increase of 3.6 times to HK\$9,893,000 (2007: HK\$2,169,000) when compared with last year, which was the effective interest expense on convertible bonds. Upon the redemption of convertible bonds, a gain of HK\$8,281,000 was recognised in the Year.

Exchange loss included in administrative expenses of HK\$5,744,000 (2007: nil) was recorded upon conversion of foreign currency floating rate notes to Hong Kong dollars.

Discontinued Operation

On 1 February 2008, the Company entered into a conditional agreement with Fame Ascent Investments Limited to dispose of the operation in production and sale of methanol (the “Methanol Project”) for approximately HK\$183,699,000. The disposal was completed on 25 July 2008. Following the disposal, the results of Methanol Project was reported as a discontinued operation and presented separately in the income statement in accordance with Hong Kong Financial Reporting Standard 5 “Non-current Assets Held for Sale and Discontinued Operations”.

Loss attributable to the equity holders of the Company

For the current year, the Group recorded a loss attributable to the equity holders of the Company of HK\$4,854,000 (2007: profit of HK\$15,193,000), it was mainly due to decrease in fair value on investment properties, increase in effective interest expense on convertible bonds and exchange loss on floating rate notes. In last year there was a gain on disposal of an intangible asset of HK\$11,865,000. The basic and diluted loss per share are HK0.24 cents (2007: earnings per share of HK1.49 cents) and HK0.24 cents (2007: earnings per share of HK1.39 cents) respectively.

If the major non-cash items of loss of HK\$5,312,000 (2007: gain of HK\$11,646,000) are excluded, the core profit attributable to the equity holders of the Company will become HK\$458,000 (2007: HK\$3,547,000). Both adjusted basic and diluted earnings per share are HK0.02 cents.

The major non-cash items included (a) cost of the effective interest expense on convertible bonds of HK\$9,893,000 (2007: HK\$2,169,000) and loss on fair value change on investment properties of HK\$3,700,000 (2007: gain of HK\$1,950,000); and (b) gain on redemption of convertible bonds of HK\$8,281,000 in the current year and gain on disposal of an intangible asset of HK\$11,865,000 in last year.

Net Asset Value

As at 31 December 2008, the Group's total net asset was HK\$297,378,000 (2007: HK\$365,659,000), a drop of HK\$68,281,000 or 18.7% when compared with last year. Such drop was caused by (a) the decrease in convertible bonds equity reserve of HK\$30,234,000, which was realised upon redemption of convertible bonds; (b) the decrease in fair value of available-for-sale financial assets of HK\$31,038,000; and (c) the loss retained for the Year.

Net asset value per share as at 31 December 2008 was HK\$0.15 (2007: HK\$0.18).

Investment and Finance

During the Year, the Group acquired various long term floating rate notes (the “FRN”) in principal amount of EUR3,800,000 and US\$16,500,000 as available-for-sale financial assets. The denominated currencies of the FRN are European dollars and United States dollars and the maturity dates are between 2011 to 2014. The interest rates are calculated mainly with reference to the respective country’s LIBOR. Further the Group made a short term three-year revolving loan to Chinese Estates group of HK\$136,000,000 at HIBOR plus 1% per annum. No hedging for interest rate and foreign currency were subsisted during the Year.

As at 31 December 2008, the carrying amount of the FRN amounted to HK\$127,704,000 and the loan amounted to HK\$136,000,000 representing 42.4% and 45.1% of the total assets of the Group at the year end respectively.

Equity

The number of issued ordinary shares as at 31 December 2008 and 31 December 2007 were 2,028,255,008.

Convertible Bonds

On 31 October 2008, the Company, upon the request of the bondholders, had redeemed the zero coupon convertible bonds due 2010 (the “Bonds”) with principal amount of HK\$180,000,000 in full at par value by cash. The Bonds so redeemed had been cancelled simultaneously. As at 31 December 2008, the Company has no outstanding bonds.

