THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 G-Prop (Holdings) Limited, 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).

G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL OF AND LOANS DUE FROM MINKIND DEVELOPMENT LIMITED AND REMSON INVESTMENT LIMITED AND LOAN DUE FROM GROW WEALTH COMPANY LTD

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

evolution
WATTERSON SECURITIES

Evolution Watterson Securities Limited

A letter from the Independent Board Committee is set out on pages 24 to 25 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Agreement and the transactions contemplated thereunder is set out on pages 26 to 28 of this circular.

A notice convening the SGM to be held at Concord Room 1, 8 Floor, Renaissance Harbour View Hotel Hong Kong, No. 1 Harbour Road, Wanchai, Hong Kong on 31 July 2007 at 10:00 a.m. is set out on pages 149 to 151 of this circular. Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong, Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the enclosed form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

16 July 2007

CONTENTS

DEFINITIONS

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

"Acquisition"	the acquisition of the Minkind Shares, the Remson Share, the Minkind Loan, the Remson Loan and the GW Loan by the Purchaser pursuant to the terms of the Agreement;
"Adjoining Spaces"	5 adjoining spaces at the 2nd and 4th Floors of the Bank of East Asia Harbour View Centre, four of which are currently occupied as carparking spaces and the other is vacant;
"Agreement"	the conditional sale and purchase agreement between the Purchaser, the Minkind Vendor, the Remson Vendor and the Debt Vendor in respect of the Acquisition dated 26 June 2007;
"Announcement"	the announcement of the Company dated 26 June 2007;
"associate"	the meaning ascribed to it in the Listing Rules;
"Board" or "Director(s)"	the board of directors of the Company;
"Chinese Estates"	Chinese Estates Holdings Limited, a company incorporated in Bermuda and the ultimate holding company of the Vendors, the shares of which are listed on the Stock Exchange;
"Chinese Estates Group"	Chinese Estates and its subsidiaries;
"Company"	G-Prop (Holdings) Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange;
"Completion"	completion of the Acquisition in accordance with the terms of the Agreement;
"connected person(s)"	the meaning ascribed to it in the Listing Rules;
"Debt Vendor"	Paul Y. Holdings Company Limited, a company incorporated in Cayman Islands, being a wholly-owned subsidiary of Chinese Estates;
"Disposals"	the various property disposals announced by the Company on 12 December 2006 and 8 January, 13 February and 28 March 2007 respectively;

"Enlarged Group"	the Group as enlarged by the Acquisition;
"Group"	the Company and its subsidiaries;
"Grow Wealth"	Grow Wealth Company Ltd, a corporation incorporated in Liberia and carrying on business in Hong Kong under the name of "Grow Wealth Property Investment Limited" and a wholly-owned subsidiary of Remson;
"GW Loan"	all amounts, whether principal or interest, owing by Grow Wealth to the Debt Vendor as at Completion;
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Board Committee"	an independent board committee of the Company comprising Mr. Leung, Yun-fai, Mr. Lam, Yat-fai and Dr. David Chain, Chi-woo, being the independent non-executive directors of the Company, to advise the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder;
"Independent Financial Adviser"	Evolution Watterson Securities Limited, being a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as set out in Schedule 5 to the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder;
"Independent Shareholder(s)"	Shareholder(s) other than Chinese Estates, the Debt Vendor and any of their respective associates;
"Latest Practical Date"	11 July 2007, being the latest practical date prior to date of this circular for ascertaining certain information for inclusion in this circular;

"Legend Disposal"	the disposal by Legend Power Ltd., an indirect wholly owned subsidiary of the Company, of the entire issued share capital of Legend GP (N.A.) Limited and certain patent or patent applications for the method and device for automatically switching three-phase voltage for power saving transformer pursuant to the conditional sale and purchase agreement dated 22 June 2007 as announced by the Company on 22 June 2007;
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Long Stop Date"	the date falling 6 months after the date of the Agreement or such other date as the Vendors, the Debt Vendor and the Purchaser may agree in writing;
"Major Transaction"	the disposal of the property as disclosed in the announcement of the Company dated 13 February 2007;
"Minkind"	Minkind Development Limited, a company incorporated in Hong Kong, which is wholly-owned by the Minkind Vendor prior to Completion;
"Minkind Consideration"	the aggregate consideration for the transfer of the Minkind Shares and the assignment of the Minkind Loan under the Agreement;
"Minkind Loan"	all amounts, whether principal or interest, owing by Minkind to the Debt Vendor as at Completion;
"Minkind Properties"	the six (6) carparking spaces and carport basement at Nine Queen's Road Central of which Minkind is the registered and beneficial owner;
"Minkind Shares"	two shares of HKD1.00 each representing the entire issued share capital of Minkind;
"Minkind Vendor"	Fine Pacific Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Chinese Estates through the Debt Vendor;

"Mortgage"	a mortgage dated 10 September 2003 executed by, inter alia, Minkind and Grow Wealth in favour of the Mortgagee which has been registered in the Land Registry by Memorial No. UB9016212 in respect of, inter alia, the Properties;
"Mortgagee"	Chong Hing Bank Limited (formerly known as Liu Chong Hing Bank Limited);
"Properties"	the Minkind Properties and the Remson Properties collectively;
"Purchaser"	Gold Long Enterprises Limited, a company incorporated in the British Virgin Islands, being a wholly owned subsidiary of the Company;
"Remson"	Remson Investment Limited, a corporation incorporated in Liberia, which is wholly-owned by the Remson Vendor prior to Completion;
"Remson Consideration"	the aggregate consideration for the transfer of the Remson Share and the assignment of the Remson Loan and the GW Loan under the Agreement;
"Remson Group"	Remson and Grow Wealth, and "**Remson Group Company**" means any of them;
"Remson Loan"	all amounts, whether principal or interest, owing by Remson to the Debt Vendor as at Completion;
"Remson Properties"	the 25 carparking spaces at Bank of East Asia Harbour View Centre (formerly known as First Pacific Bank Centre), No.56 Gloucester Road, Hong Kong of which Grow Wealth is the registered and beneficial owner;
"Remson Share"	one share without par value representing the entire issued share capital of Remson;
"Remson Special Right"	the special right and privilege of Growth Wealth to use, occupy and enjoy the Adjoining Spaces pursuant to the deed of mutual covenant and management agreement for the Bank of East Asia Harbour View Centre;

"Remson Vendor"	Top Cliff Ltd., a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Chinese Estates through the Debt Vendor;
"Rental Assignments"	two deeds of assignment of rental both dated 10 September 2003 executed by Minkind and Grow Wealth respectively in favour of the Mortgagee, pursuant to which, inter alia, all monies payable by the lessees or tenants of the Minkind Properties to Minkind and those of the Remson Properties to Grow Wealth are assigned to the Mortgagee;
"Sale Companies"	Minkind, Remson and Grow Wealth, and "**Sale Company**" means any of them;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGM"	the special general meeting of the Company to be held at Concord Room 1, 8 Floor, Renaissance Harbour View Hotel Hong Kong, No. 1 Harbour Road, Wanchai, Hong Kong on 31 July 2007 at 10:00 a.m and any adjournment thereof, notice of which is set out on page 149 to 151 of this circular;
"Shares"	the shares of the Company;
"Shareholder(s)"	Shareholder(s) of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Valuer"	Norton Appraisals Limited, a company incorporated in Hong Kong, an independent professional valuer jointly appointed by the Group and the Vendors;
"Vendors"	the Minkind Vendor and the Remson Vendor collectively;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong; and
"%"	per cent.

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

Executive Directors:
Mr. Leung, Wing-pong *(Chief Executive Officer)*
Mr. Kong, Chi-ming *(Deputy Chairman)*

Independent Non-executive Directors:
Mr. Leung, Yun-fai
Mr. Lam, Yat-fai
Dr. David Chain, Chi-woo

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office in Hong Kong:
26th Floor
MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

16 July 2007

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL OF AND LOANS DUE FROM MINKIND DEVELOPMENT LIMITED AND REMSON INVESTMENT LIMITED AND LOAN DUE FROM GROW WEALTH COMPANY LTD

INTRODUCTION

The Board announced in the Announcement that on 26 June 2007 after the market closed, the Purchaser, being a wholly owned subsidiary of the Company, entered into the Agreement with the Vendors and the Debt Vendor whereby (a) the Purchaser conditionally agreed to purchase and the Minkind Vendor conditionally agreed to sell the Minkind Shares; (b) the Purchaser conditionally agreed to purchase and the Remson Vendor conditionally agreed to sell the Remson Share; and (c) the Purchaser conditionally agreed to purchase and the Debt Vendor conditionally agreed to sell the Minkind Loan, the Remson Loan and the GW Loan. Subject to adjustment based on the completion accounts of the Sale Companies, the Minkind Consideration and the Remson Consideration shall be approximately HK$7,788,754 and HK$21,183,406 respectively.

The Vendors are both indirect wholly-owned subsidiaries of the Debt Vendor, which is in turn a wholly-owned subsidiary of Chinese Estates. As the Debt Vendor is a substantial Shareholder and Chinese Estates is a controlling Shareholder by virtue of its indirect interest in 34.99% of the issued share capital of the Company through its subsidiaries, Chinese Estates, the Debt Vendor and their respective associates (including without limitation to the Vendors) are connected persons of the Company under the Listing Rules, and hence, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the aggregate consideration payable by the Purchaser for the Acquisition represents more than 25% but less than 100% under the applicable percentage ratios under Chapter 14 of the Listing Rules, the Acquisition also constitutes a major transaction of the Company. The Acquisition will therefore be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The purpose of this circular is (i) to provide you with further information on the Acquisition; (ii) to set out the valuation report on the Properties; (iii) to set out the recommendation of the Independent Board Committee; (iv) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (v) to give the Shareholders the notice of the SGM and certain financial and other information as required by the Listing Rules.

THE AGREEMENT

The principal terms of the Agreement are set out below:–

Date:	26 June 2007
The Purchaser:	Gold Long Enterprises Limited, being a wholly owned subsidiary of the Company
The Vendors:	Fine Pacific Limited, in respect of the Minkind Shares Top Cliff Ltd., in respect of the Remson Share
The Debt Vendor:	Paul Y. Holdings Company Limited, in respect of the Minkind Loan, the Remson Loan and the GW Loan
The Minkind Shares:	Two shares of HKD1.00 each representing the entire issued share capital of Minkind
The Remson Share:	One share without par value representing the entire issued share capital of Remson
The Minkind Loan:	All amounts, whether principal or interest, owing by Minkind to the Debt Vendor as at Completion. As at the date of the Agreement, the amount of the Minkind Loan was approximately HK$632,138
The Remson Loan:	All amounts, whether principal or interest, owing by Remson to the Debt Vendor as at Completion. As at the date of the Agreement, the amount of the Remson Loan was approximately HK$210,860
The GW Loan:	All amounts, whether principal or interest, owing by Grow Wealth to the Debt Vendor as at Completion. As at the date of the Agreement, the amount of the GW Loan was approximately HK$27,779,271

Consideration:

The Minkind Consideration (subject to adjustment) is approximately HK$7,788,754, of which HK$7,156,616 will be for the Minkind Shares and HK$632,138 will be for the Minkind Loan.

The Remson Consideration (subject to adjustment) is approximately HK$21,183,406, of which HK$10 will be for the Remson Shares, HK$159,582 will be for the Remson Loan and HK$21,023,814 will be for the GW Loan.

Pursuant to the terms of the Agreement,

(a) the Minkind Consideration will be subject to a post completion adjustment, by comparing the Minkind Consideration with the aggregate of (i) HK$7,800,000 (being the agreed value of the Minkind Properties) and (ii) the current asset value less the total liabilities of Minkind (excluding the Minkind Loan and the deferred taxation liabilities) as at Completion as shown in the unaudited completion accounts (or if requested by any party to the Agreement, the audited completion accounts) of Minkind, provided that no such adjustment shall be made if the difference is within a buffer of HK$10,000; and

(b) the Remson Consideration will be subject to a post completion adjustment by comparing the Remson Consideration with the aggregate of (i) HK$21,250,000 (being the agreed value of the Remson Properties and the Remson Special Right) and (ii) the consolidated current asset value less the consolidated total liabilities of the Remson Group (excluding the Remson Loan, the GW Loan and the deferred taxation liabilities) as at Completion as shown in the unaudited completion accounts (or if requested by any party to the Agreement, the audited completion accounts) of the Remson Group, provided that no such adjustment shall be made if the difference is within a buffer of HK$30,000,

provided that the Minkind Consideration and the Remson Consideration shall not in any event exceed HK$7,900,000 and HK$21,750,000 respectively after such adjustment (if any).

Terms of Payment:

(a) Upon execution of the Agreement, a sum of HK$778,900 was paid in cash by the Purchaser to the Minkind Vendor (for itself and as trustee for the Debt Vendor) as deposit and as part payment for the Minkind Consideration and a sum of HK$2,118,300 was paid in cash by the Purchaser to the Remson Vendor (for itself and as trustee for the Debt Vendor) as deposit and as part payment for the Remson Consideration (collectively, the "Deposits");

(b) the balance of the Minkind Consideration and the Remson Consideration shall be paid in cash by the Purchaser to the Minkind Vendor and the Remson Vendor respectively (for itself and as trustee for the Debt Vendor) at Completion.

Conditions Precedent: Completion is conditional upon all of the following conditions precedent being fulfilled on or before the Long Stop Date:–

(a) the Minkind Vendor having proved to the Purchaser that Minkind has good title to the Minkind Properties free from all encumbrances;

(b) the Remson Vendor having proved to the Purchaser that Grow Wealth has (i) good title to the Remson Properties free from all encumbrances; and (ii) the Remson Special Right;

(c) all necessary approvals by the independent shareholders of the Company in respect of the transactions contemplated under this Agreement having been obtained in such manner as required under the Listing Rules;

(d) formal written consent having been given from the Mortgagee to the proper and formal release and discharge of the Properties from the Mortgage and all the obligations and liabilities of Minkind and Grow Wealth thereunder upon Completion and all conditions to such consent (if any) having been complied with (or the Vendors having provided evidence to the Purchaser's reasonable satisfaction that such conditions will be complied with at Completion);

(e) formal written consent having been given from the Mortgagee to the proper and formal release and discharge of the Rental Assignments and all the obligations and liabilities of Minkind and Grow Wealth thereunder upon Completion and all conditions to such consent (if any) having been complied with (or the Vendors having provided evidence to the Purchaser's reasonable satisfaction that such conditions will be complied with at Completion); and

(f) all other necessary consents (if any) required to be obtained on the part of any party hereto having been granted by the relevant third parties.

If any of the conditions set out above shall not have been fulfilled by the Long Stop Date:–

(i) the Agreement shall be null and void and of no effect save for any antecedent breach by any party; and

(ii) the Deposits and all other monies (if any) paid by the Purchaser shall be refunded by the Vendors (without interest) to the Purchaser forthwith.

Completion Date: Completion shall take place on the second business day immediately following satisfaction of all the conditions precedent set out in the Agreement or such other date as the parties may agree in writing.

Subject to fulfillment of all the conditions precedent of the Acquisition, Completion is expected to take place on or before 6 August 2007.

Each of the Minkind Consideration and the Remson Consideration was arrived at after arm's length negotiations between the parties and was determined with reference to:–

(a) the agreed values of the Minkind Properties and the Remson Properties (together with the Remson Special Right) (being HK$7,800,000 and HK$21,250,000 respectively), which are their respective indicative values as provided by the Valuer, whose valuation report is included in Appendix V of this circular. The indicative values of the Properties were arrived at by the Valuer on the basis of their market values as at the date of the Agreement; and

(b) the current asset (or consolidated asset) value and the total liabilities (or consolidated liabilities) of Minkind and the Remson Group (other than deferred taxation liabilities, the Minkind Loan, the Remson Loan and the GW Loan) as shown in the unaudited management accounts of Minkind and the Remson Group for the 4 months ended 30 April 2007.

It is the current intention of the Group to fund the Minkind Consideration and the Remson Consideration by mainly the sales proceeds obtained by the Group from the Disposals which amounted to approximately HK$45,445,000.

INFORMATION OF MINKIND AND THE REMSON GROUP

Minkind

Minkind is the registered and beneficial owner of the Minkind Properties, which are the principal assets of Minkind. The Minkind Properties were assigned to Minkind by a third party in 1993 at a consideration of HK$500,000.

The Minkind Properties comprise 6 carparking spaces and carport basement at Nine Queen's Road Central, situate at Central, Hong Kong. The Minkind Properties are currently held by Minkind for investment and rental purposes, 50% of which are currently subject to monthly licences and the remaining 50% of which are vacant. The gross rental income from the Minkind Properties was approximately HK$242,400 for the year ended 31 December 2006.

The financial highlights of Minkind are set out below:–

	For the year ended 31 December 2004 *(HK$'000)*	**For the year ended 31 December 2005** *(HK$'000)*	**For the year ended 31 December 2006** *(HK$'000)*	**For the 4 months ended 30 April 2007** *(HK$'000)*
Total assets value	5,576	6,086	7,291	7,858
Net assets	4,027	4,497	5,353	7,662
Profit before taxation	1,304	726	1,280	617
Profit after taxation	1,075	600	1,056	509

Note: The financial figures for each of the three financial years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007 were based on the audited accounts of Minkind which were prepared in accordance with accounting principles generally accepted in Hong Kong and are set out in Appendix II of this circular.

