
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult a licensed securities dealer or registered institution 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 document, together with the accompanying Form(s) of Acceptance, to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. This document should be read in conjunction with the accompanying Form(s) of Acceptance, the provisions of which form part of the terms of the Offers contained herein.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document and the accompanying Form(s) of Acceptance, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document and the accompanying Form(s) of Acceptance.



MASS RISE LIMITED

(Incorporated in the British Virgin Islands with limited liability)

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

**COMPOSITE OFFER AND RESPONSE DOCUMENT
RELATING TO
MANDATORY UNCONDITIONAL CASH OFFERS BY
GET NICE SECURITIES ON BEHALF OF MASS RISE FOR
(1) ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY MASS RISE AND PARTIES ACTING IN CONCERT WITH IT);
AND
(2) THE CONVERTIBLE BONDS (OTHER THAN THE AK BOND)**

Joint financial advisers to Mass Rise



Financial adviser to the Company



BNP Paribas Capital (Asia Pacific) Limited

Independent Financial Adviser to the Independent Board Committee



**WALLBANCK BROTHERS
Securities (Hong Kong) Limited**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this document.

A letter from Get Nice Securities is set out on pages 9 to 18 of this document. A letter from the Board is set out on pages 19 to 22 of this document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders and the Bondholder is set out on pages 23 to 24 of this document. The letter from Wallbank Brothers containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 25 to 48 of this document.

The procedures for acceptance and other information relating to the Offers are set out in Appendix I to this document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers should be received by the Registrar (as regards the Share Offer) or the company secretary of the Company (as regards the CB Offer) no later than 4:00 p.m. on Tuesday, 6 May 2008 or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this document and/or, the Form(s) of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the sub-paragraph headed "Overseas Shareholders" in the "Letter from Get Nice Securities" on pages 9 to 18 of this document and in paragraph 6 of Appendix I to this document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Share Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Share Offer.

15 April 2008

CONTENTS

	<i>Page</i>
Definitions	1
Expected timetable	8
Letter from Get Nice Securities	9
Letter from the Board	19
Letter from the Independent Board Committee	23
Letter from Wallbanck Brothers	25
Appendix I – Further terms of the Offers	49
Appendix II – Financial information of the Group	59
Appendix III – Property valuation report	118
Appendix IV – General information	132

DEFINITIONS

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

“Acetic Acid Project”	the proposal for the construction of acetic acid factory and the production and sale of acetic acid to be undertaken by Hebei Chungshun and Hebei Yingdu as announced by the Company in its announcement dated 21 January 2008
“acting in concert”	the meaning ascribed to it under the Takeovers Code
“AK Bond”	the Convertible Bonds with principal amount of HK\$72,000,000 issued by the Company to Asian Kingdom Limited, a company wholly owned by Mr. Lau, pursuant to the Subscription
“Big Winner”	Big Winner Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Big Winner Group”	Big Winner and its subsidiaries
“Board”	the board of Directors
“Bondholder”	the bondholder of the Convertible Bonds (other than the AK Bond)
“Business Day”	any day on which licensed banks in Hong Kong are generally open for business, except Saturday, Sunday and public holidays and days on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“CB Offer”	the mandatory unconditional cash offer for all the Convertible Bonds (other than the AK Bond) at the CB Offer Price being made by Get Nice Securities on behalf of the Offeror in accordance with the Takeovers Code

DEFINITIONS

“CB Offer Price”	HK\$0.164 for each underlying Share which may fall to be allotted and issued upon conversion of the Convertible Bonds at the initial conversion price of HK\$0.162 per Share payable in cash by the Offeror to the Bondholder who will accept the CB Offer in accordance with its terms and conditions
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CE”	Chinese Estates Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, being the Controlling Shareholder and the holding company of the Company as at the Latest Practicable Date
“CE Group”	CE and its subsidiaries, and for the avoidance of doubt, excluding the Group for the purpose of this document
“Closing Date”	4:00 p.m. on Tuesday, 6 May 2008 or if the Offers are revised or extended, the closing date of the Offers which are revised or extended by the Offeror, with the consent of the Executive, in accordance with the Takeovers Code
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	G-Prop (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Controlling Shareholder(s)”	the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the zero coupon convertible bonds due 2010 issued by the Company in the aggregate principal amount of HK\$180,000,000 which was created by an instrument executed by the Company by way of a deed poll on 25 October 2007, all of which remained outstanding as at the Latest Practicable Date
“Directors”	the directors of the Company

DEFINITIONS

“Disposal”	the disposal of the entire issued share capital of Big Winner and the shareholder’s loan owed by Big Winner Group to the Company pursuant to the Disposal Agreement at an aggregate consideration of HK\$183,698,986, details of which are set out in the announcement of the Company dated 31 March 2008
“Disposal Agreement”	the agreement dated 1 February 2008 and entered into between the Company (as vendor) and Fame Ascent (as purchaser), in relation to, the Disposal as varied and supplemented by the supplemental disposal agreement dated 28 March 2008 and entered into between the Company and Fame Ascent
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Fame Ascent”	Fame Ascent Investments Limited, an investment holding company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of KB, and was the beneficial owner of the Sale Shares and a Controlling Shareholder of the Company immediately before the completion of the sale and purchase of the Sale Shares
“First Announcement”	the announcement of the Company dated 1 February 2008 in relation to, among other matters, the possible Offer
“Form(s) of Acceptance”	the accompanying WHITE Form of Acceptance and the accompanying YELLOW Form of Acceptance
“Get Nice Securities”	Get Nice Securities Limited (formerly known as Get Nice Investment Limited), a deemed licensed corporation to carry on businesses in types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO, will make the Offers on behalf of the Offeror
“Group”	the Company and its subsidiaries
“Hebei Chungshun”	河北忠信化工有限公司(Hebei Chung Shun Chemical Co., Ltd.), a sino-foreign equity joint venture to be established in the Hebei Province in the PRC

DEFINITIONS

“Hebei Yingdu”	河北英都氣化有限公司(Hebei Ying Du Gasification Co., Ltd.), a sino-foreign equity joint venture to be established in the Hebei Province in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders and the Bondholder in relation to the Offers
“Independent Shareholders”	Shareholders other than Mass Rise, KB and Fame Ascent, their respective associates and parties acting in concert with any of them
“Joint Announcement”	the announcement dated 7 March 2008 made jointly by the Offeror, CE and the Company regarding, among other things, the Offers
“KB”	Kingboard Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and was a Controlling Shareholder of the Company immediately before the completion of the sale and purchase of the Sale Shares
“KB Group”	KB and its subsidiaries
“Last Trading Day”	28 January 2008, the last full trading day for the Shares prior to the date of the First Announcement
“Latest Practicable Date”	11 April 2008, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Macau”	the Macau Special Administrative Region of the PRC
“Mass Rise” or “Offeror”	Mass Rise Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CE
“Master Agreement”	the agreement dated 17 January 2008 and entered into between the Company and KB in relation to a possible formation of joint venture companies with KB Group for the purpose of undertaking the Acetic Acid Project
“Methanol Project”	the project of setting up a plant in Erdos (鄂爾多斯) in Inner Mongolia of the PRC for manufacturing methanol products using coal as raw material, further details of which are set out in the Subscription Announcement and the Subscription Circular
“Mr. Lau”	Mr. Joseph Lau, Luen-hung, the sole ultimate beneficial owner of Asian Kingdom Limited and is a director and the Controlling Shareholder of CE, who is in turn a Controlling Shareholder of the Company
“Offer Period”	the period from 1 February 2008, being the date of the First Announcement, until the Closing Date
“Offers”	the Share Offer and the CB Offer
“Overseas Shareholder(s)”	Shareholder(s) whose registered address(es) as shown on the register of members of the Company as at the Latest Practicable Date were outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this document excludes Hong Kong, Macau and Taiwan
“Registrar”	Tricor Secretaries Limited, being the Hong Kong branch share registrar of the Company which is located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Relevant Period”	the period between 1 August 2007, being the date falling on the six months before the date of the First Announcement, and the Latest Practicable Date

DEFINITIONS

“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 February 2008 and entered into between Mass Rise and Fame Ascent in relation to, amongst other matters, the sale and purchase of the Sale Shares
“Sale Share(s)”	740,518,325 Shares acquired by Mass Rise from Fame Ascent pursuant to the Sale and Purchase Agreement and Sale Share means any one of them as the context so requires
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Offer”	the mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it at the Share Offer Price being made by Get Nice Securities on behalf of the Offeror in accordance with the Takeovers Code
“Share Offer Price”	HK\$0.164 per Share payable in cash by the Offeror to the Shareholders (other than the Offeror and parties acting in concert with it) who will accept the Share Offer in accordance with its terms and conditions
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription”	collectively, the subscription of an aggregate of 1,234,197,208 Shares and the Convertible Bonds by Asian Kingdom Limited and Fame Ascent, further details of which are set out in the Subscription Announcement and the Subscription Circular
“Subscription Announcement”	the joint announcement dated 7 August 2007 issued by the Company, Asian Kingdom Limited, KB and Fame Ascent in relation to, among other matters, the Subscription

DEFINITIONS

“Subscription Circular”	the circular of the Company dated 28 August 2007 in relation to, among other matters, the Subscription
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Termination Deed”	the deed of termination dated 1 February 2008 and executed by the Company and KB in relation to the termination of the Master Agreement, details of which are set out in the announcement of the Company dated 31 March 2008
“Wallbanck Brothers” or “Independent Financial Adviser”	Wallbanck Brothers Securities (Hong Kong) Limited, a licensed corporation to carry out types 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed to the Independent Board Committee in relation to the Offers
“White Form of Acceptance”	the form of acceptance and transfer of Shares in WHITE in respect of the Share Offer which accompanies this document
“Yellow Form of Acceptance”	the form of acceptance and transfer of the Convertible Bonds in YELLOW in respect of the CB Offer which accompanies this document
“%”	per cent.

EXPECTED TIMETABLE

2008

Offers commence	Tuesday, 15 April
Latest time and date for acceptance of the Offers	4:00 p.m. on Tuesday, 6 May
Closing Date of the Offers (<i>Note 1</i>)	Tuesday, 6 May
Announcement of the results of the Offers to be posted on the Stock Exchange's website (<i>Note 1</i>)	by 7:00 p.m. on Tuesday, 6 May
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offers (<i>Notes 2 and 3</i>)	Friday, 16 May

Notes:

1. The Offers, which are unconditional, will be closed at 4:00 p.m. on Tuesday, 6 May 2008 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be issued through the Stock Exchange's website by 7:00 p.m. on Tuesday, 6 May 2008 stating the results of the Offers and whether the Offers have been revised or extended or have expired or in relation to any extension of the Offers, to state also either the next closing date or that the Offers will remain open until further notice. In the event that the Offeror decides to extend the Offers, at least 14 calendar days' notice in writing will be given, before the Offers are closed, to those Independent Shareholders and Bondholder who have not accepted the Offers.
2. Remittances in respect of the cash consideration payable for the Shares and the Convertible Bonds (other than the AK Bond) tendered under the Offers will be posted to the accepting Independent Shareholder(s) and Bondholder at his/her/its own risks as soon as possible, but in any event within 10 calendar days after the receipt by, in the case of the Share Offer, the Registrar of all relevant documents from the accepting Independent Shareholders or, in the case of the CB Offer, the company secretary of the Company of all relevant documents from the accepting Bondholder.
3. Acceptance of the Offers shall be irrevocable and not capable of being withdrawn except in the circumstances set out in Rule 19.2 of the Takeovers Code.

Unless otherwise expressly stated, all time references contained in this document are Hong Kong times and dates.

LETTER FROM GET NICE SECURITIES



15 April 2008

To the Independent Shareholders and the Bondholder

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
GET NICE SECURITIES ON BEHALF OF MASS RISE FOR
(1) ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY MASS RISE AND PARTIES ACTING IN CONCERT WITH IT);
AND
(2) THE CONVERTIBLE BONDS (OTHER THAN THE AK BOND)**

1. INTRODUCTION

On 1 February 2008, the Offeror (as purchaser) and Fame Ascent (as vendor) entered into the Sale and Purchase Agreement, pursuant to which the Offeror had purchased the Sale Shares, which represented approximately 36.51% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement.

Immediately after the completion of the sale and purchase of the Sale Shares which took place on 5 February 2008, the Offeror itself had acquired more than 30% of the voting rights of the Company and the Offeror and parties acting in concert with it, in aggregate, owned 1,512,055,969 Shares, representing approximately 74.55% of the entire issued share capital of the Company on 5 February 2008. As at the Latest Practicable Date, other than the Convertible Bonds, the Company did not have other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of any options, warrants or securities which are convertible or exchangeable into Shares. Accordingly, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code and to make a comparable offer for the outstanding Convertible Bonds (other than the AK Bond) pursuant to Rule 13 of Takeovers Code.

This letter sets out details of, among other things, the terms of the Offers, information on the Offeror and its intentions regarding the Group. Further details of the terms of the Offers are set out in Appendix I to this document and in the accompanying Form(s) of Acceptance.

Your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee to the Independent Shareholders and the Bondholder and the letter from Wallbank Brothers to the Independent Board Committee contained in this document.

LETTER FROM GET NICE SECURITIES

2. MANDATORY UNCONDITIONAL CASH OFFERS

Get Nice Securities, on behalf of the Offeror, hereby makes the Share Offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and the CB Offer to acquire all the Convertible Bonds (other than the AK Bond) on the following basis:

Share Offer Price HK\$0.164 in cash

CB Offer Price HK\$0.164 in cash for each underlying Share which
may fall to be allotted and issued upon conversion
at the initial conversion price of HK\$0.162 per Share

The Share Offer Price (which is the same with CB Offer Price) is not less than the average purchase price per Sale Share of approximately HK\$0.1631.

The Offers are unconditional in all respects, and unless extended, will remain open for acceptance until 4:00 p.m. on Tuesday, 6 May 2008. Acceptance of the Offers shall be irrevocable and once given cannot be withdrawn except in the circumstances set out in Rule 19.2 of the Takeovers Code. The Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until the requirements under Rule 19 of the Takeovers Code can be met.

The procedures for acceptance and further terms of the Offers are set out in Appendix I to this document.

Comparison of value

The Share Offer Price (which is the same with the CB Offer Price) of HK\$0.164 represents:

- (a) a discount of approximately 72% to the closing price of HK\$0.59 per Share as quoted on the Main Board of the Stock Exchange on 28 January 2008, being the last full trading day prior to the issue of the First Announcement;
- (b) a discount of approximately 77% to the average closing price of approximately HK\$0.719 per Share as quoted on the Stock Exchange for the last 10 consecutive full trading days prior to the issue of the First Announcement;
- (c) a discount of approximately 9% to the audited consolidated net asset value per Share of approximately HK\$0.180 as at 31 December 2007 based on the Company's final results announcement for the year ended 31 December 2007; and
- (d) a discount of approximately 58% to the average closing price of approximately HK\$0.39 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM GET NICE SECURITIES

Highest and lowest prices

The highest closing price, based on the Share price as quoted on the Stock Exchange during the Relevant Period, was HK\$2.69 per Share on 13 August 2007.

The lowest closing price, based on the Share price as quoted on the Stock Exchange during the Relevant Period, was HK\$0.36 per Share on 10 April 2008.

