

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**G·PROP**  
(HOLDINGS) LIMITED

**G-PROP (HOLDINGS) LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock code : 286)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

The board (the “Board”) of directors (the “Directors”) of G-Prop (Holdings) Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2012 (the “Period”) together with the comparative figures for the corresponding period in 2011 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2012*

		<b>For six months ended 30 June</b>	
		<b>2012</b>	<b>2011</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>4,614</b>	4,401
Costs of sales		<u>(74)</u>	<u>(91)</u>
Gross profit		<b>4,540</b>	4,310
Other income	5	<b>426</b>	3,691
Administrative expenses		<b>(1,824)</b>	(1,476)
Fair value changes on investment properties		<u>1,550</u>	<u>3,150</u>
Profit before tax		<b>4,692</b>	9,675
Income tax credit	7	<u>66</u>	<u>–</u>
<b>Profit for the period</b>	6	<b>4,758</b>	9,675
<b>Other comprehensive income:</b>			
Fair value changes on available-for-sale financial assets		<b>1,932</b>	260
<b>Total comprehensive income for the period</b>		<b><u>6,690</u></b>	<b><u>9,935</u></b>
<b>Profit for the period attributable to owners of the Company</b>		<b><u>4,758</u></b>	<b><u>9,675</u></b>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b><u>6,690</u></b>	<b><u>9,935</u></b>
<b>Earnings per share</b>	9		
Basic and diluted (HK cents per share)		<b><u>0.2</u></b>	<b><u>0.4</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	<i>Notes</i>	<b>30 June 2012 (Unaudited) HK\$'000</b>	31 December 2011 (Audited) HK\$'000
<b>Non-current assets</b>			
Investment properties		33,700	32,150
Goodwill		2,939	2,939
Interests in jointly controlled entities		–	–
Available-for-sale financial assets	10	<u>36,667</u>	<u>34,978</u>
		<u><b>73,306</b></u>	<u>70,067</u>
<b>Current assets</b>			
Available-for-sale financial assets	10	42,630	41,908
Loan to a fellow subsidiary	11	300,000	300,000
Amount due from a fellow subsidiary	12	2	–
Debtors, deposits and prepayment	13	641	1,061
Time deposits and bank balances		<u>76,478</u>	<u>75,650</u>
		<u><b>419,751</b></u>	<u>418,619</u>
<b>Current liabilities</b>			
Amount due to ultimate holding company	14	4	3
Amounts due to fellow subsidiaries	14	101	103
Creditors and accruals	15	626	488
Deposits and receipts in advance		489	438
Tax liabilities		<u>22</u>	<u>11</u>
		<u><b>1,242</b></u>	<u>1,043</u>
<b>Net current assets</b>		<u><b>418,509</b></u>	<u>417,576</u>
<b>Total assets less current liabilities</b>		<u><b>491,815</b></u>	<u>487,643</u>
<b>Equity attributable to owners of the Company</b>			
Share capital		24,282	24,282
Share premium		351,638	351,638
Translation reserve		234	234
Securities investment reserve		(975)	(2,907)
Retained profits		<u>116,619</u>	<u>114,289</u>
<b>Total equity</b>		<u><b>491,798</b></u>	<u>487,536</u>
<b>Non-current liability</b>			
Deferred tax liabilities		<u>17</u>	<u>107</u>
		<u><b>491,815</b></u>	<u>487,643</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

## 1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements 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”) and with Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The interim unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2011.

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

## 2. Application of new and revised Hong Kong Financial Reporting Standards (the “new HKFRSs”)

The accounting policies adopted in the unaudited condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2011 except as described below.

Within the Period, the Group has applied, for the first time, the following the new HKFRSs issued by the HKICPA, which are effective for current accounting period of the Group. The new HKFRSs adopted by the Group in the unaudited condensed consolidated financial statements are set out below:

HKFRS 1 (Amendments)	Disclosures - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures - Transfers of Financial Assets
HKAS 12 (Amendment)	Income Taxes

The amendments to HKFRS 7 promote transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposure relating to transfer of financial assets and the effect of those risks on the Group’s financial position, particularly those involving securitisation financial assets.

