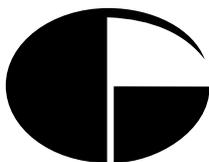


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**G·PROP**  
(HOLDINGS) LIMITED

## **G-PROP (HOLDINGS) LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

### **MAJOR TRANSACTION: DISPOSAL OF PROPERTY AND RESUMPTION OF TRADING**

On 16th January, 2007, the Vendor, being an indirect wholly owned subsidiary of the Company, entered into a preliminary sale and purchase agreement, which is legal binding agreement, as vendor with the Purchaser, being an independent third party, as purchaser whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Property at the consideration of HK\$20.66 million.

The Agreement and the transaction contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Pursuant to the Listing Rules, the transaction is subject to the reporting, announcement and shareholders' approval requirements. As no Shareholder has any interest in the Agreement, none of the Shareholders is required to abstain from voting if the Company was to convene a general meeting for approving the major transaction contemplated under the Agreement. The Company has obtained written confirmation approving the major transaction contemplated under the Agreement from the closely allied group of shareholders who together hold 397,858,761 Shares representing approximately 50.10% of the total voting rights of the Company. The closely allied group of shareholders comprises Great Empire International Limited, Paul Y. Holdings Company Limited, Luckpoint Investment Limited and Million Point Limited who are indirect wholly owned subsidiaries of Chinese Estates Holdings Limited. The closely allied group of shareholders' approval requirement under Rule 14.40 of the Listing Rules has therefore been satisfied by means of written shareholders' approval pursuant to Rule 14.44 and Rule 14.45 of the Listing Rules and a general meeting of the Company to approve the Agreement will not be held.

As required by the Listing Rule, a circular containing the particulars relating to the Disposal together with a valuation report from the independent valuer will be despatched to the Shareholders and published as soon as practicable.

Under the requirement of the Rule 14.82 of the Listing Rules, the Company shall not consist wholly or substantially of cash upon the completion of the Disposals. Upon the completion of the Disposals and on the assumption that there is no further acquisition made by the Group, the percentages of cash to total assets and net assets of the Group will be approximately 93% and 95% respectively and the Company will not satisfy this requirement. Besides, the Company and the Directors are identifying the suitable investment(s) and/or business(es) to be acquired in the coming six months and have confidence that the Company will continue to satisfy the requirement under the Rule 14.82.

The Company will make announcement when there is any development which has adverse impact on the satisfying the requirement under the Rule 14.82 and apply for suspension of trading its shares on the Date of Completion if the Company can not satisfy the requirement under the Rule 14.82 on the Date of Completion. If there is no further development, the Company will make announcement that the Company will continue to satisfy this requirement before twenty-one days on the Date of Completion.

**It is because the company may or may not satisfy the requirement under the Rule 14.82 upon the completion of the Disposals. The shareholders and investors are reminded to exercise caution when dealing in the Shares of the Company.**

Trading in the securities of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 17th January, 2007 pending the release of this announcement. The Company has applied for a resumption of trading in its securities with effect from 9:30 a.m. on 14th February, 2007.

## **THE AGREEMENT**

At 18:00 on 16th January, 2007, the Vendor, being an indirect wholly owned subsidiary of the Company, entered into the legal binding Agreement as vendor with the Purchaser, being an independent third party, as purchaser whereby the Vendors agreed to sell and the Purchaser agreed to purchase the Property. The principal terms of the Agreement are set out below:

- Date: 16th January, 2007
- Vendor: Boria
- Purchaser: Truly Billion (Hong Kong) Limited is an independent third party and an investment holding company principally engaged in property investment.
- Property: The Property is located at 7th Floor, 8th Floor, 9th Floor and 10th Floor, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong with gross floor area of 50,244 square feet and used for warehouse/godown purposes and ancillary office.
- Consideration: HK\$20.66 million
- Terms of Payment:
- (a) HK\$1,033,000 was paid by the Purchaser to Boria as initial deposit upon execution of the Agreement
  - (b) HK\$3,099,000 will be payable by the Purchaser to Boria as further deposit on or before twenty-one (21) days from the date of the Agreement
  - (c) HK\$16,528,000 being balance of the purchase price will be payable by the Purchaser to Boria on the Completion Date
- Completion Date: within six months after date of signing of the formal sale and purchase agreement in respect of the Property, or within fourteen days after the Condition Precedent in this Agreement has been fulfilled, whichever is the later

