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G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

ANNOUNCEMENT

- 1. Special deal, major transaction and connected transaction in relation to the Disposal;**
- 2. Connected transaction in relation to the termination of the Master Agreement;**
- 3. Proposed amendment to the condition of the Convertible Bonds; and**
- 4. Resumption of trading.**

INTRODUCTION

Having regard to the capital intensive nature of the Methanol Project and the Acetic Acid Project and in view of the recent capital market performance, the Board considers that there may be difficulty for the Group in raising further capital for the development of the Methanol Project and the Acetic Acid Project in the medium to long term. Hence, the Board, having considered the medium to long term business plan, decided to cease to take part in the Methanol Project and the Acetic Acid Project and on 1 February 2008, the Company and KB Group entered into the Disposal Agreement and the Termination Deed.

THE DISPOSAL AGREEMENT

On 1 February 2008, the Company (as vendor) and Fame Ascent (as purchaser) entered into the Disposal Agreement pursuant to which the Company has conditionally agreed to sell, and Fame Ascent has conditionally agreed to purchase, the entire issued share capital of Big Winner and all the shareholders' loan due from Big Winner Group to the Company at an aggregate consideration of HK\$183,698,986.

The Disposal constitutes a connected and major transaction for the Company and is subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

The Disposal shall constitute a special deal under Rule 25 of the Takeovers Code and therefore requires the consent of the Executive. An application for obtaining such consent will be submitted to the Executive.

THE TERMINATION DEED

On 1 February 2008, the Company and KB entered into the Termination Deed pursuant to which the Company and KB have conditionally agreed to terminate the Master Agreement.

The entering into of the Termination Deed constitutes a connected transaction for the Company and in view of the fact that (1) the Termination Deed does not involve the acquisition or disposal of any assets/liabilities and (2) neither party is required to pay any compensation to each other, the Termination Deed is exempted from reporting, announcement and shareholders' approval requirements under the Listing Rules.

PROPOSED AMENDMENT TO THE CONDITION OF THE CONVERTIBLE BONDS

Currently, it is a condition of the Convertible Bonds that, subject to the Company's cash position, the Bondholders may only during the period commencing from the day immediately after the second anniversary of the issue date of the Convertible Bonds and expiring on the maturity date of the Convertible Bonds request the Company to redeem the outstanding principal amount of the Convertible Bonds. Such provision was then designed in view of the capital intensive nature of the Methanol Project. In light of the Disposal, the Group does not have any immediate need for the capital received from the issue of the Convertible Bonds which was originally allocated for Methanol Project. Accordingly, it is proposed that subject to the completion of the Disposal, such condition will be amended so as to allow the Bondholder(s) to request the Company to redeem the outstanding principal amount of the Convertible Bonds at any time after the proposed amendment becoming effective up to the maturity date of the Convertible Bonds.

The proposed amendment to the condition of the Convertible Bonds is subject to the Independent Shareholders' approval pursuant to the Listing Rules and is also considered as an off-market share repurchase and must be approved by the Executive. The proposed amendment is also subject to (1) the approval by at least three-fourths of the votes cast on a poll by the Independent Shareholders in attendance in person or by proxy at the SGM; (2) the approval of not less than holders of 75% of the principal amount of the Convertible Bonds; and (3) the approval of the Stock Exchange.

SGM

The Company will convene the SGM for the purposes of considering, if thought fit, approving the Disposal Agreement and the proposed amendment to the condition of the Convertible Bonds.

An independent board committee of the Company will be appointed to advise the Independent Shareholders on whether or not the Disposal Agreement and the proposed amendment to the condition of the Convertible Bonds are fair and reasonable so far as the Independent Shareholders are concerned. An independent financial adviser will be appointed to advise the independent board committee of the Company regarding the Disposal Agreement and the proposed amendment to the condition of the Convertible Bonds. A circular containing further details of, among other matters, the Disposal Agreement and the proposed amendment to the condition of the Convertible Bonds together with a notice of the SGM will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:38 a.m. on 29 January 2008 pending the release of an announcement in relation to the possible change of business plan of the Company.

