



G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

Interim Report
For The Six Months
Ended 30 June 2007

CONTENTS

	<i>Page</i>
Corporate Information	1
Results	
Condensed Consolidated Income statement	2
Condensed Consolidated Balance Sheet	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Cash Flow Statement	5
Notes to the Condensed Consolidated Financial Statements	6
Interim Dividend	11
Business Review	11
Financial Review	11
Prospects	12
Directors' and Chief Executive(s)' Interests in the Securities of the Company	12
Substantial Shareholders' Interests in the Securities of the Company	13
Share Option Scheme	14
Purchase, Sale or Redemption of the Company's Listed Securities	14
Audit Committee and Remuneration Committee	14
Internal Control	15
Corporate Governance	15
Mode Code for Securities Transactions	15
Publication of Interim Report	15
Appreciation	15

CORPORATE INFORMATION

Directors

Executive Directors:

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

Independent Non-executive Directors:

Leung, Yun-fai
Lam, Yat-fai
David Chain, Chi-woo

Audit Committee

Lam, Yat-fai (*Chairman*)
Leung, Yun-fai
David Chain, Chi-woo

Remuneration Committee

Leung, Yun-fai (*Chairman*)
Lam, Yat-fai
David Chain, Chi-woo

Company Secretary

Lam, Kwong-wai

Qualified Accountant

Wong, Yuet-ying

Auditors

HLB Hodgson Impey Cheng

Solicitors

Sit, Fung, Kwong & Shum
Sidley Austin

Principal Bankers

Chong Hing Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, Bermuda

Branch Share Registrar and Transfer Office

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office

26th Floor, MassMutual Tower,
38 Gloucester Road, Wanchai, Hong Kong
Tel: (852) 2866 6999
Fax: (852) 2866 2822, 2866 2833

Website

<http://www.g-prop.com.hk>

Stock Code

286

UNAUDITED INTERIM RESULTS

The Board of Directors (the “**Board**”) of G-Prop (Holdings) Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2007, together with the comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		For Six Months ended	
		30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	3	1,706	1,803
Direct costs		(114)	(1,053)
Gross profit		1,592	750
Other operating income	4	1,918	942
Administrative expenses		(1,744)	(1,960)
Loss on disposal of assets classified as held for sale		(79)	–
Surplus arising on revaluation of investment properties		–	2,560
Profit before tax	5	1,687	2,292
Income tax expense	6	–	(451)
Profit for the period		1,687	1,841
Interim Dividend		Nil	Nil
Earnings per share			
– basic and diluted (HK\$)	7	0.0021	0.0023

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

		30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Unaudited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Investment properties		–	35,600
Intangible asset		–	–
Interests in associates		–	–
Interests in jointly controlled entities		–	–
Available-for-sales financial assets		100	220
		100	35,820
Current assets			
Trade and other receivables	8	3,238	593
Short-term loans receivable		–	–
Cash and cash equivalents		95,829	88,062
		99,067	88,655
Assets classified as held for sale	9	35,600	9,338
		134,667	97,993
Current liabilities			
Trade and other payables	10	3,292	2,920
Deposits received on disposals of assets classified as held for sale		7,329	494
		10,621	3,414
Net current assets		124,046	94,579
Total assets less current liabilities		124,146	130,399
Non-current liabilities			
Deferred taxation liabilities		1,723	1,723
		1,723	1,723
Total assets and liabilities		122,423	128,676
Capital and reserves			
Share capital	11	7,940	7,940
Share premium and reserves		114,483	120,736
Total equity		122,423	128,676

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2007*

	Attributable to the equity holders of the Company				
	Share capital	Share premium	Translation reserve	Retained profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2006	7,940	24,764	234	98,860	131,798
Dividends paid	–	–	–	(7,941)	(7,941)
Profit for the year	–	–	–	4,819	4,819
At 31 December 2006 and 1 January 2007	7,940	24,764	234	95,738	128,676
Dividends paid	–	–	–	(7,940)	(7,940)
Profit for the period	–	–	–	1,687	1,687
At 30 June 2007	<u>7,940</u>	<u>24,764</u>	<u>234</u>	<u>89,485</u>	<u>122,423</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from (used in) operating activities	4,590	(712)
Net cash generated from investing activities	11,117	478
Net cash used in financing activities	(7,940)	(7,941)
Net increase (decrease) in cash and cash equivalents	7,767	(8,175)
Cash and cash equivalents at the beginning of period	88,062	27,559
Cash and cash equivalents at the end of period	95,829	19,384

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standards (“HKASs”) 34 “Interim Financial Reporting” and Hong Kong (IFRIC) Interpretations (“HKIFRIC-int”) 10 “Interim Financial Reporting and Impairment” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The consolidated interim financial statements are unaudited and have been reviewed by the Company’s Audit Committee.

