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## IMPORTANT

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in the Company, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**G·PROP**  
(HOLDINGS) LIMITED

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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

### **MAJOR TRANSACTION**

### **DISPOSAL OF PROPERTY**

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28th March, 2007

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement issued by the Company dated 13th February, 2007
“Agreement”	the preliminary sale and purchase agreement, which is legally binding agreement, between Boria as vendor and the Purchaser as purchaser in respect of the Property dated 16th January, 2007
“Board”	the board of Directors
“Boria”	Boria Enterprises Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company
“Company”	G-Prop (Holdings) Limited, a company incorporated in Bermuda whose shares are listed on The Stock Exchange of Hong Kong Limited
“Completion Date”	Within six month after the date of signing of the formal sale and purchase agreement in respect of the Property, or within fourteen days after the Condition Precedent in this Agreement have been fulfilled, whichever is the later. The Date of Completion, which was superseded the completion date of the Agreement by the written confirmation from Purchaser on 9th February, 2007, is on 6th August 2007;
“Consideration”	Consideration is payable by the Purchaser to the Vendor for the Agreement;
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Property by Boria pursuant to the Agreement
“Disposals”	This Disposal together with the disposals as disclosed in the announcements dated 12th December, 2006 and 8th January, 2007;
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	23rd March 2007 being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular

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## DEFINITIONS

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“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	The property is located at 7th, 8th, 9th & 10th Floor, Chung Kiu Godown Building, Nos.63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong with a gross floor area of 50,244 square feet and to use for warehouse/godown purposes and ancillary office.
“Purchaser”	Truly Billion (Hong Kong) Limited, an independent third party, who is not connected with the Company an investment holding company principally engaged in property investment;
“SFO”	Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“%”	per cent

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## LETTER FROM THE BOARD

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**G-PROP**  
(HOLDINGS) LIMITED

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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

*Executive Directors:*

Mr. Lau, Ming-wai (*Chairman*)

Mr. Leung, Wing-pong (*Chief Executive Officer*)

Mr. Kong, Chi-ming (*Deputy Chairman*)

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-executive Directors:*

Mr. Leung, Yun-fai

Mr. Lam, Yat-fai

Dr. David Chain, Chi-woo

*Principal Office in Hong Kong:*

26th Floor

MassMutual Tower

38 Gloucester Road

Wanchai

Hong Kong

28th March, 2007

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION**

### **DISPOSAL OF PROPERTY**

#### **INTRODUCTION**

Reference is made to the Announcement in which the Board announced that, Boria, being an indirect wholly owned subsidiary of the Company, had entered into the Agreement (which is legally binding) at 6:00 pm on 16th January, 2007 for the disposal of the Property at the consideration of HK\$20.66 million.

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## LETTER FROM THE BOARD

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The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information on the Agreement and other information of the Company as required by the Listing Rules.

### THE AGREEMENT

**Date:** At 6:00 pm on 16th January, 2007

**Vendor:** Boria

**Purchaser:** Truly Billion (Hong Kong) Limited, an independent third party and an investment holding company principally engaged in property investment

**Property:** It is located at 7th, 8th, 9th and 10th Floor, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong with a gross floor area of 50,244 square feet and to use for warehouse/godown purposes and ancillary office

**Consideration:** HK\$20.66 million

### Terms of payment:

- (a) HK\$1,033,000 was paid by the Purchasers to Boria as initial deposit upon the execution of the Agreement;
- (b) HK\$3,099,000 will be payable by the Purchaser to Boria as further deposit on or before 6th February, 2007; and
- (c) HK\$16,528,000 being the balance of the purchase price will be payable by the Purchaser to Boria on the Completion Date.

**Completion date:** on 6th August, 2007

The Property is sold subject to an existing tenancy. At the Latest Practical Date, the further deposit of HK\$3,099,000 had been received.