The Group has 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” for the financial year ended 31 December 2010 and this change in accounting policy has been consistently applied in these unaudited condensed 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 periods have been prepared and presented. Accordingly, no prior period 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 <sup>2</sup>
HKFRS 1 (Amendments)	Government Loan <sup>2</sup>
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure <sup>4</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 10	Consolidation Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interest in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidation Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>2</sup>
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>1</sup>
HKAS 19 (Revised 2011)	Employee Benefits <sup>2</sup>
HKAS 27 (Revised 2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures <sup>2</sup>
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HK (IFRIC) –Int 20	Stripping Costs in Production Phase of a Surface Mine <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>4</sup> 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

	<b>For six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Revenue represents the aggregate amounts received and receivable from third parties and analysed as follows:		
Property rental income	<b>930</b>	870
Interest income from investment and finance	<b>3,684</b>	3,531
	<b>4,614</b>	4,401

#### 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 in two reportable segments (i) investment and finance; and (ii) properties investment. The segmentations are based on the information about the operation of the Group that management uses to make decisions.

Principal activities are as follows:

Investment and finance	–	Investing and financing activities
Properties investment	–	Property leasing

The Group evaluates performance on the basis of profit or loss from operations before tax expense but not including the major non-cash items. The major non-cash item is fair value changes on investment properties. There is no intersegment revenue accountable for in both periods.

The Group's measurement methods used to determine reported segment 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.

Included in revenue arising from investment and finance of HK\$3,684,000 (2011: HK\$3,531,000) is revenue of approximately HK\$3,228,000 (2011: HK\$3,123,000) which arose from the Group's two (2011: four) major customers and each customer accounted for more than 10% of the Group's total revenue.

Operating segment information is presented below:

**Condensed Consolidation Statements of Comprehensive Income**

*For the six months ended 30 June 2012*

	<b>Investment and finance (Unaudited) HK\$'000</b>	<b>Properties investment (Unaudited) HK\$'000</b>	<b>Consolidated (Unaudited) HK\$'000</b>
<b>Revenue</b>			
Revenue from external customers	<u>3,684</u>	<u>930</u>	<u>4,614</u>
<b>Results</b>			
Segment results for reportable segments	<u>3,548</u>	<u>864</u>	4,412
Unallocated items:			
Interest income			248
Unallocated corporate expenses, net			(1,518)
Income tax credit			<u>66</u>
<b>Core profit (excluding major non-cash item)</b>			<b>3,208</b>
Major non-cash item			
Fair value changes on investment properties			<u>1,550</u>
<b>Profit for the period attributable to owners of the Company</b>			<b><u>4,758</u></b>

**Condensed Consolidated Statement of Financial Position**

*As at 30 June 2012*

	<b>Investment and finance (Unaudited) HK\$'000</b>	<b>Properties investment (Unaudited) HK\$'000</b>	<b>Consolidated (Unaudited) HK\$'000</b>
<b>Assets</b>			
Segment assets for reportable segments	<u>450,204</u>	<u>39,914</u>	490,118
Unallocated corporate assets			<u>2,939</u>
Consolidated total assets			<b><u>493,057</u></b>
<b>Liabilities</b>			
Segment liabilities for reportable segments	<u>715</u>	<u>505</u>	1,220
Unallocated corporate liabilities			<u>39</u>
Consolidated total liabilities			<b><u>1,259</u></b>

Condensed Consolidation Statements of Comprehensive Income  
For the six months ended 30 June 2011

	Investment and finance (Unaudited) HK\$'000	Properties investment (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
<b>Revenue</b>			
Revenue from external customers	3,531	870	4,401
<b>Results</b>			
Segment results for reportable segments	7,075	787	7,862
Unallocated items			
Interest income			139
Unallocated corporate expenses			(1,476)
Income tax expense			—
<b>Core profit (excluding major non-cash item)</b>			6,525
Major non-cash item			
Fair value changes on investment properties			3,150
<b>Profit for the period attributable to owners of the Company</b>			<b>9,675</b>

Condensed Consolidated Statement of Financial Position  
As at 31 December 2011

	Investment and finance (Audited) HK\$'000	Properties investment (Audited) HK\$'000	Consolidated (Audited) HK\$'000
<b>Assets</b>			
Segment assets for reportable segments	448,279	37,468	485,747
Unallocated corporate assets			2,939
Consolidated total assets			<b>488,686</b>
<b>Liabilities</b>			
Segment liabilities for reportable segments	536	496	1,032
Unallocated corporate liabilities			118
Consolidated total liabilities			<b>1,150</b>

**Geographical information**

For the periods ended 30 June 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 periods.

