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G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 286)

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 2012 (the “Year”) pursuant to paragraph 45 of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Group’s consolidated statement of comprehensive income and consolidated statement of financial position had been reviewed by the audit committee of the Company (the “Audit Committee”), together with the comparative figures of the corresponding year ended 31 December 2011 are set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	<i>Notes</i>	2012 HK\$’000	2011 HK\$’000
Revenue	3	8,370	8,410
Costs of sales		<u>(116)</u>	<u>(162)</u>
Gross profit		8,254	8,248
Other income	5	799	3,981
Administrative expenses		(7,680)	(2,885)
Fair value changes on investment properties	6	18,250	3,800
Share-based payment expenses	7	<u>(31,248)</u>	<u>–</u>
(Loss) profit before tax		(11,625)	13,144
Income tax credit (expense)	8	<u>40</u>	<u>(50)</u>
(Loss) profit for the year	9	(11,585)	13,094
Other comprehensive income (loss), net of income tax			
Fair value changes on available-for-sale financial assets		<u>2,946</u>	<u>(4,225)</u>
Total comprehensive (loss) income for the year		<u>(8,639)</u>	<u>8,869</u>
(Loss) profit for the year attributable to owners of the Company		<u>(11,585)</u>	<u>13,094</u>
Total comprehensive (loss) income for the year attributable to owners of the Company		<u>(8,639)</u>	<u>8,869</u>
(Loss) earnings per share (HK cents)			
Basic and diluted	11	<u>(0.48)</u>	<u>0.54</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	<i>Notes</i>	2012 HK\$'000	2011 HK\$'000
Non-current assets			
Property, plant and equipment	12	578	–
Investment properties	6	50,400	32,150
Goodwill		2,939	2,939
Interests in jointly controlled entities		–	–
Available-for-sale financial assets	13	<u>38,072</u>	<u>34,978</u>
		<u>91,989</u>	<u>70,067</u>
Current assets			
Available-for-sale financial assets	13	–	41,908
Amount due from a shareholder	14	278	–
Loan to a fellow subsidiary	15	–	300,000
Loan to a shareholder	16	220,000	–
Debtors, deposits and prepayments	17	918	1,061
Short-term loans receivable		–	–
Time deposits and bank balances		86,769	75,650
Tax recoverable		<u>39</u>	<u>–</u>
		<u>308,004</u>	<u>418,619</u>
Current liabilities			
Amount due to ultimate holding company		–	3
Amounts due to fellow subsidiaries		–	103
Creditors and accruals	18	964	488
Deposits and receipts in advance		481	438
Obligation under a finance lease		6	–
Tax liabilities		<u>–</u>	<u>11</u>
		<u>1,451</u>	<u>1,043</u>
Net current assets		<u>306,553</u>	<u>417,576</u>
Total assets less current liabilities		<u>398,542</u>	<u>487,643</u>
Capital and reserves			
Share capital		24,282	24,282
Share premium		351,638	351,638
Translation reserve		234	234
Securities investments reserve		39	(2,907)
Share options reserve	7	31,248	–
(Accumulated losses) retained profits			
– Proposed final dividend		–	2,428
– Others		<u>(8,995)</u>	<u>111,861</u>
Total equity		<u>398,446</u>	<u>487,536</u>
Non-current liabilities			
Obligation under a finance lease		26	–
Deferred tax liabilities		<u>70</u>	<u>107</u>
		<u>96</u>	<u>107</u>
		<u>398,542</u>	<u>487,643</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31 December 2012

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 on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties, financial instruments and share-based payment expenses, 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 2011 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 HKICPA, which are effective for the Group’s financial year began on 1 January 2012. The new HKFRSs adopted by the Group in the consolidated financial statement are set out below:

HKFRS 1 (Amendments)	Disclosures – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets

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” during 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 years have been prepared and presented. Accordingly, no prior year adjustment has been required.

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle ²
HKFRS 1 (Amendments)	Government Loans ²
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁴
HKFRS 9	Financial Instruments ⁴

HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HKFRS 10 , HKFRS 11, HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Others Entities: Transaction Guidance ²
HKFRS 10 , HKFRS 12, HKFRS 27 (Amendments)	Investment Entities ³
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (Revised in 2011)	Employee Benefits ²
HKAS 27 (Revised in 2011)	Separate Financial Statements ²
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

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

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2014.

⁴ Effective for annual periods beginning on or after 1 January 2015.