Market prices of the Shares

The table below shows the closing price of the Shares on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share HK\$
31 August 2007	1.95
28 September 2007	1.75
31 October 2007	1.57
30 November 2007	1.14
31 December 2007	0.97
Last Trading Day	0.59
31 January 2008	<i>Note</i>
29 February 2008	<i>Note</i>
31 March 2008	<i>Note</i>
Latest Practicable Date	0.39

Note: Trading in the Shares on the Main Board of the Stock Exchange was suspended from 9:38 a.m. on 29 January 2008 to 31 March 2008 (both days inclusive).

Total consideration

Assuming that there is no change in the issued share capital of the Company prior to the making of the Offers, based on the Share Offer Price, the entire issued share capital of the Company is valued at approximately HK\$332.63 million, and all of the Shares subject to the Share Offer (being Shares held by the Shareholders not being the Offeror nor parties acting in concert with it) are valued at approximately HK\$84.66 million.

LETTER FROM GET NICE SECURITIES

Other than the AK Bond, the principal amount of the remaining Convertible Bonds is HK\$108,000,000 and based on the initial conversion price of HK\$0.162 per Share, an aggregate of 666,666,666 Shares will be allotted and issued by the Company to the Bondholder if the conversion rights attached to such Convertible Bonds are exercised in full. Based on the CB Offer Price, the remaining Convertible Bonds that subject to the CB Offer are valued at approximately HK\$109.33 million.

Get Nice Capital Limited and Veda Capital Limited have been engaged by the Offeror as its joint financial advisers in respect of the Offers and Get Nice Securities will make the Offers on behalf of the Offeror. The Offeror will finance the Offers by the internal resources of CE Group. Get Nice Capital Limited and Veda Capital Limited are satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers.

Effect of accepting the Offers

By accepting the Share Offer, the Shareholders (other than the Offeror and the parties acting in concert with it) will sell their Shares to the Offeror or its nominee free from all liens, claims and encumbrances and with all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid on or after the date on which the Share Offer is made, i.e. the date of posting of this document.

By accepting the CB Offer, the Bondholder will sell its Convertible Bonds (other than the AK Bond) to the Offeror or its nominee free from all liens, claims and encumbrances and with all rights attached to them on or after the date on which the CB Offer is made, i.e. the date of posting of this document.

Stamp duty

Seller's ad valorem duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance will be deducted from the amount payable to the Shareholders who accept the Share Offer. The Offeror will bear its own portion of buyer's ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of relevant acceptances and will be responsible for accounting to the Stamp Office of Hong Kong the stamp duty payable for the sale and purchase of the relevant Shares pursuant to the acceptances of the Share Offer.

No stamp duty is payable in connection with the acceptance of the CB Offer in respect of the Convertible Bonds.

LETTER FROM GET NICE SECURITIES

Payment

Payment in cash in respect of acceptances of the Offers will be made to the accepting Independent Shareholder(s) and Bondholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days of the date on which the relevant documents of title are received by the Registrar (in case of the Share Offer) or the company secretary of the Company (in case of the CB Offer) to render each such acceptance complete and valid.

Overseas Shareholders

The making of the Share Offer to Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder wishing to accept the Share Offer to satisfy himself or herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Acceptances of the Share Offer by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to receive and accept the Share Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

Shareholders, including without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this document and/or Form(s) of Acceptance to any jurisdiction outside of Hong Kong, should read the details in this regard which are contained in paragraph 6 of Appendix I to this document before taking any action.

Other arrangements in relation to the Offers

Save for the Sale and Purchase Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror and which might be material to the Offers. Other than the Sale and Purchase Agreement, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers.

As at the Latest Practicable Date, none of the Offeror or parties acting in concert with it has received any irrevocable commitment to or not to accept the Offers.

Compulsory acquisition

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares after the close of the Offers.

LETTER FROM GET NICE SECURITIES

Information of the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 20 August 2007 and is a wholly-owned subsidiary of CE. It has carried on no business since incorporation until the entering into of the Sale and Purchase Agreement. The directors of the Offeror are Mr. Lau and Mr. Lau, Ming-wai.

CE is an investment holding company incorporated in Bermuda with limited liability and its securities are listed on the Main Board of the Stock Exchange. CE Group is principally engaged in the property investment and development in Hong Kong, the PRC and Macau, brokerage, securities investments, money lending and cosmetics businesses. As at the Latest Practicable Date, the board of directors of CE comprised Mr. Lau and Mr. Lau, Ming-wai as executive directors, Ms. Amy Lau, Yuk-wai as non-executive director and Mr. Chan, Kwok-wai, Mr. Cheng, Kwee and Ms. Phillis Loh, Lai-ping as independent non-executive directors.

Shareholdings and dealings

Shares

The following table sets out the shareholding of each of the Offeror, the directors of the Offeror and parties acting in concert with the Offeror in the Company (as the case may be) as at the Latest Practicable Date:

Name of Shareholders	Number of Shares	%
The Offeror (<i>Note 1</i>)	740,518,325	36.51
High Victory Limited (<i>Note 1</i>)	113,818,911	5.61
Million Point Limited (<i>Note 1</i>)	50,000,000	2.47
Luckpoint Investment Limited (<i>Note 1</i>)	76,877,685	3.79
Great Empire International Ltd. (<i>Note 1</i>)	37,162,165	1.83
Asian Kingdom Limited (<i>Note 2</i>)	493,678,883	24.34
Total	<u>1,512,055,969</u>	<u>74.55</u>

Notes:

1. These companies are subsidiaries of CE and being fellow subsidiaries of the Offeror, these companies are parties acting in concert with the Offeror for the purpose of the Takeovers Code. Mr. Lau and Mr. Lau, Ming-wai, both being directors of the Offeror, are interested in 53.55% of the issued shares of CE within the meaning of Part XV of the SFO as at the Latest Practicable Date.
2. Asian Kingdom Limited is a company ultimately and wholly owned by Mr. Lau who is one of the directors of the Offeror.

LETTER FROM GET NICE SECURITIES

Convertible Bonds

As at the Latest Practicable Date, (i) Fame Ascent, a party acting in concert with the Offeror, owned the Convertible Bonds in the principal amount of HK\$108,000,000 and (ii) Asian Kingdom Limited, a party acting in concert with the Offeror, owned the AK Bond. The maturity date of the Convertible Bonds is 25 October 2010, being the third anniversary of the issue date of the Convertible Bonds. The Convertible Bonds owned by Fame Ascent and the AK Bond is convertible into 666,666,666 Shares and 444,444,444 Shares respectively based on the initial conversion price of HK\$0.162 per Share.

Save as disclosed in the sub-paragraphs headed “Shares” and “Convertible Bonds” above, none of the Offeror, the directors of the Offeror nor parties acting in concert with the Offeror had any shareholding in the Company as at the Latest Practicable Date.

Dealings in the Shares

On 29 January 2008, Paul Y. Holdings Company Limited, a direct wholly-owned subsidiary of CE, transferred an aggregate of 113,818,911 Shares, representing approximately 5.61% of the voting rights of the Company, to High Victory Limited, an indirect wholly-owned subsidiary of CE, at a price of HK\$0.59 per Share (“Internal Transfer”). Being fellow subsidiaries of the Offeror, Paul Y. Holdings Company Limited and High Victory Limited are parties acting in concert with the Offeror for the purpose of the Takeovers Code.

The price at which the Internal Transfer was effected, being HK\$0.59 per Share, was higher than the Share Offer Price.

An application had been made by CE, Paul Y. Holdings Company Limited and the Offeror for the Executive’s consent, and the Executive had consented under Rule 26.3(b) of the Takeovers Code that the price at which the Internal Transfer was effected should not apply in the Offers notwithstanding that such price is higher than the Share Offer Price and the CB Offer Price.

Except for the Subscription, the entering into of the Sale and Purchase Agreement, the acquisition of the Sale Shares and the Internal Transfer, neither the Offeror, its directors nor parties acting in concert with the Offeror has dealt in any Shares or any options, warrants, derivatives or securities which are convertible into Shares during the Relevant Period.

LETTER FROM GET NICE SECURITIES

Intention of the Offeror regarding the Group

At present, the Group is principally engaged in property investment and leasing in Hong Kong. In addition, the Group is developing the Methanol Project. Following the close of the Offers, the Offeror intends that the Group will continue its existing business (other than the Methanol Project which will be sold to the KB Group pursuant to the Disposal Agreement and the Acetic Acid Project which will be terminated pursuant to the Termination Deed) and will maintain the listing status of the Company on the Main Board of the Stock Exchange. The Offeror considers that the acquisition of the Sale Shares and the Offers represent an opportunity to increase the CE Group's stake in the Company of which the CE Group is already a Controlling Shareholder, so as to consolidate its control and investment in the Company.

However, the Offeror will conduct a review on the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Other than in the ordinary course of business of the Group, the disposal of the Methanol Project or the termination of the Acetic Acid Project, the Offeror has no intention to discontinue the employment of the employees or to dispose of or redeploy the assets of the Group nor make any major changes to the business of the Group. Any disposal of the existing business of the Group, if contemplated, will be made in full compliance with the Listing Rules. The Offeror has no intention to inject any assets or businesses into the Company.

The Offeror does not intend to nominate additional Director to the Board. Appropriate announcement will be made if there is any further proposed change of the composition of the Board and any new appointment of Directors.

Maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage of public holding applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. Each of the Offeror and the Company has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offers.

LETTER FROM GET NICE SECURITIES

Taxation

Independent Shareholders and the Bondholder are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of the Offeror, Get Nice Securities, the Company or any of their respective directors or any persons involved in the Offers accepts responsibility for any taxation effects on or liabilities of any person or persons as a result of their acceptance of the Offers.

This document does not include any information in respect of overseas taxation. Shareholders who may be subject to overseas tax are urged to consult their tax advisers regarding the relevant jurisdiction of owning and disposing of the Shares.

Further terms of the Offers

Further terms and conditions (including the procedures for acceptance and settlement and the acceptance period) of the Offers are also set out in Appendix I to this document and the Form(s) of Acceptance.

Miscellaneous

The securities to be acquired in pursuance to the Offers will not be transferred, charged or pledged to any other persons.

No shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company at the Latest Practicable Date.

As at the Latest Practicable Date, no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offers.

None of the Offeror or parties acting in concert with it had any arrangement of the kind described in Note 8 to Rule 22 of the Takeovers Code with any person as at the Latest Practicable Date.

Save for the Disposal Agreement, as at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependence upon the Offers.

LETTER FROM GET NICE SECURITIES

3. GENERAL

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. As for the beneficial owners of the Shares, whose investments are registered in nominee names, would like to accept the Share Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Share Offer.

The attention of the Overseas Shareholders is drawn to paragraph 6 of Appendix I to this document.

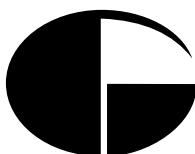
All documents and remittances sent to the Shareholders and the Bondholder by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Shareholders and the Bondholder at their addresses as they appear in the register of members of the Company or the register of Bondholders (as the case may be) or, in the case of joint Shareholders, to the Shareholder whose name appear first in the register of members of the Company, as applicable. None of the Offeror, the Company, Get Nice Securities or any of their respective directors or any other person involved in the Offers will be responsible for any loss or delay in transmission of any other liabilities that may arise as a result thereof.

4. ADDITIONAL INFORMATION

Your attention is also drawn to the accompanying Form(s) of Acceptance and the additional information set out in the appendices which form part of this document.

Yours faithfully,
For and on behalf of
Get Nice Securities Limited
Cheng Wai Ho
Director

LETTER FROM THE BOARD



G·PROP
(HOLDINGS) LIMITED

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*)
Mr. Chan, Wing-kwan
Mr. Chang, Wing-yiu

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Leung, Yun-fai
Mr. Lam, Yat-fai
Dr. David Chain, Chi-woo

*Head office and principal place
of business in Hong Kong:*

26th Floor
MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

15 April 2008

To the Independent Shareholders and the Bondholder

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
GET NICE SECURITIES ON BEHALF OF MASS RISE FOR
(1) ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY MASS RISE AND PARTIES ACTING IN CONCERT WITH IT)
AND
(2) THE CONVERTIBLE BONDS (OTHER THAN THE AK BOND)**

INTRODUCTION

It was announced on 7 March 2008 in the Joint Announcement that the Offeror completed the acquisition of 740,518,325 Shares (representing approximately 36.51% of the issued share capital of the Company as at the Latest Practicable Date) from Fame Ascent on 5 February 2008. Accordingly, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code and to make a comparable offer for the outstanding Convertible Bonds (other than the AK Bond).

LETTER FROM THE BOARD

Independent Board Committee comprising the three independent non-executive Directors, namely Mr. Leung, Yun-fai, Mr. Lam, Yat-fai and Dr. David Chain, Chi-woo, has been appointed to make a recommendation to the Independent Shareholders and the Bondholder as to whether the terms of the Offers are fair and reasonable and as to acceptance. The Independent Board Committee has approved the appointment of Wallbanck Brothers as its adviser in relation to the Offers.

The purpose of this document is to provide you with, inter alia, information relating to the Group, the Offers and the recommendation of the Independent Board Committee to the Independent Shareholders and the Bondholder regarding the Offers, and the advice of Wallbanck Brothers to the Independent Board Committee on the Offers.

MANDATORY UNCONDITIONAL CASH OFFERS

Get Nice Securities, on behalf of the Offeror, is making the Share Offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and the CB Offer to acquire all the Convertible Bonds (other than the AK Bond) subject to the terms set out in this document and the Form(s) of Acceptance on the following basis:

Share Offer Price HK\$0.164 in cash

CB Offer Price HK\$0.164 in cash for each underlying Share which
may fall to be allotted and issued upon conversion
at the initial conversion price of HK\$0.162 per Share

Details of the Offers are set out in the letter from Get Nice Securities on pages 9 to 18 to this document, Appendix I to this document and the accompanying Form(s) of Acceptance.

LETTER FROM THE BOARD

INFORMATION OF THE COMPANY

The following table is a summary of the Group's audited consolidated financial information as stated in the final results announcement for the year ended 31 December 2007 of the Company:

	For the year ended	
	31 December	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2,812	3,512
Profit before tax	13,859	5,511
Profit attributable to the Shareholders	15,193	4,819
	As at 31 December	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	365,659	128,676

The Company has a market capitalisation of approximately HK\$791.02 million based on 2,028,255,008 Shares in issue and the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Further financial information of the Group is set out in appendix II of this document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the section headed "Intention of the Offeror regarding the Group" in the letter from Get Nice Securities set out on pages 9 to 18 of this document for intentions of the Offeror regarding the Group.

LETTER FROM THE BOARD

LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage of public holding applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. Each of the Offeror and the Company has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offers.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from Get Nice Securities as set out on pages 9 to 18 of this document, Appendix I to this document and the accompanying Form(s) of Acceptance which contain details of the Offers.

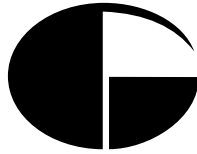
You are recommended to read this document and the accompanying Form(s) of Acceptance for details of the Offers. Your attention is also drawn to the additional information set out in the appendices contained in this document.

RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on pages 23 to 24 of this document. Your attention is also drawn to the letter of advice from Wallbank Brothers set out on pages 25 to 48 of this document, which contains, among other matters, its advice to the Independent Board Committee in relation to the Offers and the principal factors considered by it in arriving at its recommendation.