**5. Other income**

	<b>For six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Included in other income are:		
Interest income	248	139
Other property income	8	8
Other income	170	-
Exchange gain, net	-	3,544
	<u>426</u>	<u>3,691</u>
	<b>426</b>	<b>3,691</b>

**6. Profit for the period**

	<b>For six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Profit for the period has been arrived at after (charging)/crediting:		
Total staff costs:		
Directors' emoluments	(235)	(235)
Salaries and other benefits	(611)	(520)
Retirement benefit scheme contributions	(35)	(23)
	<b>(881)</b>	<b>(778)</b>
Auditors' remuneration	(149)	(150)
Exchange loss, net	(136)	-
Gross rental income from investment properties	930	870
Less: Direct operating expenses from investment properties that generated rental income during the period	(68)	(88)
Direct operating expenses from investment properties that did not generate rental income during the period	(6)	(3)
	<u>856</u>	<u>779</u>
	<b>856</b>	<b>779</b>



## 7. Income tax credit

	For six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
The credit/(charge) comprises:		
Current tax:		
Hong Kong Profit Tax	(24)	-
Deferred Tax		
Current period	90	-
	<u>66</u>	<u>-</u>

Hong Kong profit tax is calculated at 16.5% on the estimated profit for the both periods.

## 8. Dividend

	For six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend for 2011 paid on 13 Jun 2012 of HK 0.1 cent (2010::HK 0.2 cents) per share	2,428	4,857

On 18 July 2012, the Directors declared a special dividend of HK4.5cents per ordinary share amounted to approximately HK\$109,271,000 for the year ending 31 December 2012 (2011: Nil). The special dividend was recorded on 3 August 2012 and was paid on 14 August 2012.

## 9. Earnings per share

The calculation of the basic and diluted earnings per share is based on the profit attributable to owners of the Company of HK\$4,758,000 for the Period (2011: HK\$9,675,000) and the weighted average number of 2,428,255,008 (2011: 2,428,255,008) ordinary shares in issue during the Periods.

Diluted earnings per share for the period ended 30 June 2012 and 2011 was the same as the basic earnings per share as there were no diluting events during both periods.

## 10. Available-for-sale financial assets

	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Available-for-sale financial assets comprise:		
Floating rate notes		
Unlisted	<b>79,297</b>	76,886
Analysis for reporting purposes as:		
Non-current assets	<b>36,667</b>	34,978
Current assets	<b>42,630</b>	41,908
	<b>79,297</b>	76,886

The unlisted floating rate notes carry floating interest at LIBOR plus 0.3% to 0.35% per annum. These floating rate notes will mature between 2012 and 2014.

## 11. Loan to a fellow subsidiary

On 22 September 2011, 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\$300,000,000 (the “Revolving Loan”) to Fancy Mark commenced from 3 November 2011 at an interest rate of HIBOR plus 1.5% per annum. For details, please refer to the Company’s circular dated 12 October 2011. As stated the Company’s announcement dated 18 July 2012, to facilitate the payment of the special dividend as detailed in Note 8, the Company has called for early repayment of a portion of the principal to Fancy Mark and the principal of HK\$80,000,000 was repaid on 3 August 2012.

Name of fellow subsidiary	<b>Highest balance during the period</b>	<b>30 June</b>	31 December
		<b>2012</b>	2011
		<b>(Unaudited)</b>	(Audited)
		<b>HK\$'000</b>	HK\$'000
Fancy Mark	<b>300,000</b>	<b>300,000</b>	300,000

On 5 July 2012, the Company announced the Mass Rise Limited and Asian Kingdom Limited (the “Vendors”), a subsidiary of the Chinese Estates and the substantial shareholders of the Company (the “Shareholders”) together holding approximately 62.26% interest in the entire issued share capital of the Company agreed to sell their entire shareholding in the Company to Champion Dynasty Limited (the “Offeror”). The share transaction was completed on 6 August 2012. As Chinese Estates had ceased to be the ultimate holding company of the Company, the loan to Fancy Mark was reclassified as a loan receivable-due after one year of the Group with effect from 6 August 2012.

