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If you have sold or transferred all your shares in G-Prop (Holdings) Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser(s) or transferee(s) 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(s) or transferee(s).

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G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

MAJOR TRANSACTION, FINANCIAL ASSISTANCE, CONTINUING CONNECTED TRANSACTION AND NOTICE OF SPECIAL GENERAL MEETING

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



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

A letter from the Board is set out on pages 4 to 17 of this circular. A letter from the Independent Board Committee is set out on page 18 of this circular. A letter from Guangdong Securities containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 32 of this circular.

A notice convening the SGM to be held at 10:00 a.m. on 20 November 2012 at Room 2709-10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Shai Tsui, Kowloon, Hong Kong is set out on pages 40 to 41 of this circular. A form of proxy for use at the SGM is also enclosed. If you are not able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

5 November 2012

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	18
Letter from Guangdong Securities	19
Appendix I – Financial Information of the Group	33
Appendix II – General Information	35
Notice of SGM	40

DEFINITIONS

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

“associates”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which (i) licensed banks are open for business in Hong Kong; and (ii) dealings in Hong Kong dollars are carried on in the Hong Kong interbank market and the value of HIBOR is capable of being ascertained on such day
“BVI”	the British Virgin Islands
“CE”	Chinese Estates Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange, and the guarantor of the Loan Agreement
“Champion Dynasty”	Champion Dynasty Limited, a company incorporated in the BVI with limited liability and the borrower of the Facility Agreement
“Company”	G-Prop (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange, and the lender of the Facility Agreement
“Directors”	directors of the Company
“Facility Agreement”	the agreement dated 27 September 2012 entered into between the Company (as lender), Champion Dynasty (as borrower), Mr. Cheung (as individual guarantor) and GD 奧理德 (as corporate guarantor) in relation to a three-year revolving facility of up to HK\$220 million
“Fancy Mark”	Fancy Mark Limited (trading as Fancy Mark Capital Limited in Hong Kong), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of CE, and the borrower of the Loan Agreement

DEFINITIONS

“GD 奧理德” or “Corporate Guarantor”	Guangdong Allad Yiliao Touzi Company Limited* in English or 廣東奧理德醫療投資有限公司 in Chinese, a company incorporated in the PRC with limited liability, and the corporate guarantor of the Facility Agreement
“Group”	the Company and its subsidiaries
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a corporation licensed under the SFO to perform type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Transaction
“Guarantors”	Mr. Cheung and GD 奧理德
“HIBOR”	in relation to the determination of the rate of interest chargeable on the amount outstanding under the facility contemplated under the Facility Agreement, the rate for the relevant period displayed on page HKAB HIBOR of the Reuters Monitor Money Rate Services. If the agreed page or service is not available, the Company may after consultation with Champion Dynasty, determine another page or service displaying appropriate rate for one-month deposit in Hong Kong dollar, at or about 11:15 a.m. on such Business Day
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all three independent non-executive Directors, namely Dr. David Chain, Chi-woo, Mr. Lam, Yat-fai and Mr. Leung, Yun-fai, was established by the Board on 27 September 2012 to make recommendations to the Independent Shareholders in relation to the fairness and reasonableness of the Transaction
“Independent Shareholder(s)”	Shareholder(s) other than those with a material interest in the Transaction and their associates

DEFINITIONS

“Latest Practicable Date”	1 November 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 22 September 2011 entered into between the Company (as lender), Fancy Mark (as borrower) and CE (as guarantor) (details of which were disclosed in the announcement of the Company dated 22 September 2011) in relation to a three-year revolving facility of up to HK\$300 million
“Mr. Cheung” or “Individual Guarantor”	Cheung Wai Kuen, who is the individual guarantor of the Facility Agreement, the sole director and owns 99% issued share capital of Champion Dynasty, and the executive Director of the Company and the chairman of the Board
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be held on 20 November 2012 for the purpose of considering, and if thought fit, approving the Transaction by the Independent Shareholders
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the major transaction and continuing connected transaction contemplated under the Facility Agreement
“US”	the United States of America
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

* For identification purpose only

LETTER FROM THE BOARD



G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

Executive Directors:

Mr. Cheung, Wai-kuen

Mr. Cheng, Hau-yan

Non-executive Director:

Mr. Lam, Kwong-wai

Independent non-executive Directors:

Dr. David Chain, Chi-woo

Mr. Lam, Yat-fai

Mr. Leung, Yun-fai

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

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

Room 2709-10, 27th Floor,

North Tower, Concordia Plaza,

1 Science Museum Road,

Tsim Sha Tsui,

Kowloon, Hong Kong

5 November 2012

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION, FINANCIAL ASSISTANCE AND CONTINUING CONNECTED TRANSACTION

1. INTRODUCTION

As disclosed in the announcements of the Company dated 28 September 2012, 8 October 2012 and 1 November 2012, the Company (as lender), Champion Dynasty (as borrower), Mr. Cheung (as individual guarantor) and GD 奧理德 (as corporate guarantor) entered into the Facility Agreement in relation to a three-year revolving facility of up to HK\$220 million on 27 September 2012.

LETTER FROM THE BOARD

Pursuant to Chapter 14 of the Listing Rules, as the Transaction does not involve disposal or acquisition of assets, even the applicable ratios are more than 100%, the Transaction shall only be regarded as a major transaction instead of a very substantial acquisition or very substantial disposal. In addition, pursuant to Rules 14A.13(2)(a)(i) and 14A.14 of the Listing Rules, the Transaction constitutes financial assistance and continuing connected transaction for the Company. Accordingly, the Facility Agreement, the relevant expected cap amounts and the transactions contemplated thereunder are subject to reporting, announcement and the approval of the Independent Shareholders at the SGM and annual review pursuant to the relevant rules under Chapter 14 and Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with among other matters, (i) further information regarding the details of the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Guangdong Securities to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM.

2. MAJOR TRANSACTION, FINANCIAL ASSISTANCE AND CONTINUING CONNECTED TRANSACTION

The Facility Agreement

Date

27 September 2012

Facility

Three-year revolving facility of up to HK\$220 million.

Borrower

Champion Dynasty, the principal activities of which are investment holding and general trading.

Individual Guarantor and Corporate Guarantor

The Guarantors provide the guarantee which is a continuing guarantee and will extend to the ultimate balance of sums payable by Champion Dynasty under the Facility Agreement, regardless of any intermediate payment or discharge in whole or in part. In the case of any default repayment under the Facility Agreement, the Individual Guarantor and the Corporate Guarantor will be jointly and severally liable for the loan amount outstanding and the interest accrued thereon.

LETTER FROM THE BOARD

Lender

The Company

Purpose

To finance the general working capital of Champion Dynasty. The Company made enquires with Champion Dynasty and understand that Champion Dynasty will make use of the loan to improve their operations and will not use the same for purchase of fixed assets and for long term investments (equity or non-equity in nature).

Final maturity

The expiry of 3 years from the date on which all conditions precedent are fulfilled or waived.

Availability period

The period commencing from the date on which all conditions precedent are fulfilled or waived and ending on the Business Day immediately prior to final maturity.