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

3. Revenue

	2012	2011
	HK\$'000	HK\$'000
Revenue represents the aggregate amounts received and receivable, analysed as follows:		
Property rental income	1,852	1,764
Interest income from investment and finance	6,518	6,646
	8,370	8,410

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 segments profit or loss remain unchanged from 2011.

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.

Information about major customers

Included in revenue arising from investment and finance of HK\$6,518,000 (2011: HK\$6,646,000) is revenue of approximately HK\$5,283,000 (2011: HK\$5,070,000) which arose from the Group's two (2011: three) major customers and each customer accounted for more than 10% of the Group's total revenue.

Revenue from customers contributing over 10% of the total revenue of the Group during the year is as follows:

	2012 HK\$'000	2011 HK\$'000
Investment and finance		
Customer A	4,281	2,843
Customer B	1,002	918
Customer C	–	1,309
	<u> </u>	<u> </u>

Operating segment information is presented below:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Investment and finance HK\$'000	Properties investment HK\$'000	Consolidated HK\$'000
Revenue			
Revenue from external customers	<u>6,518</u>	<u>1,852</u>	<u>8,370</u>
Results			
Segment results for reportable segments	<u>2,845</u>	<u>797</u>	3,642
Bank interest income	496	–	496
Unallocated items			
Unallocated corporate expenses, net			(2,765)
Income tax credit			<u>40</u>
Core profit (excluding major non-cash items)			1,413
Major non-cash items			
fair value changes on investment properties			18,250
share-based payment expenses			<u>(31,248)</u>
Loss for the year attributable to owners of the Company			<u>(11,585)</u>

Consolidated Statement of Financial Position

At 31 December 2012

	Investment and finance HK\$'000	Properties investment HK\$'000	Consolidated HK\$'000
Assets			
Segment assets for reportable segments	<u>343,468</u>	<u>54,304</u>	397,772
Unallocated corporate assets			<u>2,221</u>
Consolidated total assets			<u>399,993</u>
Liabilities			
Segment liabilities for reportable segments	<u>908</u>	<u>550</u>	1,458
Unallocated corporate liabilities			<u>89</u>
Consolidated total liabilities			<u>1,547</u>

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
Bank interest income	579	–	579
Unallocated items			
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>13,094</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>488,686</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>1,150</u>

Segment revenue reported above represents revenue generated from external customers.

Segment results represent the profit earned by each segment without allocation of corporate expenses, bank interest income, income tax credit/expense and major non-cash items including fair value changes on investment properties and share-based payment expenses.

For the purposes of monitoring segment performance and allocating resources between segments:

All assets related to investment and finance and properties investment are allocated to reportable segments other than unallocated corporate assets.

All liabilities related to investment and finance and properties investment are allocated to reportable segments other than unallocated corporate liabilities.

Geographical information

For the years ended 31 December 2012 and 2011, all the Group's operations are located in Hong Kong. The Group's revenue is all derived from Hong Kong for both years.

Other segment information

	Investment and finance HK\$'000		Properties investment HK\$'000		Unallocated HK\$'000		Consolidated HK\$'000	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Capital expenditure	–	–	–	–	620	–	620	–
Depreciation	–	–	–	–	42	–	42	–
Reversals of impairment loss recognised in respect of available-for-sale financial assets	<u>100</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>100</u>	<u>–</u>

5. Other income

	2012 HK\$'000	2011 HK\$'000
Bank interest income	496	579
Exchange gain, net	–	2,658
Reversals of impairment loss recognised in respect of available-for-sale financial assets	100	–
Others	<u>203</u>	<u>744</u>
	<u>799</u>	<u>3,981</u>

6. Fair value change on investment properties / investment properties

	HK\$'000
Fair value	
At 1 January 2011	28,350
Increase in fair value recognised in the consolidated statement of comprehensive income	<u>3,800</u>
At 31 December 2011 and 1 January 2012	32,150
Increase in fair value recognised in the consolidated statement of comprehensive income	<u>18,250</u>
At 31 December 2012	<u>50,400</u>

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. The fair value model as at 31 December 2012 was provided by Peak Vision Appraisals Limited ("Peak Vision"), an independent qualified professional valuer, who holds a recognised professional qualification and has recent relevant experience.

7. Share-based payment expenses

On 18 December 2012, the Company granted an aggregate of 168,000,000 share options, carrying the right to subscribe for the ordinary shares at HK\$0.01 each in the share capital of the Company, under a new share option scheme adopted by the Company on 11 October 2012 to director of the Company (the “Director(s)”), and certain of its employees and consultants.