## 12. Amount due from a fellow subsidiary

Amount due from a fellow subsidiary is unsecured, interest-free and has no fixed repayment term.

Name of fellow subsidiary	Highest balance during the period	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
Chi Cheung Investment Company, Limited	2	2	Nil

The amount due represents common expenses disbursement which was paid by the Group on behalf of this fellow subsidiary.

As mentioned in the Note 11, the share transaction was completed on 6 August 2012. As Chinese Estates had ceased to be the holding company of the Company, amount due from a fellow subsidiary was fully settled before 6 August 2012.

## 13. Debtors, deposits and prepayments

There were no trade debtors included in debtors, deposits and prepayments as at 30 June 2012 (31 Dec 2011: HK\$8,000).

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

	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
0 – 30 days	-	4
31 – 60 days	-	4
	<u>-</u>	<u>8</u>

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

## 14. Amount due to ultimate holding company/fellow subsidiaries

Amount due to ultimate holding company/fellow subsidiaries are unsecured, interest-free and repayable on demand. As mentioned in the Note 11, the share transaction was completed on 6 August 2012. As Chinese Estates had ceased to be the ultimate holding company of the Company, amount due to ultimate holding company and amounts due to fellow subsidiaries were reclassified as creditors of the Group with effect from 6 August 2012 .

## **15. Creditors and accruals**

There were no trade payables included in creditors and accruals as at 30 June 2012 and 31 December 2011.

## **INTERIM DIVIDEND**

Since the Company has declared a special dividend of HK4.5cents per ordinary share on 18 July 2012, the Board has resolved not to declare payment of any interim dividend for the Period (2011: HK 0.1 cent per share).

## **FINANCIAL OPERATION REVIEW**

### **Results**

Revenue for the Period was HK\$4,614,000 (2011: HK\$4,401,000), an increase of HK\$213,000 when compared with last period. Gross profit for the Period amounted to HK\$4,540,000 (2011: HK\$4,310,000), an increase of 5.3% as compared with last period.

Income from the investment and finance segment represents interest income from floating rate notes (“**FRN**”) of HK\$960,000 (2011: HK\$2,354,000) and loan to fellow subsidiary of HK\$2,724,000 (2011: HK\$1,177,000) for the Period. Drop of FRN interest income because certain FRN were matured in 2011, whereas the increase of interest income from loan to a fellow subsidiary mainly resulted from increase in principal and interest rate after renewal in 2011.

For property leasing, the rental income increased to HK\$930,000 (2011: HK\$870,000), as a result of a slight increase in occupancy rate of the properties. Included in the current period result was an increase in fair value of investment properties of HK\$1,550,000 (2011: HK\$3,150,000).

### **Profit attributable to owners of the Company**

Profit attributable to owners of the Company for the Period was HK\$4,758,000 compared with HK\$9,675,000 in last period. The decline in profit mainly attributed to the absence of exchange gain for the Period and decrease in fair value gain on investment properties as compare to last period. The basic and diluted earnings per share are HK0.2cents (2011: HK0.4cents).

### **Core Profit**

The major non-cash item for the Period was the increase in fair value of investment properties of HK\$1,550,000 (2011: HK\$3,150,000). The core profit attributable to owners of the Company will drop to HK\$3,208,000 (2011: HK\$6,525,000) when the major non-cash item is excluded.

## **Net Asset Value**

As at 30 June 2012, the Group's net assets was HK\$491,798,000 (31 December 2011: HK\$487,536,000), an increase of HK\$4,262,000 as compared with last year. The net change was caused by (a) final dividend paid for 2011 of HK\$2,428,000; (b) profit for the Period of HK\$4,758,000; and (c) increase in fair value of available-for-sale financial assets of HK\$1,932,000.

