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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**

As disclosed at the Previous Announcement, the management of the Company was considering an offer from an independent third party received on 22nd March 2007 in relation to the disposal of the Property. On 24th March 2007, the management of the Company accepted this offer and Boria, an indirect wholly owned subsidiary of the Company, entered into a preliminary sale and purchase agreement as vendor with the Purchaser, being an independent third party, as purchaser whereby Boria agreed to sell and the Purchaser agreed to purchase the Property at the consideration of HK\$10,805,000.

The Company confirms that the Agreement and the transaction contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules instead of discloseable transaction as disclosed on the Previous Announcement after adopting alternative test under the Rule 14.20. 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 holding 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.

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 Disposal. Upon the completion of Major transaction and the Disposal by assuming that there is no further acquisition made by the Group and the final proposed dividend is approved by the coming annual general meeting, the percentages of cash to total assets and net assets of the Group will be approximately 99.4% and 101.9% respectively. The Company will not satisfy the requirement under the Rule 14.82. The Company and the Directors are identifying the suitable investment(s) and/or business(es) to be acquired and have confidence that the Company will continue to satisfy the requirement on or before 6th August 2007 or the completion of the Major Transaction whichever is earlier. At the date of this announcement, the Company has not identified any suitable investment or business to be acquired.

The Company will make announcement when there is any development which has adverse impact on satisfying the Rule 14.82 and apply for suspension of trading in the Shares if the Company cannot satisfy the requirement on the date of completion of the Major Transaction. If the Company will continue to satisfy Rule 14.82 after completion of the Major Transaction, the Company will make an announcement 21 days before the date of completion of the Major Transaction.

**Since the company may or may not satisfy the requirement under the Rule 14.82 upon the completion of the Major Transaction, the shareholders and investors are reminded to exercise caution when dealing in the Shares of the Company.**

A circular containing further details on the Agreement together with a valuation report from the independent valuer will be despatched to the Shareholders as soon as practicable.

Trading in the securities of the Company on the Stock Exchange was suspended at the request of the Company with effect from 3:30 p.m. on 26th March 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 29th March 2007.

## THE AGREEMENT

On 24th March 2007, Boria, an indirect wholly owned subsidiary of the Company, entered into the Agreement (which is legally binding) as vendor with the Purchaser, being an independent third party, as purchaser whereby Boria agreed to sell and the Purchaser agreed to purchase the Property. The principal terms of the Agreement are set out below:

- Date: 24th March 2007
- Vendor: Boria Enterprises Limited
- Purchaser: Best World Enterprises Limited
- Property: 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
- Consideration: HK\$10,805,000
- Terms of payment:
- (a) HK\$540,250 was paid in cash by the Purchaser to Boria as initial deposit upon execution of the Agreement
  - (b) HK\$1,620,750 will be payable in cash by the Purchaser to Boria as further deposit on 14th April 2007
  - (c) HK\$8,644,000 being balance of the purchase price will be payable in cash by the Purchaser to Boria on the Completion Date
- Completion Date: Completion of the sale and purchase shall take place 15th October 2007

Condition Precedent: Completion of the transaction under the Agreement is conditional upon the following all conditions precedent being fulfilled on or before the Completion Date and can not be waived by the parties of the Agreement:

- (a) 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
- (b) All necessary approvals (if any) from the Stock Exchange and/or other regulatory authorities having been obtained; and
- (c) The shares of the Company shall remain listed on the Stock Exchange notwithstanding completion of the transaction contemplated under the Agreement.

The Property is held by Boria as investment property for rental purpose and is sold subject to an existing tenancy. Boria had received the initial deposit of HK\$540,250 on 24th March 2007.

The parties shall enter into a formal sale and purchase agreement on 14th April 2007 and the completion of the sale and purchase of the Property is expected to be taken place on 15th October 2007.

The terms of the Agreement were arrived at after arm's length negotiations between the parties. The consideration is determined by reference to our sale transaction of this goodown building within three months. The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable to the Company and in the interests of the Shareholders and the Company as a whole.

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

As disclosed at the Previous Announcement, the management of the Company was considering an offer from an independent third party received on 22nd March 2007 in relation to the disposal of the Property. On 24th March 2007, the management of the Company accepted this offer by taking into account the recent prevailing good condition of the economy and 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 and fair value of the Property, which had revalued by independent professional property valuers both at 31st December 2005 and 31st December 2006, in the Group's audited consolidated accounts for the year ended 31st December 2005 and for the year ended 31st December 2006 were approximately HK\$11,127,000 and HK\$10,340,000 respectively.

According to the tenancy agreement entered into between Boria and the tenant of the Property, the rental received by Boria from the Property was approximately HK\$512,000 and HK\$594,000 for the year ended 31st December 2005 and 31st December 2006 respectively and accounted for approximately 10.9% and 16.9% of the Group's turnover for the year ended 31st December 2005 and the year ended 31st December 2006 respectively.

The net profit attributable to the property before and after taxation and extraordinary items were approximately HK\$2,608,000 and HK\$2,092,000 respectively for the year ended 31st December 2005. The net loss attributable to the property before and after taxation and extraordinary items were approximately HK\$893,000 and HK\$1,099,000 respectively for the year ended 31st December 2006.

Based on the book value and fair value of the Property as at 31st December 2006 the net gain from the Disposal (after deducting relevant expenses) is approximately HK\$347,000 and 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\$800,000 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. Upon the completion of the Disposal together with the disposals as disclosed in the announcements dated 12th December 2006, 8th January 2007 and 13th February 2007 (the “Other Disposals”) and on the assumption that there is no further acquisition made by the Group, the Company will not hold any investment property. At the date of this announcement, the Company has no intention to change the current business. However, the Company are identifying the suitable investment(s) and/or business(es) to be acquired including but not limited to the existing investments and businesses.

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 connected person of the Company, and are not connected with the directors, chief executive, 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 Company confirms that the Agreement and the transaction contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules instead of discloseable transaction as disclosed on the Previous Announcement after adopting alternative test under the Rule 14.20. 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 holding 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.

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 together with the Other Disposals and on the assumption that there is no further acquisition made by the Group, the Company will not hold any investment property and will not satisfy the requirement under the Rule 14.82. As at the date of this announcement, the percentages of cash to total assets and net assets of the Group will be approximately 67.5% and 73.4% respectively. Upon the completion of major transaction disclosed in the announcement dated 13th February 2007 (the “Major Transaction”) and the Disposal by assuming that there is no further acquisition made by the Group and the proposed final dividend is approved by the coming annual general meeting, the percentages of cash to total assets and net assets of the Group will be approximately 99.4% and 101.9% respectively. The Company and the Directors are identifying the suitable investment(s) and/or business(es) to be acquired and have confidence that the Company will continue to satisfy the requirement on or before 6th August 2007 or the completion of the Major Transaction whichever is earlier. At the date of this announcement, the Company has not identified any suitable investment or business to be acquired.

The Company will make announcement when there is any development which has adverse impact on satisfying Rule 14.82 and apply for suspension of trading in the Shares if the Company cannot satisfy the requirement on the date of completion of the Major Transaction. If the Company will continue to satisfy Rule 14.82 after completion of the Major Transaction, the Company will make an announcement 21 days before the date of completion of the Major Transaction.

**Since the company may or may not satisfy the requirement under the Rule 14.82 upon the completion of the Major Transaction, the shareholders and investors are reminded to exercise caution when dealing in the Shares of the Company.**

A circular containing further details on the Agreement together with a valuation report from the independent valuer will be despatched to the Shareholders as soon as practicable.

Trading in the securities of the Company on the Stock Exchange was suspended at the request of the Company with effect from 3:30 p.m. on 26th March 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 29th March 2007.

## **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 between Boria as vendor and the Purchaser as purchaser in respect of the Property dated 24th March 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 The Stock Exchange of Hong Kong Limited;
“Completion Date”	the date on which the sale and purchase of the Property under the Agreement shall be taken place on 15th October 2007;

“Consideration”	Consideration is payable by the Purchaser to the Vendor for the Agreement ;
“Disposal”	the disposal of the Property by Boria pursuant to the Agreement;
“Group”	the Company and its subsidiaries;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Major Transaction”	the disposal of the property disclosed in the announcements dated 13th February 2007;
“Other Disposals”	the disposals of the properties disclosed in the announcements dated 12th December 2006, 8th January 2007 and 13th February 2007;
“Property”	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 with gross floor area of 24,981 square feet (if including the Flat Roof thereof 33,883 square feet) and used for warehouse/godown purposes and ancillary office.
“Previous Announcement”	The announcement was made on 23rd March 2007
“Purchaser”	Best World Enterprises Limited, an independent third party who is not connected with the Company and its principal business activities are garment manufacturing and trading;
“Shareholders”	shareholders of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

By Order of the Board  
**G-Prop (Holdings) Limited**  
**LAM Kwong-wai**  
*Company Secretary*

Hong Kong, 28th March 2007

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