
THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in G-PROP (HOLDINGS) LIMITED (the "Company"), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular does not constitute an offer of, nor is it calculated to invite offers for, shares or other securities of the Company.

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G-PROP (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

**PLACING OF 239,000,000 NEW SHARES
AT HK\$0.061 EACH ON
A BEST ENDEAVOUR BASIS
AND
GENERAL MANDATE TO ISSUE SHARES**

A notice convening a special general meeting of G-Prop (Holdings) Limited to be held at 10:00 a.m., on Friday, 10th May, 2002 at Garden Rooms, 2nd Floor, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong is set out on pages 8 to 10 of this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the branch registrar and transfer office of the Company, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

25th April, 2002

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DEFINITIONS

In this circular, the following expressions (except the context otherwise requires) shall have the following meanings:

“Board”	the board of Directors of the Company
“Company”	G-Prop (Holdings) Limited, a company incorporated in Bermuda and whose shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“GSCL” or “Placing Agent”	General Stocks Company Limited, a dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) and the placing agent to the Company in respect of the Placing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the Placing of an aggregate of 239,000,000 new Shares pursuant to the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 9th April, 2002 and made between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.061 per Placing Share, being the subscription price for the Placing Shares
“Placing Shares”	an aggregate of 239,000,000 new Shares to be placed under the Placing Agreement
“Shareholders”	the shareholders of the Company
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Special General Meeting”	a special general meeting of the Company to be convened to approve the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

EXPECTED TIMETABLE

Latest time for lodging forms of proxy for the

Special General Meeting10:00 a.m., Wednesday, 8th May, 2002

Special General Meeting to be held on10:00 a.m., Friday, 10th May, 2002

LETTER FROM THE BOARD



G-PROP (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Chan Hung Lit, Simon (*Chairman*)
Mr. Cheung Kwai Sun, Roger (*Deputy Chairman*)
Mr. Lee Sze Kwong, William (*Managing Director*)
Mr. Lo Siu Wah
Mr. Li Wing Kin

Registered Office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Lai Hin Wing, Henry
Mr. Wong Kai Tat

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

13th Floor
New World Tower Two
18 Queen's Road Central
Hong Kong

25th April, 2002

To the Shareholders and, for information,

*holders of the 7.5% convertible bonds due 2002 of the Company
and holders of non-interest bearing convertible bonds due 2004 of the Company*

Dear Sir or Madam,

**PLACING OF 239,000,000 NEW SHARES AT HK\$0.061 EACH
ON A BEST ENDEAVOUR BASIS
AND
GENERAL MANDATE TO ISSUE SHARES**

INTRODUCTION

On 9th April, 2002, the Company announced that it entered into the Placing Agreement with the Placing Agent on the same day to place, through the Placing Agent on a best endeavour basis, 239,000,000 new Shares of HK\$0.01 each in the share capital of the Company to independent investors at a price of HK\$0.061 per Placing Share.

LETTER FROM THE BOARD

The Placing Shares represent approximately 50.00% of the existing issued share capital of the Company and approximately 33.33% of the Company's issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$14.1 million will be used as set out under the paragraph headed "Use of proceeds and reasons for the Placing" below.

The Placing is conditional upon (i) the allotment and issue of the Placing Shares being approved at a special general meeting to be convened on or before 17th May, 2002 or such later date as the Company and GSCL may agree; and (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares on or before 24th May, 2002 or such later date as the Company and GSCL may agree.

The Placing Price represents (i) a discount of approximately 15.28% to the closing price of HK\$0.072 per Share quoted on the Stock Exchange on 8th April, 2002, being the last trading day before the signing of the Placing Agreement; and (ii) a discount of approximately 19.74% to the average of the closing price per Share as quoted on the Stock Exchange of approximately HK\$0.076 for the ten trading days ended 8th April, 2002. The Placing Price was agreed after arm's length negotiations and was determined having regard to the recent performance of the closing prices of the Shares.

This circular sets out details of the Placing and a notice to convene the Special General Meeting.

THE PLACING AGREEMENT DATED 9TH APRIL, 2002

Issuer

The Company

Placing Agent

GSCL is the Placing Agent. GSCL and its ultimate beneficial owners are independent of and not connected with the Company nor with the directors, chief executive or substantial Shareholders of the Company, and any of their subsidiaries or any of their respective associates (as defined in the Listing Rules). GSCL and its ultimate beneficial owners have not during the 12-month period immediately before the date of the Placing Agreement had and do not currently have any shareholding in, or the right to subscribe for or to nominate persons to subscribe for securities in, the Company. The Placing is to be made on a best endeavour basis.