Conditions precedent

The obligation of the Company as the lender to make the facility available to Champion Dynasty is subject to the fulfilment or waiver of the following conditions precedent:

- (1) the passing at the SGM of the Independent Shareholders of an ordinary resolution to approve the granting of the facility by the Company to Champion Dynasty under and pursuant to the terms of the Facility Agreement;
- (2) the obtaining by the Company of all necessary consents, authorisations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance by the Company of the terms of the Facility Agreement which may be required under the Listing Rules or from the Shareholders, the Stock Exchange, any regulatory authority, any relevant governmental agencies or other third parties;

LETTER FROM THE BOARD

- (3) the Company having received the following documents in form and substance reasonably satisfactory to it:
- (a) the constitutional and corporate authorisation documents of Champion Dynasty;
 - (b) the constitutional and corporate authorisation documents of Corporate Guarantor;
 - (c) PRC legal opinions and legal opinions in respect of the Facility Agreement on matters pertaining to the laws of such jurisdictions issued by counsels acceptable and in forms and substance satisfactory to the Company in all respects; and
- (4) the obtaining by Champion Dynasty and the Guarantors of all necessary consents, authorisations, registrations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance by Champion Dynasty and the Guarantors of the Facility Agreement which may be required under the Listing Rules or from the shareholders of Corporate Guarantor, the Stock Exchange, any regulatory authority, any relevant governmental agencies or other third parties.

The Company may in its discretion waive the conditions precedent contained in paragraphs (3)(a) and (3)(b) above by notice to Champion Dynasty. None of the other conditions precedent can be waived by any of the parties to the Facility Agreement.

If any of the conditions precedent has not been fulfilled or waived on or before 5:00 p.m. on 31 December 2012 or such other date as the parties to the Facility Agreement may agree in writing, the Facility Agreement will cease to have effect.

Drawdown

Multiple drawings are allowed with each drawdown of not less than HK\$5,000,000.

The Company shall have the overriding right to (i) determine whether to permit the drawing of an advance by Champion Dynasty under the facility; and (ii) reduce the amount of advance requested by Champion Dynasty, provided that the Company shall within one Business Day from its receipt of the drawdown notice notify Champion Dynasty of its decision to disallow the advance or reduce the amount of the advance requested.

LETTER FROM THE BOARD

Repayment

The Company is entitled, by giving not less than one month's (or such shorter period as Champion Dynasty may agree) prior written notice to Champion Dynasty, to demand full or partial repayment of the amount outstanding.

Champion Dynasty shall also repay the aggregate of the principal amount outstanding under the facility, all accrued interest thereon and all other amount payable under the Facility Agreement on the date falling three years from the date of the Facility Agreement.

Champion Dynasty may at any time without penalty or any other charges repay the whole or any part of the amount outstanding under the facility (if in part, being a minimum amount of HK\$5,000,000 and an integral multiple of HK\$1,000,000), provided that Champion Dynasty shall have given to the Company not less than 14 days' (or such shorter period as the Company may agree) prior written notice of its intention to make such repayment, specifying the amount to be repaid and the proposed date of such repayment. Any amount so repaid by Champion Dynasty shall first be applied towards the repayment of interest accrued up to the date of repayment and the balance shall be applied towards repayment of the principal amount outstanding under the facility.

Interest

HIBOR plus 2.5% per annum.

Collateral

Not required.

The Company may, without prejudice to any other rights of the Company as the lender, at any time after the happening of an event of default which includes, among other matters, non-payment by Champion Dynasty, breach of obligations and warranties, so long as the same is continuing and has not been waived by notice to Champion Dynasty declare that:

- (1) the obligation of the Company to make the facility available shall be terminated, whereupon any undrawn portion of the facility shall be reduced to zero forthwith; and/or

LETTER FROM THE BOARD

- (2) all amounts outstanding under the facility and all interest accrued and all other sums payable under the Facility Agreement have become due and payable, whereupon the same shall, immediately or in accordance with the terms of such notice, become due and payable.

Expected cap amounts

The following table sets out the maximum principal loan outstanding and maximum interest amount for each of the following periods and the expected cap amounts of the facility to be granted by the Company to Champion Dynasty under the Facility Agreement for each of the following periods:

	From 21 November 2012 to 31 December 2012	For the year ending 31 December 2013	For the year ending 31 December 2014	From 1 January 2015 to 20 November 2015
Maximum principal loan outstanding	HK\$220 million	HK\$220 million	HK\$220 million	HK\$220 million
Maximum interest amount	HK\$2 million	HK\$18 million	HK\$18 million	HK\$16 million
Expected cap amounts	HK\$222 million	HK\$238 million	HK\$238 million	HK\$236 million

The aforesaid expected cap amounts are determined by using the aggregate of the principal amount outstanding under the facility to be granted by the Company and the annual interest payable under the Facility Agreement, based on the assumption that Champion Dynasty will borrow up to HK\$220 million for each of (i) the period from 21 November 2012 to 31 December 2012; (ii) the year ending 31 December 2013; (iii) the year ending 31 December 2014; and (iv) the period from 1 January 2015 to 20 November 2015 respectively.

Pursuant to the Facility Agreement, it is agreed that Champion Dynasty shall pay interest on the aggregate principal amount outstanding from time to time at the interest rate of HIBOR plus 2.5% per annum and such interest shall be paid to the Company on the last day of each interest period which means one month.

Information on the Company and Reasons for the Transaction

The Company and the Group are principally engaged in investment and finance, and property investment. Given the European debt crisis, the downturn of the US and PRC economies and the volatility of the stock market, the Company considers that these issues will not be resolved in a short period of time and thus will be the uncertainties in the world financial markets. Therefore, the management of the Company currently has not identified any potential projects or investment opportunities suitable for the Group to pursue for the excess idle cash on hand. As such, the management of the Company considers that, it is in the commercial interest of and beneficial to the Company to lend the amount of excess idle cash to Champion Dynasty for a higher return.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Group has a cash balance of approximately HK\$167.9 million. Subject to the fulfillment or waiver of the conditions precedent under the Facility Agreement, the Company will make the facility available to Champion Dynasty under the Facility Agreement by using the cash balance available to the Group.

As at the Latest Practicable Date, the Company has a loan receivable of approximately HK\$140 million from Fancy Mark. Pursuant to the Loan Agreement, the Company has the right to demand Fancy Mark to repay the remaining balance (whether partially or fully) of approximately HK\$140 million by giving one month prior written notice to Fancy Mark (or shorter notice period if agreed by both parties). For the purpose of providing the facility to Champion Dynasty, the Company will assess whether it is necessary to demand the said loan repayment (whether partially or fully) from Fancy Mark by serving written notice to Fancy Mark. In this connection, the Company is of the view that the Transaction will not materially affect the cash flow of the Company because the Company has the right to make the final decision as to approving the drawdown to Champion Dynasty according to the terms of the Facility Agreement and to demand repayment of the outstanding loan upon giving prior written notice to Champion Dynasty. This would provide flexibility to the Company to adjust its credit policies to Champion Dynasty and Fancy Mark in accordance with the situation of the Group and to utilise the money should any suitable project or investment opportunity arise.