The Remson Group

Remson is an investment holding corporation. Grow Wealth, the wholly-owned subsidiary of Remson, is the registered and beneficial owner of the Remson Properties, which are the principal assets of the Remson Group, and has the Remson Special Right in relation to the Adjoining Spaces. The Remson Properties, together with two shops, eight carparking spaces and offices on five floors at Bank of East Asia Harbour View Centre (formerly known as First Pacific Bank Centre) which had already been disposed of by the Remson Group, were assigned to Grow Wealth by a third party in 1991 at a deemed consideration of HK$167,404,000.

The Remson Properties comprise 25 carparking spaces at Bank of East Asia Harbour View Centre, a commercial and office building situate at Wanchai, Hong Kong. The Remson Properties, together with the Adjoining Spaces, are currently held by the Remson Group for investment and rental purposes, 92% of which are currently subject to monthly licences and remaining 8% of which are vacant. The gross rental income from the Remson Properties and the Adjoining Spaces was approximately HK$975,654 for the year ended 31 December 2006.

The financial highlights of the Remson Group are set out below:–

	For the year ended 31 December 2004 *(HK$'000)*	**For the year ended 31 December 2005** *(HK$'000)*	**For the year ended 31 December 2006** *(HK$'000)*	**For the four months ended 30 April 2007** *(HK$'000)*
Total assets value	17,382	17,792	20,396	21,387
Net liabilities	(12,430)	(11,826)	(9,787)	(8,663)
Profit before taxation	875	733	2,578	1,363
Profit after taxation	721	604	2,039	1,124

Note: The financial figures for each of the three financial years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007 were based on the audited accounts of the Remson Group which were prepared in accordance with accounting principles generally accepted in Hong Kong and are set out in Appendix III of this circular.

Reconciliation of the value of the Properties

The carrying values of the Minkind Properties and the Remson Properties as at 31 December 2006 in the books of Minkind and the Remson Group were HK$7,200,000 and HK$20,000,000 respectively. The Minkind Properties and the Remson Properties are respectively valued at HK$7,800,000 and HK$21,250,000 as at 26 June 2007 as set out in the valuation report in Appendix V of this circular. Accordingly, there is a surplus of approximately HK$600,000 and HK$1,250,000 arising from the revaluation of the Minkind Properties and the Remson Properties respectively.

INFORMATION OF THE GROUP, THE VENDORS, THE DEBT VENDOR AND THE CHINESE ESTATES GROUP

The Group is principally engaged in property investment and property leasing in Hong Kong no matter before or after the Acquisition.

The Minkind Vendor and the Remson Vendor are investment holding companies for holding their interest in Minkind and Remson respectively. The Debt Vendor is an investment holding company and a loan financier for its group companies.

Chinese Estates is the ultimate holding company of the Vendors and the Debt Vendor. The Chinese Estates Group is principally engaged in property investment and development, brokerage, securities investment and money lending.

Mr. Leung, Wing-pong and Mr. Kong, Chi-ming, Directors and controllers of the Company under the Listing Rules, are employees of subsidiaries of Chinese Estates and/or the Debt Vendor.

REASONS AND BENEFITS FOR THE ACQUISITION

As disclosed in the announcements of the Company dated 13 February and 28 March 2007, the Directors have been identifying suitable investment(s) and/or business(es) after the Major Transaction. The Acquisition allows the Group to have an investment property portfolio with high quality assets after the Disposals. The Group currently intends to continue to use the Properties together with the Adjoining Spaces for rental purpose. With a total monthly licence fee of approximately HK$107,300, based on the existing licences, the current annual gross return of the Properties and the Adjoining Spaces is approximately 4.4%.

As at the date of this announcement, the Minkind Properties and the Remson Properties (together with the Adjoining Spaces) are currently the only carparking spaces that are owned by the Chinese Estates Group (or of which the Chinese Estates Group has the special right and privilege to use, occupy and enjoy under the relevant deed of mutual covenant) at Nine Queen's Road Central and Bank of East Asia Harbour View Centre. At present, the Chinese Estates Group also holds carparking spaces in certain other buildings at various locations in Hong Kong, including Wanchai. However, as the other carparking spaces owned by the Chinese Estates Group in other buildings in Wanchai are mainly reserved for tenants of the respective buildings and the Chinese Estates Group does not own any carparking spaces in Central, the Company does not consider there is direct competition from the Chinese Estates Group in relation to the Properties and the Adjoining Spaces after Completion. Only the Properties (together with the Adjoining Spaces) are made subjects of acquisition by the Group because most of the other carparking spaces at commercial buildings with a stable rental income which are owned by the Chinese Estates Group form part and parcel of the properties held by it in those particular buildings and the Chinese Estates Group has no present intention to dispose of such carparking spaces on a standalone basis.

The Directors are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable to the Company and in the interests of the Company and the Shareholders as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE PERFORMANCE OF MINKIND AND THE REMSON GROUP

Summarised below are the historical revenue, net profits, total assets, total liabilities and net assets/liabilities of Minkind and the Remson Group extracted from the accountants' reports set out in Appendices II and III of this circular:

	Year ended 31 December			For four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover					
Minkind	253	283	242	89	77
Remson Group	955	982	976	324	365
	1,208	1,265	1,218	413	442
Net profit for the year/period					
Minkind	1,075	600	1,056	25	509
Remson Group	721	604	2,039	46	1,124
	1,796	1,204	3,095	71	1,633
Total assets					
Minkind	5,576	6,086	7,291	6,071	7,858
Remson Group	17,382	17,792	20,396	17,738	21,387
	22,958	23,878	27,687	23,809	29,245
Total Liabilities					
Minkind	1,549	1,589	1,938	1,749	2,196
Remson Group	29,812	29,618	30,183	29,518	30,050
	31,361	31,207	32,121	31,267	32,246
Net assets/(liabilities)					
Minkind	4,027	4,497	5,353	4,322	5,662
Remson Group	(12,430)	(11,826)	(9,787)	(11,780)	(8,663)
	(8,403)	(7,329)	(4,434)	(7,458)	(3,001)

The principal assets of Minkind and the Remson Group are the Properties and the Remson Group also has the Remson Special Right in relation to the Adjoining Spaces. The Properties (together with the Adjoining Spaces) are currently held by Minkind and the Remson Group for investment and rental purposes. As shown in the table above, Minkind and the Remson Group have made stable progress in terms of revenue and strong progress in terms of profitability during the financial years and periods as set out in the above table.

The total revenues of Minkind and the Remson Group for the financial years and periods as set out in the above table were derived from rental income from monthly licences over the Properties and the Adjoining Spaces. The rental income has been stable during the three financial years ended 31 December 2006, 2005 and 2004 and the increase in rental income for the 4 months ended 30 April 2007 as compared with the corresponding period in 2006 was primarily due to the steady rise in the occupancy rate. The total net profits of Minkind and the Remson Group soared by approximately 72.32% in the three financial years ended 31 December 2006 mainly because of an increase in surplus of approximately HK$4,800,000 arising from revaluation of the Properties, representing an increase of approximately 21.43% in the market value of the Properties from 31 December 2004 to 31 December 2006. The sharp increase in the total net profits of Minkind and the Remson Group for the 4 months ended 30 April 2007 as compared with the corresponding period in the previous year was due to the rise in surplus of approximately HK$1,850,000 arising from revaluation of the Properties.

Further, as shown in the table above, for the financial years and periods as shown therein, there were increases in the total assets of Minkind and the Remson Group while the total liabilities remained steady and the total net liabilities were reduced.

For similar reasons in relation to the increase in total net profits, the increase in the total assets and improvement to the total net assets or net liabilities position of Minkind and the Remson Group (representing approximately 27.38% increase in the total assets and 64.29% decrease in total net liabilities from 31 December 2004 to 30 April 2007) were mainly attributable to the increase in surplus arising from revaluation of the Properties. The net assets of Minkind and the net liabilities of the Remson Group are approximately HK$5,662,000and HK$8,663,000 respectively as at 30 April 2007.

The total assets of Minkind and the Remson Group mainly comprised the Minkind Properties and the Remson Properties, the values of which as at the date of the Agreement are HK$7,800,000 and HK$21,250,000 respectively as set out in the valuation report included in Appendix V to this circular. Save and except the Mortgage and the Rental Assignments which will be released and discharged on or before Completion, none of the assets of Minkind and the Remson Group were pledged as at 31 December 2006, 2005 and 2004. All assets and liabilities of Minkind and the Remson Group are denominated in Hong Kong dollars.

The level of total liabilities of Minkind and the Remson Group was steady and there was only a slight increase of approximately 1.48% from 31 December 2004 to 30 April 2007. The slight increase was due to the fact that the rental income received by Minkind and the Remson Group can more or less cover their operating expenses. As at 30 April 2007, the Minkind Loan, the Remson Loan and the GW Loan were approximately HK$879,000, HK$211,000 and HK$27,990,000 respectively. The Minkind Loan, the Remson Loan and the GW Loan are on average bearing interest at approximately 11.5%, 2.25% and 2.25% per annum respectively.

As Minkind and the Remson Group did not have any borrowings other than the Minkind Loan, the Remson Loan and the GW Loan as at 30 April 2007, 31 December 2006, 2005 and 2004, gearing ratio is thus not applicable.

During each of the three years ended 31 December 2006, 2005 and 2004, there were neither acquisition nor disposal of subsidiary and associated companies of Minkind and the Remson Group. Both Minkind and the Remson Group had no employees. As at 31 December 2006, 2005 and 2004, Minkind and the Remson Group did not have any material contingent liabilities other than the Mortgage and the Rental Assignments which will be released and discharged on or before Completion.

There are currently no plan for new business for Minkind and the Remson Group and subject to available funding either from shareholders or bank borrowing, Minkind and the Remson Group will actively review all possible opportunities with a view to increase the occupancy rate and rental income of the Properties (together with the Adjoining Spaces). Barring unforeseen circumstances, it is expected that the Properties will offer capital appreciation potential in the long run and the Properties (together with the Adjoining Spaces) will generate a stable source of rental income.

Notwithstanding the indication of liquidity risks of Minkind and Remson Group and the existence of a material uncertainty of their abilities to continue as a going concern by HLB Hodgson Impey Cheng, it should be noted that the only substantial liabilities of the Minkind and Remson Group are the Minkind Loan, the Remson Loan and the GW Loan which will be assigned by the Debt Vendor to the Purchaser upon Completion. As all of these liabilities will become inter-company indebtedness of the Enlarged Group, the Directors do not consider that the Minkind and Remson Group will have any problem in continuing as a going concern and the exposure of Minkind and Remson Group to such liquidity risks will be minimal.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, Minkind and the Remson Group will be wholly owned by the Purchaser and become indirect wholly owned subsidiaries of the Company. Minkind and the Remson Group will be consolidated in the financial statements of the Company after Completion.

Earnings

For the year ended 31 December 2006, the audited net profit of the Group was approximately HK$4,819,000 and the basic earnings per Share was approximately HK$0.06 based on the weighted average number of ordinary shares of the Company during the year 2006. Upon the completion of the Disposals and taking no account of the Acquisition, the Group will not have any revenue starting from 15 October 2007 which is the date of completion of the major transaction as disclosed in the announcement of the Company dated 28 March 2007.

Taking into account the Acquisition, the Properties and the Adjoining Spaces are currently generating a total monthly income of HK$107,300 or approximately HK$1,287,600 a year based on existing licences. The gross rental yield for the Properties and the Adjoining Spaces (calculated based on the aggregate of the Minkind Consideration and the Remson Consideration) is approximately 4.4% per annum. It is currently expected the Acquisition would have a positive effect on the profit and loss account of the Group.

Net asset value

The audited consolidated total assets and total liabilities of the Group (including deferred taxation liabilities) as at 31 December 2005 were approximately HK$136,107,000 and HK$4,309,000 respectively. The audited consolidated total assets and total liabilities of the Group (including deferred taxation liabilities) as at 31 December 2006 were approximately HK$133,813,000 and HK$5,137,000 respectively. The audited consolidated net asset value of the Group as at 31 December 2005 and 2006 were approximately HK$131,798,000 and HK$128,676,000 respectively.

As set out in Appendix IV to this circular, assuming Completion took place on 31 December 2006, the unaudited proforma total assets and total liabilities (including deferred taxation liabilities) of the Enlarged Group would be approximately HK$136,979,000 and HK$8,303,000 respectively, representing increases of approximately 2.37% and 61.63% respectively as compared with the audited consolidated total assets and total liabilities of the Group.

Cashflow

As at 31 December 2005 and 2006, the total cash and cash equivalents of the Group amounted to approximately HK$27,559,000 and HK$88,062,000 respectively. The audited consolidated net cash used in the operating activities of the Group for the year ended 31 December 2006 amounted to approximately HK$756,000. It is expected that as set out in Appendix IV, the cash and cash equivalents of the Enlarged Group of will decrease by approximately HK$29,352,000 to approximately HK$58,869,000 after payment of the Minkind Consideration, the Remson Consideration and the transaction costs directly attributable to the Acquisition. Upon completion of the Disposals and taking no account of the Acquisition, the Group will not have any cash inflow from the rental income starting from 15 October 2007 which is the date of completion of the major transaction as disclosed in the announcement of the Company dated 28 March 2007. The Acquisition is expected to contribute incremental operating cashflow to the Group.

FINANCIAL PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in property development and investment. Upon Completion, the revenue and assets base of the Enlarged Group will be strengthened especially after completion of the Disposals. It is expected that the cash position of Enlarged Group will remain strong and the Enlarged Group will continue to be flexible in business expansion to cope with the rapid change in economic environment.

IMPLICATIONS UNDER THE LISTING RULES

The Vendors are indirect wholly-owned subsidiaries of the Debt Vendor, which is in turn wholly-owned by Chinese Estates. As the Debt Vendor is a substantial Shareholder and Chinese Estates is a controlling Shareholder by virtue of its indirect interest in 34.99% of the issued share capital of the Company through its subsidiaries, Chinese Estates, the Debt Vendor and their respective associates (including without limitation to the Vendors) are connected persons of the Company under the Listing Rules, and hence, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the aggregate consideration payable by the Purchaser for the Acquisition represents more than 25% but less than 100% under the applicable percentage ratios under Chapter 14 of the Listing Rules, the Acquisition also constitutes a major transaction of the Company. The Acquisition will therefore be subject to the reporting, announcement and Independent Shareholders' approval requirement under the Listing Rules.

The SGM will be convened for Independent Shareholders to approve the Agreement and the transactions contemplated thereunder by poll. Chinese Estates, the Debt Vendor and their respective associates will abstain from voting on the resolution to approve the Agreement.

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 the Announcement, the percentages of cash to total assets and net assets of the Group are approximately 72.7% and 79.4% respectively. Upon completion of the Major Transaction and taking no account of the Acquisition, the percentages of cash to both total assets and net assets of the Group will be more than 90% and the Company would not satisfy the requirement of Rule 14.82. Subject to fulfillment of all conditions precedent of the Acquisition and Completion on or before 6 August 2007 and taking into account an initial deposit of HK$1,000,000 already received by the Group under the Legend Disposal, the percentages of cash to both total assets and net assets of the Group will be approximately 68.9% and 72.6% respectively upon completion of the Major Transaction (but before completion of the Legend Disposal) and the Company will satisfy the requirement under Rule 14.82.

Further announcement will be made by the Company upon Completion. The Company will also make announcement and will apply for suspension of trading in the Shares on the date of completion of the Major Transaction if the Company cannot satisfy the requirement under Rule 14.82 on that day as a result of Completion not taking place for whatever reason.

SGM

There is set out on pages 149 to 151 of this circular a notice convening the SGM to be held at Concord Room 1, 8 Floor, Renaissance Harbour View Hotel Hong Kong, No. 1 Harbour Road, Wanchai, Hong Kong on 31 July 2007 at 10:00 a.m. at which an ordinary resolution will be proposed for the approval by the Independent Shareholders by poll the Agreement and the transactions contemplated thereunder.

At the SGM, Chinese Estates, the Debt Vendor and their respective associates, holding in aggregate 277,858,761 Shares, representing approximately 34.99% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting in respect of the resolution to approve the Agreement and the transactions contemplated thereunder.

Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete the enclosed proxy form and return it to the Company's branch share registrar in Hong Kong, Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the enclosed proxy form will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

In compliance with the Listing Rules, the votes to be taken at the SGM in respect of the Agreement and the transactions contemplated thereunder will be taken by poll, the results of which will be announced after the SGM.

PROCEDURES TO DEMAND A POLL BY SHAREHOLDERS

Under the bye-laws of the Company, a poll can be demanded at the SGM by:–

(a) the chairman of the SGM; or

(b) at least three members present in person or by proxy for the time being entitled to vote at the SGM; or

(c) any 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 SGM; or

(d) any member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the SGM 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 shares conferring that right; or

(e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at the SGM.