Yours faithfully,
For and on behalf of the Board
Lam, Kwong-wai
Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

15 April 2008

To the Independent Shareholders and the Bondholder

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
GET NICE SECURITIES ON BEHALF OF MASS RISE FOR
(1) ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY MASS RISE AND PARTIES ACTING IN CONCERT WITH IT)
AND
(2) THE CONVERTIBLE BONDS (OTHER THAN THE AK BOND)**

We refer to this document dated 15 April 2008 jointly issued by the Company and the Offeror (the “Document”), of which this letter forms part. Terms defined in the Document shall bear the same meanings when used herein unless the context requires otherwise.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Bondholder are concerned. Wallbank Brothers has been appointed to advise us in this respect, details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the letter from Wallbank Brothers on pages 25 to 48 of the Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the letter from the Board, the letter from Get Nice Securities and the additional information set out in the appendices to the Document.

Taking into account the terms of the Offers and the advice from Wallbanck Brothers, we consider that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Bondholder are concerned and recommend the Independent Shareholders and the Bondholder to accept the Offers.

However, we would recommend the Independent Shareholders to closely monitor the market price and liquidity of the Shares on the Stock Exchange during the Offer Period due to the reason that the Shares had been trading at closing prices ranging from HK\$0.255 per Share to HK\$3.490 per Share during the period from February 2007 (being one year preceding the date of the Joint Announcement) to the Latest Practicable Date which were much higher than the Share Offer Price. Independent Shareholders should consider selling their Shares in the open market, where possible, instead of accepting the Share Offer, if the net proceeds from the sales exceed the amount receivable under the Share Offer.

Yours faithfully,

For and on behalf of

Independent Board Committee

Leung, Yun-fai

Lam, Yat-fai

David Chain, Chi-woo

Independent non-executive Directors

LETTER FROM WALLBANCK BROTHERS

The following is the full text of a letter of advice from Wallbanck Brothers, the Independent Financial Adviser to the Independent Board Committee regarding the Offers, for the purpose of inclusion in this document.



WALLBANCK BROTHERS

Securities (Hong Kong) Limited

1005B, Tower 1, Lippo Centre,

89 Queensway, Central,

Hong Kong

15 April 2008

*To the independent board committee,
of G-Prop (Holdings) Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFERS
BY GET NICE SECURITIES ON BEHALF OF MASS RISE FOR
(i) ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY
OWNED OR AGREED TO BE ACQUIRED BY MASS RISE AND
PARTIES ACTING IN CONCERT WITH IT) AND
(ii) THE CONVERTIBLE BONDS (OTHER THAN THE AK BOND)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers, details of which are set out in the “Letter from Get Nice Securities” and the “Letter from the Board” (the “Board Letter”) contained in the composite offer and response document to the Shareholders and Bondholder dated 15 April 2008 (the “Composite Offer Document”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Offer Document unless the context requires otherwise.

LETTER FROM WALLBANCK BROTHERS

The Independent Board Committee has been established to advise the Independent Shareholders and the Bondholder in relation to the Offers. We have been appointed to advise the Independent Board Committee as to whether or not the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Bondholder are concerned, and to give our opinion regarding the Offers for the Independent Board Committee's consideration in making their recommendation to the Independent Shareholders and the Bondholder.

Mr. Leung, Yun-fai, Mr. Lam, Yat-fai and Dr. David Chain, Chi-woo have confirmed to the Company their nil interests in the Company and that they are independent with respect to the Offers and are independent of and not acting in concert with the Offeror and the parties acting in concert with it, Mr. Joseph Lau, Luen-hung, Mr. Lau, Ming-wai and the parties acting in concert with any of them. Accordingly, the Independent Board Committee comprises Mr. Leung, Yun-fai, Mr. Lam, Yat-fai and Dr. David Chain, Chi-woo.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the accuracy of the information, opinions and representations provided to us by the Directors and management of the Company, and have assumed that all information, opinions and representations contained or referred to in the Composite Offer Document were true and accurate at the time when they were made and will continue to be accurate at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Composite Offer Document were reasonably made after due enquiry. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Offer Document to provide a reasonable basis for our opinions and recommendations. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Composite Offer Document, including this letter, misleading. 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 Company.

LETTER FROM WALLBANCK BROTHERS

In formulating our opinion, we have relied on the financial information provided by the Company, particularly, on the accuracy and reliability of financial statements and other financial data of the Company. We have not audited, compiled nor reviewed the said financial statements and financial data. We shall not express any opinion or any form of assurance on them. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. The Directors have also advised us that no material facts have been omitted from the information to reach an informed view, and we have no reason to suspect that any material information has been withheld. We have not carried out any feasibility study on any past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company. Our opinion has been formed on the assumption that any analysis, estimation, forecast, anticipation, condition and assumption provided by the Company are valid and sustainable. Our opinions shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company.

In formulating our opinion, we have not considered the taxation implications on the Independent Shareholders and the Bondholder arising from the Offers as these are particular to the individual circumstances of each Shareholder and Bondholder. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her decision to the Offers. In particular, the Independent Shareholders and the Bondholder who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consult their own tax positions, and if in any doubt, should consult their own professional advisers.

Our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of, the Latest Practicable Date.

Our opinions are formulated only and exclusively for the purpose of the Offers and shall not be used for any other purpose in any circumstance nor for any comparable purpose with any other opinions.

We take no responsibility for the contents of the Board Letter, the letter from Get Nice Securities, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the aforesaid documents.

LETTER FROM WALLBANCK BROTHERS

BACKGROUND TO AND TERMS OF THE OFFERS

According to the Composite Offer Document, on 1 February 2008, the Offeror (as purchaser) and Fame Ascent (as vendor) entered into the Sale and Purchase Agreement, pursuant to which the Offeror had purchased the Sale Shares, which represented approximately 36.51% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement.

The consideration for the Sale Shares is HK\$120,777,422.96 (the "Consideration") in cash and was determined with reference to the original investment cost of the Sale Shares to Fame Ascent plus a premium, which was calculated at a rate of 2.5% per annum of such original investment cost from the date of issue of the Sale Shares up to 31 January 2008. The average purchase price per Sale Share was approximately HK\$0.1631.

According to the Composite Offer Document, immediately after the completion of the sale and purchase of the Sale Shares which took place on 5 February 2008, the Offeror itself had acquired more than 30% of the voting rights of the Company and the Offeror and parties acting in concert with it, in aggregate, owned 1,512,055,969 Shares, representing approximately 74.55% of the entire issued share capital of the Company on 5 February 2008. Accordingly, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by it and the parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code. Under Rule 13 of the Takeovers Code, the Offeror is also required to make a comparable offer for all the outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, if any, as part of the Offers. In this regard, we understand from the final results announcement of the Company for the year ended 31 December 2007 (the "Results Announcement") that the Company has adopted a share option scheme (the "Scheme") on 15 February 2002. However, the Directors advised that the Company would not grant any option under the Scheme during the Offer Period. In addition, save and except for the Convertible Bonds, the Company does not have other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of any options, derivatives, warrants or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date. As such, the Offeror will also make a comparable offer for the outstanding Convertible Bonds (other than the AK Bond) as part of the Offers.

As at the Latest Practicable Date, there were 2,028,255,008 Shares in issue, of which 1,512,055,969 Shares (including the Sale Shares of 740,518,325 Shares) were held by the CE Group and/or the parties acting in concert with it. Consequently, the remaining 516,199,039 Shares in the issued share capital of the Company were subject to the Offers as at the Latest Practicable Date.

LETTER FROM WALLBANCK BROTHERS

The Offers (comprising the Share Offer and the CB Offer) will be made by Get Nice Securities, on behalf of the Offeror, in compliance with the Takeovers Code on the following basis:

The Share Offer

The Share Offer Price HK\$0.164 in cash

The CB Offer

The CB Offer Price HK\$0.164 in cash for each underlying
Share which may fall to be allotted
and issued upon conversion of
the Convertible Bonds at
the initial conversion price of
HK\$0.162 per Share

By accepting the Share Offer, the Shareholders (other than the Offeror and the parties acting in concert with it) will sell their Shares to the Offeror or its nominee free from all liens, claims and encumbrances and with all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid on or after the date on which the Share Offer is made, i.e. the date of posting of the Composite Offer Document.

By accepting the CB Offer, the Bondholder will sell his/her/its Convertible Bonds to the Offeror or his/her/its nominee free from all liens, claims and encumbrances and with all rights attached to them, on or after the date on which the CB Offer is made, i.e. the date of posting of the Composite Offer Document.

On the basis of the Share Offer Price of HK\$0.164 per Share and the entire 2,028,255,008 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$332.63 million. Based on the 516,199,039 Shares subject to the Share Offer, all of the Shares subject to the Share Offer are valued at approximately HK\$84.66 million.

Other than the AK Bond, the principal amount of the remaining Convertible Bonds is HK\$108,000,000 and based on the initial conversion price of HK\$0.162 per Share, an aggregate of 666,666,666 Shares will be allotted and issued by the Company to the Bondholder if the conversion rights attaching to such Convertible Bonds are exercised in full. Based on the CB Offer Price, the remaining Convertible Bonds that subject to the CB Offer are valued at approximately HK\$109.33 million.

Further terms and conditions of the Offers, including the procedures for acceptance and settlement and the acceptance period, are set out in Appendix I to the Composite Offer Document and the Form(s) of Acceptance.

LETTER FROM WALLBANCK BROTHERS

The Offeror has indicated its intention that the Company will remain listed on the Stock Exchange upon completion of the Offers. Each of the Offeror and the Company has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close the Offers.

The Stock Exchange has stated that, if at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offers, we have taken into consideration the following principal factors and reasons:

(1) Information on the Group

Business overview of the Group

According to the Composite Offer Document, the Group is principally engaged in property investment and leasing in Hong Kong.

The following is a summary of the audited consolidated income statement of the Group for the three years ended 31 December 2007:

	For the year ended 31 December		
	2007	2006	2005
	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(audited)	(audited)	(audited)
Turnover	2,812	3,512	4,698
– Rental income	2,782	3,227	4,189
– Income from finance	30	285	509
Gross profit	2,498	1,823	2,661
Gross profit margin (%)	88.83	51.91	56.64
Profit before tax	13,859	5,511	9,216
Profit after tax	15,193	4,819	7,092

Source: the Results Announcement and the annual report for the year ended 31 December 2006

LETTER FROM WALLBANCK BROTHERS

According to the above table, the Group's total turnover had been showing a downward moving trend. Furthermore, the Group's profitability was relatively unpredictable in recent years. The Group derived most of its revenue from rental income, being the leasing out of commercial property.

According to the Company's annual report for the financial year ended 31 December 2006 (the "2006 Annual Report"), the Company's turnover for the year was HK\$3.5 million and was decreased by approximately HK\$1.2 million or 25.2% when compared with the year of 2005. The decrease in turnover was the result of decrease in rental income and other investment of approximately HK\$1 million and approximately HK\$0.2 million respectively.

The profit after tax for the year of 2006 was HK\$4.8 million and was decreased by approximately HK\$2.2 million or 32.1%. It is merely because the loss on disposal of investment properties for the year was HK\$0.7 million but there was a gain on disposal of investment properties of HK\$3.5 million in the year of 2005. Other operating income for the year of 2006 was approximately HK\$2.4 million (2005: approximately HK\$1 million), which mainly comprised of bank interest income of HK\$1.8 million, representing an increase of 3.3 times from the year of 2005. Increase in bank interest income was due to increase in bank balance arising from the disposal of investment properties during the year of 2006.

According to the Results Announcement, the Company's turnover for the year of 2007 was HK\$2.8 million and was decreased by approximately HK\$0.7 million or 19.9% when compared with the year of 2006. The decrease in turnover was the result in decrease of rental income and other investment of approximately HK\$0.4 million and approximately HK\$0.3 million respectively.

The profit attributable to the Shareholders for the year of 2007 was approximately HK\$15.2 million, representing an increase of approximately HK\$10.4 million or 215.3%. Such increase was merely because of a gain on disposal of an intangible asset of approximately HK\$11.9 million (2006: HK\$Nil); a 202.0% or amount of approximately HK\$3.7 million increase in bank interest income; a gain on disposal of investment properties amounting to approximately HK\$0.6 million (2006: a loss of approximately HK\$0.7 million); and a decrease of approximately HK\$1.4 million in direct cost.

LETTER FROM WALLBANCK BROTHERS

The Directors represented that they do not consider the above factors which had led to a rise in the Group's profits in 2007 to be recurrent. Moreover, the Directors are also of the view that since the Group's principal business is property investment and leasing in Hong Kong, the Group's business performance is heavily dependent on the fluctuating condition of the property market in Hong Kong, and thus the business prospects of the Group will remain uncertain in the near future.

Assets and liabilities position of the Group

The following is a summary of the audited consolidated balance sheet of the Group as at 31 December 2007 and 31 December 2006:

	As at 31 December 2007 HK\$'000	As at 31 December 2006 HK\$'000	% change from 2006 to 2007 %
Total assets	532,342	133,813	297.83
– time deposits, bank balances and cash	354,015	88,062	302.01
Total liabilities	166,683	5,137	3,144.75
– the Convertible Bonds	143,678	–	–
Net asset value (“NAV”)	365,659	128,676	184.17
Gearing level (Total debt/total equity)	0.39 times	–	–

Source: the Results Announcement

As shown by the above table, the Group enjoyed an improving net assets position from 31 December 2006 to 31 December 2007. According to the Results Announcement, the Group retained most of its profits derived during the same said year as “time deposits, bank balances and cash”. The time deposits, bank balances and cash as at 31 December 2007 was approximately HK\$354.015 million, representing approximately 4.02 times than that of the year of 2006. The said increase in the time deposits, bank balances and cash was due to the Subscription as disclosed in the Subscription Announcement where the Company has received a net proceeds of approximately HK\$373 million from Subscription. Despite such improvement in the cash position, the Directors confirmed that the Group has no current plan for any investments and/or acquisition transactions. As at 31 December 2007, the Group's gearing level was approximately 0.39 times due to the issue of the Convertible Bonds.

LETTER FROM WALLBANCK BROTHERS

Future prospect of the Group

As stated in the Results Announcement, the Group will continue to hold the thirty-one carparking spaces at Bank of East Asia Harbour View Centre and Nine Queen's Road Central for rental purpose. At the same time, the Directors are reviewing on the business activities in particular on the development of methanol production and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. As disclosed in the Company's announcement dated 31 March 2008, the recent change in the performance and sentiment of the capital market (in particular, the change after November 2007) has led to a more difficult environment for the Group to raise additional capital for the development of the Methanol Project and the Acetic Acid Project in the medium to long term. Hence, the Board, having considered the medium to long term business plan, decided to cease to take part in the Methanol Project and the Acetic Acid Project and on 1 February 2008, the Group and KB Group entered into the Disposal Agreement and the Termination Deed. The Company will continue actively and continuous seek for new potential investment opportunities in order to increase the value of the Shareholders.

(2) **Industry review**

The following table indicates the rental and price indices for private domestic property and private office property in Hong Kong from 1997 to 2007 released by the Rating and Valuation Department of the Government of the Hong Kong Special Administrative Region (<http://www.rvd.gov.hk>).