The Directors (excluding Mr. Cheung who has abstained from voting on the relevant Board resolutions due to his interests in the Facility Agreement), and the independent non-executive Directors whose view are set out in the letter from the Independent Board Committee on page 18 of this circular after considering the advice and recommendation of Guangdong Securities) are of the view that the Facility Agreement was entered into in the ordinary and usual course of business of the Group and the terms of the Facility Agreement (including the interest rate and repayment terms) and the abovementioned expected annual caps amount are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

Financial Effects of the Facility Agreement

Considering that the Company will request Fancy Mark to repay the outstanding loan in full of approximately HK\$140 million under the Loan Agreement, the Company will then have a cash balance of approximately HK\$307.9 million after receiving the same from Fancy Mark. Assuming that the Company allows Champion Dynasty to draw a loan of HK\$220 million under the Facility Agreement, the Company will then have a cash balance of approximately HK\$87.9 million. The Board is of the view that the facility loan to Champion will not have a material impact on the total assets and total liabilities of the Group. Pursuant to the terms of the Facility Agreement, as the Company will receive an annual interest rate which is 1% higher than the same for the facility loan to Fancy Mark under the Loan Agreement, the Company estimated that the Group's revenue will increase by at least HK\$2.2 million per annum (considering the increment of interest rate between the Loan Agreement and the Facility Agreement) if the Company allows Champion Dynasty to draw a loan of HK\$220 million under the Facility Agreement and recalling the outstanding loan from Fancy Mark under the Loan Agreement.

In addition, pursuant to the Loan Agreement, the interest rate for the facility loan to Fancy Mark is only HIBOR plus 1.5% per annum. For the facility loan to Champion Dynasty, the interest rate is HIBOR plus 2.5% per annum. As the interest rate for the facility loan to Champion Dynasty is 1% higher than the interest rate for the facility loan to Fancy Mark and the Company has the overriding right to (i) determine whether to permit the drawing of an advance by Champion Dynasty under the facility; and (ii) reduce the amount of advance requested by Champion Dynasty, the Board considers that the Transaction is on normal commercial terms and it is fair and reasonable for the Company to call back the outstanding loan from Fancy Mark should the Company considers that they are necessary to do so for the benefit of the Company and the Shareholders as a whole.

The Board will assess the cash flow of the Company in advance before allowing drawing of an advance by Champion Dynasty under the facility so that the Company will have sufficient cash flow to operate. In addition, the Company will from time to time consider if there are any other potential projects or investment opportunities which, in the view of the Board, may generate more revenue for the Company. The Board will delegate the power to an executive committee which comprises any two of the Directors (excluding Mr. Cheung due to his interests in the Transaction) to assess the cash position of the Company and identify any potential projects or investment opportunities before allowing Champion Dynasty to draw an advance under the Facility Agreement. As of the Latest Practicable Date, the Company has not identified any other potential projects or investment opportunities other than the facility loan to Champion Dynasty.

LETTER FROM THE BOARD

As Mr. Cheung and GD 奧理德 agreed to act as the guarantors of Champion Dynasty and guarantee the performance of Champion Dynasty under the Facility Agreement (e.g. extend the guarantee to the ultimate balance of sums payable by Champion Dynasty under the facility), the Board is of the view that collateral will not be required from Champion Dynasty and the Transaction is on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Board noticed that the Company received an annual interest rate of below 1% per annum from its existing bank deposits. The Board also noticed that the interest rate for the facility loan to Fancy Mark is 1% less than the interest rate for the Transaction and the interest received from Fancy Mark is the major revenue source of the Group at present. Therefore, as the interest rate for the Transaction is better than the interest rate for bank deposits and the interest rate for the facility loan to Fancy Mark, the Board considered that the interest rate for the Transaction will improve the Company's revenue in the future and such interest rate should be fair and reasonable and on normal commercial terms. Save and except the facility loan to Fancy Mark as aforesaid, the Company did not provide any facility loan to any third party borrowers in the last three financial years.

Risk Associated with the Provision of the Facility Loan

Set out below are the risk factors which may be associated with the provision of the facility loan under the Facility Agreement:

Fluctuation in market interest rate

The interest rate under the Facility Agreement may be too low when comparable interest rates in the market increase sharply. The Directors consider that the adjustable interest rates linked to HIBOR is the best arrangement for the Company to deal with fluctuation in market interest rate.

Credit risk

As aforementioned in page 10 of this circular, the Company is conferred the right to make the final decision as to approving the advance to Champion Dynasty and to demand repayment of the outstanding loan upon giving prior written notice to Champion Dynasty under the Facility Agreement. Moreover, the Directors will closely communicate with Champion Dynasty to ensure that the outstanding loan and interest accrued thereon under the Facility Agreement will be repaid upon demand. The Board is of the view that it is unlikely that Champion Dynasty will not be able to repay the facility loan as Champion Dynasty, the Individual Guarantor and the Corporate Guarantor are jointly and severally liable for the outstanding loan and interest accrued thereto under the Facility Agreement.

LETTER FROM THE BOARD

Information on the Borrower

Champion Dynasty is a company incorporated on 13 March 2012 in the BVI with limited liability. 99% of the issued share capital of Champion Dynasty is beneficially owned by Mr. Cheung. The principal activities of Champion Dynasty are investment holding and general trading and Champion Dynasty did not enter into any facility arrangement with the Company.

The Company made enquiries with Champion Dynasty and the Company understands that the majority of Champion Dynasty's assets are capital investments in the Company. As at the Latest Practicable Date, Champion Dynasty holds 1,512,059,671 Shares. Based on the share price of the Shares as at the Latest Practicable Date, the Board estimates that the market value of the said Shares is approximately HK\$438 million although the Company understands from Champion Dynasty that 971,302,003 Shares of which are currently pledged to a third party.

Information on the Individual Guarantor

As at the Latest Practicable Date, Mr. Cheung is the sole director of Champion Dynasty and owns 99% of the issued share capital of Champion Dynasty and is the executive Director indirectly interested in approximately 62.27% shares of the Company. Mr. Cheung, aged 38, joined the Company as executive Director in August 2012 and was appointed as chairman of the Company in September 2012. He has established a number of enterprises in various industries in the PRC since 1997, including property investment, hospital and trading business. Mr. Cheung has over 10 years of experience in capital management and corporate management. He was appointed as an executive director of Goodtop Tin International Holdings Limited (Stock Code: 195) on 4 December 2009.

As at the Latest Practicable Date, Mr. Cheung is interested in the shares of the Company and Goodtop Tin International Limited (stock code: 195) ("**Goodtop Tin**"). The Board understands that the aggregate value of Mr. Cheung's unpledged shareholding interest in the Company and Goodtop Tin is over HK\$315 million, which is larger than the facility loan of up to HK\$220 million under the Facility Agreement, and thus the Board considers that Mr. Cheung's net assets will be sufficient to satisfy the total amount of the facility loan under the Facility Agreement.

LETTER FROM THE BOARD

Information on the Corporate Guarantor

GD 奧理德 is a company incorporated on 29 September 2003 in the PRC with limited liability. Its principal activities are investment and management of hospital and sales agent of health food, health care equipment and rehabilitation equipment. GD 奧理德 has investments in two hospitals in Zhongshan city and Zhanjiang city of the PRC. So far as the Company is aware, the Company understands that GD 奧理德 is an independent third party to the Company and is the sales agent of Mr. Cheung for certain products.