Net asset value per share attributable to owners of the Company as at 30 June 2012 was HK20cents (31 December 2011: HK20cents).

## **Investment and Finance**

As at 30 June 2012, the Group had certain long and short term the FRN in principal amount of US\$10,500,000 as available-for-sale financial assets. The interest rates are calculated with reference to LIBOR and the carrying amount is approximately HK\$79,297,000. The Group also made the Revolving Loan to Fancy Mark of HK\$300,000,000 at HIBOR plus 1.5% per annum. No hedging for interest rate and foreign currency was subsisted during the Period.

## **Equity**

The number of issued ordinary shares as at 30 June 2012 and 31 December 2011 was 2,428,255,008.

## **Debt and Gearing**

The Group did not have any borrowings as at 30 June 2012 and 31 December 2011.

Time deposits and bank balances as at 30 June 2012 was approximately HK\$76,478,000 (31 December 2011: HK\$75,650,000). Majority of the Group's income for the Period was denominated in Hong Kong dollar and United States dollar and no hedging for non-Hong Kong dollar assets or investments was made during the Period.

## **Pledge of Assets**

As at 30 June 2012 and 31 December 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 30 June 2012 and 31 December 2011.

## **Financial and Interest Income/Expenses**

Interest income was included in both revenue and other income for the Period. Recorded in revenue for the Period was interest income derived from FRN and the Revolving Loan to Fancy Mark, amounting to HK\$3,684,000 (2011: HK\$3,531,000). Recorded in other income was bank interest income, amounting HK\$248,000 (2011: HK\$139,000). There was no finance cost (2011: Nil) during the Period.

## **Remuneration Policies and Share Option Scheme**

As at 30 June 2012, the Group did not employ any staff (31 December 2011: Nil). Total staff cost excluding Directors' emoluments for the Period was approximately HK\$646,000 (2011: HK\$543,000) representing the staff cost recharged from other fellow subsidiaries of the Company. The share option scheme had been adopted since 15 February 2002 and expired on 14 February 2012. No option was outstanding at the beginning of the Period and at the expired date. No option was granted, exercised, cancelled or lapsed during the Period.

## **Property Valuation**

A property valuation has been carried out by B.I. Appraisals Limited ("BI Appraisals"), independent qualified professional valuers, in respect of the Group's investment properties as at 30 June 2012 and it was used in preparing 2012 interim results. The property valuation as at 31 December 2011 was also carried out by BI Appraisals. 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 into account the current passing rents and the reversionary income potential of such properties.

The Group's investment properties were valued at HK\$33,700,000 as at 30 June 2012, the increase in fair value of HK\$1,550,000 was credited to the condensed consolidated statement of comprehensive income for the Period.

## **BUSINESS REVIEW**

During the Period, the Group was mainly engaged in the businesses of investment and finance, and property investment.

### **Investment and Finance**

The Revolving Loan in sum of HK\$300,000,000 was made in November 2011 to Fancy Mark at the interest rate of HIBOR plus 1.5% per annum. The Company had made an accrual comprises of interest income about HK\$2,724,000 during the Period comparing HK\$1,177,000 of the last period.

Meanwhile, the investment in FRN for long-term investment in USD denominated principal brought with an interest income of about HK\$960,000 during the Period, in comparison with HK\$2,354,000 of the last period.

### **Investment Properties**

As at 30 June 2012, the Group held 25 car parking spaces with 5 adjoining spaces and a carport basement situated in Wanchai and Central. The relevant occupancy rate was approximately 83.33% with rental income amounted to about HK\$930,000 for the Period. The rental income represented an increment of 6.9% as compared to the last period. Such increase in rental income was mainly attributable to the increased usage of car parking spaces. Meanwhile, an unrealised fair value gain of HK\$1,550,000 on the investment properties was recorded during the Period.