During the period from 29 January 2008 to 1 February 2008, the Company and KB Group negotiated and finalised the terms of various documents and finally signed the Disposal Agreement and the Termination Deed on 1 February 2008. On 1 February 2008, the Company issued an announcement in relation to the possible Offers and the possible change of business plan of the Company whereby the Company announced that (i) a conditional agreement for the disposal of the entire interest of the Company in certain of the wholly owned subsidiaries (i.e. the Disposal Agreement), which constitutes a major and connected transaction for the Company; and (ii) a conditional agreement for the termination of a possible joint venture cooperation (i.e. the Termination Deed) had been respectively entered into on 1 February 2008. Trading in the Shares on the Main Board of the Stock Exchange has remained suspended after the issue of such announcement pending the issue of an announcement containing further details of the above matters.

After the signing of the Disposal Agreement and the Termination Deed, the Company was preparing the Offer Announcement and this announcement and the Company was in negotiation with Fame Ascent on the terms of the Supplemental Disposal Agreement. On 7 March 2008, the Company issued the Offer Announcement jointly with Mass Rise and CE whereby, among other matters, terms of the Offers were announced. On 28 March 2008, the Company and Fame Ascent entered into the Supplemental Disposal Agreement.

Application has been made by the Company for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 1 April 2008.

1. INTRODUCTION

At present, the Group is principally engaged in property investment and leasing in Hong Kong. In addition, the Group is developing the Methanol Project which is now in its preliminary development stage of designing the layout of the plant in Inner Mongolia of the PRC. On 21 January 2008, the Company also announced that the Company had entered into the Master Agreement.

As disclosed in the “Letter from the Independent Financial Adviser” in the circular of the Company dated 28 August 2007, the Directors estimated that the total investment for the Methanol Project within the first three years after the acquisition of the PRC Company would be approximately HK\$4,120 million. The Company only received net proceeds of approximately HK\$373 million from the Subscription, which is sufficient for the first year operation of the Methanol Project. At that time, the Directors expected that future capital commitment would be funded by way of project financing, bank borrowings, shareholders’ loan, equity financing and/or a combination of all. The recent change in the performance and sentiment of the capital market (in particular, the change after November 2007) has led to a more difficult environment for the Group to raise additional capital for the development of the Methanol Project and the Acetic Acid Project in the medium to long term. Hence, the Board, having considered the medium to long term business plan, decided to cease to take part in the Methanol Project and the Acetic Acid Project and on 1 February 2008, the Company and KB Group entered into the Disposal Agreement and the Termination Deed. On 28 March 2008, the Company and Fame Ascent also entered into the Supplemental Disposal Agreement. Details of the Disposal Agreement and the Termination Deed are summarised below.

2. DISPOSAL AGREEMENT

2.1 Date

1 February 2008 (as amended by the Supplemental Disposal Agreement dated 28 March 2008)

2.2 Parties

- (1) Vendor: The Company.
- (2) Purchaser: Fame Ascent. As at the date of the Disposal Agreement, Fame Ascent was interested in approximately 36.51% of the entire issued share capital of the Company and was a Controlling Shareholder of the Company.

2.3 Subject matter

Pursuant to the Disposal Agreement, the Company had conditionally agreed to sell, and Fame Ascent had conditionally agreed to purchase:

- (1) the two ordinary shares with a par value of US\$1 each of Big Winner, representing 100% issued share capital of Big Winner; and
- (2) the shareholder's loan due from Big Winner Group to the Company, representing HK\$183,698,970.40 as at the date of the Disposal Agreement.

2.4 Consideration

The aggregate consideration payable by Fame Ascent to the Company is HK\$183,698,986 and shall be payable by Fame Ascent to the Company in cash at completion of the Disposal.