Condition Precedent: Completion of the transaction under the Agreement is conditional upon the following all conditions precedent being fulfilled and can not be waived by the parties of the Agreement on or before 16th July, 2007 or such other day as may be further mutually agreed by the parties thereto:–

All necessary approvals by the Shareholders in respect of the transactions contemplated under the Agreement having been obtained by way of either a majority vote at a general meeting or, (if acceptable to the Stock Exchange) in lieu of holding such general meeting, a written shareholders' approval from a closely allied group of Shareholders who together hold more than 50% in nominal value of its shares in a manner as required under the Listing Rules; and

All necessary approvals (if any) from the Stock Exchange and/or other regulatory authorities having been obtained; and

The shares of the Company shall remain listed on the Stock Exchange notwithstanding completion of the transaction contemplated under the Agreement.

The parties was entered into a formal sale and purchase agreement on 6th February, 2007. The Date of Completion is within six months after the date of signing of formal sales and purchase agreement or within fourteen days after the Condition Precedent in this Agreement has been fulfilled, whichever is the later. The six months is the time provision in order to give the perception to the Purchaser the latest date of the Date of Completion. By consideration this time provision, the Company needs making the most prudent reservation on the time requirement of Condition Precedent in this kind of agreement has been fulfilled. The Company also considers it is convenient to standardise this term in all agreements regarding to the disposal of the property. On 9th February, 2007, the Vendor and Purchaser were mutual agreed by the written confirmation from the Purchaser. The Date of Completion, which were superseded the completion date of the Agreement, is 6th August, 2007. The Company will not proceed to early completion of the Agreement before 6 August, 2007 if the early completion will result in its cash level over 90% of the total assets and net assets of the Group.

After careful consideration, the Directors (including the independent non-executive Directors) were of the opinion that the terms of the Agreement were arrived at after arm's length negotiations between the parties and are on normal commercial term and are fair and reasonable to the Company and in the interests of the Shareholders as a whole. The Directors (including independent non-executive Directors) confirmed that the Consideration was determined by reference on the open market and existing status of the Property and to recent property sales transaction of similar type and location.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Taking into account the recent prevailing good condition of the economy and non-residential property market of Hong Kong, the Board is of the opinion that the Disposal represents a good opportunity to dispose of the Property.

The book value of the Property in the Group's audited consolidated accounts for the year ended 31st December, 2005 and in the Group's unaudited consolidated accounts for the six months ended 30th June, 2006 were approximately HK\$16.50 million and HK\$17.68 million respectively. The Property is held by the Vendor as investment property for rental purpose.

According to the tenancy agreements entered into between Boria and tenant of the Property, the rental received by Boria from the Property was approximately HK\$1.09 million and HK\$1.16 million for the two years ended 31st December, 2004 and 31st December, 2005 respectively and accounted for approximately 11.65% and 24.61% of the Group's turnover for the year ended 31st December, 2004 and the year ended 31st December, 2005 respectively.

After taking into account of the deficit on the revaluation of property of the approximately HK\$0.64 million, the net loss attributable to the property before and after taxation and extraordinary items were approximately HK\$0.55 million and HK\$0.42 million for the year ended 31st December, 2004 and after taking into account of the surplus on the revaluation of property of the approximately HK\$4.2 million, the net profit before and after taxation and extraordinary items attributable to the Property were approximately HK\$4.26 million and HK\$3.50 million for the year ended 31st December, 2005.

Based on the book value of the Property as at 30th June, 2006, the net gain from the Disposal (after deducting relevant expenses) is approximately HK\$2.75 million. The Company intends to use the net proceeds for general working capital purpose and to fund any potential business opportunities available to the Group in future. The Directors have not yet determined the proportions of the net proceeds to be used for these purposes. Pending the use for these purposes, the Directors intend to place the proceeds from the Disposal on bank deposit.

Upon the completion of the Disposal, the Directors expect that the turnover of the Group will be decreased of approximately HK\$1.67 million annually but the other operating income will be increased as a result of the increase in interest income from placing the proceeds from the Disposal on bank deposit.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in property investment and property leasing in Hong Kong. The Group has no intention to change its principal business.

To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are independent third parties of the Company and are not connected person of the Company, and are not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules). The Purchaser has also confirmed to Boria that it and its ultimate beneficial owner(s) do not hold or have any interest in the Company.