## **EVENT AFTER THE REPORTING PERIOD**

On 5 July 2012, the Company announced that the Vendors, the substantial shareholders of the Company together holding approximately 62.26% interest in the entire issued share capital of the Company agreed to sell their entire shareholding in the Company to the Offeror. The share transaction was completed on 6 August 2012. A mandatory general cash offer (the "Offer") was made at HK\$0.28019 per share to the Shareholders other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it (the meaning ascribed to it in the Hong Kong Code on Takeovers and Mergers) for acquisition of the remaining 37.74% in the issued share capital of the Company was made on 13 August 2012 and a composite offer and response documents for such purpose in joint names of the Company and the Offeror was despatched to the Shareholders at same day. The Offer will be closed on 3 September 2012 and an announcement of the result of the Offer to be posted on the website of the Stock Exchange not later than 7:00pm on 3 September 2012. The details of the Offer were contained in the composite offer and response documents dated 13 August 2012 which was jointly issued by the Company and the Offeror.

On 18 July 2012, the Company declared the payment of a special dividend in a sum of HK4.5cents per share to the registered Shareholders whose names appeared in the register of members of the Company at the close of business on 3 August 2012. The special dividend was paid on 14 August 2012.

On 3 August 2012, Fancy Mark repaid portion of the Revolving Loan with a sum of HK\$80,000,000 to the Company. At the date of this announcement, the balance of the Revolving Loan is HK\$220,000,000. The intention of Company to call for fully or partially repayment of this balance of the Revolving Loan when (i) the Directors consider it is in the interest of the Company to do so and (ii) alternatives to the current investment become available. However, it is not the intention of the Company to call for repayment of the Revolving Loan upon the date of this announcement.

On 6 August 2012, a placing agreement was entered into between (among other parties) the Offeror and Quam Securities Company Limited, pursuant to which Quam Securities Company Limited had agreed to procure places to take up shares of the Company, on a best effort basis, in order to restore the minimum public float as required under the Listing Rules after closing of the Offer. In the event that after completion of the Offer, if the public float of the Company still falls below 25%, the Directors who had been nominated by the Offeror undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules to ensure that sufficient public float exists for the shares of the Company following the close of the Offer.

Effect from 6 August 2012, Mr. Lam, Kwong-wai (“Mr. Lam”) was resigned and Miss Wong Yuet Ying (“Miss Wong”) was appointed as the Company Secretary and Group Financial Controller of the Company. Before the appointment of Miss Wong, there was no employee employed by the Group. At the date of this announcement, there are two employee employed by the Group and the Group is still in progress of recruitment of appropriate staff to take over the human resources support from Chinese Estates’s group which had ceased with effect from 6 August 2012.

Before 14 August 2012, the Board was made up of five Directors, comprising two executive Directors, being Mr. Kong, Chi-ming and Mr. Leung, Wing-pong and three independent non-executive Directors, being Dr. David Chain, Chi-woo, Mr. Lam, Yat-fai and Mr. Leung, Yun-fai. The Offeror does not have intention to request for resignation of any independent non-executive Directors. It is expected that the current independent non-executive Directors will continue to remain in their offices after the close of the Offer. It is expected that Mr. Kong, Chi-ming and Mr. Leung, Wing-pong will resign from their offices of executive Directors after the close of the Offer. Effect from 14 August 2012, the Offeror nominated and the Company appointed Mr. Cheung Wai Kuen (“Mr. Cheung”) and Mr. Cheng Hau Yan (“Mr. HY Cheng”) as executive Directors and Mr. Lam (the formerly Company Secretary and Group Financial Controller of the Company) as non-executive Director. They will be entitled to annual remuneration



of HK\$150,000 as determined by the Board. The annual remuneration of Mr. Cheung and Mr. HY Cheng are subject to annual review with reference to his duties and responsibilities as well as the prevailing market condition and the annual remuneration of Mr. Lam is subject to annual review with reference to his duties and responsibilities. The details of such appointments were contained in the announcement of the Company dated 14 August 2012.

## **PROSPECTS**

As above foresaid, the share transaction between the Vendors and the Offeror was completed on 6 August 2012 and the Offeror is a substantial Shareholder who holds approximately 62.26% interest in the entire issued share capital of the Company at the date of this announcement. It is intention of the Offeror that the Group will continue its existing principal business. The Offeror has no intention to introduce any major changes to the existing business and operation of the Group or dispose of the Group's business after completion of the Offer. The Offeror will, following the completion of the Offer, conduct 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 businesses of the Group should appropriate opportunities arise.

