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G·PROP
(HOLDINGS) LIMITED

G-PROP (HOLDINGS) LIMITED

金匡企業有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 286)

MAJOR TRANSACTION

IN RELATION TO A LEASE

After trading hours on 21 June 2013, the Lessee entered into the Letter of Intent with the Lessor, pursuant to which Lessor agreed to lease and the Lessee agreed to rent three floors in a commercial building in Biological Island, Guangzhou, the PRC.

As the highest ratio of the applicable percentage ratios in respect of the Letter of Intent is more than 25% but all applicable percentage ratios are less than 100%, the transactions contemplated under the Letter of Intent constitute a major transaction of the Company and subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules

The Lessor and Lessee will enter into a formal lease agreement to set out further details of the lease arrangement within 3 months from the date of the Letter of Intent. Further announcement(s) will be made by the Company as and when appropriate.

A circular containing, among other things, details of the lease and the notice of the SGM is expected to be despatched to the Shareholders on or before 31 August 2013.

INTRODUCTION

After trading hours on 21 June 2013, the Lessee entered into the Letter of Intent with the Lessor, pursuant to which Lessor agreed to lease and the Lessee agreed to rent three floors in a commercial building in Biological Island in Guangzhou, the PRC.

LETTER OF INTENT

Set out below are the major terms of the Letter of Intent:

Date: 21 June 2013

Parties: (i) 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 : Any three floors in Block 2, Phase 3 of Standard Property Unit in Biological Island, Guangzhou, the PRC

Gross floor area: Approximately 4,650 square metre in aggregate

Term of Lease: 2 years, tentatively to be commenced from 1 October 2013 to 30 September 2015, subject to fulfillment of the conditions precedent to the Letter of Intent

Consideration: The monthly rental for the Lease is RMB186,000 (equivalent to approximately HK\$235,941) at RMB40 (equivalent to approximately HK\$50.74) per square metre. In addition, the monthly management fee as well as utilities expenses for public area payable under the Letter of Intent is RMB51,150 (equivalent to approximately HK\$64,867.5) at RMB11 (equivalent to approximately HK\$13.95) per square metre.

The rent free period is the first month of term of the lease. The monthly rental and above-mentioned fee are payable before the 10 calendar day of each month in cash.

On the basis of the aforesaid, the total annual amount payable by the Lessee to the Lessor under the Letter of Intent is RMB2,845,800 (equivalent to approximately HK\$3,609,702).

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.

Deposit: An amount of RMB558,000 (equivalent to approximately HK\$707,823) (representing three months' rental payment) will be paid to the Lessor upon the mutual consents of the parties within three months from the date of the Letter of Intent.

Conditions precedent: The Letter of Intent is conditional upon:

- (i) the granting of the requisite business qualification(s) by the relevant PRC governmental authority to the Lessee; and
- (ii) the obtaining of the requisite Shareholders' approval.

In the event that the above condition precedent (i) is not fulfilled within two months from the date of the Letter of Intent or the above condition precedent (ii) is not fulfilled within three months from the date of the Letter of Intent, whichever is earlier, the Letter of Intent shall be terminated and of no further effect. In such event, as foresaid deposit shall be refunded by the Lessor to the Lessee without interest.

The Lessor and the Lessee will enter into a formal lease agreement to set out the further details of the lease arrangement. In the event that the conditions precedent are fulfilled but the Lessee does not proceed with signing of the formal lease agreement, as foresaid deposit shall be forfeited by the Lessor. In the event that the conditions precedent are fulfilled but the Lessor does not proceed with signing of the formal lease agreement, as foresaid deposit shall be returned to the Lessee without interest.

INFORMATION ON THE GROUP AND REASONS FOR AND BENEFIT OF ENTERING INTO OF THE LETTER OF INTENT

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).

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 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 Letter of Intent are fair and reasonable and on normal commercial terms and the entering into of the Letter of Intent 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 Letter of Intent, it has been a dormant company since its incorporation 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 the highest ratio of the applicable percentage ratios in respect of the Letter of Intent is more than 25% but all applicable percentage ratios are less than 100%, the transactions contemplated under the Letter of Intent constitute a major transaction of the Company subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules

The Lessor and Lessee will enter into a formal lease agreement to set out further details of the lease arrangement within 3 months from the date of the Letter of Intent. Further announcement(s) will be made by the Company as and when appropriate.

A circular containing, among other things, details of the lease and the notice of the SGM is expected to be despatched to the Shareholders on or before 31 August 2013.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	G-Prop (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability, the share of which are listed on the main board of the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Biological Island”	Guangzhou International Biological Island
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Lessee”	Wisestar Development Limited, an indirect wholly-owned subsidiary of the Company
“Lessor”	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.

“Letter of Intent”	the Letter of Intent entered into between the Lessor and the Lesser dated 21 June 2013 in relation to the Leased Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“SGM”	a special general meeting of the Company to be held for the purpose of considering and if thought fit, approving the transactions contemplated under the Letter of Intent by the Shareholders
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	renminbi, the lawful currency of the PRC
“%”	per cent

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\$ 1.2685. 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.

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

Hong Kong, 23 June 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.

The website of the Company is at www.g-prop.com.hk

** For identification purpose only*