## **LISTING RULES IMPLICATION**

The Agreement and the transaction contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Pursuant to the Listing Rules, the transaction is subject to the reporting, announcement and shareholders' approval requirements. As no Shareholder has any interest in the Agreement, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for approving the major transaction contemplated under the Agreement. The Company has obtained written confirmation approving the major transaction contemplated under the Agreement from the closely allied group of shareholders. They are Great Empire International Limited holding 37,162,165 Shares, Paul Y. Holdings Company Limited holding 113,818,911 Shares, Luckpoint Investment Limited holding 76,877,685 Shares and Million Point Limited holding 170,000,000 Shares, being indirect wholly owned subsidiaries of Chinese Estates Holdings Limited, who together hold 397,858,761 Shares representing 50.10% of the total voting rights of the Company. The closely allied group of shareholders' approval requirement under Rule 14.40 of the Listing Rules has therefore been satisfied by means of written shareholders' approval pursuant to Rule 14.44 and 14.45 of the Listing Rules and a general meeting of the Company to approve the Agreement will not be held.

As required by the Listing Rule, a circular containing the particulars relating to the Disposal together with valuation report from the independent valuer will be dispatched to the Shareholders and published as soon as practicable.

Under the requirement of the Rule 14.82 of the Listing Rules, the Company shall not consist wholly or substantially of cash upon the completion of the Disposals. Upon the completion of the Disposal which is approximate to six months from the date of this announcement together with the Disposals as disclosed in the announcements dated 12th December, 2006 and 8th January, 2007 and on the assumption that there is no further acquisition made by the Group, the remaining investment properties owned by the Group 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 Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong. As at the date of this announcement, the percentages of cash to total assets and net assets of the Group will be approximately 70% and 76% respectively. Upon the completion of the Disposals and on the assumption that there is no further acquisition made by the Group, the percentages of cash to total assets and net assets of the Group will be approximately 93% and 95% respectively and the Company will not satisfy this requirement. Besides, the Directors are identifying the suitable investment(s) and/or business(es) to be acquired in the coming six months and have confidence that the Company will continue to satisfy the requirement under the Rule 14.82.

The Company will make announcement when there is any development which has adverse impact on the satisfying the requirement under the Rule 14.82 and apply for suspension of trading its shares on the Date of Completion if the company can not satisfy the requirement under the Rule 14.82 on the Date of Completion. If there is no further development, the Company will make announcement the Company will be continue to satisfy this requirement before twenty-one days on the Date of Completion.

**It is because the company may or may not satisfy the requirement under Rule 14.82 upon the completion of the Disposals. The shareholders and investors are reminded to exercise caution when dealing in the Shares of the Company.**

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## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“Agreement”	the preliminary sale and purchase agreement which is a legal binding agreement between the Vendor as vendor and the Purchaser as purchaser in respect of the Property dated 16th January, 2007;
“Board” or “Director(s)”	the board of directors of the Company;
“Boria”	Boria Enterprises Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company;
“Company”	G-Prop (Holdings) Limited, a company incorporated in Bermuda whose shares are listed on Stock Exchange;
“Consideration”	Consideration is payable by the Purchaser to the Vendor for the Agreement;

“Date of Completion”	Within six month after the date of signing of the formal sale and purchase agreement in respect of the Property, or within fourteen days after the Condition Precedent in this Agreement have been fulfilled, whichever is the later. The Date of Completion, which was superseded the completion date of the Agreement by the written confirmation from the purchaser on 9th February, 2007, is on 6 August, 2007;
“Disposal”	the disposal of the Property by the Boria pursuant to the Agreement;
“Disposals”	This Disposal together with the disposals as disclosed in the announcements dated 12th December, 2006 and 8th January, 2007;
“Group”	the Company and its subsidiaries;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Property”	The Property is located at 7th Floor, 8th Floor, 9th Floor and 10th Floor, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong with gross floor area of 50,244 square feet and used for warehouse/godown purposes and ancillary office;
“Purchaser”	Truly Billion (Hong Kong) Limited, an independent third party who is not connected with the Company;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Boria;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

By Order of the Board  
**Halina Hung, Shi-wei**  
*Chairman*

Hong Kong, 13 February, 2007

*As at the date of this announcement, the Board comprises Ms. Halina Hung, Shi-wei, 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.