The basis of preparation and the principal accounting policies applied in the preparation of the consolidated interim financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2006.

2. Application of new and revised Hong Kong Financial Reporting Standards

The HKICPA issued the following new or revised HKASs and INTs (hereinafter collectively referred to “new HKFRSs”) which are currently in use and effective for accounting periods beginning on or after 1 January 2007. For the purpose of preparing and presenting the consolidated interim financial statements, the Group has adopted all these new HKFRSs. The first time adoption of these new HKFRSs had no material effect on how the results for current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment

The Group has not early adopted of the following new or revised standards or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new or revised standards or interpretations will have no material impact on the consolidated interim financial statements of the Group.

HKAS 23 Revised	Borrowing Costs ¹
HKFRS 8	Operating segments ¹
HK(IFRIC) – Int 11	HKFRS 2-Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service concession arrangements ³

¹ Effective for annual periods beginning on or after 1 January 2009

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

3. Turnover

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

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Rental income	1,676	1,594
Income from finance	30	209
	<u>1,706</u>	<u>1,803</u>

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 periods 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:

	Investment and Finance		Properties Investment		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income statement:						
<i>Turnover</i>						
External sales	<u>30</u>	<u>209</u>	<u>1,676</u>	<u>1,594</u>	<u>1,706</u>	<u>1,803</u>
Segment result	<u>89</u>	<u>462</u>	<u>1,141</u>	<u>3,137</u>	<u>1,230</u>	<u>3,599</u>
Interest Income					1,831	478
Unallocated corporate expenses					(1,374)	(1,785)
Profit before tax					1,687	2,292
Income tax expense					–	(451)
Profit for the period					<u>1,687</u>	<u>1,841</u>
Other segment information						
Impairment losses reversed in the income statement	31	253			31	253
Surplus arising on revaluation of investment properties			–	2,560	–	2,560

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 are presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4. Other operating income

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Interest income, other than from loans receivable	1,858	478
Written back of allowance for bad and doubtful debts	31	253
Gain on disposal of an subsidiary company	28	–
Gain on disposal of an associated company	–	105
Other income	1	106
	<u>1,918</u>	<u>942</u>

5. Profit before tax

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Profit before tax have been arrived at after charging:		
Staff costs:		
Directors' remuneration	120	100
Salaries and other benefits, excluding Directors	340	623
Retirement benefit scheme contributions excluding Directors and after forfeited contribution of HK\$18,000 (2006: HK\$8,000)	(5)	29
	<u>455</u>	<u>752</u>
and after crediting:		
Property rental income, net of outgoings of HK\$114,000 (2006: HK\$570,000)	1,562	1,024
	<u>1,562</u>	<u>1,024</u>

6. Income tax expense

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
The tax charge comprises:		
Current tax of the Company and its subsidiaries	–	–
Deferred taxation	–	451
	<u>–</u>	<u>451</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 periods or have tax losses brought forward to set off assessable profit for the periods.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

7. Earnings per share

The calculation of the basic earnings per share is based on the profit for the period of HK\$1,687,000 (2006: HK\$1,841,000) and on the weighted average number of ordinary shares in issue of 794,057,800 shares during the period (2006: 794,057,800 shares).

For the six months ended 30 June 2007 and 30 June 2006, diluted earnings per share has been presented even though there were no dilutive potential ordinary shares in issue.

8. Trade and other receivables

Included in Trade and other receivables of the Group are trade receivable of HK\$131,000 (2006: HK\$271,000) comprising mainly rental receivable which are billed in advance and settlements are expected upon receipts of billings. Its aged analysis at balance sheet date is as follows:

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
Within 30 days	113	215
31-60 days	–	38
Over 60 days	18	18
	<u>131</u>	<u>271</u>

The Directors consider that the carrying amounts of the Group's trade and other receivables as at 30 June 2007 approximate to their fair values.