The consideration was determined after arm's length negotiation between the Company and Fame Ascent and on normal commercial terms with reference to the par value of the entire issue share capital of Big Winner (i.e. HK\$15.60) and the face value of the shareholders' loan advanced by the Company to Big Winner Group as at 15 January 2008.

The Group's original acquisition cost of Big Winner Group is approximately HK\$184 million, including among other things, payment of the consideration for the acquisition of the PRC Company (approximately HK\$62.4 million), deposit payment for development cost of methanol plant (approximately HK\$11.1 million) and water usage right in Inner Mongolia (approximately HK\$95.7 million, working capital of the PRC Company (approximately HK\$8 million) and the preliminary administrative and taxation expenses of the PRC Company (approximately HK\$6.8 million).

Without taking into account the expenses to be incurred in connection with the Disposal, the Group is expected to record a loss of approximately HK\$1.5 million as a result of the Disposal which is mainly attributable to the expenses incurred by the Company in connection with the acquisition of the PRC Company. It is estimated that the Group will receive net proceeds of approximately HK\$182 million under the Disposal which is intended to be used as general working capital of the Group and/or for acquisition of suitable investment(s) and/or business(es).

2.5 Completion of the Disposal

Completion of the Disposal is conditional upon:

- (1) the completion of the sale and purchase of the Sale Shares as contemplated under the Sale and Purchase Agreement having taken place;
- (2) the receipt by Fame Ascent of the offer price for the Convertible Bonds held by it pursuant to the Offers;
- (3) the Disposal Agreement being consented to by the Executive for the purpose of Rule 25 of the Takeovers Code;
- (4) the passing of the necessary resolutions by the Shareholders in general meeting (if necessary, by poll) who are permitted by the Executive and the Stock Exchange to vote on the relevant resolution to approve the Disposal Agreement; and
- (5) if necessary, all approvals, consents, authorisations and licences in relation to the change of beneficial ownership of Big Winner as contemplated by the Disposal Agreement having been obtained from the requisite government or regulatory authorities or any third parties.

None of the above conditions can be waived and the completion of the Disposal is not conditional upon the Termination Deed becoming effective. If any of the above conditions has not been satisfied on or before 5:00 p.m. on 15 July 2008, the Disposal Agreement shall cease and determine and none of the parties shall have any obligations and liabilities hereunder save for any prior breaches of the terms hereof.

After completion of the Disposal, the Company will cease to have any interest in each member of Big Winner Group and each such company will cease to be a subsidiary of the Company.

2.6 Information of Big Winner, Grade Crystal and the PRC Company

Big Winner is the sole legal and beneficial owner of the entire issued share capital of Grade Crystal. Grade Crystal is the sole legal and beneficial owner of the entire paid up registered capital of the PRC Company.

According to the existing Business Licence (企業法人營業執照) of the PRC Company, the business scope of the PRC Company is production and sale of methanol. The PRC Company is currently developing the Methanol Project solely.

Given that (i) the Methanol Project is only at a preliminary development stage which only involves the design of the layout of the plant of the Methanol Project; (ii) the PRC Company has not obtained all the relevant approvals required for the Methanol Project; (iii) the principal asset of the PRC Company comprises a vacant site in Inner Mongolia and no construction work has been undertaken so far; and (iv) the PRC Company has not yet commenced its business and has no sales, marketing, purchasing activities for generation of revenue and has not recorded any revenue, sales or turnover, and is not expected to generate any significant production until 2010 the earliest, the Directors consider that the Methanol Project does not constitute an existing business of the Group at present.

As at 29 February 2008, the unaudited total asset value and total liabilities of Big Winner and Grade Crystal are as follows:

	Big Winner	Grade Crystal
Unaudited total asset value	HK\$9,222	HK\$183,595,204
Unaudited total liabilities	HK\$16,792	HK\$183,691,540
Net liabilities	HK\$7,570	HK\$96,336

As stated above, Big Winner Group has not recorded any revenue during the two years ended 31 December 2007. For the period from 5 July 2007 (being the date of incorporation of Big Winner) to 31 December 2007, the unaudited net loss of Big Winner was HK\$7,586. For the period from 12 June 2007 (being the date of incorporation of Grade Crystal) to 31 December 2007, the unaudited net loss of Grade Crystal was HK\$30,028.