Based on the financial statements of GD 奧理德 for the financial years ended 31 December 2010 and 31 December 2011 and its latest management accounts for the eight months ended 31 August 2012 prepared in accordance with the China Accounting Standards for Business Enterprises provided by GD 奧理德, the Board notices that the average net current assets and the average total equity were over RMB480 million and RMB700 million respectively throughout the said financial years. As such, the Board considers that there should be no material issue on the credit worthiness of GD 奧理德 and the net assets of GD 奧理德 will be sufficient to satisfy the total amount of the facility loan under the Facility Agreement. Based on the said documents provided by GD 奧理德, the Company understands that approximately RMB70 million worth of the total assets of GD 奧理德 has been pledged for its borrowings in the sum of RMB50 million.

3. RELATIONSHIP BETWEEN THE PARTIES AND IMPLICATION OF THE LISTING RULES

Pursuant to Rule 13.13 of the Listing Rules, the Company has a general disclosure obligation as to the Transaction.

As the Transaction does not involve disposal or acquisition of assets, even the applicable ratios are more than 100%, the Transaction shall only be regarded as a major transaction instead of a very substantial acquisition or very substantial disposal pursuant to Chapter 14 of the Listing Rules. Therefore, the Transaction is subject to the reporting, announcement and shareholder's approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, as Mr. Cheung is an executive Director and indirectly interested in approximately 62.27% of the issued share capital of the Company, he is a controlling shareholder of the Company as defined under the Listing Rules and thus a connected person of the Company. Champion Dynasty is an associate of Mr. Cheung who holds approximately 62.27% of the issued share capital of the Company. Pursuant to Rules 14A.13(2)(a)(i) and 14A.14 of the Listing Rules, the Transaction constitutes financial assistance and a continuing connected transaction on the part of the Company.

LETTER FROM THE BOARD

Based on the Listing Rules implications mentioned above, the Transaction constitutes a major transaction and a continuing connected transaction, the Transaction is therefore subject to reporting, announcement, independent shareholders' approval requirements and annual review requirements pursuant to Rules 14A.17 and 14A.63 of the Listing Rules and Chapter 14 of the Listing Rules. The Transaction is required to be approved by the Independent Shareholders on a poll pursuant to Rule 13.39(4) of the Listing Rules. Shareholders with a material interest in the Transaction and their respective associates are required to abstain from voting at the SGM in respect of the relevant resolutions.

4. SGM

The Company will convene a SGM to be held at 10:00 a.m. on 20 November 2012 at Room 2709-10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong to consider the Transaction. A notice of the SGM is set out on pages 40 to 41 of this circular. As at the Latest Practicable Date, Champion Dynasty, as the borrower under the Facility Agreement, holds approximately 62.27% of the issued share capital of the Company. Accordingly, Champion Dynasty and its associates (including Mr. Cheung) will abstain from voting in respect of the ordinary resolution proposed to approve the Transaction at the SGM. Save as disclosed, the Directors were not aware of any Shareholders who are required to abstain from voting in respect of the ordinary resolution proposed to approve the Transaction at the SGM.

A form of proxy for use at the SGM is also enclosed. Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Secretaries Limited, branch share registrar and transfer office of the Company in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

5. PROCEDURES FOR DEMANDING A POLL

Under clause 66 of the bye-laws of the Company, a poll can be demanded at the SGM by:

- (i) the chairman of the SGM;
- (ii) at least three members present in person or by proxy for the time being entitled to vote at the SGM;

LETTER FROM THE BOARD

- (iii) any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the SGM;
- (iv) any member or members present in person or by proxy and holding shares of the Company conferring a right to vote at the SGM being shares of the Company on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares of the Company conferring that right; or
- (v) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of the shares of the Company representing 5% or more of the total voting rights at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders at the SGM to approve the Transaction will be taken by poll, the results of which will be announced after the SGM.

6. RECOMMENDATION

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. David Chain, Chi-woo, Mr. Lam, Yat-fai and Mr. Leung, Yun-fai, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Transaction. Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page 18 of this circular. Your attention is also drawn to the letter of advice from Guangdong Securities to the Independent Board Committee and the Independent Shareholders in respect of the Transaction and the relevant expected cap amounts set out on pages 19 to 32 in this circular.

The Independent Board Committee, having taken into account the advice of Guangdong Securities, considers that the Facility Agreement is on normal commercial terms, and that the Transaction, together with the relevant expected cap amounts, are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the Transaction and the relevant expected cap amounts of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned and recommend that the Independent Shareholders to vote in favour of the ordinary resolution to approve the Transaction and the relevant expected cap amounts at the SGM.

LETTER FROM THE BOARD

7. ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
G-Prop (Holdings) Limited
Wong Yuet Ying
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)

5 November 2012

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular dated 5 November 2012 issued by the Company to the Shareholders (the “**Circular**”) and this letter forms part of it. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the Facility Agreement between the Company (as lender), Champion Dynasty (as borrower), Mr. Cheung (as individual guarantor) and GD 奧理德 (as corporate guarantor) constitute a major transaction and continuing connected transaction for the Company and are thus subject to reporting, announcement and approval of the Independent Shareholders at the SGM and annual review.

We have been appointed by the Board to consider the terms of the Facility Agreement and to advise the Independent Shareholders in connection with the Transaction as to whether, in our opinion, their terms and the relevant expected cap amounts are fair and reasonable so far as the Independent Shareholders are concerned. Guangdong Securities has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from Guangdong Securities as set out in the Circular. Having considered the principal factors, reasons and the advice of Guangdong Securities as set out in its letter of advice, we consider that the Facility Agreement is on normal commercial terms, and that the Transaction, together with the relevant expected cap amounts, are in the interests of the Company and the Shareholders as a whole. We also consider that the Transaction and the relevant expected cap amounts are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Facility Agreement, the Transaction and the relevant expected cap amounts at the SGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

David Chain, Chi-woo

Lam, Yat-fai

Leung, Yun-fai

Independent non-executive Directors

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Facility Agreement (together with the Caps, as being defined in this letter) and the transactions contemplated thereunder for the purpose of inclusion in this circular.



Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

5 November 2012

*To: The Independent Board Committee and the Independent Shareholders
of G-Prop (Holdings) Limited*

Dear Sirs,

MAJOR TRANSACTION, FINANCIAL ASSISTANCE AND CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Facility Agreement (together with the relevant expected cap amounts (the “**Caps**”) and the transactions contemplated thereunder), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 5 November 2012 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 27 September 2012, the Company (as lender), Champion Dynasty (as borrower), the Corporate Guarantor and the Individual Guarantor (collectively as the Guarantors) entered into the Facility Agreement in relation to a three-year revolving facility of up to HK\$220 million.

LETTER FROM GUANGDONG SECURITIES

As at the Latest Practicable Date, Mr. Cheung was the controlling shareholder of the Company (as defined in the Listing Rules), an executive Director and the chairman of the Board, and he was also the sole director holding 99% of the issued share capital of Champion Dynasty. Mr. Cheung is therefore a connected person of the Company under the Listing Rules and the Transaction constitutes financial assistance and a continuing connected transaction for the Company pursuant to Rules 14A.13(2)(a)(i) and 14A.14 of the Listing Rules. Furthermore, as referred to in the Board Letter, the Transaction also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Facility Agreement (together with the Caps) and the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under the Listing Rules.