Rental index of property in Hong Kong from 1997 to 2007 (1999 = 100)

	Private domestic	Year to year % change	Private office	Year to year % change
1997	134.5		156.8	
1998	112.6	(16.28)	135.9	(13.33)
1999	100.0	(11.19)	100.0	(26.42)
2000	98.1	(1.90)	98.5	(1.50)
2001	95.4	(2.75)	101.0	2.54
2002	83.4	(12.58)	85.4	(15.45)
2003	73.6	(11.75)	74.6	(12.65)
2004	77.7	5.57	78.1	4.69
2005	86.5	11.33	96.4	23.43
2006	91.6	5.90	117.4	21.78
2007	101.8	11.14	131.8	12.27
Maximum	134.5		156.8	
Minimum	73.6		74.6	
Mean	95.9		106.9	
Standard Deviation	17.1		25.8	

LETTER FROM WALLBANCK BROTHERS

**Price index of property in Hong Kong from 1997 to 2007
(1999 = 100)**

	Private domestic	Year to year % change	Private office	Year to year % change
1997	163.1		213.1	
1998	117.1	(28.20)	134.5	(36.88)
1999	100.0	(14.60)	100.0	(25.65)
2000	89.6	(10.40)	89.9	(10.10)
2001	78.7	(12.17)	78.7	(12.46)
2002	69.9	(11.18)	68.4	(13.09)
2003	61.6	(11.87)	62.5	(8.63)
2004	78.0	26.62	99.3	58.88
2005	92.0	17.95	133.0	33.94
2006	92.7	0.76	139.3	4.74
2007	103.5	11.54	164.9	17.95
Maximum	163.1		213.1	
Minimum	61.6		62.5	
Mean	95.1		116.7	
Standard Deviation	27.5		45.5	

According to the above tables, we noted that during the period from 1997 to 2007, the rental index for private domestic property ranged from 73.6 to 134.5 with a mean and standard deviation of 95.9 and 17.1 respectively; while the rental index for private office property ranged from 74.6 to 156.8 with a mean and standard deviation of 106.9 and 25.8 respectively. As for the price index during the said time horizon under review, the price index for private domestic property ranged from 61.6 to 163.1 with a mean and standard deviation of 95.1 and 27.5 respectively; while the price index for private office property ranged from 62.5 to 213.1 with a mean and standard deviation of 116.6 and 45.5 respectively. Based on the above, it is obvious that all the rental and price indices for private domestic property and private office property had ranged widely with large standard deviations.

LETTER FROM WALLBANCK BROTHERS

Having considered (i) the recent downward moving trend of the Group's total turnover; (ii) the Group's historical unpredictable profitability level; and (iii) the condition of the property market in Hong Kong which may continue to fluctuate in the near future given the historical volatility of the property market in Hong Kong as proven by the statistics as just presented, we concur with the Directors that the business prospects of the Group would likely to remain uncertain in the near future.

(3) Information on the Offeror

According to the Composite Offer Document, the Offeror is a company incorporated in the British Virgin Islands with limited liability on 20 August 2007 and is a wholly-owned subsidiary of CE. The Offeror has not carried out any business since its incorporation until the entering into of the Sale and Purchase Agreement. The directors of the Offeror are Mr. Lau and Mr. Lau, Ming-wai.

We also noted that CE is an investment holding company incorporated in Bermuda with limited liability, the securities of which are listed on the Main Board of the Stock Exchange. The CE Group is principally engaged in (i) property investment and development in Hong Kong, the PRC and Macau; (ii) brokerage, securities investments, money lending businesses; and (iii) cosmetics business.

(4) Intention of the Offeror regarding the Group

According to the Composite Offer Document, at present, the Group is principally engaged in property investment and leasing in Hong Kong. In addition, the Group is developing the Methanol Project. Following the close of the Offers, the Offeror intends that the Group will continue its existing business (other than the Methanol Project which will be sold to the KB Group pursuant to the Disposal Agreement and the Acetic Acid Project which will be terminated pursuant to the Termination Deed) and will maintain the listing status of the Company on the Main Board of the Stock Exchange. The Offeror considers that the acquisition of the Sale Shares and the Offers represent an opportunity to increase the CE Group's stake in the Company of which the CE Group is already a Controlling Shareholder, so as to consolidate its control and investment in the Company.

LETTER FROM WALLBANCK BROTHERS

However, the Offeror will conduct a review on the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Other than in the ordinary course of business of the Group, the disposal of the Methanol Project or the termination of the Acetic Acid Project, the Offeror has no intention to discontinue the employment of the employees or to dispose of or redeploy the assets of the Group. Any disposal of the existing business of the Group, if contemplated, will be made in full compliance with the Listing Rules. The Offeror has no intention to inject any assets or businesses into the Company.

The Offeror does not intend to nominate additional Director to the Board. Appropriate announcement will be made if there is any further proposed change of the composition of the Board and any new appointment of Directors.

Having taken into account (i) the Group's business prospects which is likely to remain uncertain in the near future as detailed under the sub-paragraph headed "Business overview of the Group" of this letter; (ii) the Group has not formulated any concrete plan for business development at present even though its cash position has improved significantly; and (iii) the intention of the Offeror to maintain the existing business activities of the Group without injecting any material assets or businesses into the Company, we are of the opinion that the Offers provide a ready exit for the Independent Shareholders to realize their investments in the Shares.

Independent Shareholders who are confident of the Group's prospects after the completion of the Offers may consider not accepting the Offers. However, they should carefully consider the relevant risks and uncertainties in doing so.

LETTER FROM WALLBANCK BROTHERS

(5) Historical Share price performance and trading liquidity of the Shares

Historical Share price performance

The highest, lowest and monthly average daily closing prices of the Shares for each of the months from February 2007 (being one year preceding the date of the Joint Announcement) to the Latest Practicable Date (the “Review Period”) are as follows:

Month	Highest closing price <i>HK\$</i>	Lowest closing price <i>HK\$</i>	Average daily closing price <i>HK\$</i>
2007			
February (<i>Note 1</i>)	0.315	0.255	0.288
March (<i>Note 2</i>)	3.490	0.305	1.268
April	2.230	1.580	1.748
May	2.370	1.610	1.881
June	1.930	1.640	1.745
July (<i>Note 3</i>)	2.380	1.720	2.131
August (<i>Note 3</i>)	2.690	1.740	2.033
September	1.950	1.700	1.842
October	1.700	0.970	1.341
November	1.740	1.100	1.375
December	1.120	0.870	1.002
2008			
January (up to and including the last trading day prior to the issue of the First Announcement) (<i>Notes 4 & 5</i>)	0.950	0.570	0.799
February (<i>Note 5</i>)	N/A	N/A	N/A
Post-Announcement Period			
March (<i>Note 5</i>)	N/A	N/A	N/A
April (up to and including the Latest Practicable Date)	0.395	0.360	0.380

Source: the Stock Exchange website (www.hkex.com.hk)

LETTER FROM WALLBANCK BROTHERS

Notes:

1. Trading in the Shares was suspended from 17 January 2007 to 13 February 2007 (both days inclusive).
2. Trading in the Shares was suspended on 23 March 2007, 27 March 2007 and 28 March 2007.
3. Trading in the Shares was suspended from 31 July 2007 to 7 August 2007 (both days inclusive).
4. Trading in the Shares was suspended on 18 January 2008 and 21 January 2008.
5. Trading in the Shares was suspended from 29 January 2008 to 31 March 2008.

From the above table, we noted that the average daily closing prices of the Shares had been rising from February 2007 until it reached the peak in July 2007. Thereafter, the Shares' average daily closing prices dropped persistently from HK\$2.131 per Share to HK\$0.380 per Share. During the Review Period, the closing prices of the Shares varied within a range between HK\$0.255 per Share and HK\$3.490 per Share which were above the Share Offer Price. In particular, the Share Offer Price represents:

- (a) a discount of approximately 72.20% to the closing price of HK\$0.59 per Share as quoted on the Main Board of the Stock Exchange on 28 January 2008, being the last full trading day prior to the issue of the First Announcement;
- (b) a discount of approximately 77.19% to the average closing price of approximately HK\$0.719 per Share as quoted on the Stock Exchange for the last 10 consecutive full trading days prior to the issue of the First Announcement;
- (c) a discount of approximately 8.89% to the audited consolidated net asset value per Share of approximately HK\$0.180 as at 31 December 2007 based on the Company's final results announcement for the year ended 31 December 2007; and
- (d) a discount of approximately 57.95% to the average closing price of approximately HK\$0.39 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM WALLBANCK BROTHERS

As confirmed by the Company, the Share Offer Price (which is the same with CB Offer Price) is not less than the average purchase price per Sale Share of approximately HK\$0.1631.

Trading liquidity of the Shares

The table below sets out (i) the monthly average daily trading volume of the Shares (the “Average Volume”); (ii) the percentage of the Average Volume to the total number of issued Shares held by the public as at the Latest Practicable Date; and (iii) the percentage of Average Volume to the total number of the Shares as at the Latest Practicable Date respectively during the Review Period:

Month	No. of trading days in each month	Average daily trading volume <i>Shares</i>	The Average Volume to total number of issued Shares held by the public as at the Latest Practicable Date <i>(Note 1)</i> %	The Average Volume to total number of issued Shares as at the Latest Practicable Date <i>(Note 2)</i> %
2007				
February <i>(Note 3)</i>	9	24,531,124	4.75	1.21
March <i>(Note 4)</i>	19	106,124,988	20.56	5.23
April	18	44,689,355	8.66	2.20
May	21	41,698,785	8.08	2.06
June	20	39,666,871	7.68	1.96
July <i>(Note 5)</i>	20	19,128,223	3.71	0.94
August <i>(Note 5)</i>	18	17,781,630	3.44	0.88
September	19	4,006,895	0.78	0.20
October	21	8,312,775	1.61	0.41
November	22	6,473,388	1.25	0.32
December	19	3,433,786	0.67	0.17
2008				
January (up to and including the Last Trading Day) <i>(Notes 6 & 7)</i>	17	2,967,770	0.57	0.15
February <i>(Note 7)</i>	0	0	0	0
Post-Announcement Period				
March 2008 <i>(Note 7)</i>	0	0	0	0
April 2008 (up to and including the Latest Practicable Date)	8	52,382,043	10.15	2.58

Source: the Stock Exchange website (www.hkex.com.hk)

LETTER FROM WALLBANCK BROTHERS

Notes:

1. Based on 516,199,039 Shares held in public hands as at the Latest Practicable Date.
2. Based on 2,028,255,008 Shares in issue as at the Latest Practicable Date.
3. Trading in the Shares was suspended on 17 January 2007 to 13 February 2007 (both days inclusive).
4. Trading in the Shares was suspended on 23 March 2007, 27 March 2007 and 28 March 2007.
5. Trading in the Shares was suspended from 31 July 2007 to 7 August 2007 (both days inclusive).
6. Trading in the Shares was suspended from 18 January 2008 and 21 January 2008.
7. Trading in the Shares was suspended from 29 January 2008 to 31 March 2008.

The above table depicts that the average daily trading volume of the Shares on the Stock Exchange was generally thin during the Relevant Period. Save and except for the period from March 2007 to June 2007 and for the month of April 2008, the average daily trading volume in the Shares was below 5% and 1.3% of the total number of issued Shares held by the public as at the Latest Practicable Date and the total number of issued Shares as at the Latest Practicable Date respectively. Regarding the exceptionally high liquidity of the Shares from March 2007 to June 2007, we have enquired the Directors and the Directors confirmed that it was mainly due to the optimistic market sentiment towards (i) the disposal of certain investment properties owned by the Group; (ii) the resignation of the chairman of the Company; (iii) the placing of the Shares; (iv) the disposal of the Company's indirect interest in certain associated companies and certain related intellectual property rights; and (v) the acquisition of Grow Wealth Company Ltd., Minkind Development Limited and Remson Investment Limited, which were announced by the Company on 23 March 2007, 31 May 2007, 4 June 2007, 22 June 2007 and 26 June 2007, respectively, and the high liquidity of the Shares had failed to sustain afterwards.

Given the generally low liquidity of the Shares especially for the period from January 2008 to March 2008, we consider that despite that the Share Offer Price represents discounts to the historical closing prices of the Shares as mentioned above, Independent Shareholders who wish to realize their investments in the Company, especially those with relatively sizeable shareholdings, may not be able to do so without creating a compressing pressure on the market price of the Shares. Therefore, we consider that the Offers provide an alternative for the Independent Shareholders who would like to realize their investments in the Shares.

LETTER FROM WALLBANCK BROTHERS

Nonetheless, we would like to remind the Independent Shareholders that the Shares had been trading at closing prices ranging from HK\$0.255 per Share to HK\$3.490 per Share during the Review Period which were much higher than the Share Offer Price. As a result, the Independent Shareholders who intend to dispose part or all of their Shares are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the disposal of such Shares in the open market exceeds the amount receivable under the Share Offer.

(6) Net Asset Value (“NAV”) of the Group

The audited consolidated NAV of the Group was approximately HK\$365,659,000 (or equivalent to approximately HK\$0.180 per Share) as at 31 December 2007. The Share Offer Price, as aforementioned, represents a discount of approximately 8.89% to the audited consolidated NAV of the Group per Share as at 31 December 2007.

(7) Trading multiples analysis

In order to assess the fairness and reasonableness of the Offers, we have conducted a trading multiples analysis which includes the price to earnings ratio (“PER”) and the price to book ratio (“PBR”). We have searched for companies listed on the Stock Exchange which are in similar lines of business to the Company, i.e. property investment and have comparable size of market capitalization of the Company in the market capitalization range of HK\$1,100 million to HK\$1,700 million (the “Market Comparables”). To the best of our effort, knowledge, endeavor and as far as we are aware of, there are eight companies which met these criteria. Set out below are the PERs and PBRs of the Market Comparables based on the closing prices of their shares as at the Last Trading Day and their latest published financial information:

Company name (Stock code)	Principal business	Market capitalization (HK\$ million)	PBR	PER
Capital Estate Limited (193)	Property rental, financial investment, property sale, provision of estate agency services and others investment	1,275.54	1.45	9.20
Cheuk Nang (Holdings) Limited (131)	Property development and investment and the provision of property management and related services	1,535.84	0.50 (Note 1)	1.96

LETTER FROM WALLBANCK BROTHERS

Company name (Stock code)	Principal business	Market capitalization (HK\$ million)	PBR	PER
Fraser Property (China) Limited (535)	Property investment, development and management, business park development and management, infrastructure investment and securities	1,409.73	0.84	9.58
Hon Kwok Land Investment Company Limited (160)	Property development and investment	1,296.77	0.49 <i>(Note 1)</i>	11.25
Keck Seng Investments (Hong Kong) Limited (184)	Property development, investment and management, hotel and club operation	1,666.98	0.92 <i>(Note 1)</i>	8.21
Soundwill Holdings Limited (878)	Property development, investment, trading and management in HK	1,119.14	0.41 <i>(Note 1)</i>	2.63
Tai Sang Land Development Limited (89)	Investment holding, property investment, property rental, property development and estate management and agency	1,159.31	0.51 <i>(Note 1)</i>	3.76
Y. T. Realty Group Limited (75)	Property investment, property trading and providing property management services	1,199.34	0.40	3.65
Maximum			1.45	11.25
Minimum			0.40	1.96
Average			0.69	6.28
The Company (286)	Investment and finance, and property investment	1,196.67	0.91 <i>(Note 2)</i>	10.93 <i>(Note 3)</i>

Source: the Stock Exchange website (www.hkex.com.hk)

Notes:

1. The PBR for the selected companies were calculated based on their latest published interim reports.
2. The PBR for the Company is calculated based on the Share Offer Price.
3. The PER for the Company is calculated based on the Share Offer Price.

LETTER FROM WALLBANCK BROTHERS

From the above table, we noted that the average PBR as represented by the Market Comparables was approximately 0.69 times with a range of approximately 0.40 times to 1.45 times. Since the Share Offer Price is approximately 0.91 times to the NAV of the Group as at 31 December 2007, it falls within and is above the average of the PBR range of the Market Comparables.