The Company will procure the chairman of the SGM to demand for voting by poll and Secretaries Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

RECOMMENDATION

The Directors (including members of the Independent Board Committee, having taken into account the advice of the Independent Financial Adviser), consider that the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. The Directors therefore recommends the Independent Shareholders to vote in favour of the resolution to be proposed in the SGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from the Independent Financial Adviser which are respectively set out on pages 24 to 25 and 26 to 28 of this circular. Additional information is also set out in the Appendices of this circular for your information.

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

G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

16 July 2007

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL OF AND LOANS DUE FROM MINKIND DEVELOPMENT LIMITED AND REMSON INVESTMENT LIMITED AND LOAN DUE FROM GROW WEALTH COMPANY LTD

We refer to the circular dated 16 July 2007 issued by the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the same. The Independent Financial Adviser, Evolution Watterson Securities Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 23 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder as set out on pages 26 to 28 of the Circular.

After taking into consideration the advice from the Independent Financial Adviser, we concur with the views of the Independent Financial Adviser and consider that the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed in the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully
Leung, Yun-fai
Lam, Yat-fai
David Chain, Chi-woo
Independent Board Committee

The following is the text of a letter from Evolution Watterson Securities Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders which is prepared for inclusion in this circular.

5th Floor, 8 Queen's Road Central, Hong Kong
Tel: (852) 2525 1990
Fax: (852) 2526 1990

16 July 2007

The Independent Board Committee and
the Independent Shareholders

G-Prop (Holdings) Limited
26th Floor, MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

We refer to our appointment as independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition that constitutes a major and connected transaction of the Company under the Listing Rules. Details of the Acquisition are set out in the circular of the Company dated 16 July 2007 (the "Circular") to the Shareholders, of which this letter forms part. Capitalized terms in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that representations made to us are true, accurate and complete. We have also considered the valuation report prepared by Norton Appraisals Limited ("Norton Appraisals"), an independent property valuer jointly appointed by the Group and the Vendors on the Minkind Properties and the Remson Properties, which are the subjects of the Acquisition.

We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion, we have taken into consideration the following principal factors:

Background to the Acquisition

The Group is engaged in property investment in Hong Kong. The acquisition of the Properties would allow the Group to acquire 6 car parking spaces at Nine Queen's Road Central, Hong Kong and 25 car parking spaces at Bank of East Asia Harbour View Centre in Wanchai, Hong Kong respectively. Based on the existing licences, the Properties and the Adjoining Spaces are currently generating a total monthly income of HK$107,300 or approximately HK$1.28 million a year. Based on the existing licences, we note that gross rental yield for the Properties and the Adjoining Spaces (calculated based on the aggregate of the Minkind Consideration and the Remson Consideration) is approximately 4.4% p.a. The above rental yield compares favorably with current Hong Kong dollar bank deposits of approximately 3.8% p.a.

Basis of and terms for the Acquisition

We understand that subject to the adjustments pursuant to the terms of the Agreement, the Minkind Consideration is approximately HK$7,788,754 and the Remson Consideration is approximately HK$21,183,406. The above considerations approximate the independent valuations of HK$7,800,000 and HK$21,250,000 for the Minkind Properties and the Remson Properties (together with the Adjoining Spaces) respectively by Norton Appraisals as at 26 June 2007. We understand from Norton Appraisals that it has adopted a direct comparison approach in valuing the above properties by making reference to comparable sales transactions. We are of the view that the above valuation basis is appropriate and is fair and reasonable so far as the Independent Shareholders are concerned.

We note that a deposit of approximately 10% of each the Minkind Consideration and Remson Consideration was paid to the respective vendor upon signing of the Agreement with the balance payable upon Completion. The above terms of payment are market practice in Hong Kong and are, in our view, on normal commercial terms.

Financial effects relating to the Acquisition

The Directors have indicated that the Acquisition will be financed primarily by proceeds of approximately HK$45.445 million derived from sale of property assets previously owned by the Group. As such, the Acquisition is not expected to increase the Group's gearing ratio, nor will it have any significant effect on the Group's net assets. In addition, the Properties and the Adjoining Spaces will provide rental income to the Group at an investment yield of approximately 4.4% p.a., which compares favorably with current Hong Kong dollar deposits of approximately 3.8% p.a.. Consequently, we are of the opinion that the Acquisition is in the interests of the Company and its shareholders as a whole.

We note from the accountants' report of Minkind and the Remson Group prepared by HLB Hodgson Impey Cheng stated that, based on the balance sheet of Minkind and the Remson Group as at 30 April 2007, it indicates the existence of a material uncertainty which may cast a significant doubt about the ability of Minkind and Remson Group to continue as a going concern. We also note from the accountants' report of Minkind and the Remson Group that it relies on the financial support from their ultimate holding company to fulfill their financial obligations as they fall due.

Notwithstanding the indication of liquidity risks of Minkind and the Remson Group and the existence of a material uncertainty of their abilities to continue as a going concern by HLB Hodgson Impey Cheng, it should be noted that the only substantial liabilities of Minkind and the Remson Group are the Minkind Loan, the Remson Loan and the GW Loan which will be assigned by the Debt Vendor to the Purchaser upon Completion. As all of these liabilities will become inter-company indebtedness of the Enlarged Group upon Completion, we agree with the Directors that Minkind and the Remson Group will not have problem in continuing as a going concern and that the exposure of Minkind and the Remson Group to such liquidity risks will be minimal.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that Acquisition is in the Group's ordinary course of business and that the Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote, in favor of the resolution to approve the Agreement and the transactions contemplated thereunder at the upcoming SGM.

Yours faithfully,
For and on behalf of
Evolution Watterson Securities Limited
David Tsang
Managing Director

FINANCIAL SUMMARY

Set out below is a summary of the audited results, assets and liabilities of the Group for the three years ended 31 December 2006, 2005 and 2004 respectively as extracted from the annual reports of the Company. The Company's auditor have issued unqualified opinion on the Group's financial statements for these three years:

	For the year ended 31 December		
	2006	**2005**	**2004**
			Restated
	HK$'000	*HK$'000*	*HK$'000*
Turnover	3,512	4,698	9,362
Profit before taxation	5,511	9,216	10,204
Income tax expense	(692)	(2,124)	306
Profit for the year/ attributable to the Shareholders	4,819	7,092	10,510

	As at 31 December		
	2006	**2005**	**2004**
			Restated
	HK$'000	*HK$'000*	*HK$'000*
Assets and Liabilities			
Total assets	133,813	136,107	126,205
Total liabilities	(5,137)	(4,309)	(27,291)
	128,676	131,798	98,914
Net assets to equity holders of the Company	128,676	131,798	98,914
Minority interest	–	–	–
	128,676	131,798	98,914
Net assets per share to equity holders of the Company *(HK$)*	0.16	0.17	0.14
Number of shares issued	794,057,800	794,057,800	691,257,800

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

	Notes	2006 HK$'000	2005 HK$'000
Turnover	6	3,512	4,698
Direct costs		(1,689)	(2,037)
Gross profit		1,823	2,661
Other operating income	8	2,409	1,042
Administrative expenses		(3,293)	(2,913)
Finance costs	9	–	(159)
(Loss)/gain on disposals of investment properties		(746)	3,538
Surplus arising in revaluation of investment properties		5,318	5,047
Profit before tax	10	5,511	9,216
Income tax expense	12	(692)	(2,124)
Profit for the year		4,819	7,092
Dividends	13	7,941	7,941
Earnings per share	14		
Basic (HK cents per share)		0.6	0.9
Diluted (HK cents per share)		0.6	0.9

CONSOLIDATED BALANCE SHEET

At 31 December 2006

	Notes	2006 HK$'000	2005 HK$'000
Non-current assets			
Investment properties	16	35,600	107,720
Intangible asset	17	–	–
Interests in associates	18	–	–
Interests in jointly controlled entities	19	–	–
Available-for-sale financial assets	20	220	220
		35,820	107,940
Current assets			
Trade and other receivables	21	593	608
Short-term loans receivable	22	–	–
Cash and cash equivalents		88,062	27,559
		88,655	28,167
Assets classified as held for sale	15	9,338	–
		97,993	28,167
Current liabilities			
Trade and other payables	23	3,229	3,132
Amounts due to fellow subsidiaries	24	185	146
		3,414	3,278
Net current assets		94,579	24,889
Total assets less current liabilities		130,399	132,829
Non-current liabilities			
Deferred tax liabilities	27	1,723	1,031
		1,723	1,031
Total assets and liabilities		128,676	131,798
Capital and reserves			
Share capital	25	7,940	7,940
Share premium and reserves		120,736	123,858
Total equity		128,676	131,798

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

	Share capital	Share premium	Translation reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2005	6,912	–	234	91,768	98,914
Profit for the year	–	–	–	7,092	7,092
Issue of new ordinary shares *(Note 25)*	1,028	25,186	–	–	26,214
Transaction costs attributable to issue of new ordinary shares	–	(422)	–	–	(422)
At 31 December 2005 and 1 January 2006	7,940	24,764	234	98,860	131,798
Dividends paid	–	–	–	(7,941)	(7,941)
Profit for the year	–	–	–	4,819	4,819
At 31 December 2006	7,940	24,764	234	95,738	128,676

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2006

	2006	2005
	HK$'000	*HK$'000*
Operating activities		
Profit before tax	5,511	9,216
Adjustments for:		
Interest income	(1,846)	(429)
Surplus arising on revaluation of investment properties	(5,318)	(5,047)
Loss/(gain) on disposals of investment properties	746	(3,538)
Interest expenses	–	159
Write back of allowance for bad and doubtful debts	(327)	(388)
Operating cash flows before movements in working capital	(1,234)	(27)
Decrease in trade and other receivables	342	801
Increase/(decrease) in trade and other payables	97	(658)
Increase/(decrease) in amounts due to fellow subsidiaries	39	(206)
Cash used in operations	(756)	(90)
Income tax paid	–	–
Net cash used in operating activities	(756)	(90)
Investing activities		
Interest received	1,846	429
Proceeds from disposal of investment properties	67,354	8,945
Net cash generated from investing activities	69,200	9,374
Financing activities		
Interest paid	–	(159)
Repayment of borrowings	–	(23,149)
Net proceeds from issue of new ordinary shares	–	25,792
Dividends paid	(7,941)	–
Net cash (used in)/generated from financing activities	(7,941)	2,484
Net increase in cash and cash equivalents	60,503	11,768
Cash and cash equivalents at the beginning of the year	27,559	15,791
Cash and cash equivalents at the end of the year	88,062	27,559

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its ultimate holding company is Chinese Estates Holdings Limited ("Chinese Estates"), a company incorporated in Bermuda with its shares listed on the Stock Exchange.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company's principal activity is investment holding and the principal activities of its principal subsidiaries, associates and jointly controlled entities are set out in Notes 32, 33 and 34 respectively.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The new HKFRSs adopted by the Group in the consolidated financial statements are set out as follows:

HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS – Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above new HKFRSs has no material impact on the accounting policies and the results and financial position of the Group.

The Group has not early adopted the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC) – Int 8	Scope of HKFRS 2[2]
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives[3]
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment[4]

1. *Effective for annual periods beginning on or after 1 January 2007*
2. *Effective for annual periods beginning on or after 1 May 2006*
3. *Effective for annual periods beginning on or after 1 June 2006*
4. *Effective for annual periods beginning on or after 1 November 2006*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs"), and Interpretations ("Ints") issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The measurement basis used in the preparation of the consolidated financial statement is historical cost as modified by the revaluation of certain investment properties which are carried at fair value.

The preparation of the consolidated financial statements requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements were disclosed in note 5.

A summary of significant accounting policies followed by the Group and the Company in the preparation of the consolidated financial statements is set out below:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operation policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All significant inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Interests in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's interests in associates includes goodwill (net of any impairment losses) identified in acquisition.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, interest in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

(b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries, associates and jointly controlled entities at the date of acquisition. Goodwill on acquisitions of subsidiaries is presented separately in the balance sheet. Goodwill on acquisitions of associates or jointly controlled entities is included in interests in associates or jointly controlled entities and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the balance sheet. Capitalised goodwill arising on an acquisition of an associate is included in the cost of the investment of the relevant associate.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, jointly-controlled entities and associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate.

(c) Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss. The results of subsidiaries are accounted by the Company on the basis of dividend received or receivables.

(d) Revenue recognition

Rental income, including rental invoiced in advance from properties under operating leases, is recognised in income statement on a straight line basis over the period of the respective leases.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

(e) Investments properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Any gain or loss arising from a change in the fair value of the investment properties is recognised directly in the income statement in which they arise.

(f) Patent

Patent is stated at cost less amortisation and accumulated impairment losses. Amortisation is calculated to write off the cost of patent over its estimated useful life, using the straight line method.

(g) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of any asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of asset that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates the reversal effect of that specific event. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(h) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(i) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in income statement in the period in which the foreign operation is disposed of.

(j) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised based on sales that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(k) Retirement benefits scheme contributions

The pension cost charged in the income statement represents the contributions payable in respect of the current year to the defined contribution schemes.

(l) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Group's major financial assets are trade and other receivables and club debentures which fall within the category of loans and receivables and available-for-sale financial assets respectively and the accounting policies adopted are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, trade and other receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories under HKAS 39. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the asset of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Group's financial liabilities are mainly comprised of other financial liabilities which include secured borrowings from a fellow subsidiary, trade and other payables and amounts due to fellow subsidiaries which fall within the category of other financial liabilities. These financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(n) Provision

A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value money is material, the amount of a provision is the present value at the balance sheet date of the expenditures expected to be required to settle the obligation.

(o) Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in equity (share option reserve) will be transferred to retained profits.

(p) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control or common significant influences.

A transaction is considered to be a related party transaction where there is a transfer of resources or obligations between related parties.

(q) Assets classified as held for sale

Assets classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include borrowings, trade receivables and trade payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in Note 3, the management has made the following judgement that have most significantly effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Income taxes

As at 31 December 2006, a deferred tax asset has been recognised in relation to the unused tax losses of approximately HK$2,077,000 (2005: HK$1,140,000). The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a reversal takes place.

6. TURNOVER

Turnover represents the net amounts received and receivable from third parties and is summarised as follows:

	2006	2005
	HK$'000	*HK$'000*
Rental income	3,227	4,189
Income from loans financing	285	509
	3,512	4,698

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating divisions – (i) investment and finance and (ii) properties investment. These divisions are the basis on which the Group reports its primary segment information. The business segments of energy saving machine (manufacturing and trading of energy saving machine) and other investments (trading of investments in securities) have not been presented because of these segments for the years did not have significant contribution to the Group.

Principal activities are as follows:

Investment and finance	–	investing and financing activities
Properties investment	–	property rental and leasing of equipment and trading of properties held for resale

Segment information about these businesses is presented below:

For the year ended 31 December 2006

	Investment and finance	Properties investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Income statement:			
Turnover			
External sales	285	3,227	3,512
Segment result	612	6,264	6,876
Interest income			1,846
Unallocated corporate expenses			(3,211)
Profit before tax			5,511
Income tax expense			(692)
Profit for the year			4,819
Balance sheet:			
Assets			
Segment assets	–	44,679	44,679
Unallocated corporate assets			89,134
Consolidated total assets			133,813
Liabilities			
Segment liabilities	–	3,810	3,810
Unallocated corporate liabilities			1,327
Consolidated total liabilities			5,137
Other segment information			
Surplus arising on revaluation of investment properties	–	5,318	5,318
Impairment losses reversed in the income statement	327	–	327
Other non-cash expenses	–	(12)	(12)

For the year ended 31 December 2005

	Investment and finance	Properties investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Income statement:			
Turnover			
External sales	509	4,189	4,698
Segment result	897	10,744	11,641
Interest income			429
Unallocated corporate expenses			(2,695)
Finance costs			(159)
Profit before tax			9,216
Income tax expense			(2,124)
Profit for the year			7,092
Balance sheet:			
Assets			
Segment assets	–	108,866	108,866
Unallocated corporate assets			27,241
Consolidated total assets			136,107
Liabilities			
Segment liabilities	–	3,104	3,104
Unallocated corporate liabilities			1,205
Consolidated total liabilities			4,309
Other segment information			
Surplus arising on revaluation of investment properties	–	5,047	5,047
Impairment losses reversed in the income statement	388	–	388

Geographical segments

The Group's operations are principally located in Hong Kong. All identifiable assets of the Group are located in Hong Kong. Accordingly, no geographical segments is presented.

8. OTHER OPERATING INCOME

	2006	2005
	HK$'000	*HK$'000*
Other operating income included the followings:		
Interest income	1,846	429
Write back of allowance for bad and doubtful debts	327	388

9. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on bank and other borrowings not wholly repayable within five years	–	159

10. PROFIT BEFORE TAX

	2006	2005
	HK$'000	*HK$'000*
Profit before taxation have been arrived at after charging:		
Staff costs:		
Directors' remuneration *(Note 11)*	204	153
Salaries and other benefits	1,066	976
Retirement benefit scheme contributions excluding directors and after forfeited contribution of HK$9,000 (2005: HK$8,000)	52	40
	1,322	1,169
Auditors' remuneration	300	460
and after crediting:		
Property rental income, net of outgoings of HK$965,000 (2005: HK$1,103,000)	2,262	3,086

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) *Directors' emoluments*

The aggregate amount of emoluments payable to the directors of the Company during the year was HK$204,000 (2005: HK$153,000).