At the date of this announcement, the Offeror has no plan of injecting any of its assets into the Group or redeploying the employees of the Group and fixed assets of the Group other than in the ordinary course of business.

## **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 Period. None of the Directors was aware of any information that would reasonably indicate that the Company was during the Period, incompliant with the Code except for the deviations as follows:

Under Code provisions A.2 of the CG Code, one of the important roles of chairman is to ensure management of the board and, among other things, to ensure that all directors are properly briefed on issue arising at board meetings and the directors receive adequate information, which must be completed, reliable and in a timely manner. Although the office of the chairman of the Company has not been filled since 1 June 2007, the Deputy Chairman of the Company has been acting as the chairman and fulfilled its role and function properly. 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. The Independent Non-executive Directors, however, are not appointed for any specific term. Notwithstanding that, they are subject to re-irement 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 are of the view that the term of the Independent Non-executive Directors is specific enough in substance.

Under code provision C.2.2 of 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 has performed its duty to have 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. During the Period, although the Company did not have any staff, the Board has secured the assistance of Chinese Estates's group, to provide and to share with its accounting and financial reporting resources, including human resources, accounting programmes and other information system facilities to ensure that the Company has 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's group would substantially reduce cost of the Company in accounting, financial reporting and internal control function. As the above mentioned that the Offeror had completed share transaction and the Board is in progress of establishing a new, high efficient, effective and independent financial report system and internal control system of the Company and considers the Company will be fully complied with this code.

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 to review 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 employee up to 6 August 2012, the Board considered that it may not cause material effect on the functions of financial reporting, internal control or other related matters without the relevant arrangement in place. At the date of the announcement, there are two employees has been employed by the Company, the Board is in progress of preparing the necessary arrangement.

Under code provision D1.4 of CG Code, the listed company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. Owing to the receipt of the notice of intention from the substantial Shareholders to dispose their controlling interests in the Company and consideration of the relevant works to cope with such change of control of the Company, including appointment of new Directors to the Board in August 2012, the existing Board has prepared and signed the service contracts with for the new Directors who are Mr. Cheung, Mr. HY Cheng and Mr. Lam with key terms and conditions on 14 August 2012. The Company is in progress to be complied with this code.

Under code provision F1.1 of 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 has taken up the position as Group Financial Controller since 2003 and Company Secretary of the Company since 2007 and he has extensive day-to-day knowledge of the Company, notwithstanding that he is not an employee of the Company. Apart from being the company secretary of Chinese Estates's group, the holding company of the Company since 1994 up to the date of this announcement, he also is an executive director and group financial controller of the Chinese Estates's group. The Board considered that his services as the Company Secretary of the Company are indispensable and he resigned from the post of Company Secretary and Group Financial Controller of the Company with effect from 6 August 2012. On 6 August 2012, the Board appointed Miss Wong as full time employee to take up that position. Since 6 August 2012, the Company has been fully complied with this code.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **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 Directors and the relevant employees, all 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 Period.

## REVIEW BY AUDIT COMMITTEE

The interim results for the Period are unaudited and have not been reviewed by the auditors of the Company. The audit committee of the Company, comprised all the Independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements for the Period.

## APPRECIATION

I would like to take this opportunity to express our gratitude to the Shareholders for their continued support, and to our fellow Directors and those who have worked for the Group for their valuable contribution.

By Order of the Board  
**Kong, Chi Ming**  
*Deputy Chairman*

Hong Kong, 31 August 2012

*As at the date of this announcement, the Board comprised Mr. Kong, Chi-ming, Mr. Leung, Wing-pong, Mr. Cheung, Wai-kuen and Mr. Cheng, Hau-yan as Executive Directors, Mr. Lam, Kwong-wai as Non-executive Director and Dr. David Chain, Chi-woo, Mr. Lam, Yat-fai and Mr. Leung, Yun-fai as Independent Non-executive Directors.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, 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 statement in this announcement misleading.*

*This announcement is also available for viewing on the website of Hong Kong Exchanges and clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.g-prop.com.hk](http://www.g-prop.com.hk)  
Website: <http://www.g-prop.com.hk>*