The parties were entered into a formal sale and purchase agreement on 6th February, 2007. The Date of Completion is within six months after the date of signing of formal sales and purchase agreement or within fourteen days after the Condition Precedent in this Agreement has been fulfilled, whichever is the later. The six months is the time provision in order to give the perception to the Purchaser the latest date of the Date of Completion. By consideration this time provision,

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## LETTER FROM THE BOARD

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the Company needs making the most prudent reservation on the time requirement of Condition Precedent in this kind of agreement has been fulfilled. The Company also considers it is convenient to standardise this term in all agreements regarding to the disposal of the property. On 9th February, 2007, the Vendor and the Purchaser were mutual agreed by the written confirmation from the Purchaser. The Date of Completion, which was superseded the completion date of the Agreement, is 6th August 2007. The Company will not proceed to early completion of the Agreement before 6th August, 2007 if the early completion will result in its cash level over 90% of total assets and net assets of the Group.

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

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

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

The book value of the Property in the Group's audited consolidated accounts for the year ended 31st December, 2005 and in the Group's unaudited consolidated accounts for the year ended 31st December, 2006 were approximately HK\$17.68 million and HK\$20.08 million respectively. The Property has been held by the Vendor as investment property for rental purpose.

According to the tenancy agreements entered into between Boria and tenant of the Property, the rental received by Boria from the Property was approximately HK\$1.16 million and HK\$1.46 million for the two years ended 31st December, 2005 and 31st December, 2006 respectively and accounted for approximately 24.61% and 41.5% of the Group's turnover for the year ended 31st December, 2005 and the year ended 31st December, 2006 respectively.

After taking into account of the surplus on the revaluation of property of the approximately HK\$4.20 million, the net gain attributable to the property before and after taxation and extraordinary items were approximately HK\$4.26 million and HK\$3.50 million for the year ended 31st December, 2005 and after taking into account of the surplus on the revaluation of property of the approximately HK\$3.58 million, the net profit before and after taxation and extraordinary items attributable to the Property were approximately HK\$1.31 million and HK\$3.63 million for the year ended 31st December, 2006.

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## LETTER FROM THE BOARD

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Based on the book value of the Property as at 31st December, 2006, the net gain from the Disposal (after deducting relevant expenses) is approximately HK\$0.36 million. This net gain brings an increase of HK\$0.36 million on the assets and will not be material effect on the liabilities of the Group. The Company intends to use the net proceeds for general working capital purpose and to fund any potential business opportunities available to the Group in future. The Directors have not yet determined the proportions of the net proceeds to be used for these purposes. Pending the use for these purposes, the Directors intend to place the proceeds from the Disposal on bank deposit.

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

### **VALUATION OF THE PROPERTY**

A valuation report on the Property attached as Appendix I was prepared by the Valuer. The current market value of the Property was Approximately HK\$20.20 million based on its state as at 16th January, 2007.

### **INFORMATION ON THE GROUP**

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

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

### **LISTING RULES IMPLICATION**

Under the Bye-laws of the Company, a poll can be demanded by:-

- (a) the chairman of the meeting; or
- (b) at least three members present in person or by proxy for the time being entitled to vote at the meeting; or



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## LETTER FROM THE BOARD

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- (c) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

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

Under the requirement of the Rule 14.82 of the Listing Rules, the Company shall not consist wholly or substantially of cash upon the completion of the Disposals. Upon the completion of the Disposal which is approximate to six months from the Announcement or approximate four months from the date of this circular together with the Disposals as disclosed in the announcements dated 12th December, 2006 and 8th January, 2007 and on the assumption that there is no further acquisition made by the Group, the remaining investment properties owned by the Group comprise the whole of 4th Floor (including the Flat Roof thereof), the whole of 5th Floor and ground floor Car parking space no. 25 of Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong. As at the date of the Announcement, the percentages of cash to total assets and net assets of the Group were approximately 70% and 76% respectively. As at the Latest Practicable Date, the percentages of cash to total assets and net assets of the Group are approximately 67.50% and 73.4% respectively. Upon the completion of the Disposals and on the assumption that

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## LETTER FROM THE BOARD

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there is no further acquisition made by the Group the proposed final dividend is approved by the coming general meeting, the percentages of cash to total assets and net assets of the Group will be approximately 91.2% and 95.5% respectively and the Company will not satisfy this requirement. Besides, the Directors has been identifying the suitable investment(s) and / or business(es) to be acquired on or before 6th August 2007 and have confidence that the Company will continue to satisfy the requirement under the Rule 14.82.