2.7 Directors' view

The Directors (excluding the independent non-executive Directors whose view will be formed after taking into account the advice of the independent financial adviser to be appointed by the Company) consider that the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

2.8 Listing Rules implications

The Disposal constitutes a connected and major transaction for the Company and is subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

2.9 Special deal

Since the Disposal Agreement, which has favourable conditions not extended to all Shareholders, was entered into during the period where the period of the Offers have commenced, the Disposal shall constitute a special deal under Rule 25 of the Takeovers Code and therefore requires the consent of the Executive. An application for obtaining such consent will be submitted to the Executive. Such consent, if granted, will be subject to the approval by the Independent Shareholders by way of a poll at the SGM.

3. TERMINATION DEED

3.1 Date

1 February 2008

3.2 Parties

(1) The Company

(2) KB

3.3 Subject matter

On 21 January 2008, the Company announced that the Company had entered into the Master Agreement in relation to a possible formation of joint venture companies with KB Group for the purpose of undertaking the Acetic Acid Project. Up to the date of this announcement, the Group has not made any investment in the Acetic Acid Project pursuant to the Master Agreement.

The Company and KB agreed that subject to the obtaining by the Company of all necessary approval(s) and consent(s) which may be required pursuant to any law or legal requirements or pursuant to the rules or requirements of any regulatory body (including but not limited to the Stock Exchange and/or the SFC), the provisions of the Master Agreement will be terminated and will cease to have effect, on and from the Effective Date. The Termination Deed is not conditional upon the completion of the Disposal Agreement.

The “Effective Date” shall mean the earlier of (i) the day on which KB shall have been notified by the Company that no approval or consent referred to above is required or (ii) the day immediately after the day on which KB shall have been notified by the Company that all approvals and consents referred to above have been obtained.

In connection with the execution of the Termination Deed, the Company is not required to pay any compensation to KB.

3.4 Directors’ view

The Directors (including the independent non-executive Directors) consider that the terms of the Termination Deed are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

3.5 Listing Rules implications

The entering into of the Termination Deed constitutes a connected transaction for the Company and in view of the fact that (1) the Termination Deed does not involve the acquisition or disposal of any assets/liabilities and (2) neither party is required to pay any compensation to each other, it is submitted that the Termination Deed is exempted from reporting, announcement and shareholders' approval requirements under the Listing Rules.

4. PROPOSED AMENDMENT TO THE CONDITION OF THE CONVERTIBLE BONDS

At the special general meeting of the Company held on 28 August 2007, the Subscription, which constituted a connected transaction for the Company, was approved by the then independent Shareholders of the Company. The Company issued the Convertible Bonds to Fame Ascent and Asian Kingdom Limited at completion of the Subscription.

Currently, it is a condition of the Convertible Bonds that subject to the Company's cash position, the Bondholders may only during the period commencing from the day immediately after the second anniversary of the issue date of the Convertible Bonds and expiring on the maturity date of the Convertible Bonds request the Company to redeem the outstanding principal amount of the Convertible Bonds. Such provision was then designed in view of the capital intensive nature of the Methanol Project. In light of the Disposal, the Group does not have any immediate need for the capital received from the issue of the Convertible Bonds which was originally allocated for the Methanol Project. Accordingly, it is proposed that subject to the completion of the Disposal, such condition will be amended so as to allow the Bondholder(s) to request the Company to redeem the outstanding principal amount of the Convertible Bonds at any time after the proposed amendment becoming effective up to the maturity date of the Convertible Bonds.