Debt and Equity Ratio

The Group did not have any borrowings as at 31 December 2008 (2007: outstanding convertible bonds with principal amount of HK\$180,000,000).

No debt to equity ratio as at 31 December 2008 (2007: 39.3%, which was expressed as a percentage of carrying amount of the liability component of convertible bonds of HK\$143,678,000 over the net assets of HK\$365,659,000 as at 31 December 2007). Cash and bank balances as at 31 December 2008 was approximately HK\$5,442,000 (2007: HK\$354,015,000). 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 have been made during the Year.

Pledge of Assets

As at 31 December 2008 and 31 December 2007, no assets were pledged by the Group to secure any banking facilities and the Group did not have any obligations under banking facility documentation.

Contingent Liabilities

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

Financial and Interest Income/Expenses

Interest income was included in turnover, other operating income and loss for the Year from discontinued operation. Interest income was HK\$9,632,000 for the Year, representing an increase of 73.2% from that of 2007 (HK\$5,562,000), it is mainly due to the interest income from FRN (2007: nil). The finance cost mainly included effective interest expense on convertible bonds of HK\$9,893,000 (2007: HK\$2,169,000), which was a non-cash expense during the Year.

Remuneration Policies and Share Option Scheme

As at 31 December 2008, the Group employed a total of 1 staff excluding the Directors (31 December 2007: 7 staff). The reduction of staff was due to the disposal of the PRC Company during the Year. Total staff cost for the Year was approximately HK\$1,625,000 (2007: HK\$825,000). Remuneration package comprised salary and year-end bonus based on individual merits. The Company had adopted share option scheme since 15 February 2002 (the “2002 Scheme”). Details of the 2002 Scheme will be disclosed in the consolidated financial statements for the Year. 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

A property valuation has been carried out by Norton Appraisals Limited, independent qualified professional surveyors, in respect of the Group's investment properties held as at 31 December 2008 and that valuation was used in preparing this year's financial statements. The Group's investment properties were valued HK\$27,300,000 as at 31 December 2008 (2007: HK\$31,000,000), a decrease in fair value of approximately HK\$3,700,000 was recognised in the income statement for the Year.

OTHER INFORMATION

Redemption of the Zero Coupon Convertible Bonds Due 2010

The Company has on 25 October 2007 issued the zero coupon convertible bonds due 2010 with the principal amount of HK\$180,000,000 (the "Convertible Bonds") for financing the methanol project. After cessation of participating in the methanol project during the Year, all the Convertible Bonds were fully redeemed on 31 October 2008 upon request by bondholders, and cancelled accordingly.

PROSPECTS

After cessation of the methanol and acetic acid projects, the Group will focus on property investment, investment and finance businesses. Albeit the Hong Kong property rental market in the near future would be challenging under the weakened economic prospects and declined property prices, we anticipate rental of carparking spaces would have relatively less influence. In addition, with the loan to Chinese Estates group of companies, the Company has secured a reliable source of income from its holding company.

The Company will continue to identify new potential projects or investment opportunities suitable for the Group in order to increase the shareholder value.

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.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct for directors' securities transactions. Having made specific enquiry with all directors, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance and has complied throughout the Year with all the code provisions and some of the recommended best practices set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Code"), save for the following deviation:—

- Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive directors of the Company are not appointed for any specific term. However, they are already subject to retirement by rotation and eligible for re-election at the Company's annual general meetings at least once every three years in accordance with the Company's Bye-laws.

The code provisions under A.2 of the Code stipulate the roles of chairman and chief executive officer. The Company's chairman resigned on 31 May 2007 and the vacancy has not been filled up, the deputy chairman of the Company has temporarily taken up the role of the chairman since then. Accordingly, the Board considers that the code provisions under A.2 of the Code have been complied with.

APPRECIATION

I would like to take this opportunity to express our gratitude to the shareholders for their continued support and our fellow directors and staff for their contribution to the Company.

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

Hong Kong, 11 March 2009

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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