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

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

Should a general meeting be held to approve the Disposal, the Directors including the independent non-executive Directors would recommend the Shareholders to vote in favour of the Disposal.

Your attention is also drawn to the additional information as set out in the appendix to this circular.

Yours faithfully  
By Order of the Board  
**Lam Kwong-wai**  
*Company Secretary*

*The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Norton Appraisals Limited, an independent valuer, in connection with its valuation as at 16th January, 2007 of the property interests of the Group.*



Room 3830-32, Sun Kung Kai Centre  
30 Harbour Road  
Wanchai Hong Kong  
Tel: (852) 2810 7337 Fax: (852) 2810 6337

28th March, 2007

The Directors  
G- Prop (Holdings) Limited  
26/F MassMutual Tower  
No. 38 Gloucester Road  
Wanchai  
Hong Kong

Ref : NAL/PW/NK/TI/R07044

Dear Sirs,

**Re : Valuation of the whole of 7th to 10th Floors, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong**

In accordance with your instructions for us to value the interest of captioned property held by G-Prop (Holdings) Limited and its subsidiaries (hereinafter referred to as the “Group”) in Hong Kong Special Administrative Region (“Hong Kong”), we confirm that we have carried out inspections and made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property interest in its existing state as at 16th January, 2007 (hereinafter referred to as the “date of valuation”) for public documentation purpose.

Our valuation of the property interest is our opinion of its “**Market Value**” which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion”.

In valuing the property interest, we have assumed that the Group has valid and enforceable title to the property interest which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired lease granted subject to payment of annual Government rent and all requisite land premium / purchase consideration payable have been fully settled.

In the course of our valuation, we have adopted investment approach by considering the capitalized income derived from the existing tenancy terms, if any, and the reversionary potential of the property.

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the property interest and no forced sale situation in any manner is considered in our valuation. In addition, we have been advised by the Group that the property has no option or right of pre-emption which would concern or affect the sale of the property.

We have caused land title searches of the property at the relevant Land Registry. We have not, however, examined the original documents to ascertain the existence of any amendments which may not appear on the copies handed to us.

No allowance have been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

In valuing the property located in Hong Kong the Government Lease of which has expired before 30th June, 1997, we have taken into account the provisions contained in the Basic Law of the Hong Kong Special Administrative Region and the New Territories Leases (Extension) Ordinance 1988 that such lease has been extended without any additional payment of premium until 30th June, 2047 and that an annual rent equivalent to three per cent of the rateable value of the property will be charged from the date of extension.

We have inspected the exterior, and whenever possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made. We are not able to report whether the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the service.

We have not carried out on-site measurements to verify the correctness of the floor areas in respect of the property but have assumed that the floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached valuation certificate is based on information contained in the documents provided to us and are, therefore, only approximations.

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, lettings and floor areas and all other relevant matters in the identification of the property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have been also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Our valuation has compiled with all the requirements contained in the Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (1st Edition) published by The Hong Kong Institute of Surveyors in 2005.

Unless otherwise stated, all monetary amounts stated in our valuation certificate are in Hong Kong dollars.

Our Valuation Certificate is enclosed herewith.

Yours faithfully,  
For and on behalf of  
**Norton Appraisals Limited**

**M. K. Wong** *MRICS, MHKIS, RPS (G.P.)*  
*Director*

*Note:* Mr. M. K. Wong is a Registered Professional Surveyor who has more than 14 years' experience in valuation of properties in Hong Kong.