Also, we noted that the average PER as represented by the Market Comparables was approximately 6.28 times with a range of approximately 1.96 times to 11.25 times. Since the Share Offer Price is approximately 10.93 times to the earnings per Share for the year ended 31 December 2007, it falls within and is above the average of the PER range of the Market Comparables.

(8) Dividend yield

Apart from the trading multiples analysis approach, other commonly used reference for valuing an entity includes the dividend yield approach. Regarding the dividend yield approach, the Company had not declared any dividends to its shareholders as at 31 December 2007 and thus, there is no basis to assess the Share Offer Price based on the historical dividend yield of the Company and the dividend yield approach is considered to be inapplicable.

LETTER FROM WALLBANCK BROTHERS

(9) Comparable offers

To further evaluate the fairness and reasonableness of the Share Offer Price, we have identified, to the best of our knowledge and as far as we are aware of, 15 recent general offers for shares of companies listed on the Stock Exchange from 1 August 2007 up to the Latest Practicable Date (the “Comparable Offers”). The Comparable Offers are fair and representative samples even though Shareholders should note that the businesses, operations and prospects of the Company are not the same as the Comparable Offers and hence the Comparable Offers are only used to provide a general reference for the common market practice of companies listed on the Stock Exchange in general offer transactions. The table below summarises our relevant findings:

Company	Date of announcement	Principal business	Offer price <i>HK\$</i>	Closing share price as at the date prior to release of the offer announcement <i>HK\$</i>	NAV per share <i>(Note 1)</i> <i>HK\$</i>	Premium/ (discount) of offer price over/to NAV per share (the “NAV Premium/Discount Rate”) %
Enric Energy Equipment Holdings Limited (3899)	3 August 2007	Design, manufacture and sale of specialised gas equipment and providing integrated business solution in the gas energy industry in the PRC	5.9200	8.150	1.15	414.78
JLF Investment Company Limited (472)	7 August 2007	Production and distribution of wine.	0.2700	0.910	0.126	114.29
Digital China Holdings Limited (861)	8 August 2007	Distribution of general information technology and systems products and provision of systems integration services	3.5000	3.600	2.24	56.25
Yardway Group Limited (646)	23 August 2007	Sale and distribution of vehicles and equipment covering most major transport sectors, including railway maintenance and airport ground support equipment, coaches and trucks. Also provide engineering services for coaches and trucks	0.5000	0.690	0.38	31.58
Graneagle Holdings Limited (147)	29 August 2007	Garment manufacture and trading	0.5990	1.150	0.52	15.19
BEP International Holdings Limited (2326)	17 September 2007	Design, manufacture and sale of home electrical appliances including kettles, irons, heaters and coffee grinders	0.7414	7.200	0.21	253.05
Artel Solutions Group Holdings Limited (931)	19 September 2007	Distribution of computer components and information technology products, and provision of integrated e-enabling solutions	0.0386	0.037	N/A <i>(Note 2)</i>	N/A <i>(Note 2)</i>

LETTER FROM WALLBANCK BROTHERS

Company	Date of announcement	Principal business	Closing share price as at the date prior to release of the offer announcement (the "Last Day")		NAV per share (Note 1) HK\$	Premium/ (discount) of offer price over/to NAV per share (the "NAV Premium/ Discount Rate") %
			Offer price HK\$	HK\$		
South China Land Limited (8155)	26 October 2007	Publication of magazines	0.3300	0.465	0.155	112.90
Hsin Chong Construction Group Limited (404)	1 November 2007	Building construction, civil engineering, piling and foundations, renovation & fitting-out, building repair maintenance, construction management, property investment, property rental, property development & contractor finance	1.7800	2.480	0.918	93.90
iMerchants Limited (8009)	12 December 2007	Provision of information technology services, technology venture investments, as well as investment in securities and various financial and investment products	2.6000	1.900	1.97	31.98
Artfield Group Limited (1229)	28 January 2008	Manufacturing and marketing of clocks and lighting products, the trading of metals and the provision of electroplating services	1.3000	1.510	0.17	664.71
Wing Shan International Limited (570)	12 February 2008	Manufacture and sale of pharmaceutical products	0.2300	0.350	0.37	(37.84)
Mirabell International Holdings Limited (1179)	28 February 2008	Manufacturing, retailing and wholesaling of footwear	6.0000	5.210	5.05	18.81
J.I.C. Technology Co. Limited (987)	3 March 2008	Design, manufacture and marketing of liquid crystal display panels and liquid crystal display modules	0.6950	0.890	0.23	202.17
Goldbond Group Holdings Limited (172)	1 April 2008	Provision of financial and property leasing and development	0.69	0.520	0.3561	93.77
		Average				147.54
		Minimum				(37.84)
		Maximum				664.71
The Offer	7 March 2008		0.1640	0.590	0.18	(8.89)

Source: the Stock Exchange website (www.hkex.com.hk)

Notes:

1. The NAV per share of the companies are based on their latest published financial statements prior to the date of the respective announcement regarding the relevant general offer.
2. Net liabilities were recorded for the company in its latest published financial statements prior to the date of the announcement regarding the relevant general offer.

LETTER FROM WALLBANCK BROTHERS

As illustrated by the above table, the NAV Premium/Discount Rate of the Comparable Offers ranging widely from a premium of approximately 664.71% to a discount of approximately 37.84%. We also noted that one of the Comparable Offers recorded net liabilities as at its latest published balance sheet date prior to the date of the announcement in relation to the relevant general offer. The Share Offer Price represents a discount of approximately 8.89% to the Group's audited consolidated NAV per Share as at 31 December 2007, and hence is within the range of that of the Comparable Offers.

In view of the wide range of the NAV Premium/Discount Rate of the Comparable Offers, we are of the opinion that it is a proof of the market reality that the offer price in a general offer exercise may vary due to factors including but not limited to the unique business, operation, prospect of each individual company, the arm's-length negotiation between the offeror and the vendor of each individual company, and the then market condition. Taking into consideration the uncertain future business prospects of the Group and the poor liquidity of the Shares, we are of the view that it is not unreasonable that the Share Offer Price was set at relatively deep discounts to the historical closing prices of the Shares.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above and as summarized below:

- (i) the recent downward moving trend of the Group's total turnover and its historical unpredictable profitability level;
- (ii) the uncertainty of the Group's future business prospects as illustrated under the sub-paragraph headed "Business overview of the Group" of this letter;
- (iii) the Group has not formulated any concrete plan for business development at present and the Offeror intends not to inject any material assets or businesses into the Company or dispose of any of its major assets or businesses;

LETTER FROM WALLBANCK BROTHERS

- (iv) the poor liquidity of the Shares as illustrated under the sub-paragraph headed “Trading liquidity of the Shares” of this letter;
- (v) the disposal of large block of the Shares held by the Independent Shareholders in the open market may trigger price fall in the Shares due to the lack of liquidity of the Shares;
- (vi) both of the PBR and PER implied by the Share Offer Price are within and above the average of the respective ranges of those of the Market Comparables; and
- (vii) although the Share Offer Price represents a discount of approximately 8.89% to the audited consolidated NAV per Share of the Group as at 31 December 2007, it is within the range of that of the Comparable Offers.

Having considered the above factors and reasons and Directors’ representations, on balance, we are of the opinion that in such circumstances of the Group, the Offers, including the Share Offer Price, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offers. However, we would also like to advise the Independent Board Committee to recommend the Independent Shareholders to closely monitor the market price and liquidity of the Shares on the Stock Exchange during the Offer Period due to the reason that the Shares had been trading at closing prices ranging from HK\$0.255 per Share to HK\$3.490 per Share during the Review Period which were much higher than the Share Offer Price. Independent Shareholders should consider selling their Shares in the open market, where possible, instead of accepting the Share Offer, if the net proceeds from the sales exceed the amount receivable under the Share Offer.

Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully consider the future intentions of the Offeror regarding the Company and the possible difficulties they may encounter in disposing of their investments in the Shares after the close of the Offers. For further details of the Offers, Independent Shareholders should refer to the Composite Offer Document.

LETTER FROM WALLBANCK BROTHERS

Based on our analysis above in relation to the Offers, including the Share Offer Price, we are of the view that in such circumstances of the Group, on balance, the CB Offer Price is fair and reasonable so far as the Bondholder is concerned. Besides that, since the initial conversion price of the Convertible Bonds is HK\$0.162 per Share, the Bondholder would also realise a gain of HK\$0.002 per Share should he/she/it chooses to accept the CB Offer by converting the Convertible Bonds into Shares and the Bondholder should therefore consider accepting the CB Offer. Nevertheless, we wish to point out that since the market prices of the Shares may continue to represent a large premium over the CB Offer Price during the Offer Period, the Bondholder who wishes to realise a higher effective value for his/her/its Convertible Bonds may consider exercising the conversion rights attaching to the Convertible Bonds and selling his/her/its Shares in the open market if the net proceeds from such sale, after deducting the related transaction costs are greater than the net amount receivable under the CB Offer. However, the Bondholder should note that the Conversion Rights attaching to the Convertible Bonds can be exercised only if it is confirmed by the Company in writing that the allotment and issue of the Conversion Shares to the Bondholder pursuant to the exercise of the Conversion Right attaching to the Convertible Bonds will not cause the Company to be in breach of the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules. Moreover, as the Bondholder should write to the Company at least three business days prior the delivery of conversion notice which is a business day prior to the conversion date and will receive the share certificate no later than seven business days after the conversion date, market conditions (especially the price of the Shares) may vary since his/her/its initial decision of exercising the conversion rights attaching to the Convertible Bonds and the gain/loss of the Bondholder from such conversion may vary due to the said time lag limitation.

Independent Shareholders and Bondholder are strongly advised that the decision to realize or to hold their investments in the Shares is subject to individual circumstances and investment objectives.

Yours faithfully,

For and on behalf of

WALLBANCK BROTHERS Securities (Hong Kong) Limited

Phil Chan

Chief Executive Officer

1. PROCEDURES FOR ACCEPTANCE**A. The Share Offer**

To accept the Share Offer, you should complete and sign the accompanying White Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed White Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Share Offer, by post, by express mail or similar carrier services, or by hand to the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, marked "G-Prop Share Offer" on the envelope, as soon as practicable after receipt of this document and in any event no later than 4:00 p.m. on Tuesday, 6 May 2008 or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are registered in the name of a nominee company or a name other than your own name, and you wish to accept the Share Offer in respect of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares held by the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed White Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the Shares to the Registrar; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed White Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the Shares to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your Investor Participant Account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the White Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete the White Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror or their respective agent(s) to collect from Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the White Form of Acceptance.

- (e) Acceptance of the Share Offer will be treated as valid only if the completed White Form of Acceptance is received by the Registrar by not later than 4:00 p.m. on Tuesday, 6 May 2008, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in compliance with the Takeovers Code, and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not registered in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under paragraphs (e)(i) and (e)(iii)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the White Form of Acceptance is executed by a person other than the registered Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) Seller's ad valorem stamp duty (rounded up to the nearest HK\$1) for transfer of Shares registered on the Registrar arising in connection with acceptance of the Share Offer will be payable by each accepting Shareholder at the rate of 0.1% of the greater of (i) the consideration payable by the Offeror in respect of the relevant acceptance; and (ii) the value of the Shares under the acceptance, and will be deducted from the cash amount due to such person under the Share Offer. The Offeror will arrange payment of such seller's ad valorem stamp duty on behalf of the Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in respect of the Shares accepted under Share Offer.
- (g) No acknowledgement of receipt of any White Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

B. The CB Offer

- (a) If you accept the CB Offer, you should complete the Yellow Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the CB Offer.
- (b) The completed Yellow Form of Acceptance should be forwarded, together with the relevant bond certificate of the Convertible Bonds stating the amount of the Convertible Bonds which you intend to accept the CB Offer, by post, by express mail or other similar carrier services or by hand marked "G-Prop CB Offer" as soon as possible and in any event so as to reach the company secretary of the Company at the head office and principal place of business of the Company in Hong Kong no later than 4:00 p.m. on Tuesday, 6 May 2008 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code.
- (c) No stamp duty will be deducted from the amount paid to the Bondholder who accepts the CB Offer.
- (d) No acknowledgement of receipt of any Yellow Form of Acceptance and/or the bond certificate of the Convertible Bonds will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offers have previously been extended in accordance with the Takeovers Code, all Forms of Acceptance must be received by 4:00 p.m. on Tuesday, 6 May 2008 in accordance with the instructions printed on the relevant Form(s) of Acceptance and the Offers will be closed on Tuesday, 6 May 2008.
- (b) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or that the Offers will remain open until further notice. In the latter case, at least 14 day's notice in writing will be given before the Offers are closed to the Independent Shareholders and the Bondholder, who have not accepted the Offers and an announcement will be published.

If the Offeror revises the terms of the Offers, all Shareholders and/or the Bondholder, whether or not they have already accepted the Share Offer or the CB Offer (as the case may be) will be entitled to the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document is posted.

The execution by or on behalf of any Shareholders who have previously accepted the Share Offer or the Bondholder who has previously accepted the CB Offer (as the case may be) shall be deemed to constitute acceptance of the revised Offers unless such holder becomes entitled to withdraw his or her acceptance under the paragraph headed "RIGHT OF WITHDRAWAL" in this appendix and duly does so.

- (c) If the closing date of the Offers is extended, any reference in this document and in the Form(s) of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers so extended.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision or extension of the Offers. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers, whether the Offers have been revised or extended or in relation to any extension of the Offers, to state also either the next Closing Date or that the Offers will remain open until further notice.

The announcement must state the following:

- (i) the total number of Shares and the amount of the Convertible Bonds for which acceptances of the Share Offer and the CB Offer have been respectively received;
- (ii) the total number of Shares and the amount of the Convertible Bonds held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period;
- (iii) the total number of Shares and the amount of the Convertible Bonds acquired or agreed to be acquired by the Offeror or persons acting in concert with it during the Offer Period; and
- (iv) the total number of the underlying Shares which may fall to be allotted and issued upon conversion at the initial conversion price of HK0.162 per Share in respect of the Convertible Bonds for which acceptance of the CB Offer has been received.

The announcement must specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares and the underlying Shares which may fall to be allotted and issued upon conversion at the initial conversion price of HK0.162 per Share in respect of the Convertible Bonds.

- (b) In computing the total number of Shares and the underlying Shares which may fall to be allotted and issued upon conversion at the initial conversion price of HK0.162 per Share in respect of the Convertible Bonds represented by acceptances, only valid acceptances that are complete and in good order and which have been received by the Registrar (as regards the Share Offer) or the company secretary of the Company (as regards the CB Offer) no later than 4:00 p.m. on Tuesday, 6 May 2008 shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of listed companies must be made in accordance with the requirements of the Listing Rules.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance to the Offers tendered by the Independent Shareholders and the Bondholder, as the case may be, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his acceptance after 21 days from the Closing Date, if the Offers have not by then become unconditional as to acceptances. Since the Offers are unconditional, acceptances by the Independent Shareholders and the Bondholder under the Offers shall be irrevocable and cannot be withdrawn except in circumstances set out in (b) below.

- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “ANNOUNCEMENTS” in this appendix, the Executive may require that the Independent Shareholders and the Bondholder who have tendered acceptances to the Offers, as the case may be, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, upon the Independent Shareholders/Bondholder (as the case may be) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of Shares lodged with the White Form of Acceptance to the relevant Independent Shareholder(s) or the bond certificate of the Convertible Bonds lodged with the Yellow Form of Acceptance to the Bondholder.