The remuneration of every director for the year ended 31 December 2006 and 31 December 2005 is shown as below:

Name of directors	Directors' fees		Salaries and other benefits		Retirement scheme contributions		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors								
Halina Hung, Shi-wei	4	–	–	–	–	–	4	–
Aaron Tam, Chong-cheong	–	–	–	–	–	–	–	–
Leung, Wing-pong	10	–	–	–	–	–	10	–
Kong, Chi-ming	10	–	–	–	–	–	10	–
	24	–	–	–	–	–	24	–
Independent non-executive directors								
Leung, Yun-fai	60	52	–	–	–	–	60	52
Lam, Yat-fai	60	51	–	–	–	–	60	51
David Chain, Chi-woo	60	50	–	–	–	–	60	50
	180	153	–	–	–	–	180	153
	204	153	–	–	–	–	204	153

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2005: one) was independent non-executive director of the Company whose emoluments are included in (a) above. The emoluments of the remaining four (2005: four) individuals were as follows:

	2006	2005
	HK$'000	*HK$'000*
Salaries and other benefits	1,125	976
Retirement benefit scheme contributions	52	41
	1,177	1,017

The emoluments of each individual were within the emolument band of less than HK$1,000,000.

During the year ended 31 December 2006 and 2005, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group. No directors waived any emoluments in the year ended 31 December 2006 and 31 December 2005.

12. INCOME TAX EXPENSE

	2006	2005
	HK$'000	*HK$'000*
The tax charge comprises:		
Current tax of the Company and its subsidiaries	–	–
Deferred tax *(Note 27)*	692	2,124
	692	2,124

No provision for Hong Kong Profits Tax has been made as the group companies which are subject to Hong Kong Profits Tax either incurred tax losses for the year or have tax losses brought forward to set off assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

The charge for the year can be reconciled to the profit before tax per the consolidated income statement as follows:

	2006		2005	
	HK$'000	*%*	*HK$'000*	*%*
Profit before tax	5,511		9,216	
Tax at the Hong Kong Profits tax rate of 17.5%	965	17.5	1,612	17.5
Tax effect of income not taxable for tax purpose	(1,264)	(22.9)	(2,523)	(27.4)
Tax effect of expenses not deductible for tax purposes	977	17.7	714	7.7
Tax effect of tax losses/deferred tax assets not recognised	1,850	33.6	2,321	25.2
Utilisation of tax losses previously not recognised	(1,836)	(33.3)	–	–
Tax charge for the year	692	12.6	2,124	23.0

Details of deferred tax are set out in note 27.

13. DIVIDENDS

	2006	2005
	HK$'000	*HK$'000*
Proposed final dividend of HK$ 0.01 (2005: HK$0.01) per share	7,941	7,941

The directors of the Company have resolved to recommend the payment of a final dividend of HK$7,941,000 representing HK$0.01 (2005: HK$0.01) per share in respect of the year ended 31 December 2006. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

The proposed final dividends for the year ended 31 December 2005 of HK$0.01 per share was approved by the shareholders in general meeting and paid during the year.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of HK$4,819,000 (2005: HK$7,092,000) and on the weighted average number of ordinary shares in issue of 794,057,800 shares during the year (2005: 781,383,827 shares).

For the year ended 31 December 2006 and 2005, diluted earnings per share has been presented even though there were no diluting events during the years.

15. ASSETS CLASSIFIED AS HELD FOR SALE

On 27 December 2006 and 8 December 2006, Superkey Development Limited and Boria Enterprises Limited, indirect wholly owned subsidiaries of the Company, entered into sale and purchase agreements with two independent third parties ("the Purchasers") in relation to the disposals of a car park located at No. 4106, 4/F., Bank of America Tower, 12 Harcourt Road, Hong Kong (the "Car Park") and a property located at 3rd Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the "Property") at considerations of HK$538,000 and HK$8,800,000 respectively. The Car Park was satisfied by the Purchasers in cash and the transaction was completed on 19 January 2007. The Property shall be satisified in cash and the transaction would be completed on or before 31 May 2007. In accordance with HKFRS 5, the above investment properties have been presented as assets classified as held for sale in the balance sheet for the year ended 31 December 2006.

16. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 January 2005	108,080
Disposals	(5,407)
Increase in fair value recognised in income statement	5,047
At 31 December 2005 and 1 January 2006	107,720
Disposals	(68,100)
Increase in fair value recognised in income statement	5,318
Reclassification to assets classified as held for sale	(9,338)
At 31 December 2006	35,600

The Group's investment properties comprise land and buildings in Hong Kong as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Long leases	–	620
Medium-term leases	35,600	107,100
	35,600	107,720

The fair value of the Group's investment properties at 31 December 2006, has been arrived at on the basis of a valuation carried out on the date by Norton Appraisals Limited, independent qualified professional surveyors not connected with the Group. Norton Appraisals Limited has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation, which conformed to The Hong Kong Institute of Surveyors Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors was based on open market value basis.

All of the Group's investment properties held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

17. INTANGIBLE ASSET

	Patent
	HK$'000
Cost	
At 1 January 2005, 31 December 2005 and 31 December 2006	29,670
Amortisation and impairment	
At 1 January 2005, 31 December 2005 and 31 December 2006	29,670
At 31 December 2006 and 31 December 2005	–

18. INTERESTS IN ASSOCIATES

	2006	2005
	HK$'000	*HK$'000*
Share of net assets of associates	–	–

Details of the Group's associates at 31 December 2006 are set out in note 33.

The summarised financial information in respect of the Group's associates is set out below:

	2006	2005
	HK$'000	*HK$'000*
Turnover	1,395	–
Loss for the year	(12,678)	(12,432)
Loss attributable to the Group	–	–
Total assets	15,633	11,023
Total liabilities	(75,196)	(65,875)
Net liabilities	(59,563)	(54,852)
Net assets attributable to the Group	–	–

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2006 *HK$'000*	2005 *HK$'000*
Share of net assets of jointly controlled entities	–	–

Details of the Group's jointly controlled entities at 31 December 2006 are set out in note 34.

The summarised financial information in respect of the Group's jointly controlled entities is set out below:

	2006 *HK$'000*	2005 *HK$'000*
Turnover	–	–
Loss for the year	(20)	(24)
Loss attributable to the Group	–	–
Total assets	4,314	4,314
Total liabilities	(160,497)	(160,485)
Net liabilities	(156,183)	(156,171)
Net assets attributable to the Group	–	–

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2006 *HK$'000*	2005 *HK$'000*
Club debentures	220	220

21. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables of the Group are trade receivables of HK$271,000 (2005: HK$182,000) comprising mainly rental receivables which are billed in advance and settlements are expected upon receipts of billings. Its aged analysis at the balance sheet date is as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Within 30 days	215	172
31 – 60 days	38	3
Over 60 days	18	7
	271	182

The Directors consider that the carrying amounts of the Group's trade and other receivables at 31 December 2006 approximate to their fair values.

22. SHORT-TERM LOANS RECEIVABLE

	2006	**2005**
	HK$'000	*HK$'000*
Loans receivable	3,203	3,530
Less: Allowance for bad and doubtful debts	(3,203)	(3,530)
	–	–

The Group maintained a defined credit policy in accordance with respective loan agreements. The age of loans receivable of the Group at the balance sheet date was over due.

23. TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade creditors of HK$10,000 (2005: HK$146,000). Its aged analysis at the balance sheet date is as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Within 30 days	4	28
31 – 60 days	–	10
Over 60 days	6	108
	10	146

The Directors consider that the carrying amount of the Group's trade and other payables at 31 December 2006 approximate to their fair values.

24. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts are unsecured, non-interest bearing and repayable on demand. The Directors consider that the carrying amounts of the Group's amounts due to fellow subsidiaries at 31 December 2006 approximate to the fair values.

25. SHARE CAPITAL

	Number ordinary shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 December 2006 and 2005	80,000,000,000	800,000
Issued and fully paid:		
At 1 January 2005	691,257,800	6,912
Issue of new ordinary shares *(note)*	102,800,000	1,028
At 31 December 2006 and 2005	794,057,800	7,940

Note:

Pursuant to a share placing agreement dated 1 February 2005, the Company issued 102,800,000 ordinary shares at price of HK$0.255 per share in February, 2005. The proceeds was mainly used to repay the secured borrowings from a fellow subsidiary. The new shares issued during the year rank pari passu with the then existing shares in all respect.

26. SHARE OPTION SCHEME

The Company has adopted a share option scheme on 15 February 2002 (the "2002 Scheme") for the primary purpose of providing incentives to directors and eligible employees. Details are as set out below:

Pursuant to the terms of the 2002 Scheme which will expire on 14 February 2012, the Company may grant options to directors and full time employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration of HK$10 per grant. The subscription price for the shares under the 2002 Scheme shall be a price determined by the directors of the Company being at least the higher of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, or the average closing price of the shares stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant. Options granted are exercisable at any time during a period to be notified by the board of directors of the Company but limited to a maximum period of ten years after the date the options are granted. Options granted should be accepted within 21 days from date of offer.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and the other schemes shall not exceed 10% of the shares in issue at the date on which the 2002 Scheme becomes unconditional (the "Mandate Limit"). Options lapsed will not be counted for the purpose of calculating the Mandate Limit. For the avoidance of doubt, the share underlying the options which have been cancelled and have not lapsed will be counted as part of the Mandate Limit.

The Mandate Limit may be refreshed at any time by the approval of the shareholders in general meeting provided that the total number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and the other share option schemes must not exceed 10% of the shares in issue at the date of such shareholders' approval. For the avoidance of doubt, options previously granted under the 2002 Scheme and the other share option schemes (including those outstanding, cancelled, lapsed in accordance with the 2002 Scheme and the other share option schemes of the Company or exercised options) will not be counted for the purpose of calculating the refreshed 10%.

The Company may, by the approval of the shareholders in general meeting, grant options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to employees specifically identified by the Company before shareholders' approval is sought.

Unless approved by the shareholders as set out herein, the total number of shares issued and to be issued upon exercise of the options granted to each employee (including both exercised and outstanding options) in any twelve-month period must not exceed 1% of the shares of the Company in issue. Where any further grant of options to an employee would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by the shareholders in general meeting with such employee and his associates abstaining from voting.

However, the overall limit on the number of shares which may be issued upon exercise of all options granted under all share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

No options were outstanding at 31 December 2006 and 31 December 2005 under the 2002 Scheme. No options were granted, exercised, cancelled or lapsed during the two years.

27. DEFERRED TAX LIABILITIES/(ASSETS)

The following are the major deferred tax liabilities/(assets) provided/(recognised) by the Group and movements thereon during the current and prior reporting periods:

	Revaluation of investment properties	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2005	(2,321)	3,175	(1,947)	(1,093)
Charge to income statement for the year	858	305	807	1,970
Realised on disposal of investment property	264	(110)	–	154
At 31 December 2005	(1,199)	3,370	(1,140)	1,031
Charge to income statement for the year	945	130	(937)	138
Realised on disposal of investment property	1,514	(960)	–	554
At 31 December 2006	1,260	2,540	(2,077)	1,723

At 31 December 2006, the Group has unused tax losses of HK$709,818,000 (2005: HK$709,059,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$11,869,000 (2005: HK$6,516,000) of such losses. No deferred tax assets have been recognised in respect of the remaining tax losses of HK$697,949,000 (2005: HK$702,543,000) due to the unpredictability of future profit streams. All unused tax losses may be carried forward indefinitely.

28. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2006	2005
	HK$'000	*HK$'000*
Minimum lease payments paid under operating leases	56	42

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2006	2005
	HK$'000	*HK$'000*
Within one year	59	7

Operating lease payments represent rentals payable by the Group for its office premises. Leases and rentals are negotiated for a fixed term of two years.

The Group as lessor

Property rental income earned during the year was HK$3,227,000 (2005: HK$4,189,000) with a rental yields of approximately 7.18% (2005: 3.89%). Certain properties have committed tenants for the next two years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	The Group	
	2006	2005
	HK$'000	*HK$'000*
Within one year	2,334	1,627
In the second to fifth year inclusive	632	455
	2,966	2,082

29. RETIREMENT BENEFIT SCHEMES

The Group operates defined contribution schemes for all eligible employees. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost charged to the consolidated income statement represents contributions payable to those schemes by the Group for the year.

The total cost charged to consolidated income statement of HK$52,000 (2005: HK$40,000) after forfeited contribution for HK$9,000 (2005: HK$8,000) represents contributions payable to these schemes by the Group for the year.

30. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions

During the year ended 31 December 2006:

(i) The Group paid interest of HK$ Nil (2005: HK$159,000) to Oriental Ford Finance Limited, a fellow subsidiary of the Company. This interest was charged at prevailing market rates based on outstanding balances during the year.

(ii) The Group paid rent of HK$56,000 (2005: HK$42,000) to Chinese Estates, Limited, a fellow subsidiary of the Company, for the lease of office premises to the Group. The amount paid was based on terms agreed by both parties.

(iii) The Group received rental income of HK$118,000 (2005: HK$118,000) from The House of Kwong Sang Hong Limited, an associated company of Chinese Estates. The rental was charged at a fixed amount of approximately HK$10,000 per month, which was based on terms agreed by both parties.

(b) Compensation of key management personal

Compensation for key management personnel, including amount paid to the Company's directors and the senior executives is as follows:–

	2006	**2005**
	HK$'000	*HK$'000*
Salaries and other short-term benefits	463	406
Pension scheme contributions	22	19
	485	425

Further details of directors' emoluments are included in note 11 to the consolidated financial statements.

(c) Balance

Details of balances with related parties at the balance sheet date are set out in the consolidated balance sheet.

31. BALANCE SHEET OF THE COMPANY

The Company's balance sheet at the balance sheet dates are as follows:

	Notes	**2006** *HK$'000*	**2005** *HK$'000*
Non-current assets			
Interests in subsidiaries		59,057	89,309
Club debenture		100	100
		59,157	89,409
Current assets			
Prepayment and other receivables		309	280
Bank balances and cash		86,995	26,575
		87,304	26,855
Current liabilities			
Accruals and other payables		467	487
Amount due to a fellow subsidiary		122	109
		589	596
Net current assets		86,715	26,259
Total assets less current liabilities		145,872	115,668
Non-current liability			
Amounts due to subsidiaries		36,150	65
Total assets and liabilities		109,722	115,603
Capital and reserves			
Share capital		7,940	7,940
Share premium and reserves	*(a)*	101,782	107,663
		109,722	115,603

Note:

(a) Share premium and reserves

	Share premium	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*
The Company			
At 1 January 2005	–	81,919	81,919
Shares placement	24,764	–	24,764
Profit for the year	–	980	980
At 31 December 2005	24,764	82,899	107,663
Dividends	–	(7,941)	(7,941)
Profit for the year	–	2,060	2,060
At 31 December 2006	24,764	77,018	101,782

32. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2006 are as follows:

Name of Subsidiary	Place of incorporation	Nominal value of issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company		Principal activity
			Directly	Indirectly	
Boria Enterprises Limited	Hong Kong	HK$20	–	100%	Property investment
Gold Concept Limited	Hong Kong	HK$2	–	100%	Property investment
Great King Limited	Hong Kong	HK$2	–	100%	Property investment
Legend Power Ltd. *(note)*	British Virgin Islands	US$2,000	–	100%	Investment holding
Superkey Development Limited	Hong Kong	HK$2	–	100%	Property investment

Note: Pursuant to the debt restructuring in July 2003, Koga Limited (a creditor of the Group previously) was granted a call option to acquire 50% interest in Legend Power Ltd., within the next 5 years from the date of the completion (January, 2004) of the transfer of the equity interest in Legend Power Ltd. from Koga Limited to the Group under the debt restructuring, at a consideration of the higher of HK$150,000 and 50% of the consolidated net tangible assets of Legend Power Ltd. when the call option is exercised. Such option has not been exercised during the year.