Details of the options are as follows:

<u>Option type</u>	<u>Date of grant</u>	<u>Exercise period</u>	<u>Exercise price</u>	<u>Fair value at grant date</u>
2012	18 December 2012	18 December 2012 to 10 October 2022	HK\$0.315	HK\$0.186

The fair value of the share options granted on 18 December 2012 amounted to approximately of HK\$31,248,000 is determined using a binomial option pricing model by Peak Vision.

At 31 December 2012, an aggregate of 168,000,000 share options were exercisable. No share options granted under the new share option scheme were exercised during the year ended 31 December 2012.

8. Income tax credit (expense)

	2012	2011
	HK\$'000	HK\$'000
Income tax credit (expense) comprises:		
Current tax:		
charge for the year	(9)	(49)
over-provision in the previous year	12	–
Deferred tax:		
charge for the year	(53)	(1)
over-provision in the previous year	90	–
	<u>40</u>	<u>(50)</u>

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profit for both years.

9. (Loss) profit for the year

	2012 HK\$'000	2011 HK\$'000
(Loss) profit for the year has been arrived at after (charging) crediting:		
Total staff costs including Directors' remuneration:		
Salaries and other benefits	(3,321)	(470)
Retirement benefit scheme contributions	(76)	(989)
Share-based payment expenses	(17,856)	(52)
	(21,253)	(1,511)
Auditors' remuneration	(300)	(300)
Exchange loss, net	(223)	–
Depreciation of property, plant and equipment	(42)	–
Share-based payment expenses in respect of consultancy services	(13,392)	–
Operating lease rentals in respect of rented premises (excluding rented premise for Director)	(205)	–
Gross rental income from investment properties	1,852	1,764
Less : Direct operating expenses from investment properties that generated rental income during the year	(109)	(146)
Direct operating expenses from investment properties that did not generate rental income during the year	(7)	(16)
	<u>1,736</u>	<u>1,602</u>

10. Dividends

	2012 HK\$'000	2011 HK\$'000
(a) Final dividend for 2011 paid on 13 June 2012 of HK0.1 cent (2010: HK0.2 cents) per share	2,428	4,857
(b) Interim dividend for 2011 paid on 28 September 2011 of HK0.1 cent (2010: Nil) per share	–	2,428
(c) Special dividend for 2012 paid on 14 August 2012 of HK4.5 cents (2011: Nil) per share	<u>109,271</u>	–
Total dividends paid	<u>111,699</u>	<u>7,285</u>

The Directors do not recommend any payments of final dividend for the year (2011: HK\$0.1 cent) .

11. (Loss) earnings per share

The calculation of the basic and diluted (loss) earnings per share is based on the loss attributable to owners of the Company of approximately HK\$11,585,000 (2011: profit of approximately HK\$13,094,000) and the weighted average number of 2,428,255,008 (2011: 2,428,255,008) ordinary shares in issue during the year.

For the year ended 31 December 2012, the diluted loss per share was the same as the basis loss per share as the share option had anti-dilutive effect on the basis loss per share.

For the year ended 31 December 2011, the diluted earnings per share was the same as the basic earnings per share as there was no dilutive potential ordinary share.

12. Property, plant and equipment

	<u>Leasehold improvement</u> HK\$'000	<u>Office equipment</u> HK\$'000	<u>Furniture and fixtures</u> HK\$'000	<u>Computer software</u> HK\$'000	<u>Equipment under finance lease</u> HK\$'000	<u>Total</u> HK\$'000
Cost:						
At 1 January 2011, 31 December 2011 and 1 January 2012	–	–	–	–	–	–
Additions	<u>204</u>	<u>139</u>	<u>118</u>	<u>126</u>	<u>33</u>	<u>620</u>
At 31 December 2012	<u>204</u>	<u>139</u>	<u>118</u>	<u>126</u>	<u>33</u>	<u>620</u>
Accumulated depreciation and impairment:						
At 1 January 2011, 31 December 2011 and 1 January 2012	–	–	–	–	–	–
Charge for the year	<u>14</u>	<u>12</u>	<u>8</u>	<u>7</u>	<u>1</u>	<u>42</u>
At 31 December 2012	<u>14</u>	<u>12</u>	<u>8</u>	<u>7</u>	<u>1</u>	<u>42</u>
Carrying amounts:						
At 31 December 2012	<u><u>190</u></u>	<u><u>127</u></u>	<u><u>110</u></u>	<u><u>119</u></u>	<u><u>32</u></u>	<u><u>578</u></u>
At 31 December 2011	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2012 HK\$'000	2011 HK\$'000
Available-for-sale financial assets comprise:		
Club debentures	–	–
Floating rate notes		
Unlisted	<u>38,072</u>	<u>76,886</u>
	<u>38,072</u>	<u>76,886</u>
Analysis for reporting purpose as:		
Non-current assets	38,072	34,978
Current assets	<u>–</u>	<u>41,908</u>
	<u>38,072</u>	<u>76,886</u>

The unlisted floating rate notes carry floating interest at LIBOR plus 0.3% (2011: unlisted floating rate notes LIBOR plus 0.3% to 0.35%) per annum. The floating rate notes will mature in 2014.