Placees

Not less than six placees (which are required to be independent individual, corporate and/or institutional investors) who will be independent of and not connected with the Company nor with the directors, chief executive or substantial Shareholders of the Company, and any of their subsidiaries or any of their respective associates (as defined in the Listing Rules). Currently, there is no substantial Shareholder holding more than 10% of the Shares of the Company. There will not be any new substantial Shareholders, who shall hold more than 10% of the Shares of the Company, arising from the Placing.

LETTER FROM THE BOARD

Placing Price

The Placing Price is HK\$0.061 per Placing Share. This price was agreed after arm's length negotiations. The Directors consider that the Placing Price and the placing costs to be paid to the Placing Agent are fair and reasonable and the Placing is in the interest of the Company and the Shareholders as a whole.

The Placing Price represents (i) a discount of approximately 15.28% to the closing price of HK\$0.072 per Share quoted on the Stock Exchange on 8th April, 2002, being the last trading day before the Placing Agreement and (ii) a discount of approximately 19.74% to the average of the closing price per Share as quoted on the Stock Exchange of approximately HK\$0.076 for the ten trading days ended 8th April, 2002.

The Placing Agent will place the Placing Shares on a best endeavour basis and receive a commission of 2.5% of the aggregate Placing Price of the Placing Shares actually subscribed for by the placees which commission is payable by the Company.

Ranking of the Placing Shares

The Placing Shares will rank pari passu in all respects among themselves and with all other Shares in issue on the date of the allotment and issue of the Placing Shares.

Number of Shares to be placed

239,000,000 new Shares are to be placed, representing approximately 50.00% of the existing issued share capital of the Company and approximately 33.33% of the issued share capital of the Company as enlarged by the Placing Shares.

Conditions of the Placing

The Placing is conditional upon (i) the allotment and issue of the Placing Shares being approved at a special general meeting to be convened on or before 17th May, 2002 or such later date as the Company and GSCL may agree; and (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares on or before 24th May, 2002 or such later date as the Company and GSCL may agree.

Completion

The Placing is to be completed on or before the third business day following the date on which all the conditions referred to above are fulfilled, but in any event no later than 30th May, 2002 (or such later date as the Company and GSCL may agree).

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of and permission to deal in the Placing Shares.

LETTER FROM THE BOARD

USE OF PROCEEDS AND REASONS FOR THE PLACING

The Company is an investment holding company. The Group is principally engaged in property development and investment and the manufacturing and sale of energy saving machines.

As disclosed in the interim report of the Company for the six months ended 30th September, 2001, the Group had cash and bank balances of approximately HK\$0.9 million and total borrowings of approximately HK\$365.2 million. With the shareholders' fund of approximately HK\$30.8 million, the Group's gearing ratio (total borrowings over shareholders' fund) was about 1,180%.

Subsequent to the issues in October to December 2001 at an aggregate issued price of approximately HK\$333.4 million of new convertible bonds due 2004 to purchase or settle the then existing convertible bonds and borrowings of the Group, the placing of 28,200,000 new Shares in December 2001, the placing of 53,900,000 new Shares in January 2002 and the placing of 73,400,000 new Shares in March 2002, the Group's gearing ratio has decreased to about 768% and the Group as at the date of the Placing Agreement has cash and bank balances of approximately HK\$0.5 million. The proceeds raised in the various issues between October 2001 and March 2002 as stated above have been used in accordance with their respective original intended usage as stated in the relevant announcements on the respective issues. For your easy reference, a summary of the respective issues made after 30th September, 2001 are set out below:

Period	Events	Gross proceeds raised HK\$	Use of proceeds
October to December 2001	Issue of HK\$380 million convertible bonds due 2004 (HK\$284 million has been issued and HK\$96 million was not issued and lapsed)	269,800,000	(1) HK\$241.2 million used to purchase convertible bonds due 2002 (2) HK\$17.3 million used to pay interest accrued on convertible bonds due 2002 (3) HK\$2.7 million used to pay commission for issue of convertible bonds due 2004 (4) HK\$8.6 million used as working capital of the Group
November 2001	Issue of HK\$67 million convertible bonds due 2004	Nil	The convertible bonds issued were used to settle convertible bonds due 2002 and a promissory note and accrued interests thereon owing to a connected party
December 2001	Placing of 28,200,000 new Shares	3,102,000	Used as working capital of the Group
January 2002	Placing of 53,900,000 new Shares	6,737,000	Used as working capital of the Group
March 2002	Placing of 73,400,000 new Shares	7,707,000	Used as working capital of the Group

LETTER FROM THE BOARD

The amount of approximately HK\$17.55 million raised from the placing of new Shares since December 2001 as stated in the table above was utilized for settling the commissions for the placing (about HK\$0.3 million), paying salaries of the staff of the Group (about HK\$6.7 million), repayment of loans and general creditors (about HK\$7.9 million) and payment of ordinary business expenses (about HK\$2.65 million).