All the above subsidiaries operate in Hong Kong.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affects the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

33. ASSOCIATES

Details of the Group's associates which are held indirectly by the Company at 31 December 2006 are as follows:

Name of associate	Form of business and structure	Place of incorporation	Proportion of nominal value of issued share capital held	Principal activity
Legend GP (Canada) Limited	Incorporated	British Virgin Islands	50%	Investment holding
Legend Power System Inc.	Incorporated	Canada	50%	Trading of energy saving machines

34. JOINTLY CONTROLLED ENTITIES

Details of the Group's jointly controlled entities which are held indirectly by the Company at 31 December 2006 are as follows:

Name of jointly controlled entity	Form of business and structure	Place of incorporation	Proportion of nominal value of issued share capital held	Principal activity
Golden Royce Investment Limited	Incorporated	Hong Kong	40%	Property investment
Top Grade Assets Limited	Incorporated	British Virgin Islands	50%	Property investment
Upgrade Properties Limited	Incorporated	British Virgin Islands	50%	Property investment

35. POST BALANCE SHEET EVENTS

(a) On 27 December 2006 and 8 December 2006, Superkey Development Limited and Boria Enterprises Limited ("Boria"), indirect wholly owned subsidiaries of the Company, entered into two sale and purchase agreements with two independent third parties ("the Purchasers") in relation to the disposals of a car park located at No. 4106, 4/F., Bank of America Tower, 12 Harcourt Road, Hong Kong (the "Car Park") and a property located at 3rd Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the "Property") at considerations of HK$538,000 and HK$8,800,000 respectively, The Car Park was satisfied by the Purchasers in cash and the transaction was completed on 19 January 2007. The Property shall be satisfied in cash and the transaction would be completed on or before 31 May 2007. Details of the disposal of the Property was disclosed in the Company's announcement dated 12 December 2006.

(b) On 4 January 2007 and 16 January 2007, Boria further entered into two preliminary sale and purchase agreements with another two separately independent third party in relation to the disposals of 11th Floor and 7th Floor to 10th Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at consideration of approximately HK$5.18 million and HK$20.66 million respectively, which shall be satisfied by the two purchasers in cash and completed on or before 25 July 2007 and on 6 August 2007 respectively. Details of the two disposals were disclosed in the Company's announcement dated 8 January 2007 and 13 February 2007.

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

37. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 8 March 2007.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31st Floor Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

16 July 2007

The Board of Directors
G-Prop (Holdings) Limited
26th Floor, MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

We set out below our report on the financial information relating to Minkind Development Limited ("Minkind") for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2006 and 2007 (the "Relevant Periods") for inclusion in the circular of G-Prop (Holdings) Limited (the "Company") dated 16 July 2007 (the "Circular") in connection with the acquisition of the entire issued share capital of and loan due from Minkind by Gold Long Enterprises Limited, a wholly-owned subsidiary of the Company.

Minkind was incorporated in Hong Kong on 7 April 1993 with limited liability under the Hong Kong Companies Ordinance. The registered office of Minkind is located at 26th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong. During the Relevant Periods, the principal activity of Minkind was property investment in Hong Kong.

The statutory financial statements of Minkind for each of the two years ended 31 December 2004 and 2005 were prepared by the directors of Minkind in accordance with accounting principles generally accepted in Hong Kong and were audited by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong. We have acted as the auditors of Minkind for the year ended 31 December 2006. Minkind has adopted 31 December as its financial year end date.

Respective responsibilities of directors and reporting accountants

For the purpose of this report, the directors of Minkind have prepared the financial statements of Minkind for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2006 and 2007 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "HKFRS Financial Statements"). We have carried out an independent audit on the financial information of Minkind for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007 in accordance with the Hong Kong Standards on Auditing issued by the HKICPA. We have also conducted review on the financial information for the four months ended 30 April 2006 in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. The financial information as set out in Section I to III below (the "Financial Information") has been prepared based on the HKFRS Financial Statements.

The directors of Minkind are responsible for the preparation and the true and fair presentation of the HKFRS Financial Statements. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of the HKFRS Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the financial information which gives a true and fair view.

For the financial information for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007, it is our responsibility to express an independent opinion, based on our examination, on the financial information and to report our opinion to you.

For the financial information for the four months ended 30 April 2006, it is our responsibility to form an independent conclusion, based on our review, on the financial information and to report our conclusion to you.

Basis of opinion and review work performed

For the financial information for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007, we have examined the audited financial statements of Minkind for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007 and carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the financial information for the four months ended 30 April 2006, we conducted our review on the financial information for the four months ended 30 April 2006 in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information for the four months ended 30 April 2006.

Opinion

In our opinion, for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007, for the purpose of this report, the financial information give a true and fair view of the state of affairs of Minkind as at 31 December 2004, 2005 and 2006 and 30 April 2007 and of its results and cash flows for the years/period then ended.

Material uncertainty concerning going concern basis of accounting

Without qualifying our opinion, we draw attention to Note 2 of Section II to the Financial Information which indicates that Minkind recorded net current liabilities of HK$37,000, HK$14,000 and HK$883,000 as at 31 December 2005 and 2006 and 30 April 2007 respectively. These conditions, along with other matters as set forth in Note 2 of Section II to the Financial Information, indicate the existence of a material uncertainty which may cast significant doubt about Minkind's ability to continue as a going concern.

Review conclusion

On the basis of our review which does not constitute an audit, for the purpose of this report, we are not aware of any material modifications that should be made to the financial information for the four months ended 30 April 2006.

I. FINANCIAL INFORMATION OF MINKIND DEVELOPMENT LIMITED

INCOME STATEMENT

		Year ended 31 December			Four months ended 30 April	
		2004	**2005**	**2006**	**2006**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (*Unaudited*)	*HK$'000*
Turnover	*7*	253	283	242	89	77
Cost of sales		(30)	(31)	(26)	(12)	(7)
Gross profit		223	252	216	77	70
Surplus arising on revaluation of investment properties		1,200	600	1,200	–	600
Administrative expenses		(56)	(63)	(61)	(19)	(20)
Finance costs	*10*	(63)	(63)	(75)	(28)	(33)
Profit before tax	*8*	1,304	726	1,280	30	617
Income tax expense	*11*	(229)	(126)	(224)	(5)	(108)
Profit for the year/period		1,075	600	1,056	25	509
Dividends	*12*	–	130	200	200	200
Earnings per share – Basic and diluted	*13*	538	300	528	13	255

BALANCE SHEET

	Notes	As at 31 December 2004 HK$'000	2005 HK$'000	2006 HK$'000	As at 30 April 2007 HK$'000
Non-current asset					
Investment properties	14	5,400	6,000	7,200	7,800
Current assets					
Deposits and prepayments		3	3	3	3
Tax prepaid		–	–	3	5
Cash and bank balances		173	83	85	50
		176	86	91	58
Current liabilities					
Deposits and other payables		84	64	61	62
Amount due to a fellow subsidiary	15	–	51	44	–
Loan from an intermediate holding company	15	–	–	–	879
Tax payable		10	8	–	–
		94	123	105	941
Net current assets/(liabilities)		82	(37)	(14)	(883)
Total assets less current liabilities		5,482	5,963	7,186	6,917
Non-current liabilities					
Loan from an intermediate holding company	16	576	527	683	–
Amount due to a fellow subsidiary	16	46	–	–	–
Deferred tax liabilities	18	833	939	1,150	1,255
		1,455	1,466	1,833	1,255
Total assets and liabilities		4,027	4,497	5,353	5,662
Capital and reserves					
Share capital	17	–	–	–	–
Retained profits		4,027	4,497	5,353	5,662
Total equity		4,027	4,497	5,353	5,662

STATEMENT OF CHANGES IN EQUITY

	Share capital *HK$'000*	Retained profits *HK$'000*	Total equity *HK$'000*
At 1 January 2004	–	2,952	2,952
Profit for the year	–	1,075	1,075
At 31 December 2004 and 1 January 2005	–	4,027	4,027
Profit for the year	–	600	600
Interim dividend paid	–	(130)	(130)
At 31 December 2005 and 1 January 2006	–	4,497	4,497
Profit for the year	–	1,056	1,056
Interim dividend paid	–	(200)	(200)
At 31 December 2006 and 1 January 2007	–	5,353	5,353
Profit for the period	–	509	509
Interim dividend paid	–	(200)	(200)
At 30 April 2007	–	5,662	5,662

UNAUDITED STATEMENT OF CHANGES IN EQUITY
for the four months ended 30 April 2006

	Share capital *HK$'000*	Retained profits *HK$'000*	Total equity *HK$'000*
At 1 January 2006	–	4,497	4,497
Profit for the period	–	25	25
Interim dividend paid	–	(200)	(200)
At 30 April 2006	–	4,322	4,322

CASH FLOW STATEMENT

	Year ended 31 December			Four months ended 30 April	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	1,304	726	1,280	30	617
Adjustments for:					
Surplus arising on revaluation of investment properties	(1,200)	(600)	(1,200)	–	(600)
Interest expenses	63	63	75	28	33
Operating cash flows before working capital changes	167	189	155	58	50
Increase/(decrease) in deposits and other payables	18	(20)	(3)	12	1
Increase/(decrease) in amount due to a fellow subsidiary	7	5	(7)	(51)	(44)
Cash generated from operations	192	174	145	19	7
Interest expenses	(63)	(63)	(75)	(28)	(33)
Hong Kong profits tax paid	(12)	(22)	(24)	(4)	(5)
Net cash generated from/(used in) operating activities	117	89	46	(13)	(31)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease)/increase in loan from an intermediate holding company	(86)	(49)	156	198	196
Dividend paid	–	(130)	(200)	(200)	(200)
Net cash used in financing activities	(86)	(179)	(44)	(2)	(4)
Net increase/(decrease) in cash and cash equivalents	31	(90)	2	(15)	(35)
Cash and cash equivalents at the beginning of the year/period	142	173	83	83	85
Cash and cash equivalents at the end of the year/period	173	83	85	68	50
Analysis of balances of cash and cash equivalents					
Cash and bank balances	173	83	85	68	50

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Minkind is incorporated in Hong Kong with limited liability. Its ultimate holding company is Chinese Estates Holdings Limited, a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of Minkind is 26th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong.

Minkind's principal activity is property investment in Hong Kong.

The Financial Information are presented in Hong Kong dollars, which is the same as the functional currency of Minkind.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of this Financial Information are set out in Note 3 below. These policies have been consistently applied to all the Relevant Periods presented, unless otherwise stated.

The Financial Information has been prepared in accordance with the HKFRSs issued by the HKICPA, and accounting principles generally accepted in Hong Kong. The Financial Information has been prepared under the historical cost convention except for investment properties which are measured at fair value.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in the process of applying the Minkind's accounting policies. The areas involved a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information were disclosed in Note 4.

As at 31 December 2005 and 2006 and 30 April 2007, Minkind had incurred net current liabilities of HK$37,000, HK$14,000 and HK$883,000 respectively. The Financial Information has been prepared on a going concern basis because the ultimate holding company has confirmed to provide continuing financial support to Minkind to enable it to continue as a going concern and to settle its liabilities as and when they fall due for the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The HKICPA issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards and Interpretations ("INTs") (hereinafter collectively referred to "new HKFRSs") which are currently in use and effective for accounting periods beginning on or after 1 January 2007. For the purposes of preparing and presenting financial information of the Relevant Periods, Minkind has adopted all these new and revised HKFRSs.

Minkind has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective. The directors of Minkind anticipate that the application of these new standards or interpretations will have no material impact on the Financial Information of Minkind.

HKAS 23 (Revised)	Borrowing costs [1]
HKFRS 8	Operating segments [1]
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions [2]
HK(IFRIC) – INT 12	Service concession arrangements [3]

[1] *Effective for annual periods beginning on or after 1 January 2009*

[2] *Effective for annual periods beginning on or after 1 March 2007*

[3] *Effective for annual periods beginning on or after 1 January 2008*

A summary of significant accounting policies followed by Minkind in the preparation of the Financial Information is set out below.

(a) Revenue recognition

Rental income, including rental invoiced in advance from properties under operating leases, is recognised in the income statement on a straight line basis over the term of the relevant lease.

(b) Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. All other leases are classified as operating leases.

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(c) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income statement.

Financial assets

Minkind's major financial assets are deposits and bank balances which fall within the category of loans and receivables and the accounting policies adopted are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by Minkind are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities including deposits, other payables, amount due to a fellow subsidiary and loan from an intermediate holding company are initially measured at fair value and subsequently at amortised cost using effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of Minkind after deducting all of its liabilities. Equity instruments issued by Minkind are recorded at the proceeds received, net of direct issue costs.

(d) Impairment losses

At each balance sheet date, Minkind reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(e) Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using fair value model. Gains or losses arising from changes in the fair value of investment properties are included in income statement for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year in which the item is derecognised.

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible. Minkind's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and the deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

(g) Provisions

Provisions are recognised when Minkind has a present obligation as a results of a past event, and it is probable that Minkind will be required to settle that obligations. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(h) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A transaction is considered to be a related party transaction where there is a transfer of resources or obligations between related parties.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying Minkind's accounting policies which are described in Note 3, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Investment properties

As described in Note 14, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on adopted methods of valuation which involves certain estimations. To reply on the valuation report, the management has exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions. Should there are changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Cash flow and fair value interest rate risk

Minkind has no significant cash flow interest rate risk as there is no significant floating interest-bearing assets, Minkind's income and operating cash flows are substantially independent of changes in market interest rates and no sensitivity analysis disclosed to reflect the impact of changes in market interest rates.

Minkind's fair value interest rate risk mainly arises from loan from an intermediate holding company which is bearing fixed interest rate. Minkind currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure if necessary.

Credit risk

Credit risk will cause a financial loss due to failure to discharge the obligation by the counterparties. Minkind monitors the credit risk which mainly arises from deposits in bank by selecting the high credit rating banks. There is no significant credit risk exposure to Minkind and no financial assets were past due or impaired as at balance sheet date.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities.

Minkind is exposed to liquidity risk if it is not able to raise sufficient funds to meet its financial obligations as its net current liabilities position. Minkind relies on the financial support from its ultimate holding company which has agreed to provide adequate funds to enable Minkind to meet in full its financial obligations as they fall due in the foreseeable future.

The financial liabilities of Minkind are all non-determinable payment term liabilities and the impact of discounting is not significant to Minkind.

Fair values of financial assets and financial liabilities not reported at fair values

The carrying amounts of short-term receivables (ie deposits and bank balances) and short-term payables (ie deposits and other liabilities) approximate to their fair values, and accordingly no disclosure of the fair values of these items is presented.

6. CAPITAL MANAGEMENT

Minkind's objectives of managing capital are to safeguard Minkind's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Minkind may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, Minkind monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the balance sheet) less cash and bank balances. Total capital is calculated as total equity, as shown in the balance sheet, plus net debt.

During the Relevant Periods, Minkind's strategy was to maintain its gearing ratios within 10% to 14%:

	As at 31 December			As at 30 April
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total borrowings	706	642	788	941
Less: Cash and bank balances	(173)	(83)	(85)	(50)
Net debt	533	559	703	891
Total equity	4,027	4,497	5,353	5,662
Total capital	4,560	5,056	6,056	6,553
Gearing ratio	12%	11%	12%	14%

The changes in the gearing ratios during the Relevant Periods were the changes of the amount due to a fellow subsidiary, loan from an intermediate holding company which details are as set out in the Notes 15 and 16 to the Financial Information.

7. TURNOVER

Turnover represents the aggregate amounts received and receivable from rental income during the Relevant Periods. Minkind's turnover and operating profit are attributable to one business segment – the operation of renting carparking spaces and carport basement in Hong Kong and accordingly, no further analysis of Minkind's turnover and operating results by business or geographical segments is provided.

8. PROFIT BEFORE TAX

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Profit before tax is stated after charging:					
Auditors' remuneration	4	5	5	–	–
Directors' remuneration					
– fees	–	–	–	–	–
– other emolument	–	–	–	–	–
– retirement benefits scheme contribution	–	–	–	–	–
and after crediting:					
Property rental income, net of outgoings	223	252	216	77	70

9. EMPLOYEE BENEFIT EXPENSES

(a) Directors' emoluments

The remuneration of every director of Minkind for the Relevant Periods is set out below:

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Basic salaries and allowances and retirement benefit scheme contributions:					
Name of director					
Mr. Joseph Lau, Luen-hung	–	–	–	–	–
Mr. Thomas Lau, Luen-hung	–	–	–	–	–
Mr. Lau, Ming-wai	–	–	–	–	–

Note: 1. Mr. Thomas Lau, Luen-hung resigned as director of Minkind on 15 December 2006.

2. Mr. Lau, Ming-wai was appointed as director of Minkind on 15 December 2006.

(b) ***Five highest paid individuals***

The aggregate emoluments to the five highest paid individuals of Minkind during the Relevant Periods are as follow:

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Basic salaries and allowances	–	–	–	–	–
Retirement benefit scheme contributions	–	–	–	–	–
	–	–	–	–	–

(c) During the Relevant Periods, no emolument was paid by Minkind to its directors or the five highest paid individuals as an inducement to join or upon joining Minkind as compensation for loss of office.

10. FINANCE COSTS

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interest expenses on loan from an intermediate holding company wholly repayable within five years	63	63	75	28	33

11. INCOME TAX EXPENSE

	Year ended 31 December			Four months ended 30 April	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
The charges comprise:					
Current tax					
– Current year	18	21	13	5	3
– Overprovision in prior year	–	(1)	–	–	–
	18	20	13	5	3
Deferred tax *(Note 18)*	211	106	211	–	105
	229	126	224	5	108

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods.