## VALUATION CERTIFICATE

<b>Property</b>	<b>Description and Tenure</b>	<b>Particulars of Occupancy</b>	<b>Capital Value in existing state as at 16th January, 2007</b>
The whole of 7th to 10th Floors, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	The property comprises various floors of a 24-storey industrial building. The building was completed in or about 1979.	The property is let under various tenancies for terms of 2 years with the latest one expiring on 17th August, 2008, yielding a total monthly income of	\$20,200,000
32/242th equal and undivided shares of the Lot No. 974 in Demarcation District 450 (the "Lot")	The property has a total gross floor area of approximately 4,667.80 sq.m. (50,244 sq.ft.).  The subject site is held under New Grant No. 4287 for a term of 99 years commencing from 1st July, 1898 less the last three days thereof which was statutorily extended to 30th June, 2047. The Government rent for the Lot is HK\$230 per annum.	\$139,426 (exclusive of government rates and management fee).	(100% interest attributable to the Group : \$20,200,000)

*Note :*

The registered owner of the property is Boria Enterprises Limited, wholly owned by the Group, vide Memorial No. TW1174186 dated 15th September, 1997.

**1. RESPONSIBILITY**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained herein misleading.

**2. INTERESTS OF DIRECTORS**

As at the Latest Practicable Date,

- (a) none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange;
- (b) none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31st December, 2006 being the date up to which the latest published financial statements were made; and
- (c) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular which was significant in relation to the business of the Group.

## 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

**Long Positions**

Name of Shareholder	Number of Shares in the Company	Capacity	Note	Percentage of Shareholding %
Million Point Limited	170,000,000	Beneficial owner	1	21.41
Cosmos Success Limited	170,000,000	Interest of a controlled corporation	1	21.41
Chinese Estates, Limited	170,000,000	Interest of a controlled corporation	1	21.41
Paul Y. Holdings Company Limited	150,981,076	Beneficial owner and interest of a controlled corporation	3&4	19.01
Chinese Estates Holdings Limited	397,858,761	Interest of controlled corporations	1, 2, 3&4	50.10
Mr. Joseph Lau, Luen-hung	397,858,761	Interest of a controlled corporation	5	50.10
Mr. Lau Ming-wai	397,858,761	Interest of a controlled corporation	5	50.10
Global King Ltd.	397,858,761	Interest of a controlled corporation	6	50.10



**APPENDIX II****GENERAL INFORMATION**

<b>Name of Shareholder</b>	<b>Number of Shares in the Company</b>	<b>Capacity</b>	<i>Note</i>	<b>Percentage of Shareholding %</b>
GZ Trust Corporation	397,858,761	Interest of a controlled corporation	6	50.10
Hutchison International Limited	100,887,912	Beneficial owner and interest of controlled corporations	7	12.70
Hutchison Whampoa Limited	100,887,912	Interest of controlled corporations	7	12.70
Cheung Kong (Holdings) Limited	100,887,912	Interest of controlled corporations	7	12.70
Mr. Li Ka-shing	100,887,912	Founder of discretionary trusts and interest of controlled corporations	7	12.70
Li Ka-Shing Unity Trustcorp Limited	100,887,912	Trustee and beneficiary of trust	7	12.70
Li Ka-Shing Unity Trustee Corporation Limited	100,887,912	Trustee and beneficiary of trust	7	12.70
Li Ka-Shing Unity Trustee Company Limited	100,887,912	Trustee	7	12.70

*Notes:*

1. Million Point Limited (“Million Point”) was the beneficial owner of 170,000,000 shares. Each of Chinese Estates Holdings Limited (“Chinese Estates”), Chinese Estates, Limited and Cosmos Success Limited was deemed to be interested in the same parcel of shares in which Million Point was interested since Chinese Estates owned the entire issued share capital of Chinese Estates, Limited, which in turn owned the entire issued share capital of Cosmos Success Limited, which in turn owned the entire issued share capital of Million Point.
2. Luckpoint Investment Limited (“Luckpoint”) was the beneficial owner of 76,877,685 shares. Each of Chinese Estates and China Entertainment and Land Investment Company, Limited (“CELI”) was deemed to be interested in the same parcel of shares in which Luckpoint was interested since Chinese Estates owned the entire issued share capital of CELI, which in turn owned the entire issued share capital of Luckpoint.