The net proceeds of approximately HK\$14.1 million to be raised from the Placing will be used for general working capital purposes of the Company. The Company does not have any intended acquisition project. The Directors consider that the Placing is an opportunity for the Company to raise additional capital which would enhance the capital base of the Company and increase the shareholders base and marketability of the Shares. Further, the Directors have considered alternative means to raise funds to finance the working capital of the Company including the utilization of existing credit facilities, and they are of the view that the raising of additional capital can minimize the financing costs of, and therefore is more appropriate for, the Company without increasing the gearing ratio of the Group.

GENERAL MANDATE TO ISSUE SHARES

At the Special General Meeting, the Shareholders will also be asked to consider and, if thought fit, to approve an ordinary resolution for the granting to the Directors of a general mandate to issue Shares representing up to 20 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the ordinary resolutions as enlarged by the Placing Shares.

The Directors have no present intention to issue any new Shares save and except the new Shares to be issued pursuant to the Placing.

SPECIAL GENERAL MEETING

The Special General Meeting will be held at 10:00 a.m. on Friday, 10th May, 2002 at Garden Rooms, 2nd Floor, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong. A notice of the Special General Meeting is set out on pages 8 to 10 of this circular.

GENERAL

The Directors consider the terms of the Placing Agreement to be fair and reasonable and in the interest of the Company and the Shareholders as a whole. Further announcement will be made on the status of the Placing as and when appropriate.

The purpose of this circular is to provide you with further information relating to the Placing.

A form of proxy for use at the Special General Meeting is enclosed. Shareholders are requested to complete the enclosed form of proxy and return the same to the branch registrar and transfer office of the Company, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time of the Special General Meeting (or any adjournment thereof) whether or not they intend to be present at the meeting. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Special General Meeting or any adjourned meeting should they so wish.

The English text of this circular and the accompanying proxy form shall prevail over the Chinese text in case of inconsistency.

Yours faithfully,
For and on behalf of the Board
G-Prop (Holdings) Limited
Chan Hung Lit, Simon
Chairman

NOTICE OF SPECIAL GENERAL MEETING



G-PROP (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting (the “Special General Meeting”) of G-Prop (Holdings) Limited (the “Company”) will be held at 10:00 a.m. on Friday, 10th May, 2002 at Garden Rooms, 2nd Floor, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT** the conditional placing agreement (the “Agreement”) dated 9th April, 2002 entered into by the Company with General Stocks Company Limited as the placing agent in relation to the conditional placing of 239,000,000 shares (the “Shares”) to be allotted and issued by the Company, a copy of which has been produced to the meeting and marked “A” and signed by the chairman of the meeting for the purpose of identification, be and is hereby approved in all respects and that all transactions contemplated therein, including but not limited to the allotment, issue and dealing of the Shares, be and are hereby approved and that any one director of the Company (the “Director”) be and is hereby authorized to do or execute for and on behalf of the Company all such acts or such other documents by hand or, in case of execution of documents under seal, to do so jointly for and on behalf of the Company with either the secretary or a second Director or such other person(s) appointed by the board of Directors which in his/her or their opinion may be necessary, desirable or expedient to carry into effect or to give effect to the Agreement and all the transactions contemplated therein, including such changes and amendments thereto as any one Director of the Company may consider necessary, desirable or expedient.”
2. **“THAT:**
 - (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

NOTICE OF SPECIAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of any rights of subscription or conversion under any warrants, bonds, debentures, notes and any securities of the Company which carry rights to subscribe for or are convertible into shares of the Company; (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company from time to time, shall not exceed 20 per cent. of the aggregate of (1) the nominal amount of the share capital of the Company in issue at the date of passing this resolution; and (2) the nominal amount of the share capital of the Company which may be issued pursuant to the issue of the Shares referred to in Resolution No.1 set out in the notice convening this meeting if that resolution had been passed and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Company’s Bye-Laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

NOTICE OF SPECIAL GENERAL MEETING

“Rights Issue” means an offer of shares in the capital of the Company open for a period fixed by the Directors to the holders of shares or any class of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

On behalf of the Board
Chan Hung Lit, Simon
Chairman

Hong Kong, 25th April, 2002

Registered Office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal place of business of Hong Kong:
13th Floor
New World Tower Two
18 Queen's Road Central
Hong Kong

Notes:

- (1) Any member of the Company entitled to attend and vote at the Special General Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint registered holders of any share, any one of such persons may vote at the Special General Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the Special General Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (3) To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrars and transfer office, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, not less than 48 hours before the time appointed for holding the Special General Meeting or adjourned meeting. Completion and return of the form of proxy will not preclude shareholders from attending the Special General Meeting and voting in person.