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**G-PROP**  
(HOLDINGS) LIMITED

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**金匡企業有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 286)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO A LEASE**

After trading hours on 15 October 2013, the Lessee has entered into the Lease Agreement with the Lessor, pursuant to which Lessor has agreed to lease and the Lessee has agreed to rent two floors in a commercial building in Biological Island.

As one or more of the applicable percentage ratios (calculated according to Rule 14.07 of the Listing Rules) in respect of the Lease Agreement exceed 5% but all such applicable percentage ratios are under 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company subject to notification, reporting and announcement under the Chapter 14 of the Listing Rules.

Reference is made to the announcements of the Company dated 23 June 2013, 26 June 2013, 29 August 2013 and 18 September 2013, respectively, (together, the “Previous Announcements”), in relation to, inter alia, the proposed lease of certain floors in a commercial building in Biological Island pursuant to the Letter of Intent and the Supplemental Letter which are the promissory letters in relation to the lease contained in the Lease Agreement. Capitalised terms used herein shall have the same meaning as defined in the Previous Announcements, unless otherwise stated.

## **INTRODUCTION**

After trading hours on 15 October 2013, the Lessee has entered into a formal lease agreement with the Lessor, pursuant to which Lessor has agreed to lease and the Lessee has agreed to rent two floors in a commercial building in Biological Island (the “Lease Agreement”).

## LEASE AGREEMENT

Set out below are the major terms of the Lease Agreement:

Date: 15 October 2013

Parties: (i) Common Splendor International Health Management Limited (formerly known as Wisestar Development Limited), a Hong Kong company incorporated in 2007 with limited liability and an indirect wholly-owned subsidiary of the Company, as Lessee; and

(ii) 廣州國際生物島科技投資開發有限公司 (Guangzhou International Biological Island Technology Investment Limited Company\*), a company incorporated in the PRC with limited liability and a PRC state-owned enterprise under Guangzhou Economic Development Zone, as Lessor.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Lessor together and its ultimate beneficial owner are third parties independent of the Company and not the connected persons of the Company.

Location of the Leased Property : The first and the second floors in Block 2, Phase 3 of Standard Property Unit in Biological Island (the “Leased Property”).

Gross floor area: Approximately 2,975 square metres# in aggregate, subject to the actual gross floor area of the Leased Property. If the difference between the actual gross floor area and gross floor area mentioned in the Lease Agreement is within  $\pm 1\%$ , the consideration will not be adjusted or vice versa.

Term of the lease: 2 years#, commence from 16 October 2013 to 15 October 2015.

Rent-free period: The rent-free period is six months# (i.e. from 16 October 2013 to 15 April 2014).

Usage of the Leased Property: The Leased Property can be only used as offices, medical laboratories, clinics and etc. which are limited to the businesses operation stipulated in the Business Registration.

Consideration:

The monthly rental payable by the Lessee to the Lessor is approximately RMB125,479# (equivalent to approximately HK\$159,176) at RMB45 (equivalent to approximately HK\$57.08) per square metre for the first floor and RMB40 (equivalent to approximately HK\$50.74) per square metre for the second floor.

The Lessee shall enter into property management contract with the Lessor's property management agent (the "Agent"). Besides the actual utilities expenses of the Leased Property, the monthly management fee as well as utilities expenses for public area payable by the Lessee to the Agent is approximately RMB31,239# (equivalent to approximately HK\$39,628) at RMB10.50 (equivalent to approximately HK\$13.32) per square metre.

The aggregate monthly amount payables by the Lessee to the Lessor and the Agent are approximately RMB156,718 (equivalent to approximately HK\$198,804).

The highest aggregate annual amount payables by the Lessee to the Lessor and the Agent (i.e the annual amount payable for 2015) is approximately RMB1,486,291 (equivalent to approximately HK\$1,885,435).

The aggregate amount payables by the Lessee to the Lessor and the Agent for the whole term of the proposed lease is approximately RMB3,006,331 (equivalent to approximately HK\$3,813,682).

The monthly rental and above-mentioned fee are payable before the 10 calendar day of each month in cash.

The rental was negotiation between the Lessee and the Lessor on an arm's length basis with reference to the market rental of other units of Biological Island.

Guarantee Deposit  
and Prepaid Rental:

An amount of RMB376,436 (equivalent to approximately HK\$477,528) (representing three months' rental payment) as guarantee deposit (the "Guarantee Deposit") and amount of RMB125,479 (equivalent to approximately HK\$159,176) as prepaid rental will be paid to the Lessor within 5 days after signing of the Lease Agreement. The Guarantee Deposit may be applied for remedy for any breach of terms of the Lease Agreement by the Lessee. The Lessor will return the Guarantee Deposit and the prepaid rental to the Lessee upon the termination of the Lease Agreement without any interest.

Decoration: Prior to the decoration of the Leased Property, the Lessee shall submit the design graph and related documents the Lessor for its approval.

*# as same as the Supplemental Letter*

## **TERMINATION OF THE LEASE AGREEMENT**

During the term of the Lease Agreement, the Lessee has the right to terminate the Lease Agreement by 2 months written notice in advance subject to the Lessor's written consent.

If the Lessee wishes to continue using the Leased Property, the Lessee shall apply for the renewal of the Lease Agreement in writing within 2 months prior to its expiration. On an equal basis, the Lessee has the priority to the renewal. Upon the Lessor's consent, both parties shall enter into a new agreement.

In the event that the Lessee fails to obtain the requisite business qualification(s) from the relevant PRC governmental authority(ies) after the effective date of the Lease Agreement, the Lessee is entitled to terminate the Lease Agreement and is not considered in default. Accordingly, the Lessee shall restore the Leased Property to condition at the time when the Lessor delivered the Leased Property to the Lessee and the Guarantee Deposit and the rental prepaid shall be refunded by the Lessor to the Lessee without any interest. In such case, the Lessee still enjoy the rent-free period and shall not pay monthly rental until the rent-free period expires.