The income tax expense for the Relevant Periods can be reconciled to profit for the year/period per income statement as follow:

	Year ended 31 December						Four months ended 30 April			
	2004		2005		2006		2006		2007	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(Unaudited)			
Profit before tax	1,304		726		1,280		30		617	
Tax at Hong Kong Profit Tax rate of 17.5%	228	17.5	127	17.5	224	17.5	5	17.5	108	17.5
Tax effect of expenses not deductible for tax purposes	1	–	–	–	–	–	–	–	–	–
Overprovision in prior years	–	–	(1)	(1.3)	–	–	–	–	–	–
Income tax expense	229	17.5	126	16.2	224	17.5	5	17.5	108	17.5

12. DIVIDENDS

	Year ended 31 December			Four months ended 30 April	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Interim dividend paid – HK$65,000 per share for the year of 2005, HK$100,000 per share for the year of 2006 and HK$100,000 per share for the four months ended 30 April 2006 and 2007	–	130	200	200	200

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Minkind by the weighted average number of ordinary shares in issue during the Relevant Periods.

There was no dilutive effect on earnings per share since there was no dilutive potential ordinary shares in existence during the Relevant Periods.

14. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 January 2004	4,200
Increase in fair value recognised in income statement	1,200
At 31 December 2004 and 1 January 2005	5,400
Increase in fair value recognised in income statement	600
At 31 December 2005 and 1 January 2006	6,000
Increase in fair value recognised in income statement	1,200
At 31 December 2006 and 1 January 2007	7,200
Increase in fair value recognised in income statement	600
At 30 April 2007	7,800

At 31 December 2004, 2005 and 2006 and 30 April 2007, the fair value of the Minkind's investment properties has been arrived at on the basis of a valuation carried out on that date by Messrs. Norton Appraisals Limited ("Norton Appraisals"), independent qualified professional valuers not connected with Minkind. Norton Appraisals have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to The Hong Kong Institute of Surveyors Valuation Standards on properties (1st Edition) published by The Hong Kong Institute of Surveyors was based on open market value basis.

All of the Minkind's property interests held under operating leases to earn rentals or for capital appreciation purposes, are located in Hong Kong, held under long leases, measured using the fair value model and are classified and accounted for as investment properties.

15. AMOUNT DUE TO A FELLOW SUBSIDIARY/LOAN FROM AN INTERMEDIATE HOLDING COMPANY

The amounts are unsecured, interest free and repayable on demand. The directors of Minkind consider that the carrying amounts of the amount due to a fellow subsidiary/loan from an intermediate holding company approximate to their fair values.

16. LOAN FROM AN INTERMEDIATE HOLDING COMPANY/AMOUNT DUE TO A FELLOW SUBSIDIARY

The amounts due are unsecured, bears interest at the rate mutually agreed by both parties and repayable on demand. The amounts will not be demand for repayment within one year from the balance sheet date and is therefore shown as non-current.

The directors of Minkind consider that the carrying amounts of the loan from an intermediate holding company/amount due to a fellow subsidiary approximate to their fair values.

17. SHARE CAPITAL

	As at 31 December			As at 30 April
	2004	**2005**	**2006**	**2007**
	HK$	*HK$*	*HK$*	*HK$*
Authorised:				
10 ordinary shares of HK$1 each	10	10	10	10
Issued and fully paid:				
2 ordinary shares of HK$1 each	2	2	2	2

18. DEFERRED TAX LIABILITIES

The following is the major component of deferred tax liabilities recognised by Minkind and movements thereon during the Relevant Periods:

	Revaluation of investment properties *HK$'000*
At 1 January 2004	622
Charge to income statement for the year	211
At 31 December 2004 and 1 January 2005	833
Charge to income statement for the year	106
At 31 December 2005 and 1 January 2006	939
Charge to income statement for the year	211
At 31 December 2006 and 1 January 2007	1,150
Charge to income statement for the period	105
At 30 April 2007	1,255

19. PLEDGE OF ASSETS

Minkind pledged its investment properties which having carrying value of approximately HK$5,400,000, HK$6,000,000, HK$7,200,000 and HK$7,800,000 as at 31 December 2004, 2005 and 2006 and 30 April 2007 respectively together with charges on investment properties' rental income and sales proceeds to secure a bank loan granted to a fellow subsidiary of Minkind. The extent of such facilities utilised by the fellow subsidiary amounted to approximately HK$122,500,000, HK$65,600,000, HK$61,766,000 and HK$60,452,000 as at 31 December 2004, 2005 and 2006 and 30 April 2007 respectively.

20. RELATED PARTY TRANSACTIONS

Save as disclosed in Note 15, 16 and 19 to the Financial Information, Minkind had entered into the following transactions with related parties which, in the opinion of the directors of Minkind, were carried out on normal commercial terms and in the ordinary course of Minkind's business.

(a)

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest expenses paid to an intermediate holding company	63	63	75	28	33
Management fee paid to a fellow subsidiary	46	51	44	16	14
Secretarial fee paid to a fellow subsidiary	4	4	4	–	–

Note: 1. The management fees were determined at 18% on total rental income of car-parking spaces and carport basement, which was mutually agreed by Minkind and the fellow subsidiary.

2. The secretarial fees were determined at a mutually agreed basis between Minkind and the fellow subsidiary.

3. The interest expenses paid were determined at annual rate of 11.5% on the loan, which was a mutually agreed basis between Minkind and the intermediate holding company.

(b) Compensation by key management personnel of Minkind represented directors' remuneration as disclosed in Note 9 to the Financial Information.

21. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 30 April 2007.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Minkind in respect of any period subsequent to 30 April 2007. No dividend has been declared, made or paid by Minkind in respect of any period subsequent to 30 April 2007.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31st Floor Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

16 July 2007

The Board of Directors
G-Prop (Holdings) Limited
26th Floor, MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

We set out below our report on the financial information relating to Remson Investment Limited ("Remson") and its subsidiary (hereinafter collectively referred to as "Remson Group") for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2006 and 2007 (the "Relevant Periods") for inclusion in the circular of G-Prop (Holdings) Limited (the "Company") dated 16 July 2007 (the "Circular") in connection with the acquisition of the entire issued share capital of Remson and loans due from Remson Group by Gold Long Enterprises Limited, a wholly-owned subsidiary of the Company.

Remson was incorporated in the Republic of Liberia on 10 April 1990 with limited liability under The Liberian Business Corporation Act. The registered office of Remson is located at 80 Broad Street, Monrovia, Liberia. During the Relevant Periods, the principal activity of Remson was engaged in investment holding. At the date of this report, Remson has one subsidiary and particulars of this subsidiary are as follow:–

Corporation	Place and date of incorporation	Authorised/ registered capital	Issued and fully paid share capital	Attributable equity interest directly held by Remson	Principal activities and place of operations
Grow Wealth Company Limited (Business Name: Grow Wealth Property Investment Limited) ("Grow Wealth")	The Republic of Liberia 10 April 1989	USD500	USD1	100%	Property Leasing, Hong Kong

Both Remson and Grow Wealth have adopted 31 December as its financial year end date.

At the date of this report, no audited accounts had been prepared for Remson as it is an investment holding company and has not carried on any business since its date of incorporation and is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

The statutory financial statements of Grow Wealth for the years ended 31 December 2004, and 2005 were prepared in accordance with accounting principles generally accepted in Hong Kong and were audited by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong. We have acted as the auditors of Grow Wealth for the year ended 31 December 2006.

Respective responsibilities of directors and reporting accountants

For the purpose of this report, the directors of Remson have prepared the consolidated financial statements of Remson Group for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2006 and 2007 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "HKFRS Financial Statements"). We have carried out an independent audit on the financial information of Remson Group for each of the three years ended 31 December 2004, 2005 and 2006 and the four months ended 30 April 2007 in accordance with the Hong Kong Standards on Auditing issued by the HKICPA. We have also conducted review on the financial information for the four months ended 30 April 2006 in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. The financial information as set out in Section I to III Below (the "Financial Information") have been prepared based on the HKFRS Financial Statements.

The directors of Remson are responsible for the preparation and the true and fair presentation of the HKFRS Financial Statements. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of the HKFRS Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the Financial Information which gives a true and fair view.

For the financial information for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007, it is our responsibility to express an independent opinion, based on our examination, on the financial information and to report our opinion to you.

For the financial information for the four months ended 30 April 2006, it is our responsibility to form an independent conclusion, based on our review, on the financial information and to report our conclusion to you.

Basis of opinion and review work performed

For the financial information for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007, We have examined the audited financial statements of the Remson Group for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007 and carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the financial information for the four months ended 30 April 2006, we conducted our review on the financial information for the four months ended 30 April 2006 in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information for the four months ended 30 April 2006.

Opinion

In our opinion, for each of the three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007, for the purpose of this report, the financial information give a true and fair view of the state of affairs of Remson Group and Remson as at 31 December 2004, 2005 and 2006 and 30 April 2007 and of the consolidated results and consolidated cash flows of Remson Group for the year/period then ended.

Material uncertainty concerning going concern basis of accounting

Without qualifying our opinion, we draw attention to Note 2 of Section II to the Financial Information which indicates that Remson Group recorded accumulated losses of HK$12,430,000, HK$11,826,000, HK$9,787,000 and HK$8,663,000, and net liabilities of HK$12,430,000, HK$11,826,000, HK$9,787,000 and HK$8,663,000 as at 31 December 2004, 2005 and 2006 and 30 April 2007 respectively. These conditions, along with other matters as set forth in Note 2 of Section II to the Financial Information, indicate the existence of a material uncertainty which may cast significant doubt about Remson Group's ability to continue as a going concern.

Review conclusion

On the basis of our review which does not constitute an audit, for the purpose of this report, we are not aware of any material modifications that should be made to the financial information for the four months ended 30 April 2006.

I. FINANCIAL INFORMATION OF REMSON GROUP

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December 2004 HK$'000	2005 HK$'000	2006 HK$'000	Four months ended 30 April 2006 HK$'000 (Unaudited)	2007 HK$'000
Turnover	7	955	982	976	324	365
Cost of sales		(123)	(123)	(125)	(49)	(38)
Gross profit		832	859	851	275	327
Other revenue		1	37	2	–	1
Surplus arising on revaluation of investment properties		700	500	2,500	–	1,250
Administrative expenses		(95)	(100)	(212)	(34)	(30)
Finance costs	10	(563)	(563)	(563)	(185)	(185)
Profit before tax	8	875	733	2,578	56	1,363
Income tax expense	12	(154)	(129)	(539)	(10)	(239)
Profit for the year/period		721	604	2,039	46	1,124
Dividends	11	–	–	–	–	–
Earnings per share – Basic and diluted	13	721	604	2,039	46	1,124

CONSOLIDATED BALANCE SHEET

			As at 31 December		As at 30 April
		2004	**2005**	**2006**	**2007**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current asset					
Investment properties	*14*	17,000	17,500	20,000	21,250
Current assets					
Trade and other receivables	*15*	131	130	56	28
Cash and bank balances		251	162	340	109
		382	292	396	137
Current liabilities					
Rental deposits and other payables		151	191	243	204
Loan from an intermediate holding company	*16*	563	563	563	28,201
Amount due to fellow subsidiaries	*16*	3,360	2,997	2,971	–
		4,074	3,751	3,777	28,405
Net current liabilities		(3,692)	(3,459)	(3,381)	(28,268)
Total assets less current liabilities		13,308	14,041	16,619	(7,018)
Non-current liabilities					
Loan from an intermediate holding company	*17*	25,000	25,000	25,000	–
Deferred tax liabilities	*19*	738	867	1,406	1,645
		25,738	25,867	26,406	1,645
Total assets and liabilities		(12,430)	(11,826)	(9,787)	(8,663)
Capital and reserves					
Share capital	*18*	–	–	–	–
Accumulated losses		(12,430)	(11,826)	(9,787)	(8,663)
Total equity		(12,430)	(11,826)	(9,787)	(8,663)

BALANCE SHEET OF REMSON

		As at 31 December			As at 30 April
		2004	2005	2006	2007
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current asset					
Investment in a subsidiary		–	–	–	–
Current asset					
Cash and bank balances		3	3	2	2
Current liability					
Other payables		1	1	–	–
Loan from an intermediate holding company	*16*	–	–	–	211
		1	1	–	211
Net current assets/(liabilities)		2	2	2	(209)
Total assets less current liabilities		2	2	2	(209)
Non-current liability					
Lean from an intermediate company	*17*	(203)	(207)	(211)	–
Total assets and liabilities		(201)	(205)	(209)	(209)
Capital and reserves					
Share capital	*18*	–	–	–	–
Accumulated losses		(201)	(205)	(209)	(209)
Total equity		(201)	(205)	(209)	(209)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Total equity
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2004	–	(13,151)	(13,151)
Profit for the year	–	721	721
At 31 December 2004 and 1 January 2005	–	(12,430)	(12,430)
Profit for the year	–	604	604
At 31 December 2005 and 1 January 2006	–	(11,826)	(11,826)
Profit for the year	–	2,039	2,039
At 31 December 2006 and 1 January 2007	–	(9,787)	(9,787)
Profit for the period	–	1,124	1,124
At 30 April 2007	–	(8,663)	(8,663)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the four months ended 30 April 2006

	Share capital	Accumulated losses	Total equity
	HK$'000	HK$'000	HK$'000
At 1 January 2006	–	(11,826)	(11,826)
Profit for the period	–	46	46
At 30 April 2006	–	(11,780)	(11,780)

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	875	733	2,578	56	1,363
Adjustments for:					
Surplus arising on revaluation of investment properties	(700)	(500)	(2,500)	–	(1,250)
Bad debt recognised in respect of rental receivables	–	–	113	–	–
Interest expenses	563	563	563	185	185
Operating cash flows before working capital changes	738	796	754	241	298
Decrease/(increase) in trade and other receivables	4	1	(39)	7	28
(Decrease)/increase in rental deposits and other payables	(16)	40	52	(28)	(39)
Increase in loan from an intermediate holding company	–	–	–	–	2,638
Decrease in amount due to fellow subsidiaries	(43)	(363)	(26)	(82)	(2,971)
Cash generated from/ (used in) operations	683	474	741	138	(46)
Interest expenses	(563)	(563)	(563)	(185)	(185)
Net cash generated from/ (used in) operating activities	120	(89)	178	(47)	(231)
Net increase/(decrease) in cash and cash equivalents	120	(89)	178	(47)	(231)
Cash and cash equivalents at the beginning of the year/period	131	251	162	162	340
Cash and cash equivalent at the end of the year/period	251	162	340	115	109
Analysis of balances of cash and cash equivalents					
Cash and bank balances	251	162	340	115	109

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Remson is incorporated in the Republic of Liberia with limited liability. Its ultimate holding company is Chinese Estates Holdings Limited, a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. The address of the principal place of business of the corporation is 26th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong.

Remson's principal activity is investment holding and the principal activity of its subsidiary is property investment in Hong Kong.

The consolidated financial statements are presented on Hong Kong dollars, which is the same as the functional currency of Remson Group.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of this Financial Information are set out in Note 3 below. These policies have been consistently applied to all the Relevant Periods presented, unless otherwise stated.

The Financial Information has been prepared in accordance with HKFRSs issued by HKICPA, and accounting principles generally accepted in Hong Kong. The Financial Information has been prepared under the historical cost convention except for investment properties which are measured at fair value.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in the process of applying Remson Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information were disclosed in Note 4.

At 31 December 2004, 2005 and 2006 and 30 April 2007, Remson Group had accumulated losses of HK$12,430,000, HK$11,826,000, HK$9,787,000 and HK$8,663,000 and net liabilities of HK$12,430,000, HK$11,826,000, HK$9,787,000 and HK$8,663,000 respectively. The Financial Information have been prepared on a going concern basis because the ultimate holding company has confirmed to provide continuing financial support to Remson Group to enable it to continue as a going concern and to settle its liabilities as and when they fall due for the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The HKICPA issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards and Interpretations ("INTs") (hereinafter collectively referred to "new HKFRSs") which are currently in use and effective for accounting periods beginning on or after 1 January 2007. For the purposes of preparing and presenting financial information of the Relevant Periods, Remson Group has adopted all these new and revised HKFRSs.

Remson Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective. The directors of Remson anticipate that the application of these new standards or interpretations will have no material impact on the Financial Information of Remson Group.

HKAS 23 (Revised)	Borrowing costs [1]
HKFRS 8	Operating segments [1]
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions [2]
HK(IFRIC) – INT 12	Service concession arrangements [3]

[1] *Effective for annual periods beginning on or after 1 January 2009*

[2] *Effective for annual periods beginning on or after 1 March 2007*

[3] *Effective for annual periods beginning on or after 1 January 2008*

A summary of significant accounting policies followed by Remson Group in the preparation of the Financial Information is set out below.

(a) Basis of consolidation

The Financial Information incorporates the Financial Information of Remson and its subsidiary.

The results of subsidiary acquired or disposed of during the Relevant Periods are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(b) Revenue recognition

Rental income, including rental invoiced in advance from properties under operating leases, is recognised in the income statement on a straight line basis over the term of the relevant lease.

(c) Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. All other leases are classified as operating leases.

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(d) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income statement.