The proposed amendment to the condition of the Convertible Bonds is subject to the Independent Shareholders' approval pursuant to the Listing Rules and is also considered as an off-market share repurchase and must be approved by the Executive. The proposed amendment is also subject to (1) the approval by at least three-fourths of the votes cast on a poll by the Independent Shareholders in attendance in person or by proxy at the SGM; (2) the approval of not less than holders of 75% of the principal amount of the Convertible Bonds; and (3) the approval of the Stock Exchange.

The Directors (excluding the independent non-executive Directors whose view will be formed after taking into account the advice of the independent financial adviser to be appointed by the Company) consider that the proposed amendment to the condition of the Convertible Bonds is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In the event that the condition of the Convertible Bonds is amended so as to allow the Bondholder(s) to request the Company to redeem the outstanding principal amount of the Convertible Bonds at any time after the proposed amendment becoming effective up to the maturity date of the Convertible Bonds and upon the request of Bondholders, it is the intention of the Company to redeem the entire principal amount of the Convertible Bonds of HK\$180 million by using the unused Subscription Proceeds.

5. USE OF PROCEEDS FROM THE SUBSCRIPTION

Completion of the Subscription took place in October 2007 and the Company has received the Subscription Proceeds of approximately HK\$373 million which the Directors intended to use for the construction of the production plant of the Methanol Project.

As at the date of this announcement, the Group has used approximately HK\$120 million from the Subscription Proceeds for the Methanol Project. Should the Disposal and the proposed amendment to the condition of the Convertible Bonds be approved by the Independent Shareholders at the SGM and upon the request of the Bondholders, the Company intends to use the unused Subscription Proceeds to redeem the entire principal amount of the Convertible Bonds of HK\$180 million and the remaining for the Group's general working capital and/or for acquisition of suitable investment(s) and/or business(es).

6. IMPLICATIONS ON RULE 14.82 OF THE LISTING RULES

Under the requirement of Rule 14.82 of the Listing Rules, the Company shall not consist wholly or substantially of cash. As at the date of this announcement, the percentages of cash to total assets and net assets of the Group are approximately 58.4% and 85.0% respectively.

After completion of the Disposal Agreement and the redemption of the principal amount of the Convertible Bonds in full, the percentages of cash to total assets and net assets of the Group will be 90.4% and 91.8% respectively. The Company and the Directors are working to identify suitable investment(s) and/or business(es) to be acquired. Although the Company has not yet identified any suitable target investment or business, the Board is confident that the Company will be able to identify and acquire asset(s)/business(es) to satisfy the requirement of Rule 14.82 of the Listing Rules after completion of the Disposal Agreement and the redemption of the principal amount of the Convertible Bonds in full.

Shareholders and potential investors should note that if the Company is not able to identify and acquire suitable asset(s)/business(es) after completion of the Disposal Agreement and the redemption of the principal amount of the Convertible Bonds in full, the Company would not satisfy the requirements of Rule 14.82 of the Listing Rules.

The Company will apply for suspension of trading in the Shares on the date of completion of the Disposal if the Company cannot satisfy the requirement under Rule 14.82 of the Listing Rules. The Company will make announcement in this respect prior to applying for suspension of trading in the Shares.

It is the intention of the Company and the Controlling Shareholders of the Company that the Group will maintain the listing status of the Company on the Main Board of the Stock Exchange.

7. SGM

The Company will convene the SGM for the purposes of considering, if thought fit, approving the Disposal Agreement and the proposed amendment to the condition of the Convertible Bonds.

To the best knowledge of the Directors having made all reasonable enquiries, the KB Group (including Fame Ascent) does not hold any Shares as at the date of this announcement. On such basis, other than Mass Rise and parties acting in concert with it (including CE Group and Asian Kingdom Limited) who will abstain from voting at the SGM, there is no other Shareholder(s) who has a material interest in the Disposal Agreement and the proposed amendment to the condition of the Convertible Bonds who is required to abstain from voting at the SGM.