3. Paul Y. Holdings Company Limited (“Paul Y.”) was the beneficial owner of 113,818,911 shares. Chinese Estates was deemed to be interested in the same parcel of shares in which Paul Y. was interested since Chinese Estates owned the entire issued share capital of Paul Y.

In addition, Great Empire International Ltd. (“Great Empire”) was the beneficial owner of 37,162,165 shares. Each of Chinese Estates, Paul Y. and Goldstance Group Limited (“Goldstance”) was deemed to be interested in the same parcel of shares in which Great Empire was interested since Chinese Estates owned the entire issued share capital of Paul Y., which owned the entire issued share capital of Goldstance, which in turn owned the entire issued share capital of Great Empire.

4. Mr. Lau Ming-wai, Mr. Leung, Wing-pong and Mr. Kong, Chi-ming, the Directors, are also employees of subsidiaries of Chinese Estates and/or Paul Y.. These subsidiaries are not themselves substantial shareholders of the Company.
5. Mr. Joseph Lau, Luen-hung, and Mr. Lau, Ming-wai by virtue of his 47.06% and 47.06% interest in the issued share capital of Chinese Estates, was deemed to be interested in the same interests stated against Chinese Estates under the provisions of the SFO.
6. GZ Trust Corporation as trustee of a discretionary trust held units in a unit trust of which Global King Ltd. was the trustee. Global King Ltd. was entitled to exercise more than one-third of the voting power at general meetings of Chinese Estates. Accordingly, Global King Ltd. and GZ Trust Corporation were deemed to be interested in the same interests stated against Chinese Estates.
7. These shares comprised 62,899,924 shares beneficially owned by Hutchison International Limited (“HIL”) and 37,987,988 shares beneficially owned by Koga Limited (“Koga”).

HIL is a wholly-owned subsidiary of Hutchison Whampoa Limited (“HWL”). By virtue of the SFO, HWL was deemed to be interested in the same parcel of such 62,899,924 shares which HIL was interested.

Koga is a wholly-owned subsidiary of Cheung Kong Infrastructure (BVI) Limited, which in turn is a wholly-owned subsidiary of Cheung Kong Infrastructure Holdings Limited (“CKI”). CKI is a subsidiary of Hutchison Infrastructure Holdings Limited, which in turn is a wholly-owned subsidiary of HIL. By virtue of the SFO, each of HIL and HWL was deemed to be interested in the same parcels of such 37,987,988 shares which Koga was interested in.

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-Shing (“Mr. Li”), Mr. Li Tzar-kuoi, Victor and Mr. Li Tzar-kai, Richard was interested in one-third of the entire issued share capital, owned the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited (“TUT1”). TUT1 as trustee of The Li Ka-Shing Unity Trust (“UT1”), together with certain companies which TUT1 as trustee of UT1 was entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, held more than one-third of the issued share capital of Cheung Kong (Holdings) Limited (“CKH”). Certain subsidiaries of CKH were entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

In addition, Li Ka-Shing Unity Holdings Limited also owned the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”) as trustee of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”) as trustee of another discretionary trust (“DT2”). Each of TDT1 and TDT2 holds units in UT1.