An Independent Board Committee comprising Dr. David Chain Chi-woo, Mr. Lam Yat-fai and Mr. Leung Yun-fai (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Facility Agreement (together with the Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Transaction is conducted in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transaction (together with the Caps) at the SGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GUANGDONG SECURITIES

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Champion Dynasty, Mr. Cheung, GD 奧理德 or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

Background of the Transaction

Business overview of the Group

As referred to in the Board Letter, the Group is principally engaged in investment and finance, and property investment.

LETTER FROM GUANGDONG SECURITIES

Set out below are the financial results of the Group for the six months ended 30 June 2012 and the two years ended 31 December 2011 as extracted from the Company's unaudited interim report for the six months ended 30 June 2012 (the “**2012 Interim Report**”) and its audited annual report for the year ended 31 December 2011 (the “**2011 Annual Report**”) respectively:

	For the six months ended 30 June 2012 <i>HK\$'000</i> (unaudited)	For the year ended 31 December 2011 <i>HK\$'000</i> (audited)	For the year ended 31 December 2010 <i>HK\$'000</i> (audited)	Year on year change from 2010 to 2011 %
Revenue	4,614	8,410	8,483	(0.86)
– Property rental income	930	1,764	1,695	4.07
– Interest income from investment and finance	3,684	6,646	6,788	(2.09)
Profit/(Loss) for the period/year	4,758	13,094	(1,859)	N/A
	As at 30 June 2012 <i>HK\$'000</i> (unaudited)	As at 31 December 2011 <i>HK\$'000</i> (audited)	As at 31 December 2010 <i>HK\$'000</i> (audited)	Year on year change from 2010 to 2011 %
Time deposits and bank balances	76,478	75,650	91,242	(17.09)
Total assets	493,057	488,686	487,944	0.15
Total equity	491,798	487,536	485,952	0.33

As depicted by the above table, the Group's revenue which comprises property rental income and interest income from investment and finance had been relatively steady for each of the two years ended 31 December 2011. With reference to the 2011 Annual Report, during the relevant year, the Group derived its interest income mainly from (i) its loan advanced to Fancy Mark (for details, please refer to the section headed “Reasons for the Transaction” of this letter); and (ii) its investment in various floating rate notes (“FRN(s)”). As for the six months ended 30 June 2012, according to the 2012 Interim Report, the Group's total revenue was mainly attributable to the interest income received from the loan advanced to Fancy Mark while the interest income from investment in FRNs dropped as certain FRNs which the Group held were matured in 2011.

LETTER FROM GUANGDONG SECURITIES

Information on the Borrower

As extracted from the Board Letter, Champion Dynasty is a company incorporated in the BVI with limited liability on 13 March 2012. Its issued share capital is beneficially owned as to 99% by Mr. Cheung. The principal activities of Champion Dynasty are investment holding and general trading and Champion Dynasty did not enter into any facility arrangement with the Company in the past.

The Company also made enquiries with Champion Dynasty and the Company was informed that the majority of Champion Dynasty's assets are the capital investments in the Company.

Information on the Individual Guarantor

Mr. Cheung, the Individual Guarantor, is the sole director holding 99% of the issued share capital of Champion Dynasty, and he is also the controlling shareholder of the Company. Mr. Cheung joined the Company as executive Director in August 2012 and has been appointed as the Chairman of the Company in September 2012. As referred to in the Board Letter, Mr. Cheung has established a number of enterprises in various industries, including property investment, hospital and trading business, in the PRC since 1997, and has over ten years of experience in capital management and corporate management. Mr. Cheung was appointed as an executive director of Goodtop Tin International Holdings Limited (stock Code: 195) ("**Goodtop Tin**") on 4 December 2009.

Information on the Corporate Guarantor

According to the Board Letter, GD 奧理德 is a company incorporated in the PRC with limited liability on 29 September 2003. GD 奧理德 is an independent third party to the Company and the sales agent of Mr. Cheung for certain products. Its principal activities are investment and management of hospital and sales agent of health food, health care equipment and rehabilitation equipment. GD 奧理德 has investment in two hospitals in Zhongshan city and Zhanjiang city, Guangdong province of the PRC.

LETTER FROM GUANGDONG SECURITIES

Upon our request, the Company has provided us with the audited financial statements of GD 奧理德 for each of the two years ended 31 December 2011 and its latest management accounts for the eight months ended 31 August 2012. Extracted therefrom and set out below is a summary of the financial information of GD 奧理德 prepared in accordance with the China Accounting Standards for Business Enterprises:

	For the eight months ended 31 August 2012	For the year ended 31 December 2011	For the year ended 31 December 2010
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited)
Revenue	551,470	691,353	581,589
Net profit for the period/year	56,465	78,270	73,529
	As at 31 August 2012	As at 31 December 2011	As at 31 December 2010
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited)
Cash and cash equivalents	132,996	93,771	77,516
Net current assets	572,121	503,098	375,664
Total equity	771,423	716,959	638,689

Reasons for the Transaction

With reference to the Board Letter, the Company considers that the European debt crisis, the downturn of the US and PRC's economies and the volatility of the stock market will not be resolved in a short period of time and thus these issues will be the uncertainties in the world financial markets. Therefore, the management of the Company currently has not identified any potential projects or investment opportunities suitable for the Group to pursue for the excess idle cash on hand. On 22 September 2011, the Company (as lender) entered into the Loan Agreement with Fancy Mark, which is a former fellow subsidiary of the Company (as borrower) and CE (as the guarantor), to grant a three-year revolving facility of up to HK\$300 million to Fancy Mark at an interest rate of HIBOR plus 1.5% per annum commencing from 3 November 2011. Pursuant to the Loan Agreement, the Company has the right to demand Fancy Mark to repay any amounts drawn down (whether fully or partially) by giving it one-month prior written notice or shorter notice period if agreed by both parties. As at the Latest Practicable Date, the balance of such loan

LETTER FROM GUANGDONG SECURITIES

amounted to HK\$140 million, and the Directors confirmed that it is the intention of the Company to call for full or partial repayment of this balance when (i) the Directors consider it is in the interest of the Company to do so; and (ii) alternatives to current investment become available. As further confirmed by the Directors, save for the aforesaid loan facility to Fancy Mark, the Company had not provided any loan facility to any third party borrowers in the past three financial years.

We also understand from the Company that certain FRNs investment of the Company expired in September 2012 and increased the amount of its idle cash on hand. As such, the management of the Company considers that it is in the commercial interest of and would be beneficial for the Company to lend its excess idle cash to Champion Dynasty for a higher return.