An independent board committee of the Company will be appointed to advise the Independent Shareholders on whether or not the Disposal Agreement and the proposed amendment to the condition of the Convertible Bonds are fair and reasonable so far as the Independent Shareholders are concerned. An independent financial adviser will be appointed to advise the independent board committee of the Company regarding the Disposal Agreement and the proposed amendment to the condition of the Convertible Bonds. A circular containing further details of, among other matters, the Disposal Agreement and the proposed amendment to the condition of the Convertible Bonds together with a notice of the SGM will be despatched to the Shareholders as soon as practicable.

8. SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:38 a.m. on 29 January 2008 pending the release of an announcement in relation to the possible change of business plan of the Company.

During the period from 29 January 2008 to 1 February 2008, the Company and KB Group further negotiated and finalised the terms of various documents and finally signed the Disposal Agreement and the Termination Deed on 1 February 2008. On 1 February 2008, the Company issued an announcement in relation to the possible Offers and the possible change of business plan of the Company whereby the Company announced that (i) a conditional agreement for the disposal of the entire interest of the Company in certain of the wholly-owned subsidiaries (i.e. the Disposal Agreement), which constitutes a major and connected transaction for the Company; and (ii) a conditional agreement for the termination of a possible joint venture cooperation (i.e. the Termination Deed) had been respectively entered into on 1 February 2008. Trading in the Shares on the Main Board of the Stock Exchange has remained suspended after the issue of such announcement pending the issue of an announcement containing further details of the above matters.

After the signing of the Disposal Agreement and the Termination Deed, the Company was preparing the Offer Announcement and this announcement and the Company was in negotiation with Fame Ascent on the terms of the Supplemental Disposal Agreement. On 7 March 2008, the Company issued the Offer Announcement jointly with Mass Rise and CE whereby, among other matters, terms of the Offers were announced. On 28 March 2008, the Company and Fame Ascent entered into the Supplemental Disposal Agreement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 1 April 2008 has been made by the Company.

9. DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acetic Acid Project”	the proposal for the construction of acetic acid factory and the production and sale of acetic acid to be undertaken by Hebei Chungshun and Hebei Yingdu as announced by the Company in its announcement dated 21 January 2008
“acting in concert”	the meaning ascribed to it under the Takeovers Code
“AK Bond”	the Convertible Bonds with principal amount of HK\$72,000,000 issued by the Company to Asian Kingdom Limited, a company wholly-owned by Mr. Lau, pursuant to the Subscription
“Big Winner”	Big Winner Investments Limited, a company incorporated in the British Virgin Islands with limited liabilities and a direct wholly-owned subsidiary of the Company
“Big Winner Group”	Big Winner and its subsidiaries
“Board”	the board of Directors
“Bondholder(s)”	the bondholders of the Convertible Bonds
“CE”	Chinese Estates Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, being the Controlling Shareholder and the holding company of the Company as at the date of this announcement

“CE Group”	CE and its subsidiaries, and for the avoidance of doubt, excluding the Group for the purpose of this announcement
“Company”	G-Prop (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Controlling Shareholder(s)”	the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the zero coupon convertible bonds due 2010 issued by the Company in the aggregate principal amount of HK\$180,000,000 which was created by an instrument executed by the Company by way of a deed poll on 25 October 2007, all of which remained outstanding as at the date of this announcement
“Directors”	the directors of the Company
“Disposal”	the disposal of the entire issued share capital of Big Winner and the shareholder’s loan owed by Big Winner Group to the Company pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement dated 1 February 2008 and entered into between the Company (as vendor) and Fame Ascent (as purchaser), in relation to, the Disposal as varied and supplemented by the Supplemental Disposal Agreement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Fame Ascent”	Fame Ascent Investments Limited, an investment holding company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of KB, the beneficial owner of the Sale Shares and a Controlling Shareholder of the Company immediately before the completion of the sale and purchase of the Sale Shares