14. Amount due from a shareholder

Details of the amount due from a shareholder disclosed pursuant to section 161B of the Companies Ordinance are as follows:

Name of shareholder	Maximum amount outstanding during the year HK\$'000	2012	2011
		HK\$'000	HK\$'000
Champion Dynasty Limited ("Champion Dynasty")	278	<u>278</u>	<u>–</u>

The amount due from a shareholder is unsecured, non-interest bearing and have no fixed terms of repayment. The Directors consider the carrying amount of the amount due from a shareholder approximate to the fair value.

Champion Dynasty was directly owned by an executive Director.

15. Loan to a fellow subsidiary

On 4 November 2008, the Company, as lender, entered into a loan agreement with Fancy Mark Limited ("Fancy Mark"), a subsidiary of Chinese Estates Holdings Limited ("Chinese Estates"), as borrower, and Chinese Estates, as guarantor, to grant a three-year revolving facility of up to HK\$200 million to Fancy Mark at an interest rate of HIBOR plus 1% per annum ("First Revolving Loan").

On 22 September 2011, the Company, as lender, entered into a new loan agreement to renew the First Revolving Loan with revised principal of HK\$300 million with the same parties for three-year commenced from 3 November 2011 at an interest rate of HIBOR plus 1.5% per annum ("Second Revolving Loan").

Details of the Second Revolving Loan were set out in the Company's circular dated 12 October 2011.

During the year ended 31 December 2012, the Company had called for repayments of the Second Revolving Loan and HK\$80,000,000, HK\$80,000,000, HK\$95,000,000 and HK\$45,000,000 was repaid on 3 August 2012, 28 September 2012, 30 November 2012, 12 December 2012 respectively (HK\$300,000,000 in aggregate) with accrued interests. At 12 December 2012, the Second Revolving Loan had been fully repaid.

Name of fellow subsidiary	Maximum amount outstanding during the year HK\$'000	2012 HK\$'000	2011 HK\$'000
Fancy Mark			
-Second Revolving Loan	300,000	—	300,000

16. Loan to a shareholder

On 27 September 2012, the Company, as lender, enter into a loan agreement with Champion Dynasty, as borrower, and Mr. Cheung Wai Kuen (“Mr. Cheung”), as an individual guarantor, and 廣東奧理德醫療投資有限公司, as a corporate guarantor, to grant a three-year revolving loan facility of up to HK\$220 million to Champion Dynasty at an interest rate of HIBOR plus 2.5% per annum.

Details of the loan were set out in the Company’s announcements and circular dated 28 September 2012, 8 October 2012, 19 October 2012, 22 October 2012, 1 November 2012, 5 November 2012 and 20 November 2012 respectively.

Name of shareholder	Maximum amount outstanding during the year HK\$'000	2012 HK\$'000	2011 HK\$'000
Champion Dynasty	220,000	220,000	—

17. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade receivable of HK\$8,000 (2011: HK\$8,000) comprised rental receivables billed in advance and settlements are expected upon receipts of billings.

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables. Rental in respect of leased properties are payable in advance by the tenants.

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

	2012 HK\$'000	2011 HK\$'000
0 – 30 days	8	4
31 – 60 days	—	4
	<u>8</u>	<u>8</u>

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

18. Creditors and accruals

There were no trade payable included in creditors and accruals as at 31 December 2012 and 2011.

DIVIDENDS

The Directors do not recommend any payments of final dividend for the Year (2011: HK0.1 cent).

The total dividend for the Year is the special dividend of HK4.5 cents per share paid on 14 August 2012 (2011: aggregate interim and final dividend HK0.2 cents).

EVENTS AFTER THE REPORTING PERIOD

- (a) Dr. David Chain Chi Woo ("Dr. Chain") resigned as the independent non-executive Director, the chairman of the nomination committee of the Company (the "Nomination Committee"), the member of the Audit Committee and the remuneration committee of the Company (the "Remuneration Committee") with effect from 1 January 2013.

Mr. Leung Yun Fai ("Mr. Leung") was appointed as the chairman of the Nomination Committee in place of Dr. Chain with effect from 1 January 2013.