Moreover, as the Facility Agreement is contemplated to confer the Company the right to make final decision as to approving the drawdown by Champion Dynasty and to demand repayment of the outstanding loan upon giving prior notice to Champion Dynasty, this would provide flexibility to the Company to utilise the money should any suitable potential projects or investment opportunities arise. In this relation, the Company confirmed that the Board will assess the cash flow of the Group in advance before allowing drawing of an advance by Champion Dynasty so that the Group will have sufficient cash flow to operate. Besides that, the Company will from time to time consider if there are any other suitable potential projects or investment opportunities which may generate more revenue for the Company. The Board will delegate the power to an executive committee which comprises any two of the Directors (excluding Mr. Cheung due to his interest in the Transaction) to assess the cash position of the Group and identify any potential projects or investment opportunities before allowing Champion Dynasty to draw an advance under the Facility Agreement. As at the Latest Practicable Date, the Company had not identified any other suitable potential projects or investment opportunities other than the loan facility of Champion Dynasty.

Having considered the above reasons for the Transaction, we concur with the Directors that the Transaction is conducted in the ordinary and usual course of business of the Company, and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM GUANGDONG SECURITIES

Principal terms of the Facility Agreement

Set out below are the major terms of the Facility Agreement dated 27 September 2012 (Shareholders may refer to the section headed “The Facility Agreement” in the Board Letter for further details with regard to the major terms of the Facility Agreement):

Lender:	the Company
Borrower	Champion Dynasty
Guarantors:	Mr. Cheung (as the Individual Guarantor) GD 奧理德 (as the Corporate Guarantor)

The Guarantors provide the guarantee which is a continuing guarantee and will extend to the ultimate balance of sums payable by Champion Dynasty under the Facility Agreement, regardless of any intermediate payment or discharge in whole or in part. In the case of any default repayment under the Facility Agreement, the Individual Guarantor and the Corporate Guarantor will be jointly and severally liable for the loan amount outstanding and the interests accrued thereon.

Facility:	Three-year revolving facility of up to HK\$220 million.
Final maturity:	The expiry of three years from the date on which all conditions precedent are fulfilled or waived.
Available period:	The period commencing from the date on which all conditions precedent are fulfilled or waived and ending on the Business Day immediately prior to final maturity.
Interest:	HIBOR plus 2.5% per annum (the “ Interest Rate ”); where HIBOR is the rate for the relevant period displayed on page HKAB HIBOR of the Reuters Monitor Money Rate Services. If the agreed page or service is not available, the Company may, after consultation with Champion Dynasty, as the case may be, determine another page or service displaying appropriate rate for one-month deposit in HK\$, at or about 11:15 a.m. on such Business Day.

LETTER FROM GUANGDONG SECURITIES

Drawdown: Multiple drawings allowed with each drawdown of not less than HK\$5 million.

The Company shall have the overriding right to (i) determine whether to permit the drawing of an advance by Champion Dynasty under the facility; and (ii) reduce the amount of advance requested by Champion Dynasty, provided that the Company shall within one Business Day from its receipt of the drawdown notice notify Champion Dynasty of its decision to disallow the advance or reduce the amount of the advance requested (altogether, the “**Right on Drawdown**”).

Repayment: The Company is entitled, by giving not less than one month’s (or such shorter period as Champion Dynasty may agree) prior written notice to Champion Dynasty, to demand full or partial repayment of the amount outstanding (the “**Repayment Arrangement**”).

Collateral: Not required.

The Interest Rate

As advised by the Directors and based on our understanding, it is common practice for commercial banks in Hong Kong to set interest rate on loans with reference to HIBOR, the London Interbank Offered Rate (“**LIBOR**”) or the Hong Kong dollar best lending rate on corporate loans. We have searched over the internet and Bloomberg (as the case may be) and we noted that (i) according to the statistics released by the Hong Kong Monetary Authority, the “1-month HIBOR fixing” ranged from approximately 0.24% to 0.36% per annum from January 2012 to August 2012; and (ii) the “1-month LIBOR fixing” ranged from approximately 0.21% to 0.30% per annum from January 2012 to August 2012; and (iii) the Hongkong and Shanghai Banking Corporation Limited’s Hong Kong dollar best lending rate has remained at 5% per annum with effect from 10 November 2008.

LETTER FROM GUANGDONG SECURITIES

As further advised by the Directors, the Company received annual interest rates of below 1% per annum from its existing bank deposits; whereas the expected yield of the FRN currently held by the Group is approximately LIBOR plus 0.3% per annum. In addition, as aforementioned, the interest rate charged by the Company on its loan to Fancy Mark (of which CE acts as the guarantor) is HIBOR plus 1.5% per annum. Based on the aforesaid “1-month HIBOR fixing” from January 2012 to August 2012, the Interest Rate would range from 2.74% to 2.86%. With this being the case, the Interest Rate is likely to be above the annual interest rates of the Company’s bank deposits (being below 1% per annum) as well as the expected yield of the FRN currently held by the Group (being 0.51% to 0.6% based on the aforesaid “1-month LIBOR fixing” from January 2012 to August 2012). In addition, the Interest Rate is also 1% higher than the interest rate charged by the Company on its loan to Fancy Mark, which is the major revenue source of the Group at present.

In conclusion, the Interest Rate is above the interest rates of all of the existing financial investments of the Group although it is below the Hongkong and Shanghai Banking Corporation Limited’s Hong Kong dollar best lending rate.

To assess the fairness and reasonableness of the Interest Rate, we have also considered comparing the same with other similar market comparables. Nevertheless, we are of the opinion that the interest rate of loans is dependent on different factors, for example, competition in the market, costs of funds and the overall economic climate, not to mention those which are specific to the borrower itself such as its financial and liquidity position, its repayment ability, prospects of the borrower’s business, security/collateral provided by the borrower and the reputation and credibility of the borrower and its owner(s). Due to the above possible variations, we consider that the Interest Rate cannot be directly compared with interest rates offered in similar market comparables, even if there are any, as they could vary largely on a case-by-case basis. In the case of the Transaction, as being elaborated below, the Company is conferred under the Facility Agreement the right to make final decision as to approving the drawdown by Champion Dynasty and to demand repayment of the loan upon giving prior notice to Champion Dynasty, and this would provide flexibility to the Company to utilise the money should any suitable potential projects or investment opportunities arise. Moreover, the credit risks relating to the Facility Agreement would also be mitigated by the Guarantors. Given the above, together with the fact that the Interest Rate is above the interest rates of all of the existing financial investments of the Group, we consider that the Interest Rate is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM GUANGDONG SECURITIES

The Right on Drawdown and the Repayment Arrangement

As mentioned under the section headed “Reasons for the Transaction” of this letter, in light of the current global economic condition and the volatility of the stock market, the Directors confirmed that the management of the Company currently has not identified any potential projects or investment opportunities (including investment in securities) suitable for the Group to pursue for the excess idle cash on hand and the only alternative available to the Company would be keeping such cash as bank deposits. In this regard, we consider that the Right on Drawdown together with the Repayment Arrangement as stipulated under the Facility Agreement would enhance the financial flexibility of the Company given that in the event that the Company is able to identify any suitable potential projects or investment opportunities which could generate higher return to the Group, it can restrict the amount of loan to be drawn down by Champion Dynasty or recall the loan drawn down.