9. Assets classified as held for sale

On 4 January, 16 January and 24 March 2007, Boria Enterprises Limited being indirectly wholly owned subsidiary of the Company, entered into three preliminary sale and purchase agreements with three independent third parties (the "Purchasers") in relation to the disposals of 11th Floor, 7th to 10th Floor and 4th to 5th Floor together with a car parking space, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the "Properties") at consideration of approximately HK\$5.18 million, HK\$20.66 million and HK\$10.80 million respectively. The Properties shall be satisfied by the Purchasers in cash and the transaction would be completed on 25 July, 6 August and 15 October 2007. In accordance with HKFRS5, the above investment properties have been presented as assets classified as held for sale in the balance sheet for the six months ended 30 June 2007.

10. Account payable and other payables

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

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

The Directors consider that the carrying amounts of the Group's trade and other payables as at 30 June 2007 approximate to their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

11. Share capital

	Number of Shares	Share Capital HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 30 June 2007 and 31 December 2006	<u>80,000,000,000</u>	<u>800,000</u>
<i>Issued and fully paid:</i>		
At 30 June 2007 and 31 December 2006	<u>794,057,800</u>	<u>7,940</u>

12. Post balance sheet events

After the Period under review, the disposal of 11th Floor, Chung Kiu Godown Building, 63-71 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at consideration of approximately HK\$5.18 million was completed 25 July 2007.

On 31 July 2007, the special general meeting (SGM) was held and approved the major and connected acquisition transaction as ordinary resolution of the Company. The details of the transaction was set out as below:-

On 26 June 2007, the Gold Long Enterprises Limited (the "Purchaser") entered, a wholly own subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with Fine Pacific Limited (the "Minkind Vendor"), Top Cliff Ltd. (the "Remson Vendor") and Paul Y. Holdings Company Limited (the "Debt Vendor"), whereby (a) the Purchaser conditionally agreed to purchase and the Minkind Vendor conditionally agreed to sell the shares of Minkind Development Limited ("Minkind"); (b) the Purchaser conditionally agreed to purchase and the Remson Vendor conditionally agreed to sell the share of Remson Investment Limited ("Remson"); and (c) the Purchaser conditionally agreed to purchase and the Debt Vendor conditionally agreed to sell the Loan to Minkind, loan to Remson and the Loan to Grow Wealth Company Ltd ("Grow Wealth"), a wholly owned subsidiary of Remson. In addition, as disclosed in the announcement of the Company dated 26 June 2007, the Minkind Consideration and Remson Consideration would be subject to post-completion adjustment in accordance with the terms of the Agreement. Based on the unaudited completion accounts of Minkind and the Remson Group as at 31 July 2007, the Minkind Consideration and the Remson Consideration had been adjusted accordingly, as a result of which the Minkind Consideration was increased from HK\$7,788,754 to HK7,849,079 and the Remson Consideration was increased from HK\$21,183,406 to HK\$21,431,289, representing an increase of HK\$60,325 or 0.77% for the Minkind Consideration and an increase of HK\$247,884 or 1.17% for the Remson Consideration.

The details of poll results of SGM were disclosed in the Company's announcement dated 31 July 2007.

13. Comparative figures

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

INTERIM DIVIDEND

The Board of Directors resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil).

BUSINESS REVIEW

Turnover for the period was approximately HK\$1.70 million, representing a decrease approximately 5.38% when compared with the last corresponding period. The decrease in turnover was mainly caused by decrease income from finance for the period.

Profit for the period was approximately HK\$1.69 million and was decreased by approximately HK\$0.15 million or 8.37% when compared with the last corresponding period. The main cause of such decrease was the surplus on arising on revaluation of investment properties of approximately HK\$2.56 million for the last corresponding period but nil for the current period although there was a sharp increase of approximately HK\$1.38 million or 2.89 times on bank interest income compared with the last corresponding period.