5. SETTLEMENT OF THE OFFERS

(a) The Share Offer

Provided that a valid White Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each of the Independent Shareholders less seller’s ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to the Independent Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days after the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

(b) The CB Offer

Provided that a valid Yellow Form of Acceptance and the relevant bond certificate of the Convertible Bonds are complete and in good order and have been received by the company secretary of the Company no later than the latest time for acceptance, a cheque for the amount due to the Bondholder in respect of the Convertible Bonds tendered by he/she/it under the CB Offer will be despatched to the Bondholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days after the date on which all the relevant documents are received by the company secretary of the Company to render such acceptance complete and valid.

Settlement of the consideration to which any Independent Shareholder and/or the Bondholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder and/or Bondholder.

6. OVERSEAS SHAREHOLDERS

The making of the Share Offer to Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder wishing to accept the Share Offer to satisfy himself or herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Acceptances of the Share Offer by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to receive and accept the Share Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

7. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, certificates of Shares or Convertible Bonds (if any), transfer receipts, other documents of title or indemnity and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and the Bondholder will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Company, the Offeror, Get Nice Securities nor the Registrar or any of their respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offers.
- (c) The accidental omission to despatch this document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers and all acceptances will be governed by and constructed in accordance with the laws of Hong Kong.

- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror and/or Get Nice Securities or such person or persons as either of them may direct to complete and execute any document on behalf of the person accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares in respect of which such person has accepted the Offers.

- (f) Acceptance of the Share Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror:
 - i. that the Shares tendered for acceptance under the Share Offer are sold by such person or persons free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights accruing or attaching thereto on or after the date on which the Offers are made, i.e. the date of posting of this document or subsequently becoming attached to the Shares, including, without limitation, the rights to receive all future dividends and/or other distributions declared, paid or made, if any, on or after the date on which the Offers are made, i.e. the date of posting of this document .

 - ii. that if such Shareholder accepting the Share Offer is an Overseas Shareholder, he, she or it has observed the laws of all relevant territories, obtained all requisite governmental, exchange control or other consents, complied with all requisite formalities or legal requirements and paid any issue, transfer or other taxes or other required payments due from him, her or it in connection with such acceptance in any territory, that he, she or it has not taken or omitted to take any action which will or may result in the Offeror, the Company or Get Nice Securities or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Share Offer or his, her, its acceptance thereof, and is permitted under all applicable laws to receive and accept the Share Offer, and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws.

- (g) Acceptance of the CB Offer by the Bondholder will be deemed to constitute a warranty by the Bondholder to the Offeror that the Convertible Bonds tendered for acceptance under the CB Offer are sold by such person or persons free from all third party rights, liens, claims, charges, equities, and encumbrances whatsoever and renounced together with all rights accruing or attaching thereto on or after the date on which the Offers are made, i.e. the date of posting of this document or subsequently becoming attached to it.
- (h) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the White Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Share Offer.
- (i) Reference to the Offers in this document and in the Form(s) of Acceptance shall include any extension or revision thereof.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following financial information has been prepared by the Directors based on the audited consolidated financial statements of the Group for each of the three years ended 31 December 2005, 2006 and 2007. Deloitte Touche Tohmatsu, the auditors of the Company for the year ended 31 December 2005, and HLB Hodgson Impey Cheng, the auditors of the Company for the two years ended 31 December 2006 and 2007, expressed unqualified opinions on the financial statements of the Company for each of the three years ended 31 December 2005, 2006 and 2007.

	For the year ended 31 December		
	2007	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2,812	3,512	4,698
Profit before tax	13,859	5,511	9,216
Income tax credit/(expense)	1,334	(692)	(2,124)
Profit attributable to the Shareholders	15,193	4,819	7,092
Final dividend paid	–	7,941	7,941
Final dividend per Share	–	HK\$0.01	HK\$0.01
Earnings per Share			
– Basic (HK cents per share)	1.5	0.6	0.9
– Diluted (HK cents per share)	1.4	0.6	0.9
	As at 31 December		
	2007	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets and Liabilities			
Total assets	532,342	133,813	136,107
Total liabilities	(166,683)	(5,137)	(4,309)
Equity attributable to the Shareholders	365,659	128,676	131,798
Equity attributable to the Shareholders per Share (HK\$)	0.180	0.162	0.166

The Directors confirm that there has been no minority interests nor extraordinary/exceptional items recorded in the financial statements of the Group for the three financial years ended 31 December 2007.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following is extracted from the Company's final results announcement dated 7 March 2008 relating to audited financial statements for the year ended 31 December 2007:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover	3	2,812	3,512
Direct costs		(314)	(1,689)
Gross profit		2,498	1,823
Other operating income	5	5,584	2,409
Administrative expenses		(4,979)	(3,293)
Finance cost	6	(2,169)	–
Gain/(loss) on disposal of investment properties		580	(746)
Gain on disposal of an intangible asset		11,865	–
Impairment loss on goodwill		(1,470)	–
Fair value changes on investment properties		1,950	5,318
Profit before tax	7	13,859	5,511
Income tax credit/(expense)	8	1,334	(692)
Profit for the year		15,193	4,819
Dividends	9	–	7,941
Earnings per share	10		
Basic (HK cents per share)		1.5	0.6
Diluted (HK cents per share)		1.4	0.6

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Non-current assets			
Investment properties		31,000	35,600
Intangible asset		–	–
Goodwill		10,459	–
Property, plant and equipment		4,250	–
Prepaid lease payments		60,397	–
Interests in associates		–	–
Interests in jointly controlled entities		–	–
Available-for-sale financial assets		–	220
		<u>106,106</u>	<u>35,820</u>
Current assets			
Trade and other receivables	<i>11</i>	438	312
Deposits and prepayments		70,424	281
Short-term loans receivable		–	–
Prepaid lease payments		1,253	–
Tax prepaid		106	–
Time deposits, bank balances and cash		354,015	88,062
		<u>426,236</u>	<u>88,655</u>
Assets classified as held for sale		–	9,338
		<u>426,236</u>	<u>97,993</u>
Current liabilities			
Trade and other payables	<i>12</i>	888	639
Accruals and deposits received		1,965	2,590
Tax payable		463	–
Amounts due to fellow subsidiaries		–	185
		<u>3,316</u>	<u>3,414</u>

APPENDIX II**FINANCIAL INFORMATION OF THE GROUP**

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Net current assets		422,920	94,579
Total assets less current liabilities		529,026	130,399
Non-current liabilities			
Convertible bonds		143,678	–
Deferred tax liabilities		19,689	1,723
		163,367	1,723
Total assets and liabilities		365,659	128,676
Capital and reserves			
Share capital		20,282	7,940
Share premium and reserves		345,377	120,736
Total equity		365,659	128,676

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

2. Application of new and revised HKFRSs

In the current year, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2007.

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented except for the additional disclosures requirements under the Hong Kong Financial Reporting Standards (“HKFRSs”) 7 Financial instruments: Disclosures and the amendment to Hong Kong Accounting Standard 1 Presentation of financial statements: Capital disclosures.

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 (“Directors”) 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 (Revised)	Presentation of Financial Statements ¹
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
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction 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

⁴ Effective for annual periods beginning on or after 1 July 2008

3. Turnover

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

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	2,782	3,227
Income from finance	30	285
	<u>2,812</u>	<u>3,512</u>

4. Business and geographical segments

Business segments

For management purposes, the Group is currently organised into three operating divisions – (i) investment and finance; (ii) properties investment; and (iii) methanol. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Investment and finance	–	investing and financing activities
Properties investment	–	property leasing
Methanol	–	development, manufacture and sales of methanol products and its by-products

For the year ended 31 December 2007

	Investment and finance <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Methanol <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Income statement				
Turnover				
External sales	<u>30</u>	<u>2,782</u>	<u>–</u>	<u>2,812</u>
Segment result	<u>26</u>	<u>6,420</u>	<u>(1,438)</u>	5,008
Interest income				5,532
Unallocated income				11,870
Unallocated corporate expenses				(6,382)
Finance cost				<u>(2,169)</u>
Profit before tax				13,859
Income tax credit				<u>1,334</u>
Profit for the year				<u>15,193</u>

	Investment and finance <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Methanol <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Balance sheet				
Assets				
Segment assets	35	34,615	167,187	201,837
Unallocated corporate assets				330,505
				<u>532,342</u>
Liabilities				
Segment liabilities	(10)	(4,289)	(11,315)	(15,614)
Unallocated corporate liabilities				(151,069)
				<u>(166,683)</u>
Other segment information				
Fair value changes on investment properties	–	1,950	–	1,950
Depreciation and amortisation	–	–	15	15
Capital additions	–	–	341	341
Impairment of goodwill	–	–	1,470	1,470
	<u>–</u>	<u>–</u>	<u>1,470</u>	<u>1,470</u>

For the year ended 31 December 2006

	Investment and finance	Properties investment	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Income statement			
Turnover			
External sales	<u>285</u>	<u>3,227</u>	<u>3,512</u>
Segment result	<u>612</u>	<u>6,264</u>	6,876
Interest income			1,846
Unallocated corporate expenses			<u>(3,211)</u>
Profit before tax			5,511
Income tax expense			<u>(692)</u>
Profit for the year			<u><u>4,819</u></u>

	Investment and finance <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Balance sheet			
Assets			
Segment assets	–	44,679	44,679
Unallocated corporate assets			89,134
			<u>133,813</u>
Liabilities			
Segment liabilities	–	3,810	3,810
Unallocated corporate liabilities			1,327
			<u>5,137</u>
Other segment information			
Fair value change on			
investment properties	–	5,318	5,318
Impairment losses reversed in			
the income statement	327	–	327
Other non-cash expenses	–	(12)	(12)
	<u> </u>	<u> </u>	<u> </u>

Geographical segments

The Group's operations are located in Hong Kong and the People's Republic of China other than Hong Kong and Macau (the "PRC").

The following is an analysis of the carrying amounts of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Hong Kong		The PRC		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying amounts of segment assets	<u>393,451</u>	<u>133,813</u>	<u>138,891</u>	<u>–</u>	<u>532,342</u>	<u>133,813</u>
Additions to property, plant and equipment	<u>–</u>	<u>–</u>	<u>341</u>	<u>–</u>	<u>341</u>	<u>–</u>

5. Other operating income

	2007	2006
	HK\$'000	HK\$'000

Other operating income included the followings:

Interest income	5,532	1,846
Written back of allowance for bad and doubtful debts	–	327
Gain on disposal of a subsidiary	<u>33</u>	<u>–</u>

6. Finance cost

	2007	2006
	HK\$'000	HK\$'000

Effective interest expense on convertible bonds	<u>2,169</u>	<u>–</u>
---	--------------	----------

7. Profit before tax

Profit before tax has been arrived at after charging:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Staff costs:		
Directors' remuneration	234	204
Salaries and other benefits	809	1,066
Retirement benefit scheme contributions excluding Directors and after the forfeited contribution of HK\$12,000 (2006: HK\$9,000)	16	52
	<u>1,059</u>	<u>1,322</u>
Auditors' remuneration	420	300
Impairment loss on available-for-sale financial assets	220	–
Depreciation on property, plant and equipment	11	–
Amortisation on prepaid lease payments	4	–
	<u><u>445</u></u>	<u><u>300</u></u>

and after crediting:

Gross rental income from investment properties	2,782	3,227
<i>Less:</i> Direct operating expenses from investment properties that generated rental income during the year	(285)	(965)
Direct operating expenses from investment properties that did not generate rental income during the year	(29)	–
	<u><u>2,468</u></u>	<u><u>2,262</u></u>

8. Income tax (credit)/expense

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
The tax (credit)/charge comprises:		
Current tax – Hong Kong	467	–
Deferred tax	(1,801)	692
	<u>(1,334)</u>	<u>692</u>

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for the Year. No provision for the Hong Kong Profits Tax has been made for the year ended 31 December 2006 as the group companies which are subject to Hong Kong Profits Tax either incurred tax losses or have tax losses brought forward to set off assessable profits.

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

9. Dividends

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Proposed final dividend of HK\$ Nil (2006: HK\$0.01) per share	<u>–</u>	<u>7,941</u>

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2007 (2006: HK\$0.01 per share).

The proposed final dividends for the year ended 31 December 2006 of HK\$0.01 per share was approved by the shareholders of the Company (“**Shareholders**”) in general meeting and paid during the Year.

10. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings:

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purpose of basic earnings per share	15,193	4,819
Effect of dilutive potential ordinary shares:		
– effective interest expense on convertible bonds	2,169	–
– deferred tax relating to effective interest expense on convertible bonds	(380)	–
	<u>16,982</u>	<u>4,819</u>

Number of shares

	2007	2006
Weighted average number of ordinary shares in issue	1,020,609,068	794,057,800
Adjustment for assumed exercise of convertible bonds	203,957,382	–
	<u>1,224,566,450</u>	<u>794,057,800</u>

11. Trade and other receivables

Included in trade and other receivables of the Group are trade receivables of HK\$Nil (2006: HK\$271,000). Its aged analysis at the balance sheet date is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within 30 days	–	215
31 – 60 days	–	38
Over 60 days	–	18
	<u>–</u>	<u>271</u>

The Directors consider that the carrying amounts of the Group's trade and other receivables at the balance sheet date approximate to their fair value.

12. Trade and other payables

Included in trade and other payables of the Group are trade creditors of HK\$Nil (2006: HK\$10,000). Its aged analysis at the balance sheet date is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within 30 days	–	4
31 – 60 days	–	–
Over 60 days	–	6
	<u>–</u>	<u>10</u>

The Directors consider that the carrying amounts of the Group's trade and other payables at the balance sheet date approximate to their fair value.

13. Comparative figures

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

The following is the audited consolidated financial statements of the Group as extracted from the annual report of the Company for the year ended 31 December 2006:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2006

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

CONSOLIDATED BALANCE SHEET

At 31st December, 2006

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2006

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January, 2005	6,912	–	234	91,768	98,914
Profit for the year	–	–	–	7,092	7,092
Issue of new ordinary shares (<i>Note 25</i>)	1,028	25,186	–	–	26,214
Transaction costs attributable to issue of new ordinary shares	–	(422)	–	–	(422)
At 31st December, 2005 and 1st 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 31st December, 2006	<u>7,940</u>	<u>24,764</u>	<u>234</u>	<u>95,738</u>	<u>128,676</u>

CONSOLIDATED CASH FLOW STATEMENT*For the year ended 31st December, 2006*

	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
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 31st 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 1st December, 2005 or 1st 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 1st January, 2007.*

^{2.} *Effective for annual periods beginning on or after 1st May, 2006.*

^{3.} *Effective for annual periods beginning on or after 1st June, 2006.*

^{4.} *Effective for annual periods beginning on or after 1st 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 Hong Kong Financial Reporting Standards, 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 31st 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 relevant lease.