- (b) G-Prop Services Limited ("G-Prop Services"), a wholly-owned subsidiary of the Company incorporated under the laws of Hong Kong with limited liability, had been granted a money lenders licence by the Licensing Court in Hong Kong on 15 January 2013.

- (c) Mr. Lin Jiang was appointed as the non-executive Director with effect from 1 February 2013.

- (d) On 7 February 2013, the lender, G-Prop Services, which is an indirect wholly-owned subsidiary of the Company, entered into a loan agreement with Yuehai Trading Company Limited, the borrower, pursuant to which the lender had agreed to lend and the borrower had agreed to borrow a one year term loan in the principal amount of HK\$40,000,000 at the interest of 5% per annum. The loan agreement was guaranteed by the guarantor, Dongguan Yuehai Enterprise Investment Company Limited (東莞市悅海實業投資有限公司), pursuant to the deed of guarantee dated 7 February 2013 executed by the lender and the guarantor. Details of the provision of the loan were set out in the Company's announcement dated 7 February 2013.

- (e) Mr. Huang Liang ("Mr. Huang"), Mr. Mai Yang Guang ("Mr. Mai") and Mr. Yau Chi Ming ("Mr. Yau") were appointed as the independent non-executive Directors, the members of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect

from 20 February 2013.

Mr. Leung resigned as the chairman of the Nomination Committee and Mr. Yau was appointed as the chairman of the Nomination Committee in place of Mr. Leung with effect from 20 February 2013.

- (f) Mr. Lam Kwong Wai (“Mr. Lam KW”) resigned as the non-executive Director with effect from 8 March 2013.

Mr. Lam Yat Fai (“Mr. Lam YF”) resigned as the independent non-executive Director, the chairman of the Audit Committee, the member of the Remuneration Committee and the Nomination Committee with effect from 8 March 2013.

Mr. Leung resigned as the independent non-executive Director, the chairman of the Remuneration Committee, the member of the Audit Committee and the Nomination Committee with effect from 8 March 2013.

Mr. Yau, who is the independent non-executive Director, the chairman of the Nomination Committee, the member of the Audit Committee and the Remuneration Committee, was re-designated as the chairman of the Audit Committee in place of Mr. Lam YF. Mr. Huang, who is the independent non-executive Director, the member of the Audit Committee, the Remuneration Committee and the Nomination Committee, was appointed as the chairman of the Remuneration Committee in place of Mr. Leung and Mr. Mai, who is the independent non-executive Director, the member of the Audit Committee, the Remuneration Committee and the Nomination Committee, was appointed as the chairman of the Nomination Committee in place of Mr. Yau. The above mentioned appointments were effective from 8 March 2013.

FINANCIAL OPERATION REVIEW

Results

Revenue for the Year was HK\$8,370,000 (2011: HK\$8,410,000), a slight decrease of HK\$40,000 when compared with last year. Gross profit for the Year amounted to HK\$8,254,000 (2011: HK\$8,248,000), a slight increase of HK\$6,000 as compared with last year.

Interest income generated from floating rate notes (“FRN”), loan to Fancy Mark and loan to Champion Dynasty was HK\$1,644,000 (2011: HK\$3,803,000), HK\$4,280,000 (2011: HK\$2,843,000) and HK\$594,000 (2011: Nil) respectively.

For property leasing, rental income for the Year amounted to HK\$1,852,000 (2011: HK\$1,764,000). An increase in fair value of investment properties of HK\$18,250,000 was recorded in the Year compare with an increase of HK\$3,800,000 in 2011.

No exchange gain attributable to other income was recorded in the Year (2011: exchange gain of HK\$2,658,000 included in the other income).

Costs of sales and administrative expenses

For the Year, the costs of sales were approximately HK\$116,000, a slight decrease of HK\$46,000 or 28.4% when compared with last year. It was because the cessation of payment to sales staff of Chinese Estates Group from 6 August 2012.

For the Year, the administrative expenses were approximately HK\$7,680,000, an increase of HK\$4,795,000 or 166.2% when compared with last year. The significant increase in administrative expenses was resulted in the salaries, depreciation and office rental expenses etc., arising from new employments of the Group and the rent of office since August 2012. In addition, the professional services fee arising from the purchase of the controlling interest of the Company from Chinese Estates by Champion Dynasty (the current substantial shareholder of the Company), the execution of shareholder's loan and the adoption of the share option scheme 2012 were the other reasons for such increase of administrative expenses.