As confirmed by the Directors, the Group had cash balance of approximately HK\$167.9 million as at the Latest Practicable Date and the Company will make the facility available to Champion Dynasty under the Facility Agreement by using the cash balance available to the Group. The Company will also assess whether it will demand any loan repayment from Fancy Mark for the purpose of providing the facility to Champion Dynasty. The Company is of the view that the Transaction will not materially affect the cash flow of the Group because the Company is empowered to make the final decision as to approving the drawdown request of Champion Dynasty pursuant to the Right on Drawdown and we concur with the Directors in this respect.

Collateral and guarantee

We noted that no collateral is required under the Facility Agreement and have thus discussed with the Directors and assessed the possible credit risks relating to the Facility Agreement. In this relation, we noted that Mr. Cheung and GD 奧理德 have agreed to act as the Guarantors who shall individually and collectively provide the guarantee which is a continuing guarantee and will extend to the ultimate balance of sums payable by Champion Dynasty under the Facility Agreement, regardless of any intermediate payment or discharge in whole or in part.

LETTER FROM GUANGDONG SECURITIES

As aforementioned, Mr. Cheung is the controlling shareholder of the Company. He joined the Company as executive Director in August 2012 and has been appointed as the Chairman of the Company in September 2012. Moreover, Mr. Cheung was appointed an executive director of Goodtop Tin (stock Code: 195) on 4 December 2009 and he also holds the shares of Goodtop Tin. Upon our enquiry, based on the information provided by the Company and our calculation, the market capitalisation of the Company and Goodtop Tin was approximately HK\$777 million and 1,094 million, respectively, and the aggregate value of Mr. Cheung's unpledged shareholding interests in these two listed companies was over HK\$300 million as at the date of the Facility Agreement. Besides that, we are of the view that Mr. Cheung's directorships in listed companies in Hong Kong may in some way substantiate his character, experience, integrity and standard of competence. As for GD 奧理德, for our due diligence purpose, we have requested and obtained from the Company a PRC legal opinion stating, among other things, the background information of GD 奧理德 as well as the legality of its capacity as the Corporate Guarantor. We have also reviewed the financial statements of GD 奧理德 for each of the two years ended 31 December 2011 and its latest management accounts for the eight months ended 31 August 2012. In view of (i) its satisfactory historical financial performance and strong net assets/current assets position as presented under the section headed "Information on the Corporate Guarantor" of this letter; and (ii) that as shown by the supporting document provided by the Corporate Guarantor, only approximately RMB70 million worth of the total assets of GD 奧理德 has been pledged for its borrowings in the sum of RMB50 million, we concur with the Directors that the Corporate Guarantor would mitigate the credit risks relating to the Facility Agreement.

Taking into account all the foregoing, we consider that the terms of the Facility Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The Caps

The table below shows the Caps for each of the following periods during the term of the Facility Agreement:

	(1) From 21 November 2012 to 31 December 2012 <i>HK\$ million</i>	(2) For the year ending 31 December 2013 <i>HK\$ million</i>	(3) For the year ending 31 December 2014 <i>HK\$ million</i>	(4) From 1 January 2015 to 20 November 2015 <i>HK\$ million</i>
Maximum principal loan outstanding	220	220	220	220
Maximum interest amount	2	18	18	16
The Caps	222	238	238	236

LETTER FROM GUANGDONG SECURITIES

According to the Board Letter, the Caps were determined with reference to the aggregate principal amount outstanding under the facility to be granted by the Company and the annual interest payable under the Facility Agreement, based on the assumption that Champion Dynasty will borrow up to HK\$220 million for each of (1) the period from 21 November 2012 to 31 December 2012; (2) the year ending 31 December 2013; (3) the year ending 31 December 2014; and (4) the period from 1 January 2015 to 20 November 2015 (altogether, the “**Periods**”) respectively. Besides that, pursuant to the Facility Agreement, it is agreed that Champion Dynasty shall pay interest on the aggregate principal amount outstanding from time to time at the Interest Rate and such interest shall be paid to the Company on the last day of each interest period which means one month. To assess the fairness and reasonableness of the Caps, we have enquired into the Directors regarding the basis and assumptions underlying the projection of the Caps. Since the Caps are expected to cover the aggregate amount (including interests) payable by Champion Dynasty to the Company assuming that Champion Dynasty will draw down HK\$220 million from the facility under the Facility Agreement, we consider that the Caps for each of the Periods are fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the Caps are relating to future events and are estimated based on assumptions which may or may not remain valid for the entire period up to 20 November 2015, and they do not represent forecasts of interest to be generated from the transactions contemplated under the Facility Agreement. Consequently, we express no opinion as to how closely the actual interest to be generated under the Transaction will correspond with the Caps.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.37 to 14A.41 of the Listing Rules pursuant to which (i) the values of the transactions contemplated under the Facility Agreement must be restricted by the Caps for each of the Periods; (ii) the terms of the transactions contemplated under the Facility Agreement (including the Caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors’ annual review on the terms of the transactions contemplated under the Facility Agreement (including the Caps) must be included in the Company’s subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, that the Transaction is carried out in accordance with the relevant agreement(s) governing the transactions contemplated under the Facility Agreement, and the Caps are not being exceeded. In the event that the total amounts of transactions contemplated under the Facility Agreement exceed the Caps, or that there is any material amendment to the terms of the Facility Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

LETTER FROM GUANGDONG SECURITIES

Given the above requirements for continuing connected transaction pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the Facility Agreement (including the Caps) and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Facility Agreement (together with the Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transaction is conducted in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Transaction (together with the Caps) and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

A. SUMMARY OF FINANCIAL INFORMATION

The Company is required to set out in this circular the information for the last three financial years of the Group with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 December 2011 are set out from page 39 to page 90 in the annual report of the Company for the year ended 31 December 2011 (the “**Annual Report 2011**”), which was published on 23 April 2012. The Annual Report 2011 is also posted on the Company’s website <http://www.g-prop.com.hk>. Please also see below a hyperlink to the Annual Report 2011:

http://www.g-prop.com.hk/attachment/2012072414593517_en.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2010 are set out from page 39 to page 90 in the annual report of the Company for the year ended 31 December 2010 (the “**Annual Report 2010**”), which was published on 20 April 2011. The Annual Report 2010 is also posted on the Company’s website <http://www.g-prop.com.hk>. Please also see below a hyperlink to the Annual Report 2010:

http://www.g-prop.com.hk/attachment/2012072416182617_en.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2009 are set out from page 39 to page 110 in the annual report of the Company for the year ended 31 December 2009 (the “**Annual Report 2009**”), which was published on 20 April 2010. The Annual Report 2009 is also posted on the Company’s website <http://www.g-prop.com.hk>. Please also see below a hyperlink to the Annual Report 2009:

http://www.g-prop.com.hk/attachment/2012072417052517_en.pdf

B. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2012, being the latest practicable date for the purpose of ascertaining the information contained in the statement of indebtedness of the Group prior to the printing of this circular, apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptances credits or hire purchase commitments, guarantees or any material contingent liabilities as at the close of business on 30 September 2012. The Directors confirmed that there had been no material change in the indebtedness of the Group since 30 September 2012.