During the six months ended 30 June 2007, the Group disposed of 3rd Floor of Chung Kiu Godown Building in Kwai Chung and a car parking space in Bank of America Tower in Wanchai at consideration of approximately HK\$8.80 million and HK\$0.54 million respectively and the total losses of approximately HK\$0.08 million on these disposals were already reflected in income statement for the current period. However, the Group had signed a series of sales and purchase agreements to sell all remaining properties of the Group, of which comprise 11th Floor, 7th to 10th Floor and 4th to 5th Floor of Chung Kiu Godown Building, the dates of completion are 25 July, 6 August and 15 October 2007 respectively. Before the completion of the above disposals, that seven levels of the godown in Kwai Chung were continuing to generate rental income to the Group from the beginning of the period to the dates of completion.

FINANCIAL REVIEW

Net Assets Value

As at 30 June 2007, the Group's net assets was approximately HK\$122.42 million (31 December 2006: approximately HK\$128.68 million), a decrease of approximately HK\$6.26 million or 4.86% when compared with the year ended 31 December 2006. The decrease was mainly caused by the final dividend payment of HK\$7.9 million for the year ended 31 December 2006 during the period. Net assets value per share as at 30 June 2007 was approximately HK\$0.154 (31 December 2006: approximately HK\$0.162).

Equity

The number of ordinary shares in issue as at 30 June 2007 and 31 December 2006 was 794,057,800 shares.

Debt and Gearing

The Group did not have borrowings and any financial instrument used for hedging purposes as at 30 June 2007 and 31 December 2006. Cash and bank balances as at 30 June 2007 and 31 December 2006 were approximately HK\$95.83 million and HK\$88.06 million respectively. All assets and investments of the Group were denominated in Hong Kong dollars.

FINANCIAL REVIEW (cont'd)

Pledge of Assets

As at 30 June 2007 and 31 December 2006, the Group did not have any assets pledged.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2007 and 31 December 2006.

Financial and Interest Income/Expenses

Interest income was included in turnover and other operating income. Interest received, other than from loans receivables, was bank interest income of approximately HK\$1.86 million for the period (2006: approximately HK\$0.48 million). There was no finance costs due to no borrowing of the Group during the current period and the last corresponding period.

Remuneration Policies

As at 30 June 2007, the Group employed a total of 2 staff excluding the Directors (31 December 2006: 3 staff). Total staff cost excluding Directors' remuneration for the period was approximately HK\$0.34 million (2006: approximately HK\$0.62 million). Remuneration packages comprised salary and year-end bonus based on individual merits.

PROSPECTS

As foresaid, the Agreement and contemplated transaction thereunder was approved by the Independent Shareholders at SGM on 31 July 2007. Therefore, the Company will hold (i) the six carparking spaces and carport basement at Nine Queen's Road Central in Central and (ii) the 25 carparking spaces together with 5 adjoining spaces at Bank of East Asia Harbour View Centre in Wanchai upon the completion of disposals. Besides, the Company is identifying any new business opportunities available to the Group in future.

DIRECTORS' AND CHIEF EXECUTIVE(S)' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2007, none of the Directors or chief executive(s) 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 Securities and Futures Ordinance ("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 therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange.

During the Period, none of the Directors and chief executive(s) of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2007, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly or deemed to be interested in 5% or more of the issued capital of the Company:

Long Positions in the Company:–

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

Notes:

1. Million Point Limited (“**Million Point**”) was the beneficial owner of 50,000,000 Shares. Each of Chinese Estates Holdings Limited (“**Chinese Estates**”), Chinese Estates, Limited and Cosmos Success Limited was deemed to be interested in the same parcel of Shares in which Million Point was interested since Chinese Estates owned the entire issued share capital of Chinese Estates, Limited, which in turn owned the entire issued share capital of Cosmos Success Limited, which in turn owned the entire issued share capital of Million Point.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

Long Positions in the Company:- (cont'd)

Notes: (cont'd)

2. Luckpoint Investment Limited ("**Luckpoint**") was the beneficial owner of 76,877,685 Shares. Each of Chinese Estates and China Entertainment and Land Investment Company, Limited ("**CELI**") was deemed to be interested in the same parcel of Shares in which Luckpoint was interested since Chinese Estates owned the entire issued share capital of CELI, which in turn owned the entire issued share capital of Luckpoint.
3. Paul Y. Holdings Company Limited ("**Paul Y.**") was the beneficial owner of 113,818,911 Shares. Chinese Estates was deemed to be interested in the same parcel of Shares in which Paul Y. was interested since Chinese Estates owned the entire issued share capital of Paul Y..