“Grade Crystal”	Grade Crystal Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hebei Chungshun”	河北忠信化工有限公司 (Hebei Chung Shun Chemical Co., Ltd.), a sino-foreign equity joint venture to be established in the Hebei Province in the PRC
“Hebei Yingdu”	河北英都氣化有限公司 (Hebei Ying Du Gasification Co., Ltd.), a sino-foreign equity joint venture to be established in the Hebei Province in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than Mass Rise, CE Group, KB and Fame Ascent, their respective associates and parties acting in concert with any of them
“KB”	Kingboard Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and a Controlling Shareholder of the Company immediately before the completion of the sale and purchase of the Sale Shares
“KB Group”	KB and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC

“Mass Rise”	Mass Rise Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CE
“Master Agreement”	the agreement dated 17 January 2008 and entered into between the Company and KB in relation to a possible formation of joint venture companies with KB Group for the purpose of undertaking the Acetic Acid Project
“Methanol Project”	the project of setting up a plant in Erdos (鄂爾多斯) in Inner Mongolia of the PRC for manufacturing methanol products using coal as raw material as currently undertaken by the PRC Company, further details of which are set out in the Subscription Announcement and the Subscription Circular
“Mr. Lau”	Mr. Joseph Lau, Luen-hung, the sole ultimate beneficial owner of Asian Kingdom Limited and is a director and the Controlling Shareholder of CE, which is in turn a Controlling Shareholder of the Company
“Offers”	the mandatory unconditional cash offers for (i) all the issued Shares not already owned or agreed to be acquired by Mass Rise and parties acting in concert with it; and (ii) the Convertible Bonds (other than the AK Bond) to be made by Get Nice Investment Limited on behalf of Mass Rise in accordance with the Takeovers Code, details of which are set out in the Offer Announcement
“Offer Announcement”	the joint announcement dated 7 March 2008 and issued by the Company, Mass Rise and CE in relation to, among other matters, terms of the Offers
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan

“PRC Company”	內蒙古伊澤礦業投資有限公司 (unofficial English translation as Inner Mongolia Yize Mining Investment Co., Ltd.), a company established in the PRC on 16 November 2004 and an indirect wholly-owned subsidiary of the Company, further details of which are set out in the Subscription Announcement and the Subscription Circular
“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 February 2008 and entered into between Mass Rise (as purchaser) and Fame Ascent (as vendor) in relation to, amongst other matters, the sale and purchase of the Sale Shares, the transfer of which has triggered the Offers
“Sale Share(s)”	740,518,325 Shares acquired by Mass Rise from Fame Ascent pursuant to the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving, the Disposal and the proposed amendment to the condition of the Convertible Bonds
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	collectively, the subscription of an aggregate of 1,234,197,208 Shares and the Convertible Bonds by Asian Kingdom Limited and Fame Ascent, further details of which are set out in the Subscription Announcement and the Subscription Circular

“Subscription Announcement”	the joint announcement dated 7 August 2007 and issued by the Company, Asian Kingdom Limited, KB and Fame Ascent in relation to, among other matters, the Subscription
“Subscription Circular”	the circular of the Company dated 28 August 2007 in relation to, among other matters, the Subscription
“Subscription Proceeds”	the proceeds of approximately HK\$373 million net of expenses received by the Company from the Subscription which was completed in October 2007
“Supplemental Disposal Agreement”	the supplemental agreement dated 28 March 2008 and entered into between the Company and Fame Ascent to vary and supplement certain terms of the Disposal Agreement
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Termination Deed”	the deed of termination dated 1 February 2008 and executed by the Company and KB in relation to the termination of the Master Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the board of
G-Prop (Holdings) Limited
Lam, Kwong-wai
Company Secretary

Hong Kong, 31 March 2008

As at the date of this announcement, the Board comprised of Mr. Leung, Wing-pong, Mr. Kong, Chi-ming, Mr. Chan, Wing-kwan and Mr. Chang, Wing-yiu as executive Directors and Mr. Leung, Yun-fai, Mr. Lam, Yat-fai and Dr. David Chain, Chi-woo as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.