C. WORKING CAPITAL

The Directors are of the opinion that after taking into account the Group's cashflow generated from operating activities and the facility loan of up to HK\$220 million to Champion Dynasty under the Facility Agreement, the Group has sufficient working capital for its present requirements for at least twelve months from the date of this circular in the absence of unforeseen circumstances.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as the negative effects, the special dividend totaling approximately HK\$109 million paid in August 2012 and due to the European debt crisis, the downturn of US and PRC economies and the volatility of the Stock Market (as mentioned in the paragraph headed "Information on the Company and Reasons for the Transaction" in the "Letter from the Board" of this circular), the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Group were made up.

E. FINANCIAL AND TRADING PROSPECTS

The Company and the Group are principally engaged in investment and finance, and property investment. Given the European debt crisis, the downturn of US and PRC economies and the volatility of the stock market, the Company considers that these issues will not be resolved in a short period of time and thus will be the uncertainties within the world financial markets. As such, as at the Latest Practicable Date, the Company has not identified any potential projects or investment opportunities suitable for the Group. However, the Board is of view that the Company is improving the Group's existing businesses and asset bases during the past financial year and will be able to broaden its income streams if the Group can identify any potential projects or investment opportunities in the coming future.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters contained in this circular the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following parties had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Name of Directors	Number of Shares (ordinary share)	Capacity	<i>Note</i>	Percentage of Issued Share Capital
Mr. Cheung	1,512,059,671	Interest of controlled corporation	<i>1</i>	62.27%
Mr. Cheng Hau Yan	300,000	Interest of associate	<i>2</i>	0.01%

Note:

- (1) Champion Dynasty is deemed under provision of the SFO to be interested (as beneficial owner) in 1,512,059,671 Shares. Since Mr. Cheung owned 99% of the issued share capital of Champion Dynasty, he was deemed to be interested in the same interests stated against Champion Dynasty.
- (2) The spouse of Mr. Cheng Hau Yan was the beneficial owner of this 300,000 Shares.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following parties (other than a Director or chief executive of the Company) had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group:

Long positions in the Company:

Name of Substantial Shareholders	Number of Shares (ordinary share)	Capacity		Percentage of Issued Share Capital
Champion Dynasty	1,512,059,671	Beneficial owner	<i>Note</i>	62.27%
Mr. Cheung	1,512,059,671	Interest of controlled corporation	<i>Note</i>	62.27%

Note:

Champion Dynasty is deemed under provision of the SFO to be interested (as beneficial owner) in 1,512,059,671 Shares. Since Mr. Cheung owned 99% of the issued share capital of Champion Dynasty, he was deemed to be interested in the same interests stated against Champion Dynasty.

Save as disclosed in this circular, as at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, there was no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. MATERIAL CONTRACT

The following contract, not being contract entered into in the ordinary course of business, have been entered into by members of the Group within the two years preceding the announcement of the Company dated 28 September 2012 and which is or may be material:

- (1) A loan agreement dated 22 September 2011 entered into among the Company (as lender), Fancy Mark (as borrower) and CE (as guarantor of Fancy Mark) in relation to a three-year revolving facility of up to HK\$300 million at an interest rate of HIBOR plus 1.5% per annum.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into a service contract or has unexpired service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

7. INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular, and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have been since 31 December 2011, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. LITIGATION

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

9. QUALIFICATION AND CONSENT OF EXPERT

Guangdong Securities is a corporation licensed under the SFO to perform type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities.

Guangdong Securities has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which it appears.

As at the Latest Practicable Date, Guangdong Securities did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

Guangdong Securities did not have any interest, direct or indirect, in any asset which since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company in Hong Kong, at Room 2709-10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. on any Business Day from the date of this circular up to and including 19 November 2012:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Facility Agreement;
- (c) the Loan Agreement;
- (d) the letter from the Independent Board Committee to the Independent Shareholders dated 5 November 2012, the full text of which is set out on page 18 of this circular;

- (e) the letter from Guangdong Securities, the full text of which is set out on pages 19 to 32 of this circular;
- (f) the letter of consent referred to in paragraph 9 of this appendix;
- (g) the material contract referred to under the paragraph headed “Material contract” in this appendix;
- (h) the annual report of the Group for each of the two financial years ended 31 December 2010 and 31 December 2011; and
- (i) a copy of each circular of the Company pursuant to the requirements set out in Chapter 14 and Chapter 14A of the Listing Rules which has been issued since the date to which the latest published audited consolidated financial statements of the Group were made up.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Wong Yuet Ying, who is a member of the Hong Kong Institute of Certified Public Accountants and holds a Bachelor’s degree in Accountancy.
- (b) The English text of this circular shall prevail over its Chinese text in case of any discrepancy.

NOTICE OF SGM



G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of G-Prop (Holdings) Limited (the “**Company**”) will be held at 10:00 a.m. on 20 November 2012 at Room 2709-10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution which will be proposed as an ordinary resolution of the Company:

“**THAT** the facility agreement (the “**Facility Agreement**”) dated 27 September 2012 (a copy of which will be produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification) and entered into between the Company (as lender), Champion Dynasty Limited (as borrower), Mr. Cheung Wai Kuen (as individual guarantor) and Guangdong Allad Yiliao Touzi Company Limited* in English or 廣東奧理德醫療投資有限公司 in Chinese (as corporate guarantor) and the transactions contemplated thereby, and the relevant expected cap amounts of the transactions contemplated under the Facility Agreement as shown in the Company’s circular dated 5 November 2012 be and the same are hereby approved and that the directors of the Company (the “**Directors**”) be and are hereby authorised to take any step as they consider necessary, desirable or expedient in connection with the Facility Agreement or any of the transactions contemplated thereby and that the Directors be and are hereby authorised, for and on behalf of the Company, to execute all such other documents, instruments and agreements and to do all such acts or things deemed by them to be incidental to, ancillary to or in connection with the matters contemplated under the Facility Agreement and to agree to any amendment to any of the terms of the Facility Agreement which in the opinion of the Directors is not of a material nature and is in the interests of the Company.”

By Order of the Board
G-Prop (Holdings) Limited
Wong Yuet Ying
Company Secretary

Hong Kong, 5 November 2012

* *For identification purpose only*

NOTICE OF SGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

Room 2709-10, 27th Floor,
North Tower, Concordia Plaza,
1 Science Museum Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

Notes:

1. Any shareholder entitled to attend and vote at the Meeting is entitled to appoint another person to be his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy in the prescribed form together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting (or any adjournment thereof).
3. Completion and deposit of the form of proxy will not preclude members from attending and voting at the Meeting or any adjournment thereof should they so wish, and in such event, the form of proxy will be deemed to be revoked.
4. Where there are joint registered holders of any share(s) of the Company, any one of such joint holders may attend and vote at the Meeting, either in person or by proxy, in respect of such share(s) as if he/she were solely entitled thereto to, but if more than one of such joint holders are present, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stated in the register of members of the Company in respect of the joint holding.
5. The resolution as set out above will be taken by poll.
6. As at the date hereof, the board of the Directors comprises Mr. Cheung, Wai-kuen and Mr. Cheng, Hau-yan as executive Directors, Mr. Lam, Kwong-wai as non-executive Director, and Dr. David Chain, Chi-woo, Mr. Lam, Yat-fai and Mr. Leung, Yun-fai as independent non-executive Directors.