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

(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 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 31st 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 31st 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
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	3,227	4,189
Income from loans financing	285	509
	<u>3,512</u>	<u>4,698</u>

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 31st December, 2006

	Investment and finance <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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 31st December, 2005

	Investment and finance <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other operating income included the followings:		
Interest income	1,846	429
Write back of allowance for bad and doubtful debts	327	388
	<u> </u>	<u> </u>

9. Finance costs

	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank and other borrowings not wholly repayable within five years	–	159
	<u> </u>	<u> </u>

10. Profit before tax

	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax have been arrived at after charging:		
Staff costs:		
Directors' remuneration (<i>Note 11</i>)	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
	<u>1,322</u>	<u>1,169</u>
Auditors' remuneration	300	460
and after crediting:		
Property rental income, net of outgoings of HK\$965,000 (2005: HK\$1,103,000)	<u>2,262</u>	<u>3,086</u>

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 31st December, 2006 and 31st 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
<i>Executive directors</i>								
Halina Hung, Shi-wei	4	-	-	-	-	-	4	-
Aaron Tam, Chong-cheong	-	-	-	-	-	-	-	-
Leung, Wing-pong	10	-	-	-	-	-	10	-
Kong, Chi-ming	10	-	-	-	-	-	10	-
	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>-</u>
<i>Independent non-executive directors</i>								
Leung, Yun-fai	60	52	-	-	-	-	60	52
Lam, Yat-fai	60	51	-	-	-	-	60	51
David Chain, Chi-woo	60	50	-	-	-	-	60	50
	<u>180</u>	<u>153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180</u>	<u>153</u>
	<u>204</u>	<u>153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204</u>	<u>153</u>

(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 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Salaries and other benefits	1,125	976
Retirement benefit scheme contributions	52	41
	<u>1,177</u>	<u>1,017</u>

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

During the year ended 31st 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 31st December, 2006 and 31st December, 2005.

12. Income tax expense

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

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	<u>5,511</u>		<u>9,216</u>	
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	<u>(1,836)</u>	<u>(33.3)</u>	<u>–</u>	<u>–</u>
Tax charge for the year	<u>692</u>	<u>12.6</u>	<u>2,124</u>	<u>23.0</u>

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	<u>7,941</u>	<u>7,941</u>

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 31st 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 31st 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 31st 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 27th December, 2006 and 8th December, 2006, Superkey Development Limited and Boria Enterprises Limited, 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 19th January, 2007. The Property shall be satisfied in cash and the transaction would be completed on or before 31st 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 31st December, 2006.

16. Investment properties

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

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

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Long leases	–	620
Medium-term leases	35,600	107,100
	<u>35,600</u>	<u>107,720</u>

The fair value of the Group's investment properties at 31st 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 <i>HK\$'000</i>
Cost	
At 1st January, 2005, 31st December, 2005 and 31st December, 2006	<u>29,670</u>
Amortisation and impairment	
At 1st January, 2005, 31st December, 2005 and 31st December, 2006	<u>29,670</u>
At 31st December, 2006 and 31st December, 2005	<u>–</u>

18. Interests in associates

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Share of net assets of associates	<u>–</u>	<u>–</u>

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

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

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

19. Interests in jointly controlled entities

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Share of net assets of jointly controlled entities	–	–

Details of the Group's jointly controlled entities at 31st 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 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
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 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
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 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Within 30 days	215	172
31-60 days	38	3
Over 60 days	18	7
	<u>271</u>	<u>182</u>

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

22. Short-term loans receivable

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Loans receivable	3,203	3,530
<i>Less: Allowance for bad and doubtful debts</i>	<i>(3,203)</i>	<i>(3,530)</i>
	<u>–</u>	<u>–</u>

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 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Within 30 days	4	28
31-60 days	–	10
Over 60 days	6	108
	<u>10</u>	<u>146</u>

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

25. Share capital

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

Note:

Pursuant to a share placing agreement dated 1st 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 15th 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 14th 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 31st December, 2006 and 31st 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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st January, 2005	(2,321)	3,175	(1,947)	(1,093)
Charge to the income statement for the year	858	305	807	1,970
Realised on disposal of investment property	264	(110)	–	154
At 31st December, 2005	(1,199)	3,370	(1,140)	1,031
Charge to the income statement for the year	945	130	(937)	138
Realised on disposal of investment property	1,514	(960)	–	554
At 31st December, 2006	<u>1,260</u>	<u>2,540</u>	<u>(2,077)</u>	<u>1,723</u>

At 31st 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 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Minimum lease payments paid under operating leases	<u>56</u>	<u>42</u>

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 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Within one year	<u>59</u>	<u>7</u>

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 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Within one year	2,334	1,627
In the second to fifth year inclusive	<u>632</u>	<u>455</u>
	<u>2,966</u>	<u>2,082</u>

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 31st 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 personnel*

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

	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other short-term benefits	463	406
Pension scheme contributions	22	19
	<u>485</u>	<u>425</u>

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:

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

Note:

(a) Share premium and reserves

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

32. Principal subsidiaries

Details of the Company's principal subsidiaries at 31st 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 of the above subsidiaries operate in Hong Kong.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect 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 31st 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 31st 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 27th December, 2006 and 8th 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 19th January, 2007. The Property shall be satisfied in cash and the transaction would be completed on or before 31st May, 2007. Details of the disposal of the Property was disclosed in the Company’s announcement dated 12th December, 2006.
- (b) On 4th January, 2007 and 16th January, 2007, Boria further entered into two preliminary sale and purchase agreements with another two separately independent third parties 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 25th July, 2007 and on 6th August, 2007 respectively. Details of the two disposals were disclosed in the Company’s announcement dated 8th January, 2007 and 13th 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 8th March, 2007.

3. INDEBTEDNESS STATEMENT**Borrowings**

As at the close of business on 29 February 2008, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this document, the Group had the Convertible Bonds with principal amount of HK\$180,000,000 outstanding. In compliance with HKASs 32 and 39 issued by the HKICPA, approximately HK\$145,621,000 has been classified as liability portion.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business of the Group, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings, mortgages and charges and other material contingent liabilities as at the close of business on 29 February 2008.

4. MATERIAL CHANGE

The Directors confirm that save as (i) the entering into of the Master Agreement, the Termination Deed and the Disposal Agreement and (ii) the proposed amendment to the condition of the Convertible Bonds, the details of which are set out in the Company's announcement dated 31 March 2008, there were no material changes in the financial or trading position or outlook of the Group since 31 December 2007, the date to which the last published audited consolidated financial statements of the Group were made up, up to the Latest Practicable Date.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from Norton Appraisals Limited, an independent property valuer, in connection with the valuations of the property interests of the Group as at 29 February 2008.



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

15 April 2008

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

Dear Sirs,

In accordance with the instructions from G-Prop (Holdings) Limited (hereinafter referred to as the “Company”), its subsidiaries and associated companies (hereinafter together referred to as the “Group”) for us to value the property interests located in Hong Kong Special Administrative Region (hereinafter referred to as “Hong Kong”) and the People’s Republic of China (hereinafter referred to as the “PRC”), we confirm that we have carried out inspections, 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 29 February 2008 (hereinafter referred to as the “date of valuation”) for public documentation purpose.

BASIS OF VALUATION

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/land use terms granted subject to payment of annual Government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

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

VALUATION METHODOLOGIES

In valuing the property interests under Group I which are held for investment purposes by the Group in Hong Kong, we have adopted the Investment Approach by taking into account the current passing rents and the reversionary income potential of the tenancies.

In valuing the property interests under Groups II and III which are held for future development and held for owner-occupied by the Group in the PRC, 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.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Group 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 values of the property interests and no forced sale situation in any manner is considered in our valuation. In addition, we have been advised by the Group that all properties have no option or right of pre-emption which would concern or affect the sales of the properties.

No allowance have been made in our valuation 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.

TITLE INVESTIGATION

For those properties located in Hong Kong, we have, as agreed with the Group, caused sampling title searches at the relevant Land Registries and no title search has been made for the properties which are located in the PRC. We have not searched the original documents to verify the ownership or to determine the existence of any lease amendments which do not appear on the copies handed to us. We have, however assumed that transferable land use rights for the specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the advice given by the Group and its PRC legal adviser, Jingtian & Gongcheng Attorneys At Law (the “PRC legal adviser”), as at the date of valuation.

LIMITING CONDITIONS

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 site/floor areas in respect of the properties but have assumed that the site/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.

Furthermore, we have not carried out any site investigation to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services, etc. for future development.

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 site/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 valuation has been prepared in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors and all the requirements contained in the Chapter 5, the Practice Note 12 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and the Codes on Takeover and Mergers and Share Repurchase of The Securities and Futures Commission.

REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation certificates are in Hong Kong dollars. The exchange rate adopted in our valuations is approximately RMB1 = HK\$1.09 which was approximately the prevailing exchange rate as at the date of valuation.

Our Summary of Values and Valuation Certificates are enclosed herewith.

Yours faithfully,
For and on behalf of
Norton Appraisals Limited

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

Note: Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 16 years' experience in valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

Property	Capital Value in existing state as at 29 February 2008 <i>HK\$</i>	Interest attributable to the Group	Capital Value attributable to the Group as at 29 February 2008 <i>HK\$</i>
Group I – Property interests held by the Group for investment in Hong Kong			
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	\$22,000,000	100%	\$22,000,000
2. Six Parking Spaces and Carport Basement of No. 9 Queen’s Road Central, Central, Hong Kong	\$9,000,000	100%	\$9,000,000
Sub-total:	\$31,000,000		\$31,000,000
Group II – Property interest held by the Group for future development in the PRC			
3. A parcel of land located at Da Qi San Shang Liang Industrial District, Shu Lin Zhao Xiang Guan Nian Fung Village, Da La Te Qi County, Erdos City, Inner Mongolia Autonomous Region, the PRC	\$64,000,000	100%	\$64,000,000
Sub-total:	\$64,000,000		\$64,000,000

Property	Capital Value in existing state as at 29 February 2008 <i>HK\$</i>	Interest attributable to the Group	Capital Value attributable to the Group as at 29 February 2008 <i>HK\$</i>
Group III – Property interest held for owner-occupied by the Group in the PRC			
4. The whole of Block 2 and Unit Nos. 451 and 452 on 5th Floor of Block 4, Yu Long Garden (“裕隆花園”), Wen Yuan Street South, Jin Peng Road West, Da Qi Shu Village, Da La Te Qi County, Erdos City, Inner Mongolia Autonomous Region, the PRC	\$3,670,000	100%	\$3,670,000
Sub-total:	<u>\$3,670,000</u>		<u>\$3,670,000</u>
GRAND TOTAL:	<u><u>\$98,670,000</u></u>		<u><u>\$98,670,000</u></u>

VALUATION CERTIFICATE

Group I – Property interests held by the Group for investment in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 29 February 2008
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	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 floors together with 5 adjoining spaces at the 2nd and 4th floors of the Building which are also occupied as car parking spaces.	21 out of 25 car parking spaces are subject to various monthly licenses, yielding a total monthly income of \$79,900 inclusive of rates and services charges whilst the remaining 4 car parking spaces are currently vacant. 5 adjoining spaces are subject to 5 separate licences yielding a total monthly income of \$18,800 inclusive of rates and services charges.	\$22,000,000 (see Note ii below) (100% interest attributable to the Group: \$22,000,000)
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	Inland Lot Nos. 2817 and 2818 are each held under two Government Leases for a common term of 99 years commencing from 26 March 1929 and 25 May 1929 respectively each renewable for a further term of 99 years.		

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; and
 - 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 for those 5 adjoining spaces.
- iii) The registered owner of the property is Grow Wealth Property Investment Limited, which is a wholly-owned subsidiary of the Group, vide Memorial No. UB4911385 dated 28 June 1991.
- iv) The property is subject to the Memorandum of Change of Name of Building vide Memorial No. UB8646782 dated 15 March 2002.
- v) The Group advised that the property at the time of disposal at the amount of its market value as at 29 February 2008 will be subject to profits tax in Hong Kong. The precise tax implication will be subject to formal tax advice, prevailing rules and regulations at the time of disposal. However, in light of the future plan of the Offeror as set out in the sub-paragraph of “Intention of the Offeror regarding the Group” at the heading of Letter from Get Nice Securities, the likelihood of any tax liability being crystallized is remote since Offeror has no intention to dispose of or redeploy the assets of the Group. For indicative purpose and based on prevailing rules and information available as at the Latest Practicable Date, the potential tax obligation arising from the disposal of this property is estimated to be HK\$1,500,000.

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 29 February 2008
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 16 November 1855 whilst Inland Lot No. 514 is held under another Government Lease for a term of 999 years commencing from 21 January 1857.	6 parking spaces are subject to 6 separate monthly licences yielding a total monthly income of \$39,600 exclusive of rates and service charges. The Carport Basement are subject to 2 separate monthly licences yielding a total monthly income of \$13,200 exclusive of rates and service charges.	\$9,000,000 (100% interest attributable to the Group: \$9,000,000)

Notes:

- i) The registered owner of the property is Minkind Development Limited, which is a wholly-owned subsidiary of the Group, vide Memorial No. UB5740877 dated 30 June 1993.
- ii) The property is subject to the Deed of Grant of Easements vide Memorial No. UB8614256 dated 21 January 2002.
- iii) The Group advised that the property at the time of disposal at the amount of its market value as at 29 February 2008 will be subject to profits tax in Hong Kong. The precise tax implication will be subject to formal tax advice, prevailing rules and regulations at the time of disposal. However, in light of the future plan of the Offeror as set out in the sub-paragraph of "Intention of the Offeror regarding the Group" at the heading of Letter from Get Nice Securities, the likelihood of any tax liability being crystallized is remote since Offeror has no intention to dispose of or redeploy the assets of the Group. For indicative purpose and based on prevailing rules and information available as at the Latest Practicable Date, the potential tax obligation arising from the disposal of this property is estimated to be HK\$300,000.