(Loss) profit attributable to owners of the Company

For the Year, loss attributable to owners of the Company surged to HK\$11,585,000 (2011: profit of HK\$13,094,000). Even though there was an increase of HK\$ 18,250,000 in fair value of investment properties, the Company recorded a substantial loss for the Year which was mainly attributable to share-based payment expenses regarding to the share option granted by the Company on 18 December 2012. The fair value changes on investment properties and share-based payment expenses were non-cash items which did not affect the Group's daily normal operation and the cash flows. The basic and diluted loss per share for the Year was HK0.48 cents (2011: earnings per share of HK0.54 cents).

Core profit

The major non-cash items for the Year were the increase in fair value of investment properties of HK\$18,250,000 (2011: increase of HK\$3,800,000) and the share-based payment expenses HK\$31,248,000 (2011: Nil). The core amount attributable to owners of the Company was turned from loss to gain of HK\$1,413,000 (2011: HK\$9,294,000) when the major non-cash items were excluded.

Net asset value

As at 31 December 2012, the Group's total net asset attributable to owners of the Company was

HK\$398,446,000 (2011: HK\$487,536,000), showing a decrease of HK\$89,090,000 or 18.3% compared with last year. The decrease comprised the loss retained for the Year of HK\$11,585,000 plus the payments of dividend of HK\$ 111,699,000, minus a increase of fair value of available-for-sale financial assets of HK\$2,946,000 and a new item of share options reserve of HK\$31,248,000.

Net asset value per share attributable to owners of the Company as at 31 December 2012 was HK16.41 cents (2011: HK20.08 cents).

Investment and finance

A FRN matured during the Year. As at 31 December 2012, another FRN retained by the Group under available-for-sale financial assets was in principal amount of USD5,000,000 with maturity date in 2014. The interest rates were calculated with reference to the LIBOR. In addition, pursuant to three-year revolving facility agreement dated 22 September 2011, a loan up to HK\$300,000,000 at HIBOR plus 1.5% per annum was lent to Fancy Mark and was fully paid up within this year. Moreover, a loan up to HK\$220,000,000 at HIBOR plus 2.5% per annum was lent to the Champion Dynasty in accordance with the three-year revolving facility agreement dated 28 September 2012. No hedging for interest rate and foreign currency were subsisted during the Year.

As at 31 December 2012, the carrying amount of the FRN amounted to HK\$38,072,000 (2011: HK\$76,886,000) and the loan to Champion Dynasty amounted to HK\$220,000,000 (2011: loan to Fancy Mark amounted to HK\$300,000,000) representing 9.5% and 55% of the total assets of the Group respectively.

Equity

The number of issued ordinary shares as at 31 December 2012 and 2011 were 2,428,255,008.

Debt and equity ratio

The Group did not have any borrowings as at 31 December 2012 and 2011.

The Group continued to maintain a sound capital and cash position. Time deposits and bank balances as at 31 December 2012 was approximately HK\$86,769,000 (2011: HK\$75,650,000). 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 2012 and 2011, 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 2012 and 2011.

Financial and interest income/expenses

Total interest income included the interest income from investment and finance recorded in revenue and bank interest income recorded in other income for the Year. Total interest income was HK\$7,014,000 (2011: HK\$7,225,000), representing a decrease of 2.9% from last year. It was mainly due to the decrease in interest income from time deposits and FRN for the Year, even though the interest income from loan to Champion Dynasty was added. There was no finance cost (2011: Nil) during the Year.

Remuneration policies and share option scheme

As at 31 December 2012, the Group employed 8 staff members (2011: Nil), which the Directors were excluded. The total staff cost excluding Directors' emoluments for the Year was approximately HK\$15,405,000 (2011: HK\$1,041,000) which was included the share-based payment expenses of HK\$13,392,000. A share option scheme was adopted by the Company on 15 February 2002 and expired on 14 February 2012. In the beginning of the Year, no exercisable option was outstanding. In addition, the Company had adopted a new share option scheme on 11 October 2012. The Company had granted an aggregate of 168,000,000 share options carrying the right to subscribe for the nominal ordinary shares of HK\$0.01 each of the Company, representing approximately 6.92% of total of 2,428,255,008 shares issued share capital as at 18 December 2012. No option was exercised during the Year. Therefore, there was an aggregate of 168,000,000 share options which were not exercisable as at 31 December 2012.

Property valuation

A property valuation had been carried out by Peak Vision, an independent qualified professional valuer, in respect of the Group's investment properties as at 31 December 2012 and that valuation's report was used in preparing 2012 final results. Property valuation as at 31 December 2011 was carried out by B.I. Appraisals Limited. 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 the current passing rents and the reversionary income potential of such properties into account.

The Group's investment properties were valued at HK\$50,400,000 as at 31 December 2012 (2011: HK\$32,150,000), an increase in fair value of HK\$18,250,000 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, pursuant to three-year revolving facility agreement dated 22 September 2011, a loan up to HK\$300,000,000 at HIBOR plus 1.5% per annum was lent to the Fancy Mark and was fully paid up within this year. For the Year, the Company accrued an interest income in the sum of approximately HK\$4,281,000 from the revolving facility to Fancy Mark, in comparison with HK\$2,843,000 last year.

After granting the approval of the independent shareholders of the Company on 20 November 2012, a new three-year revolving facility up to HK\$220,000,000 at HIBOR plus 2.5% per annum was lent to the Champion Dynasty. For the Year, the Company accrued an interest income in the sum of approximately HK\$594,000 from the revolving facility to Champion Dynasty.

On the other hand, the investment in 2 FRNs for investment purpose in USD denominated principal contributed an interest income of approximately HK\$1,644,000 for the Year, comparing with HK\$3,803,000 last year. A FRN in the principal sum of USD5, 500,000 matured during the Year.

Property investment

As at 31 December 2012, 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 83.8% with rental income amounted to about HK\$1,852,000 for the Year. The rental income represented an increment of 5% as compared to last year. Besides, an unrealised fair value gains on investment properties in the amount of HK\$18,250,000 was recorded during the Year.

PROSPECTS

Champion Dynasty, a substantial shareholder of the Company, acquired 62.26% interest in the total issued share capital of the Company from Chinese Estates. Subsequently, Champion Dynasty gradually reduced its holding since 6 August 2012 in order to enlarge the shareholder base and therefore optimise the shareholding structure of the Company. As at 31 December 2012 and the date of this announcement, Champion Dynasty held 52.69% and 37.23% respectively of the total share capital of the Company.

The Board considers that the substantial loss of HK\$11,585,000 for the Year is mainly caused by share-based payment expenses of HK\$31,248,000 which is a non-cash and non-recurrent item which did not affect the Group's daily normal operation and the cash flows.

The new management of the Company has conducted a detailed review of the operations of the Group with a view to developing corporate strategy to enhance its existing business and asset base and broaden its income stream which may include further investing in and expansion of existing business of the Group should appropriate opportunities arise. At the moment, G-Prop Services, a wholly-owned subsidiary (which possesses a money lenders license granted by the Licensing Court of Hong Kong) of the Group would engage in the money lender business in Hong Kong in order to diversify the Group's income sources and diversify its business scope. In addition, the Group has entered into negotiations with various parties on certain possible projects opportunities and carried out feasibility studies on these possible projects. These possible projects are not limited to the existing business of the Group, but mainly encompass high prospective industries such as new energy, environmental protection, biotechnology, innovative medical technology and hi-technology. As at the date of this announcement, the Group has not yet finalised any of these possible projects, nor has it concluded any acquisition. If any of such projects realises, the Company will make further announcement thereof as and when appropriate.

The Group pursues its progressive and flexible business model. At the same time, the Group has continuing to cope with the changes and challenges of business in a careful and cautious manner.

CORPORATE GOVERNANCE

The Company had fully applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code"), which was formerly known as Code on Corporate Governance Practices, as set out in Appendix 14 of 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 CG Code except for the deviations as follows:

Under code provisions A.2 of the CG Code, one of the important roles of a chairman is to lead the board, ensure the management of the board and, among other things, to ensure that all directors are properly briefed on issues arising at board meetings and that the directors receive adequate information, which must be accurate, clear, complete and reliable, in a timely manner. Although the office of the chairman of the Company had been vacant during the period between 1 June 2007 and

13 August 2012, the deputy chairman of the Company had been acting as the chairman and fulfilled its roles and functions properly. Subsequently, Mr. Cheung was appointed as the chairman of the Company with effect from 14 August 2012. Accordingly, the Directors considered that such code provision has been complied with in substance.

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for specific terms and subject to re-election. However, the independent non-executive Directors are not appointed for any specific term. Notwithstanding that, they are subject to retirement and re-election by rotation at the Company's annual general meeting at least once every three years in accordance with the Company's Bye-laws. The Directors were of the view that the term of the independent non-executive Directors was specific enough in substance. Furthermore, subsequent to the resignations of three former independent non-executive Directors, namely Dr. Chain (with effect from 1 January 2013) and Mr. Lam YF and Mr. Leung (with effect from 8 March 2013), all non-executive Directors were appointed with specific terms clearly stated in their letters of appointment with the Company. Accordingly, the Company has fully complied with this code provision since 8 March 2013.

Under code provision C.2.2 of the CG Code, the board of the directors of a listed company should consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the listed company's accounting and financial reporting function as part of internal control of the listed company in the annual review. Under code provision C.3.3(g) of the CG Code, the terms of reference of the audit committee of a listed company should include the duty to discuss the internal control system with the management to ensure that the management had performed its duty to maintain an effective internal control system and such discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the listed company's accounting and financial reporting function. Although the Company did not have any staff prior to 6 August 2012, the Board secured the assistance of Chinese Estates to provide and shared its accounting and financial reporting resources, including human resources, accounting programmes and other information system facilities, to ensure that the Company had fulfilled the legal and the Listing Rules' requirements on the preparation of financial reporting and internal control. The Board believed that such arrangement with Chinese Estates would substantially reduce the costs of the Company in accounting, financial reporting and internal control functions. Furthermore, the Company had employed its own staff since 6 August 2012 and had fully complied with this code ever since.

Under code provision C.3.7 of the CG Code, the terms of reference of the audit committee of a listed company should also require the establishment and review of arrangements that the employees of the listed company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and the audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action. As the Company did not have any staff prior to 6 August 2012, the Board considered that the absence of relevant arrangements would not cause any material effect on the functions of financial reporting, internal control or other related matters. As the Company had employed its own staff since 6 August 2012, the Board would proceed to formulate the relevant required arrangements.

Under code provision D1.4 of the CG Code, the listed company should have formal letters of appointment for directors setting out the key terms and conditions of their appointments. Prior to 14 August 2012, owing to the receipt of the notice of intention from the substantial shareholders of the Company to dispose of their controlling interests in the Company, the Board had carried out the relevant works to cope with such change of control of the Company, including the appointments of new Directors to the Board in August 2012 and preparing letters of appointment of Directors. Therefore, after 14 August 2012, all new Directors appointed during the period, who are Mr. Cheung, Mr. Cheng Hau Yan and Mr. Lam KW, had signed letters of appointment. Accordingly, the Company had fully complied with this code since 14 August 2012.

Under code provision F1.1 of the CG Code, the company secretary should be an employee of the listed company and should have day-to-day knowledge of the listed company's affair. Mr. Lam KW had taken up the position as group financial controller since 2003 and company secretary of the Company since 2007 and he had extensive day-to-day knowledge of the Company, notwithstanding that he was not an employee of the Company. Apart from being the company secretary of Chinese Estates, the previous holding company of the Company, since 1994, he also was an executive Director and group financial controller of the Chinese Estates since 12 June 2012. The Board considered that his services as the company secretary of the Company were indispensable. With effect from 6 August 2012, Mr. Lam KW resigned from the post of company secretary and group financial controller of the Company and Board appointed Miss Wong Yuet Ying as full time employee to take up that position. Since 6 August 2012, the Company had fully complied with this code.

Under code provision A.6.5 of the CG Code, directors should participate in continual professional training to ensure that they have comprehensive and appropriate knowledge so as to make contribution to the Board at all time. Apart from Dr. Chain, a former independent non-executive Director who had resigned as a Director and all positions in the Company's committees with effect from 1 January 2013, all Directors had participated in continual professional training during the Year.

Under code provision A.3 of the CG Code, non-executive directors should be of sufficient number for their views to carry weight. Moreover, under Rules 3.10 (1) and 3.21 of the Listing Rules, every board of directors of a listed company must include at least three independent non-executive directors. Despite compliance of such code provision by the Company during the Year, the number of independent non-executive Directors was below the minimum required number during the period from 1 January 2013, being the effective date of the resignation of Dr. Chain, to 17 February 2013. Starting from 18 February 2013, the Company recompiled the code when Mr. Yau, Mr. Huang and Mr. Mai were appointed as independent non-executive Directors.

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 before 6 August 2012; all the employees of the G-Prop Group after 6 August 2012), 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.

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.

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 contributions.

By Order of the Board
G-Prop Holdings Limited
Cheung Wai Kuen
Chairman

Hong Kong, 28 March 2013

As at the date of this announcement, the Board comprises Mr. Cheung Wai Kuen, and Mr. Cheng Hau Yan as executive Directors; Mr. Lin Jiang as non-executive Director; and Mr. Huang Liang, Mr. Mai Yang Guang and Mr. Yau Chi Ming as independent non-executive Directors.

The website of the Company is at www.g-prop.com.hk