In addition, Great Empire International Ltd. ("**Great Empire**") was the beneficial owner of 37,162,165 Shares. Each of Chinese Estates and Paul Y. was deemed to be interested in the same parcel of Shares in which Great Empire was interested since Chinese Estates owned the entire issued share capital of Paul Y., which in turn beneficially owned the entire issued share capital of Great Empire.

4. Mr. Leung, Wing-pong and Mr. Kong, Chi-ming, Directors, are also employees of subsidiaries of Chinese Estates and/or Paul Y.. These subsidiaries are not themselves substantial Shareholders of the Company.
5. Mr. Joseph Lau, Luen-hung, by virtue of his 47.29% interest in the issued share capital of Chinese Estates, was deemed to be interested in the same interests stated against Chinese Estates under the provisions of the SFO.
6. GZ Trust Corporation as trustee of a discretionary trust held units in a unit trust of which Global King Ltd. was the trustee. Global King Ltd. was entitled to exercise more than one-third of the voting power at general meetings of Chinese Estates. Accordingly, Global King Ltd. and GZ Trust Corporation were deemed to be interested in the same interests stated against Chinese Estates.

All the interests stated above represent long position. At 30 June 2007, no short position was recorded in the register kept by the Company under section 336 of SFO.

SHARE OPTION SCHEME

The Company has adopted share option scheme on 15 February 2002 (the "2002 Scheme"). Details of the 2002 Scheme are set out in published Annual Report of the Company for the year ended 31 December 2006. There were no outstanding options at the beginning and at the end of the period. No options were granted, exercised, cancelled and lapsed during the six months ended 30 June 2007.

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

During the six months ended 30 June 2007, there were no purchases, sales or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

AUDIT COMMITTEE AND REMUNERATION COMMITTEE

The Audit Committee and Remuneration Committee both comprise all three Independent Non-executive Directors of the Company. The Group's consolidated interim financial statements for the six months ended 30 June 2007 was unaudited but had been reviewed by the Audit Committee. The Remuneration Committee had being responsible for reviewing and evaluating the remuneration packages of the existing and new Executive Directors and making recommendations to the Board of Directors during the current period.

INTERNAL CONTROL

The Board, through the Audit Committee, had conducted an interim review on the internal control system of the Group and satisfied that the internal control system works efficiently and adequately to safeguard of the assets of the Group throughout the period under review.

CORPORATE GOVERNANCE

The Company had fully applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the period. None of the Directors of the Company was aware of any information that would reasonably indicate that the Company was not any part of the accounting period covered by this interim report, non-compliance with the Code except for certain deviations in respect of the followings:–

Under code provision A.4.1 in Appendix 14 of the Listing Rules, Non-executive Directors should be appointed for specific terms and subject to re-election. However, the Independent Non-executive Directors of the Company were not appointed for any specific term, although they are subject to retirement by rotation at the Company's annual general meeting in accordance with the Company's Bye-laws.

Besides, pursuant to the code provision under A.2 in Appendix 14 of the Listing Rules, the roles of Chairman are management of the board, among other things, ensuring that all Directors are properly briefed on issue arising at board meetings and the Directors receive adequate information, which must be completed and reliable, in a timely manner. Although the Chairman of the Company resigned on 31 May 2007 and the vacancy has not been filled up to the date of this interim report, the Deputy Chairman of the Company had taking all roles of Chairman until new Chairman is appointed. Accordingly, the Directors consider that the code provisions under A.4 in Appendix 14 of the Listing Rules have been complied with.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions. The Company had made specific enquiries of all Directors whether the Directors had complied with the required standard as set out in the Model Code during the six months period ended 30 June 2007 and all Directors confirmed that they had complied with the Model Code throughout the period.

PUBLICATION OF INTERIM REPORT

This interim report for the six months ended is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.g-prop.com.hk>).

APPRECIATION

I take this opportunity to express our gratitude to the Shareholders of the Company for their continued support and our Directors and our staff for their contribution to the Company.

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

Hong Kong, 2 August 2007