Financial assets

Remson Group's major financial assets are trade and other receivables and bank balances which fall within the category of loans and receivables and the accounting policies adopted are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by Remson Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities including rental deposits and other payables, amounts due to fellow subsidiaries and loan from an intermediate holding company are initially measured at fair value and subsequently at amortised cost using effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of Remson Group after deducting all of its liabilities. Equity instruments issued by Remson Group are recorded at the proceeds received, net of direct issue costs.

(e) Impairment losses

At each balance sheet date, Remson Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(f) Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using fair value model. Gains or losses arising from changes in the fair value of investment properties are included in income statement for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year in which the item is derecognised.

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible. Remson Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and the deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

(h) Provisions

Provisions are recognised when Remson Group has a present obligation as a results of a past event, and it is probable that Remson Group will be required to settle that obligations. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(i) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A transaction is considered to be a related party transaction where there is a transfer of resources or obligations between related parties.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying Remson Group's accounting policies which are described in Note 3, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Investment properties

As described in Note 14, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions. Should there are changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

Income taxes

Remson Group is subjected to income taxes in Hong Kong. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of the business. Remson Group recognises liabilities for anticipated tax audit issues based on the estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Cash flow and fair value interest rate risk

Remson Group has no significant cash flow interest rate risk as there is no significant floating interest bearing assets, Remson Group's income and operating cash flows are substantially independent of changes in market interest rates and no sensitivity analysis disclosed to reflect the impact of changes in market interest rates.

Remson Group's fair value interest rate risk mainly arises from loan from an intermediate holding company which is bearing fixed interest rate. Remson Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure if necessary.

Credit risk

Credit risk will cause a financial loss due to failure to discharge the obligation by the counterparties. Remson Group's credit risk mainly arises from rental receivables and deposits in bank.

The aged analysis of the trade receivables of Remson Group that were past due but not determined to be impaired according to the period past due was as follows:

	As at 31 December			As at 30 April
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	–	4	39	8
30 – 60 days	–	–	4	7
Over 60 days	113	113	–	–
	113	117	43	15

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, Remson Group reviews the recoverable amount of each individual trade debt at the balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. Besides, Remson Group only makes deposits in high credit rating banks. In this regard, the directors of Remson consider that Remson Group's credit risk is significantly reduced.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities.

Remson Group is exposed to liquidity risk if it is not able to raise sufficient funds to meet its financial obligations as its net current liabilities and net liabilities position. Remson Group relies on the financial support from its ultimate holding company which has agreed to provide adequate funds to enable Remson Group to meet in full its financial obligations as they fall due in the foreseeable future.

The financial liabilities of Remson Group are all non-determinable payment term liabilities and the impact of discounting is not significant to Remson Group.

Fair values of financial assets and financial liabilities not reported at fair values

The carrying amounts of short-term receivables (ie trade and other receivables, bank balances) and short-term payables (ie deposits and other liabilities) approximate to their fair values, and accordingly no disclosure of the fair values of these items is presented.

6. CAPITAL MANAGEMENT

Remson Group's objectives when managing capital is to safeguard Remson Group's ability to continue as a going concern, so that

(i) it continues to operate without capital injection by shareholders in median term; and

(ii) it can provide adequate return for shareholders in the long run.

Remson Group periodically reviews the cash flow projection and the debt to capital ratio of Remson Group . Taking into consideration of the projected operating cash flow, Remson Group applied net cash inflow to repay the loans from the intra-group companies to improve net liabilities financial position. Therefore, the loans from intra-group companies were decreased from HK$28,923,000 to HK$28,201,000 for the period from 1 January 2005 to 30 April 2007. The net liabilities were decreasing due to the increase in profit for the Relevant Periods. The net profits were HK$721,000, HK$604,000, HK$2,039,000 and HK$1,124,000 for each of three years ended 31 December 2004, 2005 and 2006 and for the four months ended 30 April 2007, The net liabilities were HK$12,430,000, HK$11,826,000, HK$9,787,000 and HK$8,663,000 as at 31 December 2004, 2005 and 2006 and 30 April 2007 respectively. To improve the debt to capital ratio, Remson Group does not consider any dividend payment until Remson Group has surplus in the reserves.

7. TURNOVER

Turnover represents the aggregate of amounts received and receivable from rental income during the Relevant Periods. Remson Group's turnover and operating profit are attributable to one business segment – the operation of renting carparking spaces in Hong Kong and accordingly, no further analysis of Remson Group's turnover and operating results by business or geographical segments is provided.

8. PROFIT BEFORE TAX

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Profit before tax is stated after charging:					
Auditors' remuneration	8	11	10	–	–
Directors' remuneration					
– fees	–	–	–	–	–
– other emolument	–	–	–	–	–
– retirement benefits scheme contribution	–	–	–	–	–
Bad debt recognised in respect of rental receivables	–	–	113	–	–
and after crediting:					
Property rental income, net of outgoings	832	859	851	275	327

9. EMPLOYEE BENEFIT EXPENSES

(a) Directors' emoluments

The remuneration of every director of Remson for the Relevant Periods is set out below:

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Basic salaries and allowances and retirement benefit scheme contributions:					
Name of director					
Mr. Joseph Lau, Luen-hung	–	–	–	–	–
Mr. Thomas Lau, Luen-hung	–	–	–	–	–
Mr. Lau, Ming-wai	–	–	–	–	–

Note: 1. Mr. Thomas Lau, Luen-hung resigned as director of Remson on 15 December 2006.

2. Mr. Lau, Ming-wai was appointed as director of Remson on 15 December 2006.

(b) ***Five highest paid individuals***

The aggregate emoluments of the five highest paid individuals are as follow:

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Basic salaries and allowances	–	–	–	–	–
Retirement benefit scheme contributions	–	–	–	–	–
	–	–	–	–	–

(c) During the Relevant Periods, no emolument was paid by Remson Group to the directors or the five highest paid individuals as an inducement to join or upon joining Remson Group as compensation for loss of office.

10. FINANCE COSTS

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest expenses on loan from an intermediate holding company wholly repayable within five years	563	563	563	185	185

11. DIVIDENDS

No dividend paid or declared by Remson Group during the Relevant Periods.

12. INCOME TAX EXPENSE

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Current Hong Kong Profit Tax	–	–	–	–	–
Deferred tax *(Note 19)*	154	129	539	10	239
	154	129	539	10	239

No provision for Hong Kong profit tax has been made as Remson Group's assessable profit is wholly absorbed by tax loss brought forward for both years. The income tax expense represents the deferred tax charge for the year/period.

The income tax expense for the Relevant Periods can be reconciled to profit for the year/period per income statement as follow:

	Year ended 31 December						Four months ended 30 April			
	2004		**2005**		**2006**		**2006**		**2007**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(Unaudited)*	*%*	*HK$'000*	*%*
Profit before tax	875		733		2,578		56		1,363	
Tax at Hong Kong Profit Tax rate of 17.5%	154	17.5	129	17.5	451	17.5	10	17.5	239	17.5
Under-provision in respect of prior years	–	–	–	–	88	3.4	–	–	–	–
Income tax expense	154	17.5	129	17.5	539	20.9	10	17.5	239	17.5

13. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of Remson Group by the weighted average number of ordinary shares in issue during the Relevant Periods.

There was no dilutive effect on earnings per share since there was no dilutive potential ordinary share in existence during the Relevant Periods.

14. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 January 2004	16,300
Increase in fair value recognised in income statement	700
At 31 December 2004 and 1 January 2005	17,000
Increase in fair value recognised in income statement	500
At 31 December 2005 and 1 January 2006	17,500
Increase in fair value recognised in income statement	2,500
At 31 December 2006 and 1 January 2007	20,000
Increase in fair value recognised in income statement	1,250
At 30 April 2007	21,250

At 31 December 2004, 2005 and 2006 and 30 April 2007, the fair value of Remson Group's investment properties has been arrived at on the basis of a valuation carried out on that date by Messrs. Norton Appraisals Limited ("Norton Appraisals"), independent qualified professional valuers not connected with Remson Group. Norton Appraisals have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to The Hong Kong Institute of Surveyors Valuation Standards on properties (1st Edition) published by the Hong Kong Institute of Surveyors was based on open market value basis.

All of Remson Group's property interests held under operating leases to earn rentals or for capital appreciation purposes, are located in Hong Kong, held under long leases, measured using the fair value model and are classified and accounted for as investment properties.

15. TRADE AND OTHER RECEIVABLES

Included in the trade and other receivables of Remson Group are trade receivables of HK$113,000, HK$117,000, HK$43,000 and HK$15,000 as at 31 December 2004, 2005 and 2006 and 30 April 2007 respectively, which comprising mainly rental receivables which were billed and settlements are expected upon receipts of billing. Its aged analysis as at 31 December 2004, 2005 and 2006 and 30 April 2007 are as follow:

	As at 31 December			As at 30 April
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	–	4	39	8
30 – 60 days	–	–	4	7
Over 60 days	113	113	–	–
	113	117	43	15

The directors of Remson consider that the carrying amounts of trade and other receivables approximate to their fair values.

16. LOAN FROM AN INTERMEDIATE HOLDING COMPANY/AMOUNT DUE TO FELLOW SUBSIDIARIES

The amounts are unsecured, interest free and repayable on demand. The directors of Remson consider that the carrying amounts of the loan from an intermediate holding company/amount due to fellow subsidiaries approximate to their fair values.

17. LOAN FROM AN INTERMEDIATE HOLDING COMPANY

The loan is unsecured, bears interest at the rate mutually agreed by both parties. The intermediate holding company will not demand for repayment within one year from the balance sheet date and is therefore shown as non-current.

The directors of Remson consider that the carrying amount of the loan from an intermediate holding company approximates to its fair value.

18. SHARE CAPITAL

	As at 31 December			As at 30 April
	2004	**2005**	**2006**	**2007**
	HK$	*HK$*	*HK$*	*HK$*
Authorised:				
500 ordinary shares of USD1 each	3,900	3,900	3,900	3,900
Issued and fully paid:				
1 ordinary shares of USD1 each	8	8	8	8

19. DEFERRED TAX LIABILITIES

The following is the major component of deferred tax liability recognised by Remson Group and movements thereon during the Relevant Periods:

	Revaluation of properties	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2004	1,510	(926)	584
Charge to income statement for the year	123	31	154
At 31 December 2004 and 1 January 2005	1,633	(895)	738
Charge to income statement for the year	87	42	129
At 31 December 2005 and 1 January 2006	1,720	(853)	867
Charge to income statement for the year	437	102	539
At 31 December 2006 and 1 January 2007	2,157	(751)	1,406
Charge to income statement for the period	219	20	239
At 30 April 2007	2,376	(731)	1,645

20. PLEDGE OF ASSETS

Remson Group has pledged its investment properties which having a carrying value of HK$17,000,000, HK$17,500,000, HK$20,000,000 and HK$21,250,000 as at 31 December 2004, 2005 and 2006 and 30 April 2007 respectively, together with charges on investment properties' rental income and sales proceeds to secure a bank loan granted to a fellow subsidiary of Remson Group. The extent of such facilities utilised by the fellow subsidiary amounted to approximately HK$122,500,000, HK$65,600,000, HK$61,766,000 and HK$60,452,000 as at 31 December 2004, 2005 and 2006 and 30 April 2007 respectively.

21. RELATED PARTY TRANSACTIONS

Save as disclosed in Note 16, 17 and 20 to the Financial Information, Remson Group had entered into the following transactions with related parties which, in the opinion of the directors of Remson, were carried out on normal commercial terms and in the ordinary course of Remson Group's business.

(a)

	Year ended 31 December			Four months ended 30 April	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest expenses paid to an intermediate holding company	563	563	563	185	185
Management fee paid to a fellow subsidiary	76	79	78	26	29

Note: 1. The management fees were determined at 8% on total rental income of carparking spaces, which was mutually agreed by Remson Group and the fellow subsidiary.

2. The interest expenses paid were determined at annual rate of 2.25% on the loan, which was a mutually agreed basis between Remson Group and the intermediate holding company.

(b) Compensation by key management personnel of Remson Group represented directors' remuneration as disclosed in Note 9 to the Financial Information.

22. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 30 April 2007.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Remson Group in respect of any period subsequent to 30 April 2007. No dividend has been declared, made or paid by Remson Group in respect of any period subsequent to 30 April 2007.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31st Floor Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

16 July 2007

The Board of Directors
G-Prop (Holdings) Limited
26th Floor, MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of adjusted combined assets and liabilities (the "Pro Forma Financial Information") of G-Prop (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), Minkind Development Limited ("Minkind") and Remson Investment Limited ("Remson") and its wholly owned subsidiary – Grow Wealth Company Limited ("Grow Wealth") (collectively referred to as "Remson Group") (together with the Group hereinafter referred to as the "Enlarged Group") set out on pages 130 to 133 under the headings of Unaudited Pro Forma Financial Information of the Enlarged Group in Appendix IV of the Company's circular dated 16 July 2007 (the "Circular"), in connection with the proposed acquisition of the entire issued share capital of and loans due from Minkind and Remson and loan due from Grow Wealth (the "Acquisition"). The Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Acquisition might have affected the historical financial information of the Group as at 31 December 2006 presented therein. The basis of preparation for the Pro Forma Financial Information is set out in the accompanying introduction thereto.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THE REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2006 or any future date.

OPINION

In our opinion:

a) the accompanying Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative and unaudited pro forma statement of adjusted combined assets and liabilities of the Enlarged Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition of entire share capital of Minkind and Remson and loans due from Minkind and Remson Group as if the Acquisition took place on 31 December 2006.

The Pro Forma Financial Information is prepared based on the audited consolidated balance sheet of the Group as at 31 December 2006 extracted from the annual report of the Company as set out in Appendix I to this Circular, the audited balance sheet of Minkind as at 30 April 2007 extracted from the Accountants' Report set out in Appendix II of this circular, and the audited consolidated balance sheet of Remson Group as at 30 April 2007 extracted from the Accountants' Report set out in Appendix III to this circular, after making pro forma adjustments relating to the Acquisition as if the Acquisition had been completed on 31 December 2006.

The Pro Forma Financial Information of the Enlarged Group has been prepared in accordance with, and to comply with, the requirements of Rule 4.29 of the Listing Rules for the purpose of illustrating how the Acquisition might have affected the financial information presented. The Pro Forma Financial Information is prepared after making pro forma adjustments that are directly attributable to the transactions, expected to have a continuing impact on the Enlarged Group and factually supportable.

The Pro Forma Financial Information is prepared for illustrative purpose only. It is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and because of its nature, it does not purport to describe the actual financial position of the Enlarged Group that would have been attained after the Acquisition been completed on 31 December 2006. The Pro Forma Financial Information may not be indicative of the financial position of the Enlarged Group as at the date to which they are made up to or at any future date.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED ASSETS AND LIABILITIES AS AT 31 DECEMBER 2006

	Audited consolidated balance sheet of the Group as at 31 December 2006	**Audited balance sheet of Minkind as at 30 April 2007**	**Audited consolidated balance sheet of Remson Group as at 30 April 2007**	**Pro forma adjustments**		**Enlarged group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Non-current assets						
Investment properties	35,600	7,800	21,250			64,650
Intangible asset	–	–	–			–
Goodwill	–	–	–	3,273	*(1)(i)*	3,273
Interests in associates	–	–	–			–
Interests in jointly controlled entities	–	–	–			–
Available-for-sale financial assets	220	–	–			220
	35,820	7,800	21,250			68,143
Current assets						
Trade and other receivables	593	3	28			624
Short term loans receivable	–	–	–			–
Tax prepaid	–	5	–			5
Cash and cash equivalents	88,062	50	109	(29,352)	*(1)(ii)*	58,869
	88,655	58	137			59,498
Assets classified as held for sale	9,338	–	–			9,338
	97,993	58	137			68,836
Current liabilities						
Trade and other payables	3,229	62	204			3,495
Amounts due to fellow subsidiaries	185	–	–			185
Loans from an intermediate holding company	–	879	28,201	(29,080)	*(1)(iii)*	–
	3,414	941	28,405			3,680
Net current assets/(liabilites)	94,579	(883)	(28,268)			65,156
Total assets less current liabilities	130,399	6,917	(7,018)			133,299

	Audited consolidated balance sheet of the Group as at 31 December 2006	Audited balance sheet of Minkind as at 30 April 2007	Audited consolidated balance sheet of Remson Group as at 30 April 2007	Pro forma adjustments		Enlarged group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Non-current liabilities						
Deferred tax liabilities	1,723	1,255	1,645			4,623
Total assets and liabilities	128,676	5,662	(8,663)			128,676
Capital and reserves						
Share capital	7,940	–	–			7,940
Share premium and reserves	120,736	5,662	(8,663)	3,001	*(1)(iv)*	120,736
Total equity	128,676	5,662	(8,663)			128,676

Notes to the unaudited pro forma statement of adjusted combined assets and liabilities:

1. Under HKFRS 3 Business Combination ("HKFRS 3") the Group will apply the purchase method to account for the acquisition of Minkind and Remson Group. In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of Minkind and Remson Group will be recorded on the consolidated balance sheet of the Group at their fair value at the date of completion. Any goodwill or discount arising on the acquisition will be determined as the excess or deficit of the purchase price to be incurred by the Group over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of Minkind and Remson Group at the date of completion. Negative goodwill resulting from the business combinations should be recognised immediately in the consolidated income statement.