Mr. Li was the settlor of each of DT1 and DT2 and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO. By virtue of the SFO, each of Mr. Li, TDT1, TDT2, TUT1 and CKH was deemed to be interested in the 100,887,912 shares which HWL was interested.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no persons (other than a Director or the chief executive of the Company) has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Save as disclosed in note 4 above, as at the Latest Practicable Date, none of the Directors was a director or employee of the shareholders of the Company who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

#### **5. MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Group) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:-

- (a) a preliminary sales and purchase agreement and a formal sale and purchase agreement between Boria Enterprises Limited, an indirect wholly owned subsidiary of the Company, as vendor and Ching Sum, Chik Kin Yuen, Tam Kam Wu and Tam Woon Chee, independent third parties, as purchasers in respect of 1st Floor, Chung Kiu Godown Building, Nos.63-71 Lei Muk Road, Kwai Chung, New Territories at the consideration of HK\$9 million respectively dated 28th October, 2005 and 18th November 2005;

- (b) a preliminary sales and purchase agreement and a formal sale and purchase agreement between Great King Limited and Gold Concept Limited, a indirect wholly owned subsidiaries of the Company, as vendor and Million Hill Development Limited, an independent third party, as purchasers in respect of the first property, Shop G on G/F and Cockloft, 1/F to 3/F of Golden Hall Building, Nos. 49-63 Castle Peak Road, Yuen Long, New Territories, and the second property, Flat A and Flat B on 4th Floor, including Flat Roof and Unit A and Unit B on Roof of Golden Hall Building nos. 49-63 Castle Peak Road, Yuen Long, New Territories, at consideration of HK\$67.8 million respectively dated 27th February, 2006 and 13th March 2006;
- (c) a preliminary sales and purchase agreement and a formal sale and purchase agreement between Boria Enterprises Limited, a indirect wholly owned subsidiary of the Company, as vendor and Ching Sum, Chik Kin Yuen, Tam Kam Wu and Tam Woon Chee, an independent third party, as purchasers in respect of 3rd Floor, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories at consideration of HK\$8.8 million respectively dated 8th December, 2006 and 29th December, 2006.
- (d) a preliminary sales and purchases agreement and between Boria, a indirect wholly owned subsidiary of the Company, as vendor and Hang Cheong Luggage Co. Ltd., independent third parties, as purchasers in respect of sales of 11th Chung Kiu Godown, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at consideration HK\$5.18 million respectively on 4th January, 2007;
- (e) the Agreement

## **6. MATERIAL LITIGATION**

As at the Latest Practicable Date, so far as known to the Directors, there is no litigation or claims of material importance pending or threatened against any member of the Group.

## **7. WORKING CAPITAL**

The Directors are of the opinion that after taking into account the effect of the existing internal resources, the Group has sufficient working capital for the present requirement and for the next twelve months from the date of this circular.

**8. INDEBTEDNESS**

Borrowings as at the close of business on 31st January, 2007, the Group had amounts due to fellow subsidiaries of approximately by HK\$185,000. As at disclosed and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings, mortgages and charges as at 31st January, 2007 (Being the latest practical date for the purpose of our indebtedness).

The Group did not have any material contingent liabilities or guarantees as at 31st January, 2007.

The Directors are not aware of any material adverse change in indebtedness, contingent liabilities and commitments of the Group since 31st January, 2007 up to the Latest Practicable Date.

**9. FINANCIAL AND TRADING PROSPECTS**

The Group is principally engaged in property investment, property leasing and investment and finance in Hong Kong. The Group will continue its principal business activities in property investment, property leasing and investment and finance and will further develop its business when opportunities arise.

As at 31st January, 2007, the Group maintained a strong cash position and has no material liability. The Group expects to continue to deliver a steady performance for at least the current financial year. It is expected that the rental income of the Group will decrease accordingly as a result of the Disposal, but the Directors consider that upon completion of the Disposal, the Group's financial and cash position can be further strengthened and the Group will be able to make suitable investments promptly when opportunities arise although no specific investment has been identified at present.

**10. MATERIAL ADVERSE CHANGE**

So far as the Directors are aware, there is no material adverse change in the financial or trading position of the Group since 31st December, 2006, being the date up to which the latest published financial statements of the group were made.

**11. QUALIFICATION OF EXPERT AND EXPERT'S INTERESTS**

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular.

<b>Name</b>	<b>Qualification</b>
Norton Appraisals Limited	Registered Professional Surveyor

The Valuer has confirmed that as at the Latest Practicable Date,

- (a) it did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) it did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31st December 2006, being the date up to which the latest published financial statements of the Group were made.

**12. EXPERT'S CONSENT**

The Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its valuation certificate and the reference to its name in the form and context in which it appears.

The letter and valuation certificate given by the Valuer were made on 28th March 2007 for incorporation in this circular.

**13. MISCELLANEOUS**

- (a) As at the Latest Practicable Date, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business which compete or may compete with the business of the Group.
- (b) Mr. LAM, Kwong-wai, a member of the Hong Kong Institute of Certified Public Accountants, is the company secretary of the Company.
- (c) Ms. WONG, Yuet-ying, a member of the Hong Kong Institute of Certified Public Accountants, is the qualified accountant of the Company.

- (d) The head office of the Company is at 26th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong,
- (e) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (f) The branch share registrars of the Company in Hong Kong and the transfer office is Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (g) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

#### **14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at principal office, located at 26th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong during normal business hours on any business day up to and including 11 April, 2007 :-

- (a) the memorandum and articles of association of the Company;
- (b) a preliminary sales and purchase agreement and a formal sale and purchase agreement between Boria Enterprises Limited, a indirect wholly owned subsidiary of the Company, as vendor and Ching Sum, Chik Kin Yuen, Tam Kam Wu and Tam Woon Chee, independent third parties, as purchasers in respect of 1st Floor, Chung Kiu Godown Building, Nos.63-71 Lei Muk Road, Kwai Chung, New Territories respectively dated 28th October, 2005 and 18th November 2005.
- (c) a preliminary sales and purchase agreement and a formal sale and purchase agreement between Great King Limited and Gold Concept Limited, a indirect wholly owned subsidiaries of the Company, as vendor and Million Hill Development Limited, an independent third party, as purchasers in respect of in respect of the first property, Shop G on G/F and Cockloft, 1/F to 3/F of Golden Hall Building, Nos. 49-63 Castle Peak Road, Yuen Long, New Territories, and the second property, Flat A and Flat B on 4th Floor, including Flat Roof and Unit A and Unit B on Roof of Golden Hall Building nos. 49-63 Castle Peak Road, Yuen Long, New Territories, respectively dated 27th February, 2006 and 13th March, 2006.
- (d) a preliminary sales and purchase agreement and a formal sale and purchase agreement between Boria Enterprises Limited, a indirect wholly owned subsidiary of the Company, as vendor and Ching Sum, Chik Kin Yuen, Tam Kam Wu and Tam Woon

Chee, an independent third party, as purchasers in respect of 3rd Floor, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong respectively dated 8th December, 2006 and 29th December, 2006.

- (e) a preliminary sales and purchases agreement between Boria, a indirect wholly owned subsidiary of the Company, as vendor and Hang Cheong Luggage Co. Ltd., independent third parties, as purchasers in respect of sales of 11th Chung Kiu Godown, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories respectively on 4th January, 2007 and 25th January, 2007;
- (f) the Agreement;
- (g) the valuation certificate prepared by the Valuer, the text of which is set out in Appendix I of the circular dated 13th April 2006 in respect of a disposal of property which constituted a major transaction of the Company;
- (h) the valuation certificate prepared by the Valuer, the text of which is set out in Appendix I of this circular;
- (i) the written consent from the Valuer referred to in paragraph 12 in this Appendix II;
- (j) the annual reports of the Company for the financial years ended 31st December, 2005 and 2006 ;
- (k) a circular of the Company dated 10th November 2005 in respect of a disposal of property which constituted a discloseable transaction of the Company;
- (l) a circular of the Company dated 13th April 2006 in respect of a disposal of property which constituted a major transaction of the Company;
- (m) a circular of the Company dated 27th December 2006 in respect of a disposal of property which constituted a discloseable transaction of the Company; and
- (n) a circular of the Company dated 27th January 2007 in respect of a disposal of property which constituted a discloseable transaction of the Company; and
- (o) this circular.