The Lessee may be regarded as breaches of the Lease Agreement, among not limit to, (i) default in rental payment on time to the Lessor and/or the foresaid fee to the Agent; (ii) change the usage of the Leased Property; (iii) construct or demolish or extend the construction and/or inside fixture of the Leased Property without prior consent by the Lessor; (iv) sub-letting the Leased Property without prior consent by the Lessor; and (v) violate the safety rules and regulations. In the event of the Lessee in default, the Lessor has right to terminate the Lease Agreement, request the Lessee to return the Leased Property and remedy for the damages from the Lessee. Moreover, either party of the Lease Agreement without prior consent by another party unilaterally terminate the Lease Agreement and shall be regarded as a breach of the Lease Agreement. The defaulter shall pay a penalty fee which is 150% of the rental payment on the remaining term of the Lease Agreement and remedy for damages to another as manner of the breach of the Lease Agreement.

Other than the rights of the Lessor to terminate the Lease Agreement upon occurrence of certain events (such as the breach of terms of the Lease Agreement), both parties to the Lease Agreement can terminate the Lease Agreement should the following occurs: (i) the Leased Property being proven unsafety by housing authority; (ii) the Leased Property being taken or demolished by the PRC government; and/or (iii) force majeure. In such cases, the Lessor shall repay the Lessee the Guarantee Deposit and any rental prepaid by the Lessee without any interest.

## **INFORMATION ON THE GROUP AND REASONS FOR AND BENEFIT OF ENTERING INTO OF THE LEASE AGREEMENT**

The Group is mainly engaged in the businesses of investment and finance, and property investment.

The Directors consider it is to the benefit of the Group and the Shareholders as a whole for the Group to expand into other new business segments that could generate more income for the Group as and when an appropriate opportunity emerges. As disclosed in the announcement of the Company dated 23 April 2013, the Directors believe in the prospect of the health management businesses. Therefore, the Company is planning to set up a number of chained health management businesses in the PRC to provide personal health management services to high-end segment in the population under all three statuses of health, sub-health and illness. The Company intends that such health management services will be provided by a team of renowned domestic and international experts, with the application of functional medicine, sleep medicine, genomics, stress medicine and physical fitness medicine, among other latest medical means, supported by a digital health care filing system to serve the high-end segment in the population. The Board believes that it is a proper choice to commence the proposed health management business at Biological Island by establishing an office and clinic(s) in which the Group can generate new source of income and enhance its performance in the long term.

The Directors consider that Biological Island is conveniently located. Biological Island is situated at southeast part of Guangzhou, the PRC. It is a river island developed along the Pearl River Waterway with a total area of approximately 1.83 square kilometers. It is near Guangzhou University City and Pazhou International Convention and Exhibition Centre. It is also near the Guangzhou Station (Metro Line 4) with a 10-minute, 20-minute and 45-minute driving distance to Guangzhou business centre, Guangzhou Eastern Railway Station and Guangzhou Baiyun Airport respectively. It comprises a headquarters community, standard property units and a recycle sewage treatment plant, Guangzhou international science & technology cooperation and communication centre and Biotech Island international innovation centre. At the same time, Biological Island is regarded as the central biotech district in Guangzhou. It is a suitable place for headquarters and research centres of hi-end biotech corporations.

The Board considers that the terms of the Lease Agreement are fair and reasonable and on normal commercial terms and the entering into of the Lease Agreement is in the interest of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

The Lessee is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. Prior to the entering into of the Lease Agreement, it has been an inactive company since it incorporated in 2007.

The Lessor is a company incorporated in the PRC with limited liability and is a PRC state-owned enterprise under Guangzhou Economic Development Zone. It is located in Biological Island and it devotes itself in the construction, development and operation of Biological Island.

## **IMPLICATION UNDER LISTING RULES**

As one or more of the applicable percentage ratios (calculated according to Rule 14.07 of the Listing Rules) in respect of the Lease Agreement exceed 5% but all such applicable percentage ratios are under 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company subject to notification, reporting and announcement under the Chapter 14 of the Listing Rules.

## **OTHER INFORMATION**

In accordance with the Letter of Intent, an amount of RMB558,000 (equivalent to approximately HK\$707,850) would be paid to the Lessor as deposit upon the mutual consents of the parties within three months from the date of the Letter of Intent and it should be applied as the Guarantee Deposit in the Lease Agreement. This deposit was paid in August 2013 and it will be applied as Guarantee Deposit and prepaid rental in the Lease Agreement.

In addition, the Lessee had performed site measurement and the actual gross area of the Leased Property as same as mentioned in the Lease Agreement. Therefore, no consideration adjustment as foresaid has been made.

Before the date of the announcement, the Lessee had submitted the decoration design graph and related documents to and obtained approval from the Lessor. With the Lessor's consent, the ceremony of delivery and decoration of the Leased Property are held at the date of the announcement. The Group expects that the pre-sale of membership will be started in November 2013 and the health management project of the Group will be launched after the lunar new year in January 2014.

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

Hong Kong, 15 October 2013

*As at the date of this announcement, the Board comprises Mr. Cheung Wai Kuen and Mr. Cheng Hau Yan as executive Directors; Mr. Lin Jiang as non-executive Director; and Mr. Huang Liang, Mr. Mai Yang Guang and Mr. Yau Chi Ming as independent non-executive Directors.*

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB 1.00 to HK\$ 1.26855. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

*The website of the Company is at [www.g-prop.com.hk](http://www.g-prop.com.hk)*

*\* For identification purpose only*