    (i) Goodwill of approximately HK$3,273,000 arising from the Acquisition of Minkind and Remson Group, which is derived from the calculation as follow:

	As at 31 December 2006
	HK$'000
Fair value of net assets of Minkind	5,662
Fair value of net liabilities of Remson Group	(8,663)
Loans from an intermediate holding company	29,080
Goodwill	3,273
Total consideration	29,352
Cash consideration	29,352

Loans from an intermediate holding company of approximately HK$29,080,000 represented loan due from Minkind of HK$879,000 and loan due from Remson Group of approximately HK$28,201,000.

Cash consideration of approximately HK$29,352,000 represented the consideration of the Acquisition of approximately HK$28,972,000 and transaction cost directly attributable to the Acquisition of approximately HK$380,000.

(ii) Pro forma adjustment on cash and cash equivalents of approximately HK$29,352,000 represented the settlement of the consideration of the Acquisition of approximately HK$28,972,000 and transaction cost directly attributable to the Acquisition amounted to approximately HK$380,000.

(iii) Upon completion of the Acquisition, Loans due from Minkind of approximately HK$879,000 and due from Remson Group of approximately HK$28,201,000 would become intra-group balances of the Enlarged Group, and should then be eliminated on consolidation.

(iv) The pro forma adjustment of reserves of approximately HK$3,001,000 represented the elimination of the pre-acquisition reserves of Minkind and Remson Group on consolidation.

2. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2006.

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 26th June 2007.

Norton Appraisals
Registered Professional Surveyors, Valuers & Property Advisers

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

16th July, 2007

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

Ref : NAL/PW/NK/TC/R07108

Dear Sirs,

Re : i) 25 Car Parking Spaces on various floors and 5 Adjoining Spaces at the 2nd and 4th floors of the Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong

ii) Six Parking Spaces and Carport Basement of No. 9 Queen's Road Central, Central, Hong Kong

In accordance with your instructions from G-Prop (Holdings) Limited, Top Cliff Ltd and Fine Pacific Limited (hereinafter together referred to as the "Group") for us to value the captioned properties 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 values of the property interests in their existing states as at 26th June, 2007 (hereinafter referred to as the "date of valuation") for disposal and acquisition purposes.

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 interests, we have assumed that the Group has valid and enforceable title to the property interests which are 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 has been fully settled.

In valuing the property interests, we have adopted Direct Comparison Approach assuming such property interests are capable of being sold in their existing states on a strata-titled basis with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets. In addition, in valuing the property interests subject to existing tenancies, we have also adopted Investment Approach by taking into account the current rents passing and the reversionary income potential of the tenancies.

Our valuations have been made on the assumption that the owner sells the properties 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 interests and no forced sale situation in any manner in considered in our valuations. In addition, we have been advised by the Group that the properties have no option or right of pre-emption which would concern or affect the sale of the properties.

We have valued the properties on the basis that each of them is considered individually. We have not allowed any discount for the properties to be sold to a single party nor have taken into account any effect on the values if the properties are to be offered for sale at the same time as a portfolio.

We have caused land title searches of the properties 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 has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have inspected the exterior, and whenever possible, the interior of the properties. 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 properties are 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 properties 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 certificates are 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 properties.

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 valuations have 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 certificates are in Hong Kong dollars.

Our Valuation Certificates are 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 15 years' experience in valuation of properties in Hong Kong.

SUMMARY OF VALUES

	Property	Capital Value in existing state as at 26th June, 2007 *HK$*	Interest attributable to the Group	Capital Value attributable to the Group as at 26th June, 2007 *HK$*
1.	25 Car Parking Spaces on various floors and 5 Adjoining Spaces at the 2nd and 4th floors of the Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong	$21,250,000	100%	$21,250,000
2.	Six Parking Spaces and Carport Basement of No. 9 Queen's Road Central, Central, Hong Kong	$7,800,000	100%	$7,800,000
	GRAND TOTAL:	$29,050,000		$29,050,000

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 26th June, 2007 *HK$*
1.	25 Car Parking Spaces on various floors and 5 Adjoining Spaces at the 2nd and 4th floors of the Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong 683,040/19,581,678th equal and undivided shares of and in the Remaining Portion of Inland Lot No. 2818. The Remaining Portion of Section D of Inland Lot No. 2818. The Remaining Portion of Section F of Inland Lot No. 2817 and Section M of Inland Lot No. 2817	Bank of East Asia Harbour View Centre (the "Building") is a 31-storey commercial building with ancillary carparking facilities completed in 1990. The property comprises 25 car parking spaces scattered on Ground to 4th floor together with 5 adjoining spaces at the 2nd and 4th floors of the Building which are also occupied as car parking spaces. Inland Lot Nos. 2817 and 2818 are each held under two Government Leases for a common term of 99 years commencing from 26th March, 1929 and 25th May, 1929 respectively each renewable for a further term of 99 years.	19 out of 25 car parking spaces are subject to various monthly licenses, yielding a total monthly income of $73,100 inclusive of rates and services charges whilst the remaining 6 car parking spaces are currently vacant. 4 out of 5 adjoining spaces are subject to 4 separate licences yielding a total monthly income of $15,000 inclusive of rates and services charges whlist the remaining 1 adjoining space is currently vacant.	$21,250,000 *(see Note ii below)* (100% interest attributable to the Group : $21,250,000)

Notes :

i) The property comprises:

(A) carparking spaces nos. L1, L2 and L3 on Ground Floor, L4 and L5 on the 1st floor, 1, 2, 4, 5, 10, 11 and 12 on the 2nd floor, 1 and 2 on the 3rd floor and 1 to 11 on the 4th floor of the Building.

(B) 5 adjoining spaces on the 2nd and 4th floors of the Building.

ii) Since no undivided share has been allocated to the 5 adjoining spaces on the 2nd and 4th floors of the Building, we are of the opinion that there is no commercial value of those 5 adjoining spaces.

iii) The registered owner of the property is Grow Wealth Property Investment Limited vide Memorial No. UB4911385 dated 28th June, 1991.

iv) The property is subject to the following encumbrances :

(A) Memorandum of Change of Name of Building vide Memorial No. UB8646782 dated 15th March, 2002.

(B) Mortgage in favour of Liu Chong Hing Bank Limited (rename as "Chong Hing Bank Limited") and the consideration is part of all monies vide Memorial No. UB9016212 dated 10th September, 2003.

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 26th June, 2007 HK$
2.	Six Parking Spaces and Carport Basement of No. 9 Queen's Road Central, Central, Hong Kong 9/23,086th equal and undivided shares of and in Sections A and B and the Remaining Portion of Section C and the Remaining Portion of Marine Lot No. 101, the Remaining Portion of Section A of Marine Lot No. 102, Section C of Marine Lot No. 103 and the Remaining Portion of Inland Lot No. 514	No. 9 Queen's Road Central (the "Building") is a 35-storey commercial building completed in 1992. The property comprises six parking spaces and the loading/ unloading area on the carport basement of the Building. Marine Lot Nos. 101, 102 and 103 are held under respective Government Leases for a common term of 999 years commencing from 16th November, 1855 whilst Inland Lot No. 514 is held under another Government Lease for a term of 999 years commencing from 21st January, 1857.	3 parking spaces are subject to 3 separate monthly licences, yielding a total monthly income of $19,200 exclusive of rates and service charges whilst the remaining parking spaces are currently vacant.	$7,800,000 (100% interest attributable to the Group : $7,800,000)

Notes :

i) The registered owner of the property is Minkind Development Limited vide Memorial No. UB5740877 dated 30th June, 1993.

ii) The property is subject to the following encumbrances :

(A) Deed of Grant of Easements vide Memorial No. UB8614256 dated 21st January, 2002.

(B) Mortgage in favour of Liu Chong Hing Bank Limited (rename as "Chong Hing Bank Limited") and the consideration is part of all monies vide Memorial No. UB9016212 dated 10th September, 2003.

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 Enlarged Group or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2006, being the date up to which the latest published financial statements of the Group were made;

(c) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the date of this circular which was significant in relation to the business of the Enlarged Group; and

(d) none of the Directors or their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was 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 Enlarged Group:

Long Positions in the Company:–

Name of Shareholder	Number of Shares in the Company	Capacity	*Note*	Percentage of Shareholding %
Million Point Limited	50,000,000	Beneficial owner	*1*	6.30
Cosmos Success Limited	50,000,000	Interest of a controlled corporation	*1*	6.30
Chinese Estates, Limited	50,000,000	Interest of a controlled corporation	*1*	6.30
Luckpoint Investment Limited	76,877,685	Beneficial owner	*2*	9.68
China Entertainment and Land Investment Company, Limited	76,877,685	Interest of a controlled corporation	*2*	9.68
Paul Y. Holdings Company Limited	150,981,076	Beneficial owner and interest of a controlled corporation	*3 & 4*	19.01
Chinese Estates Holdings Limited	277,858,761	Interest of a controlled corporations	*1, 2, 3 & 4*	34.99
Mr. Joseph Lau, Luen-hung	277,858,761	Founder of trust, beneficiary of trust and interest of a controlled corporation	*5*	34.99
Global King Ltd.	277,858,761	Trustee	*6*	34.99
GZ Trust Corporation	277,858,761	Trustee, beneficiary of trust and interest of a controlled corporation	*6*	34.99

Notes:

1. Million Point Limited ("**Million Point**") was the beneficial owner of 50,000,000 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 and Paul Y. 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 in turn beneficially owned the entire issued share capital of Great Empire.

4. Mr. Leung, Wing-pong and Mr. Kong, Chi-ming, 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, by virtue of his 47.29% 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.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no person (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 Enlarged Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with any member of the Enlarged Group which is not determinable by the Enlarged 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 or the Enlarged Group) have been entered into by any member of the Group or the Enlarged Group within the two years preceding the Latest Practicable Date and are or may be material:–

(a) a preliminary sales and purchase agreement and a formal sale and purchase agreement between Boria Enterprises Limited ("**Boria**"), 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 Territiories at the consideration of HK$9 million dated 26 October 2005 and 18 November 2005 respectively;

(b) a preliminary sales and purchase agreement and a formal sale and purchase agreement between Great King Limited and Gold Concept Limited, indirect wholly owned subsidiaries of the Company, as vendors and Million Hill Development Limited, an independent third party, as purchaser in respect of (i) 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 (ii) 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 the consideration of HK$67.8 million dated 27 February 2006 and 13 March 2006 respectively;

(c) a preliminary sales and purchase agreement and a formal sale and purchase agreement between Boria as vendor and Ching Sum, Chik Kin Yuen, Tam Kam Wu and Tam Woon Chee, independent third parties, as purchasers in respect of 3rd Floor, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territiories at the consideration of HK$8.8 million dated 8 December 2006 and 29 December 2006 respectively;

(d) a preliminary sales and purchase agreement between Boria as vendor and Hang Cheong Luggage Co. Ltd., an independent third party, as purchaser in respect of 11th Floor, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territiories at the consideration of HK$5.18 million dated 4 January 2007;

(e) a preliminary sales and purchase agreement between Boria as vendor and Truly Billion (Hong Kong) Limited, an independent third party, as purchaser in respect of 7th to 10th Floor, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territiories at the consideration of HK$20.66 million dated 16 January 2007; and

(f) a preliminary sales and purchase agreement between Boria as vendor and Best World Enterprises Limited, an independent third party, as purchaser in respect of 4th Floor (including the Flat Roof thereof), 5th Floor and Ground Floor Car parking space no. 25, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territiories at the consideration of HK$10.805 million dated 24 March 2007.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group or the Enlarged Group was engaged in any litigation or claim of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group or the Enlarged Group.

7. WORKING CAPITAL

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

8. INDEBTEDNESS

Other than the borrowings to fellow subsidiaries of approximately HK$105,000 and apart from intra-group liabilities, the Enlarged 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 borrowing, mortgages and charges (other than the Mortgage and the Rental Assignments) as at the close of business on 31 May 2007, being the latest practicable date for the purpose of this indebtedness statement.

The Enlarged Group had pledged certain investment properties which had an unaudited carrying value of approximately HK$29,050,000 and respective Rental Assignments to secure the Mortgage granted to a fellow subsidiary as at 31 May 2007.

Other than the Mortgage and the Rental Assignments, the Enlarged Group did not have any material contingent liabilities or guarantees as at 31 May 2007.

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

9. MATERIAL ADVERSE CHANGE

The Directors confirmed that there was no material adverse change in the financial or trading positions of the Group since 31 December 2006, being the date to which the latest published audited financial statements of the Group were made up.

10. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given their opinions or advices which are contained in this circular.

Name	Qualification
Evolution Watterson Securities Limited	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as set out in Schedule 5 to the SFO
HLB Hodgson Impey Cheng	Chartered Accountants Certified Public Accountants
Norton Appraisals Limited	An independent professional property valuer

As at the Latest Practicable Date, each of the above experts:–

(a) 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;

(b) did not have any direct or indirect interest in any assets which had been acquired or disposed by or leased to any member of the Group or were proposed to be acquired or disposed by or leased to any member of the Group since 31 December 2006, being the date up to which the latest published financial statements of the Group were made; and

(c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name, letter and/or report in the form and context in which they respectively appear.

11. MISCELLANEOUS

(a) Mr. Lam, Kwong-wai, a member of the Hong Kong Institute of Certified Public Accountants, is the company secretary of the Company.

(b) Ms. Wong, Yuet-ying, a member of the Hong Kong Institute of Certified Public Accountants, is the qualified accountant of the Company.

(c) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office of the Company is at 26th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong.

(d) The branch share registrar and the transfer office of the Company in Hong Kong is Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal office of the Company at 26th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong during normal business hours on any business day up to and including 30 July 2007:–

(a) the memorandum and articles of association of the Company;

(b) the accountants' reports from HLB Hodgson Impey Cheng on Minkind and Remson Group, the texts of which are set out in Appendices II and III of this circular;

(c) the report from HLB Hodgson Impey Cheng in respect of the unaudited proforma financial information of the Enlarged Group, the text of which is set out in Appendix IV of this circular;

(d) the valuation certificate prepared by the Valuer, the text of which is set out in Appendix V of this circular;

(e) the material contracts referred to in paragraph 5 of this Appendix VI;

(f) the Agreement;

(g) the conditional sale and purchase agreement dated 22 June 2007 in respect of the Legend Disposal;

(h) letters of consent from the experts referred to in paragraph 10 of this Appendix VI;

(i) the annual reports of the Company for each of the two financial years ended 31 December 2005 and 2006; and

(j) this circular.

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

NOTICE IS HEREBY GIVEN that a special general meeting of G-Prop (Holdings) Limited (the "**Company**") will be held at Concord Room 1, 8 Floor, Renaissance Harbour View Hotel Hong Kong, No.1 Harbour Road, Wanchai, Hong Kong on 31 July 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following ordinary resolution of the Company:–

ORDINARY RESOLUTION

"**THAT**:

(a) a conditional sale and purchase agreement dated 26 June 2007 (the "**Agreement**"), a copy of which has been produced and marked "A" and signed by the chairman of the meeting for the purpose of identification, entered into between Gold Long Enterprises Limited (the "**Purchaser**"), a wholly owned subsidiary of the Company, Fine Pacific Limited (the "**Minkind Vendor**"), Top Cliff Ltd. (the "**Remson Vendor**") and Paul Y. Holdings Company Limited (the "**Debt Vendor**"), whereby (a) the Purchaser conditionally agreed to purchase and the Minkind Vendor conditionally agreed to sell the entire issued share capital in Minkind Development Limited ("**Minkind**"); (b) the Purchaser conditionally agreed to purchase and the Remson Vendor conditionally agreed to sell the entire issued share capital in Remson Investment Limited ("**Remson**"); and (c) the Purchaser conditionally agreed to purchase and the Debt Vendor conditionally agreed to sell all amounts, whether principal or interest, owing by Minkind, Remson and Grow Wealth Company Ltd, a wholly-owned subsidiary of Remson, as at completion of the Agreement at their respective consideration as set out in the Agreement, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in or relating to the Agreement and completion thereof as he may consider necessary, desirable or expedient to give effect to the Agreement and the transactions contemplated thereunder."

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

Hong Kong, 16 July 2007

Principal Office in Hong Kong:
26th Floor
MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

(1) Any member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.

(2) In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority must be deposited at the Company's branch share registrar in Hong Kong, Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting (or any adjournment thereof).

(3) Completion and deposit of the form of proxy will not preclude members from attending and voting at the special general meeting or any adjournment thereof should they so wish, and in such event, the form of proxy will be deemed to be revoked.

(4) Where there are joint registered holders of any share(s) of the Company, any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders are present, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date hereof, the Board comprises Mr. Leung, Wing-pong and Mr. Kong, Chi-ming as Executive Directors and Mr. Leung, Yun-fai, Mr. Lam, Yat-fai and Dr. David Chain, Chi-woo as Independent Non-executive Directors.