Group II – Property interest held by the Group for future development in the PRC

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 29 February 2008
3. A parcel of land located at Da Qi San Shang Liang Industrial District, Shu Lin Zhao Xiang Guan Nian Fung Village, Da La Te Qi County, Erdos City, Inner Mongolia Autonomous Region, the PRC	<p>The property comprises a parcel of land with a registered site area of approximately 666,670 sq.m. (7,176,036 sq.ft.) and is planned to be developed into a industrial complex known as “魯能煤電化循環經濟產業園” (Lu Neng Coal and Electricity Cycle Economic Development Zone) (the “Development”).</p> <p>The land use rights of the property are to be granted for a term of 50 years from the issuance date of the Certificate for State-owned Land Use Rights for industrial use.</p>	The property is currently a vacant site. As advised by the Group, no development proposal is formulated as at the date of valuation.	\$64,000,000 (100% interest attributable to the Group: \$64,000,000)

Notes:

- i) Pursuant to the Contract for Grant of State-owned Land Use Rights No. Da La Te Qi Shi Guo Rang (He) Zi (2006) Di 26 Hao and the Supplemental Agreement for Contract for Grant of State-owned Land Use Rights (the “Contracts”) entered into between Da La Te Qi Country Land Resources Bureau (the “Bureau”) and Inner Mongolia Yize Mine Investment Co., Ltd. (“Inner Mongolia Yize”), a indirect wholly-owned subsidiary of the Group, on 12 July 2006 and 1 August 2006 respectively. The Bureau agreed to grant the land use rights of the property to Inner Mongolia Yize. The salient conditions stipulated in the Contracts are summarized as follows:
- a) Site area : 666,670 sq.m.
- b) Use : industrial
- c) Land use term : 50 years
- d) Plot ratio : not less than 0.8
- e) Total investment : not less than RMB9,115,400,000

- ii) Pursuant to the Business Licence No. 1527222000976(1-1) dated 23 April 2007, Inner Mongolia Yize has a registered capital of RMB100,000,000 with an operation period commencing from 16 November 2004 and expiring on 15 November 2054. The main scope of business is confined to coal mining, exploration works, coal and electricity investment, construction materials, plant and machineries, raw coal processing industry, etc (not allowed to perform any commercial and production activities without prior approval by the Government).
- iii) Pursuant to the Approval Letter for Land Use Construction No. E Er Duo Si Shi Da La Te Qi Xian (2006) Zi Di 12 Hao dated on 29 December 2006, the property, having a site area of approximately 666,670 sq.m., is approved for industrial use. The proposed development is known as Lu Neng Coal and Electricity Cycle Economic Development Zone.
- iv) Pursuant to the Certificate for Construction Land Usage Planning Permit No. 2007003 dated 9 February 2007, the development of the property, having a site area of approximately 666,670 sq.m., is permitted for industrial use.
- v) The Group advised that the property at the time of disposal at the amount of its market value as at 29 February 2008 will be subject to business tax, PRC land capital gain tax and PRC Corporate income tax. The precise tax implication will be subject to formal tax advice, prevailing rules and regulations at the time of disposal. However, pursuant to the Disposal Agreement, the likelihood of any tax liability being crystallized is remote since the disposal of the property through a disposal a direct wholly-owned subsidiary. For indicative purpose and based on prevailing rules and information available as at the Latest Practicable Date, the potential tax obligation arising from the disposal of this property is estimated to be HK\$28,000,000.
- vi) The opinion of the Group's legal adviser on PRC law states that:
 - a) After payments of the outstanding land premium of RMB330,355.70 and the related stamp duty/tax incurred and the completion of the land grant procedure, Inner Mongolia Yize is entitled to obtain the land use rights of the property for a term of 50 years for industrial use from the issuance of the Certificate for State-Owned Land Use Rights and there is no foreseeable legal impediment for the aforesaid application;
 - b) Pursuant to the note (vi) (a) above, the land use rights of the property are freely transferable by way of transfer, mortgage or letting without the need to pay any further land premium or other sums other than of a nominal nature upon more than 25% of the total investment amount (other than land premium) having been invested; and
 - c) Inner Mongolia Yize has been duly incorporated and has full corporate power and legal capacity to carry out on the business specified in the Business Licence of the company.
- vii) As advised by the Group, the said outstanding land premium of RMB330,355.70 has been fully settled as at the date of valuation.
- viii) In the course of our valuation, we have prepared our valuation on the following assumptions:
 - a) Inner Mongolia Yize is in possession of a proper legal title to the property and is entitled to transfer the property together with the residual term of its land use rights at no extra land premium and other onerous charges payable to the government;
 - b) All land premium and other costs of resettlement and public utilities services, if any, have already been fully settled; and
 - c) All the consents, approvals and licences from relevant government authorities for the development of the property have been granted without any onerous conditions or undue delay which might affect the value.

Group III – Property interest held for owner-occupied by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 29 February 2008
4. The whole of Block 2 and Unit Nos. 451 and 452 on 5th Floor of Block 4, Yu Long Garden (“裕隆花園”), Wen Yuan Street South, Jin Peng Road West, Da Qi Shu Village, Da La Te Qi County, Erdos City, Inner Mongolia Autonomous Region, the PRC	<p>Yu Long Garden (the “Development”) is a large scale low-rise residential development completed in about 2005.</p> <p>The property comprises the whole of Block 2 which accommodating ten residential units and two residential units on the 5th Floor of Block 4 of the Development. The total gross floor area of the property is approximately 1,614.99 sq.m..</p> <p>The land use rights of the property have been granted for common terms up to 1 September 2073 for residential use.</p>	The property is currently owner-occupied.	<p>\$3,670,000</p> <p>(100% interest attributable to the Group: \$3,670,000)</p>

Notes:

- i) Pursuant to the 12 Certificates for State-owned Land Use Rights, the land use rights of the property have been granted to Inner Mongolia Yize Mining Investment Co., Ltd. (“Inner Mongolia Yize”) for common terms up to 1 September 2073 for residential use. Details of the Certificates are summarized as follows:

No.	Unit	Certificate No.	Date of Issuance	Land Use Right Area (sq.m.)
1	211	Da Guo Yong (2005) Di 5663 Hao	2 December 2005	24.87
2	212	Da Guo Yong (2005) Di 5668 Hao	2 December 2005	24.87
3	221	Da Guo Yong (2005) Di 5665 Hao	2 December 2005	24.87
4	222	Da Guo Yong (2005) Di 5659 Hao	2 December 2005	24.87
5	231	Da Guo Yong (2005) Di 5664 Hao	2 December 2005	24.87
6	232	Da Guo Yong (2005) Di 5667 Hao	2 December 2005	24.87
7	241	Da Guo Yong (2005) Di 5662 Hao	2 December 2005	24.87
8	242	Da Guo Yong (2005) Di 5658 Hao	2 December 2005	24.87
9	251	Da Guo Yong (2005) Di 5666 Hao	2 December 2005	24.87
10	252	Da Guo Yong (2005) Di 5661 Hao	2 December 2005	24.87
11	451	Da Guo Yong (2005) Di 6123 Hao	2 March 2006	25.03
12	452	Da Guo Yong (2005) Di 6122 Hao	2 March 2006	24.87

- ii) Pursuant to the 12 Certificates for Building Ownership, the titles of the property, having a total gross floor area of approximately 1,614.99 sq.m., are vested in Inner Mongolia Yize with common terms expiring on 1 September 2073 for residential use. Details of the Certificates are summarized as follows:

No.	Unit	Certificate No.	Date of Issuance	Gross Floor Area (sq.m.)
1	211	Fang Quan Zheng 2005 Zi Di 17319 Hao	14 December 2005	134.51
2	212	Fang Quan Zheng 2005 Zi Di 17325 Hao	14 December 2005	134.51
3	221	Fang Quan Zheng 2005 Zi Di 17317 Hao	14 December 2005	134.51
4	222	Fang Quan Zheng 2005 Zi Di 17322 Hao	14 December 2005	134.51
5	231	Fang Quan Zheng 2005 Zi Di 17323 Hao	14 December 2005	134.51
6	232	Fang Quan Zheng 2005 Zi Di 17314 Hao	14 December 2005	134.51
7	241	Fang Quan Zheng 2005 Zi Di 17327 Hao	14 December 2005	134.51
8	242	Fang Quan Zheng 2005 Zi Di 17316 Hao	14 December 2005	134.51
9	251	Fang Quan Zheng 2005 Zi Di 17315 Hao	14 December 2005	134.51
10	252	Fang Quan Zheng 2005 Zi Di 17318 Hao	14 December 2005	134.51
11	451	Fang Quan Zheng 2005 Zi Di 17724 Hao	22 March 2006	135.38
12	452	Fang Quan Zheng 2005 Zi Di 17723 Hao	22 March 2006	134.51
Total:				1,614.99

- iii) Pursuant to the Business Licence No. 1527222000976(1-1) dated 23 April 2007, Inner Mongolia Yize has a registered capital of RMB100,000,000 with an operation period commencing from 16 November 2004 and expiring on 15 November 2054. The main scope of business is confined to coal mining, exploration works, coal and electricity investment, construction materials, plant and machineries, raw coal processing industry, etc (not allowed to perform any commercial and production activities without prior approval by the Government).
- iv) The Group advised that the property at the time of disposal at the amount of its market value as at 29 February 2008 will be subject to business tax, PRC land capital gain tax and PRC Corporate income tax. The precise tax implication will be subject to formal tax advice, prevailing rules and regulations at the time of disposal. However, pursuant to the Disposal Agreement, the likelihood of any tax liability being crystallized is remote since the disposal of the property through a disposal a direct wholly-owned subsidiary. For indicative purpose and based on prevailing rules and information available as at the Latest Practicable Date, the potential tax obligation arising from the disposal of this property is estimated to be HK\$1,000,000.
- v) The opinion of the Group's legal adviser on PRC law states that:
- a) According to the Certificates for Building Ownership and the Certificates for State-owned Land Use Rights, Inner Mongolia Yize has duly obtained the land use rights of the property for the common term up to 1st September, 2073 for residential use;
 - b) Inner Mongolia Yize is in possession of a proper legal title to the property and is entitled to transfer the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;

- c) The land use rights of the property are freely transferable by way of transfer, mortgage or letting; and
 - d) Inner Mongolia Yize has been duly incorporated and has full corporate power and legal capacity to carry out on the business specified in the Business Licence of the company.
- vi) In the course of our valuation, we have prepared our valuation on the following assumptions:
- a) Inner Mongolia Yize is in possession of a proper legal title to the to the property and is entitled to transfer the property together with the residual term of its land use rights at no extra land premium and other onerous charges payable to the government;
 - b) All land premium and other costs of resettlement and public utilities services, if any, have already been fully settled; and
 - c) The designs and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities.

1. RESPONSIBILITY STATEMENT

The information contained in this document (other than information relating to the Offeror, the terms and conditions of the Offers and the future intentions of the Offeror in respect of the Group) has been supplied by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this document (other than information relating to the Offeror, the terms and conditions of the Offers and the future intentions of the Offeror in respect of the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document have been arrived at after due and careful consideration and there are no other facts not contained in this document the omission of which would make any statement contained herein misleading.

The information contained in this document (other than those relating to the Group) has been supplied by the directors of the Offeror, who jointly and severally accept full responsibility for the accuracy of the information contained in this document (other than those relating to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this document have been arrived at after due and careful consideration and there are no other facts not contained in this document the omission of which would make any statement contained herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised:</i>		<i>HK\$</i>
80,000,000,000	Shares	800,000,000
<hr/> <hr/>		<hr/> <hr/>
<i>Issued:</i>		
2,028,255,008	Shares	20,282,550
<hr/> <hr/>		<hr/> <hr/>

All the existing issued Shares are fully paid up and rank pari passu in all respects including all rights as to dividends, voting and capital.

Save as aforesaid, since 31 December 2007, the date of which the latest audited financial statement of the Company was made up, and up to the Latest Practicable Date, the Company has not issued any Shares and no Share or loan capital of the Company has been put under option or agreed conditionally or unconditionally to be put under option and no option, warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally or unconditionally to be issued or granted.

3. DISCLOSURE OF INTERESTS AND DEALINGS

(a) As at the Latest Practicable Date:

- (i) the Company had no shareholding interest in the Offeror nor in CE and the Company had not dealt in any of the securities of the Offeror or CE during the Relevant Period;
- (ii) none of the Directors were interested in any securities of the Company, the Offeror and CE nor had dealt in any securities of the Offeror or CE during the Relevant Period;
- (iii) no shareholding in the Company was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the Group or by any adviser to the Company as specified in class (2) of the definition of associate;
- (iv) None of the subsidiaries of the Company nor a pension fund of any member of the Group nor any adviser to the Company as specified in class (2) of the definition of associate had dealt in any securities of the Company during the Relevant Period.
- (v) no person had any arrangement of the kind as described to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code;
- (vi) no shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company;
- (vii) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (viii) there was no agreement or arrangement between any Director and any other person which is condition on or dependent upon the outcome of the Offers or otherwise connected with it; and
- (ix) there was no material contracts that have been entered into by the Offeror in which any Director has a material personal interest.

(b) During the Relevant Period, none of the Directors has dealings in the Shares or the Convertible Bonds.

4. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Group) have been entered into by a member of the Group after the date immediately preceding two years from the date of the First Announcement and are or may be material:

- (a) a preliminary sale 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 3rd Floor, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories at the consideration of HK\$8.8 million dated 8 December 2006 and 29 December 2006 respectively;
- (b) a preliminary sale 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 Territories at the consideration of HK\$5.18 million dated 4 January 2007;
- (c) a preliminary sale and purchase agreement between Boria as vendor and Truly Billion (Hong Kong) Limited, an independent third party, as purchaser in respect of 7th Floor to 10th Floor, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories at the consideration of HK\$20.66 million dated 16 January 2007;
- (d) a preliminary sale 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 Rood thereof), 5th Floor and Ground Floor Car parking space no. 25, Chung Kiu Godown Building, Nos. 63-71 Lei Muk Road, Kwai Chung, New Territories at the consideration of HK\$10.805 million dated 24 March 2007;
- (e) an agreement dated 1 August 2007 entered into between Grade Crystal Investments Limited, an indirect wholly-owned subsidiary of the Company as purchaser, 山東魯能礦業集團有限公司 (unofficial English translation as Shandong Luneng Mining Group Ltd.) as vendor and Fame Ascent as guarantor in relation to the acquisition of the entire equity interests in 內蒙古伊澤礦業投資有限公司 (unofficial English translation as Inner Mongolia Yize Mining Investment Co., Ltd.) at the consideration of RMB59,962,900;

- (f) a subscription agreement dated 1 August 2007 entered into between the Company as issuer and Asian Kingdom Limited and Fame Ascent as subscribers in relation to the Subscription;
- (g) the Master Agreement;
- (h) the Disposal Agreement; and
- (i) the Termination Deed.

5. SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries or associated companies which:

- (a) (including both continuous and fixed term contracts) have been entered into or amended within six months before 1 February 2008, being the commencement of the Offer Period;
- (b) are continuous contracts with a notice period of 12 months or more; or
- (c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. CONSENTS AND QUALIFICATIONS

The following is the qualification of the experts who have given opinion or advice contained in this document:

Name	Qualification
Get Nice Securities	A deemed licensed corporation to carry on business in types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO
Wallbank Brothers	A licensed corporation permitted to carry on business in types 4, 6 and 9 regulated activity (advising on securities, advising on corporate finance and asset management) under the SFO
Norton Appraisals Limited	Independent Professional Property valuer

Each of Get Nice Securities, Wallbank Brothers and Norton Appraisals Limited has given and has not withdrawn its written consent to the issue of this document with copy of its report or letter (as the case may be) and the references to its names included herein in the form and context in which they are respectively included.

8. GENERAL

(a) The registered address and address of the principal place of business in Hong Kong of the Offeror are situated at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and 26/F, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong respectively.

(b) The registered address of Get Nice Securities is at 10/F, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong.

The registered address of Get Nice Capital Limited is at 10/F, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong.

The registered address of Veda Capital Limited is at Suite 1302, Takshing House, 20 Des Voeux Road Central, Hong Kong.

(c) The address of the principal place of business of the Company in Hong Kong is at 26/F, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong.

- (d) The registered address of BNP Paribas Capital (Asia Pacific) Limited, the financial adviser to the Company, is at 59/F-63/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.
- (e) The registered address of Wallbanck Brothers is at 1005B, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong.
- (f) The English text of this document and of the Form(s) of Acceptance shall prevail over the Chinese text for the purpose of interpretations.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 12:30 p.m. and from 1:30 p.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays) at (i) G/F, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong; (ii) on the website of the SFC (www.sfc.hk) and (iii) the Company's website at www.g-prop.com.hk during the offer period from 15 April 2008 to 6 May 2008, being the Closing Date:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual report of the Company for the year ended 31 December 2006 and the results announcement of the Company for the year ended 31 December 2007;
- (d) the letter from Get Nice Securities;
- (e) the letter from the Independent Board Committee;
- (f) the letter from Wallbanck Brothers;
- (g) the letter, summary of values and valuation certificates relating to the property interests of the Group prepared by Norton Appraisals Limited, the texts of which are set out in Appendix III to this document;
- (h) the deed poll constituting the Convertible Bonds;
- (i) the written consents referred to in the paragraph headed "Consents and Qualifications" in this Appendix; and
- (j) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix.