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GR Life Style

国锐生活

GR LIFE STYLE COMPANY LIMITED

國銳生活有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of GR Life Style Company Limited (formerly known as GR Properties Limited) (the “**Company**”) hereby presents the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023, together with comparative figures for the corresponding period in 2022. The audit committee of the Company (the “**Audit Committee**”) has reviewed and discussed with the management of the Company the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 (the “**Period**”).

FINANCIAL HIGHLIGHTS

- The Group’s revenue for the Period was approximately HK\$169.5 million, representing a decrease of approximately 5.9% from approximately HK\$180.1 million for the corresponding period in 2022.
- Profit before tax for the Period was approximately HK\$46.6 million, representing an increase of approximately HK\$18.2 million from profit before tax of approximately HK\$28.4 million for the corresponding period in 2022.
- Profit for the period attributable to shareholders of the Company for the Period was approximately HK\$39.3 million, as compared to the profit attributable to shareholders of the Company of approximately HK\$22.2 million in the corresponding period in 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2023*

		(Unaudited) Six months ended 30 June 2023 <i>HK\$'000</i>	(Unaudited) 30 June 2022 <i>HK\$'000</i>
REVENUE	4	169,507	180,061
Other income and gains, net	5	20,855	28,498
Cost of inventories sold		(391)	(3,249)
Employee benefit expenses		(39,198)	(31,967)
Marketing expenses		(38)	(222)
Depreciation and amortisation		(1,282)	(1,822)
Utilities, repairs and maintenance and rental expenses		(57,591)	(61,410)
Impairment of trade and lease receivables, net		(2,872)	(6,089)
Other operating expenses, net		(13,148)	(35,364)
Remeasurement gain upon transfer of certain properties held for sale to investment properties	10(c)	61,714	13,084
Fair value loss of investment properties	10	(28,366)	–
Finance costs	6	(62,584)	(53,117)
PROFIT BEFORE TAX	7	46,606	28,403
Income tax expense	8	(7,331)	(6,224)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		39,275	22,179
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9		
Basic (<i>HK cent per share</i>)		1.23	0.69
Diluted (<i>HK cent per share</i>)		0.86	0.49

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	(Unaudited) Six months ended 30 June 2023 HK\$'000	(Unaudited) 30 June 2022 HK\$'000
PROFIT FOR THE PERIOD	<u>39,275</u>	<u>22,179</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
– Exchange differences:		
Exchange differences on translation of foreign operations	(68,619)	(183,677)
Reclassification adjustments for foreign operations disposed of during the period	<u>–</u>	<u>373</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	<u>(68,619)</u>	<u>(183,304)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	<u>(29,344)</u>	<u>(161,125)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		(Unaudited) 30 June 2023 <i>HK\$'000</i>	(Audited) 31 December 2022 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		1,823	2,091
Investment properties	10	5,112,237	4,935,257
Right-of-use assets		3,416	4,094
Computer software		773	679
Deferred tax assets		14,502	13,786
		5,132,751	4,955,907
CURRENT ASSETS			
Properties held for sale		412,771	550,111
Inventories		855	860
Trade and lease receivables	11	149,315	133,098
Prepayments, deposits and other receivables		191,082	184,332
Financial asset at fair value through profit or loss		10,811	11,496
Other tax recoverables		45,503	50,748
Restricted cash		6,666	4,324
Cash and cash equivalents		308,774	349,182
		1,125,777	1,284,151
CURRENT LIABILITIES			
Trade payables	12	49,983	88,759
Receipts in advance		58,154	72,807
Other payables and accruals		252,837	247,152
Bank and other borrowings		109,113	108,446
Income tax payables		24,410	28,975
Other tax payables		6,807	8,287
		501,304	554,426
NET CURRENT ASSETS		624,473	729,725
TOTAL ASSETS LESS CURRENT LIABILITIES		5,757,224	5,685,632

		(Unaudited) 30 June 2023 <i>HK\$'000</i>	(Audited) 31 December 2022 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Bank and other borrowings		2,331,628	2,220,064
Liability component of perpetual convertible bonds	13	57,983	57,245
Deferred tax liabilities		146,596	159,694
		<hr/>	<hr/>
Total non-current liabilities		2,536,207	2,437,003
		<hr/>	<hr/>
Net assets		3,221,017	3,248,629
		<hr/>	<hr/>
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	14	3,152,571	3,152,571
Equity component of perpetual convertible bonds	13	1,172,244	1,172,244
Reserves		(1,103,798)	(1,076,186)
		<hr/>	<hr/>
Total equity		3,221,017	3,248,629
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

1. CORPORATE AND GROUP INFORMATION

GR Life Style Company Limited (formerly known as GR Properties Limited) (“**the Company**”) is a limited liability company incorporated in Hong Kong and shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office and the principal place of business of the Company is located at Unit 3505, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong.

Pursuant to a special resolution passed at the annual general meeting of the Company held on 30 June 2023 and approved by the Registrars of Companies in Hong Kong on 12 July 2023, the English name of the Company was changed from “GR Properties Limited” to “GR Life Style Company Limited” and the Chinese name of the Company was changed from “國銳地產有限公司” to “國銳生活有限公司”.

During the six months ended 30 June 2023 (the “**Period**”), the Company and its subsidiaries (collectively referred to as the “**Group**”) were involved in the following principal activities:

- property development and investment in the United Kingdom (the “**UK**”), the United States of America (the “**USA**”) and the mainland (“**Mainland China**”) of the People’s Republic of China (the “**PRC**”); and
- provision of property management services in Mainland China.

As at 30 June 2023, the immediate holding company of the Company was Wintime Company Limited, which is incorporated in the British Virgin Islands with limited liability. In the opinion of the directors of the Company, the ultimate holding company of the Company is Widewealth Company Limited, which is incorporated in the British Virgin Islands with limited liability.

2.1. BASIS OF PREPARATION

This unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 set out in this announcement has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountant (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). It does not include all the information and disclosures in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022. The accounting policies and basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the changes in accounting policies made thereafter in adopting the revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, as detailed in note 2.2 below.

The financial information relating to the year ended 31 December 2022 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to those statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements of the Company for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditor has reported on those consolidated financial statements of the Company for the year ended 31 December 2022. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

This interim condensed consolidated financial information has not been audited, but has been reviewed by the Company's audit committee.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial information:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

These amendments have had no material effect on how the Group's results and financial position for the current or prior periods presented in this unaudited interim condensed consolidated financial information. The Group has not applied any other new standard or interpretation that has been issued but is not yet effective for the current accounting period.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of their products and services and has two reportable operating segments during the Period as follows:

- (a) property development and investment in the UK, the USA and Mainland China; and
- (b) provision of property management services for office buildings, residential properties and car parks in Mainland China.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that head office and corporate income and expenses are excluded from this measurement.

Segment assets and segment liabilities exclude unallocated head office and corporate assets and liabilities as these assets and liabilities are managed on a group basis.

	Property development and investment		Property management		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Six months	Six months	Six months	Six months	Six months	Six months
	ended 30 June	ended 30 June	ended 30 June	ended 30 June	ended 30 June	ended 30 June
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>65,686</u>	<u>71,859</u>	<u>103,821</u>	<u>108,202</u>	<u>169,507</u>	<u>180,061</u>
Segment results	<u>34,018</u>	<u>27,839</u>	<u>15,954</u>	<u>19,577</u>	<u>49,972</u>	<u>47,416</u>
<i>Reconciliation:</i>						
Other unallocated income and gains					5,238	178
Corporate and other unallocated expenses					<u>(8,604)</u>	<u>(19,191)</u>
Profit before tax					<u>46,606</u>	<u>28,403</u>

	Property development and investment		Property management		Total	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at	As at	As at	As at	As at	As at
	30 June	31 December	30 June	31 December	30 June	31 December
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<u>5,836,702</u>	<u>5,801,650</u>	<u>290,430</u>	<u>306,417</u>	<u>6,127,132</u>	<u>6,108,067</u>

Reconciliation:

Corporate and other unallocated assets

– Property, plant and equipment					435	558
– Right-of-use assets					1,723	2,203
– Prepayments, deposits and other receivables					1,778	2,238
– Cash and cash equivalents					<u>127,460</u>	<u>126,992</u>

Total assets

Segment liabilities	<u>2,668,751</u>	<u>2,596,584</u>	<u>218,105</u>	<u>243,461</u>	<u>2,886,856</u>	<u>2,840,045</u>
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Reconciliation:

Corporate and other unallocated liabilities

– Other payables and accruals					2,514	4,297
– Due to shareholders included in bank and other borrowings					88,312	87,506
– Lease liabilities					1,846	2,336
– Liability component of perpetual convertible bonds					<u>57,983</u>	<u>57,245</u>

Total liabilities

	<u>3,037,511</u>	<u>2,991,429</u>				
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4. REVENUE

An analysis of the Group's revenue is as follows:

	(Unaudited) Six months ended 30 June 2023 HK\$'000	(Unaudited) 30 June 2022 HK\$'000
Revenue from contracts with customers	103,821	108,202
Revenue from another source		
– Gross rental income from investment property operating leases	65,686	71,859
	<u>169,507</u>	<u>180,061</u>

Notes:

(a) Disaggregated revenue information

Six months ended 30 June 2023 (Unaudited)

Segments	Property development and investment HK\$'000	Property management HK\$'000	Total HK\$'000
Type of goods or services			
Rendering of property management services and other services	–	103,159	103,159
Revenue from restaurant operation	–	662	662
	<u>–</u>	<u>103,821</u>	<u>103,821</u>
Total revenue from contracts with customers	–	103,821	103,821
Revenue from another source			
– Gross rental income from investment property operating leases	65,686	–	65,686
	<u>65,686</u>	<u>–</u>	<u>65,686</u>
Total revenue	<u>65,686</u>	<u>103,821</u>	<u>169,507</u>
Timing of revenue recognition			
Services transferred over time	–	103,159	103,159
Services transferred at a point in time	–	662	662
	<u>–</u>	<u>103,821</u>	<u>103,821</u>
Total revenue from contracts with customers	–	103,821	103,821
Revenue from another source			
– Gross rental income from investment property operating leases	65,686	–	65,686
	<u>65,686</u>	<u>–</u>	<u>65,686</u>
Total revenue	<u>65,686</u>	<u>103,821</u>	<u>169,507</u>

Geographical market

All revenue from contracts with customers were generated in Mainland China.

Six months ended 30 June 2022 (Unaudited)

Segments	Property development and investment HK\$'000	Property management HK\$'000	Total HK\$'000
Type of goods or services			
Rendering of property management services and other services	–	104,026	104,026
Revenue from restaurant operation	–	4,176	4,176
Total revenue from contracts with customers	–	108,202	108,202
Revenue from another source			
– Gross rental income from investment property operating leases	71,859	–	71,859
Total revenue	71,859	108,202	180,061
Timing of revenue recognition			
Services transferred over time	–	104,026	104,026
Services transferred at a point in time	–	4,176	4,176
Total revenue from contracts with customers	–	108,202	108,202
Revenue from another source			
– Gross rental income from investment property operating leases	71,859	–	71,859
Total revenue	71,859	108,202	180,061

Geographical market

All revenue from contracts with customers were generated in Mainland China.

(b) Performance obligations

Information about the Group's performance obligations in contracts with customers is summarised below:

Provision of property management services

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

Restaurant operation

The performance obligation is satisfied when the catering services have been provided to customers. The Group's trading terms with its customers are mainly on cash and smart card settlement on delivery. The credit period is generally less than one month.

5. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	(Unaudited) Six months ended 30 June 2023 HK\$'000	(Unaudited) 30 June 2022 HK\$'000
Other income		
Bank interest income	1,388	250
Interest income of loan receivables	1,452	2,081
Compensation from a contractor	–	12,916
Penalty income	844	1,004
Financial guarantee income	5,588	5,428
Others	5,608	3,010
	<u>14,880</u>	<u>24,689</u>
Other gains, net		
Foreign exchange gain, net	5,975	–
Gain on disposal of a subsidiary	–	3,809
	<u>5,975</u>	<u>3,809</u>
	<u>20,855</u>	<u>28,498</u>

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	(Unaudited) Six months ended 30 June 2023 HK\$'000	(Unaudited) 30 June 2022 HK\$'000
Interest on bank loans	49,932	26,809
Interest on loan from a shareholder of the Company	806	805
Interest on loans from director-controlled entities	1,018	–
Imputed interest on loans from director-controlled entities	513	5,627
Interest on a quasi-loan equity contributed by a joint venture partner of a subsidiary	–	13,939
Interest on perpetual convertible bonds	738	739
Interest on loan from an independent third party	12,782	5,123
Interest on lease liabilities	178	75
	<u>65,967</u>	<u>53,117</u>
Total finance costs	65,967	53,117
Less: Amount capitalised in investment property under construction	(3,383)	–
	<u>62,584</u>	<u>53,117</u>

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	(Unaudited) Six months ended 30 June 2023 HK\$'000	(Unaudited) 30 June 2022 HK\$'000
Depreciation of property, plant and equipment	495	517
Depreciation of right-of-use assets	736	1,233
Amortisation of computer software	51	72
Foreign exchange differences, net	(5,975)	11,506
Remeasurement of financial guarantee contracts	–	10,315
	<u> </u>	<u> </u>

8. INCOME TAX EXPENSE

An analysis of the Group's income tax charge is as follows:

	(Unaudited) Six months ended 30 June 2023 HK\$'000	(Unaudited) 30 June 2022 HK\$'000
Current – Mainland China	694	423
Current – UK	311	1,554
Current – USA	–	976
Deferred	6,326	3,271
	<u> </u>	<u> </u>
Total tax charge for the period	<u>7,331</u>	<u>6,224</u>

Note:

No provision for Hong Kong profits tax has been made for the Period as the Group did not generate any assessable profits arising in Hong Kong during the Period (six months ended 30 June 2022: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in countries/ jurisdictions in which the Group operates, based on the prevailing legislation, interpretations and practices in respect thereof.

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to shareholders of the Company, adjusted to reflect the deemed conversion of all dilutive perpetual convertible bonds at the beginning of that period, and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares in issue during that period, as used in the basic earnings per share calculation; (ii) the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of all dilutive perpetual convertible bonds into ordinary shares of the Company; and (iii) the weighted average number of ordinary shares with effect of dilution of share options.

The calculations of the basic and diluted earnings per share attributable to shareholders of the Company are based on the following data:

	(Unaudited)	(Unaudited)
	Six months ended	
	30 June 2023	30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Profit for the period attributable to shareholders of the Company, used in the basic earnings per share calculation	39,275	22,179
Interest on perpetual convertible bonds	738	739
	<hr/>	<hr/>
Profit for the period attributable to shareholders of the Company, used in the diluted earnings per share calculation	40,013	22,918
	<hr/>	<hr/>
	Number of shares	
	Six months ended	
	30 June 2023	30 June 2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	3,199,373,986	3,199,373,986
Effect of dilution – weighted average number of ordinary shares:		
– perpetual convertible bonds	1,460,074,000	1,460,074,000
– share options	719,350	–
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	4,660,167,336	4,659,447,986
	<hr/>	<hr/>

10. INVESTMENT PROPERTIES

	Completed <i>HK\$'000</i>	Under construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
Carrying amount as at 1 January 2023	4,518,793	416,464	4,935,257
Additions	–	79,542	79,542
Transfer from properties held for sale (<i>note (c)</i>)	181,757	–	181,757
Net loss from fair value adjustments	(28,366)	–	(28,366)
Exchange realignment	(57,870)	1,917	(55,953)
	<u>4,614,314</u>	<u>497,923</u>	<u>5,112,237</u>
Carrying amount as at 30 June 2023 (unaudited)	<u>4,614,314</u>	<u>497,923</u>	<u>5,112,237</u>

Notes:

- (a) The Group's completed investment properties as at 30 June 2023 and 31 December 2022 represented a commercial building located in London, the UK; a commercial and residential complex located in Santa Monica, the County of Los Angeles, State of California, the USA (the "US Complex"); and a commercial building located in Beijing, the PRC, which are leased to third parties under operating leases.
- (b) The Group's investment property under construction as at 30 June 2023 and 31 December 2022 represented a parcel of land located in Culver City, the USA.
- (c) During the Period, the use of certain units in the properties held for sale has been changed upon the inception of operating leases with external third parties. As a result, the leased portion of the properties held for sale was transferred to completed investment properties and a remeasurement gain of HK\$61,714,000 (six months ended 30 June 2022: HK\$13,084,000) was recognised in profit or loss during the six months ended 30 June 2023.
- (d) At 30 June 2023 and 31 December 2022, the Group's investment properties were all pledged to secure financial guarantee contracts, banking facilities granted to the Group and loans from financial institutions.

11. TRADE AND LEASE RECEIVABLES

	(Unaudited) 30 June 2023 <i>HK\$'000</i>	(Audited) 31 December 2022 <i>HK\$'000</i>
Trade receivables	132,011	119,914
Lease receivables	47,521	42,330
	<hr/>	<hr/>
Total gross trade and lease receivables	179,532	162,244
Less: Impairment	(30,217)	(29,146)
	<hr/>	<hr/>
	149,315	133,098
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An ageing analysis of the trade and lease receivables, based on the due date and net of impairment, is as follows:

	(Unaudited) 30 June 2023 <i>HK\$'000</i>	(Audited) 31 December 2022 <i>HK\$'000</i>
Current	79,702	76,907
Past due:		
Less than 1 year	44,384	47,000
1 year to 2 years	21,731	8,538
2 years to 3 years	3,498	653
	<hr/>	<hr/>
	149,315	133,098
	<hr/>	<hr/>

12. TRADE PAYABLES

Trade payables are non-interest bearing and the average credit period is 60 days.

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	(Unaudited) 30 June 2023 <i>HK\$'000</i>	(Audited) 31 December 2022 <i>HK\$'000</i>
Within 3 months	41,365	66,476
4 to 6 months	2,526	8,788
7 to 12 months	2,054	8,858
Over 1 year	4,038	4,637
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	49,983	88,759
	<hr/>	<hr/>

13. PERPETUAL CONVERTIBLE BONDS

The Company had two batches of perpetual convertible bonds outstanding as at 30 June 2023 and 31 December 2022, the summary information of which is set out as follows:

	Batch one <i>(note (a))</i>	Batch two <i>(note (b))</i>
Issuance date	17 August 2018	31 December 2021
Maturity date	No maturity date	No maturity date
Original principal amount	HK\$1,102,993,200	HK\$77,066,000
Coupon rate	1% per annum and will cease to bear any coupon after the fifth anniversary of the date of issue	1% per annum and will cease to bear any coupon after the fifth anniversary of the date of issue
Conversion price per ordinary share of the Company (<i>HK\$</i>)	0.80	0.80

These perpetual convertible bonds were bifurcated into a liability component and an equity component for accounting purposes. The following tables summarise the movements in the principal amounts, the number of conversion rights outstanding, the liability and equity components of the Company's perpetual convertible bonds during the six months ended 30 June 2023:

Principal amount outstanding

	Batch one <i>HK\$'000</i> <i>(note (a))</i>	Batch two <i>HK\$'000</i> <i>(note (b))</i>	Total <i>HK\$'000</i>
At 1 January 2023 and 30 June 2023 (unaudited)	<u>1,090,993</u>	<u>77,066</u>	<u>1,168,059</u>

Number of conversion rights outstanding

	Batch one <i>(note (a))</i>	Batch two <i>(note (b))</i>	Total
At 1 January 2023 and 30 June 2023 (unaudited)	<u>1,363,741,500</u>	<u>96,332,500</u>	<u>1,460,074,000</u>

Liability component

	Batch one <i>HK\$'000</i> <i>(note (a))</i>	Batch two <i>HK\$'000</i> <i>(note (b))</i>	Total <i>HK\$'000</i>
At 1 January 2023	53,789	3,456	57,245
Interest expense	<u>662</u>	<u>76</u>	<u>738</u>
At 30 June 2023 (unaudited)	<u>54,451</u>	<u>3,532</u>	<u>57,983</u>

Equity component

	Batch one <i>HK\$'000</i> <i>(note (a))</i>	Batch two <i>HK\$'000</i> <i>(note (b))</i>	Total <i>HK\$'000</i>
At 1 January 2023 and 30 June 2023 (unaudited)	<u>1,078,217</u>	<u>94,027</u>	<u>1,172,244</u>

Notes:

- (a) Pursuant to a sale and purchase agreement entered into with Winluck Global Limited and Silky Apex Limited (the “**Vendors**”) on 30 May 2018, the Company issued a total of 451,576,000 ordinary shares and a batch of perpetual convertible bonds to the Vendors on 17 August 2018 as partial consideration for the acquisition of 95% equity interest in Wise Expert Investment Limited (“**Wise Expert**”). Further details of the acquisition are set out in the Company’s announcements dated 30 May 2018 and 17 August 2018, and a circular dated 20 July 2018.

For accounting purpose, the fair value of the perpetual convertible bonds issued as consideration for the acquisition of Wise Expert as at the date of completion of the acquisition amounted to HK\$1,130,568,000.

Further details of the terms of these perpetual convertible bonds are set out in the Company’s circular dated 20 July 2018.

- (b) Pursuant to a sale and purchase agreement entered into with the Vendors on 30 May 2018, the Company further issued a batch of perpetual convertible bonds to the Vendors on 31 December 2021 as consideration for the acquisition of a remaining 5% equity interest in Wise Expert. Further details of the acquisition are set out in the Company’s announcement dated 31 December 2021, and a circular dated 20 July 2018.

For accounting purposes, the fair value of the perpetual convertible bonds issued as consideration for the acquisition of Wise Expert as at the date of completion of the acquisition amounted to HK\$97,296,000.

Further details of the terms of these perpetual convertible bonds are set out in the Company’s circular dated 20 July 2018.

- (c) The conversion of the perpetual convertible bonds is subject to, amongst others, the condition that any conversion will not result in the public float of the Company’s shares being less than 25% of the total issued shares of the Company.

14. SHARE CAPITAL

	(Unaudited) 30 June 2023 HK\$’000	(Audited) 31 December 2022 HK\$’000
Issued and fully paid: 3,199,373,986 ordinary shares	<u>3,152,571</u>	<u>3,152,571</u>

15. SHARE OPTION SCHEME

The Company’s share option scheme (the “**Share Option Scheme**”) was adopted pursuant to a resolution passed on 7 November 2016 (the “**Adoption Date**”) for the primary purpose of (i) incentivising and rewarding those who have contributed or may contribute to the development of the Group; and (ii) attracting and retaining skilled and experienced personnel (“**Eligible Participants**”) and motivating them to strive for the future development of the Group by providing them with an opportunity to acquire proprietary interests in the Company thereby linking their interest with that of the Group. The Share Option Scheme will remain in force for a period of ten years commencing on the Adoption Date and shall expire on 6 November 2026, subject to early termination provisions contained in the terms of the Share Option Scheme. The board of directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company subject to the terms of the Share Option Scheme.

30,000,000 share options were granted to an employee on 28 April 2023 under the Share Option Scheme, which will be vested after 1 year on 28 April 2024 and can be exercised within 3 years by 27 April 2026. The exercise price of the share options is HK\$0.922 per share. Further details are set out in the Company’s announcement dated 28 April 2023. The fair value of the share options granted during the Period was HK\$9,905,000 (HK\$0.33 each), of which HK\$1,732,000 was recognised as a share option expense in profit or loss during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Period, the operations of the Group were organised into business units based on the nature of their products and services. There were two reportable operating segments, including (i) the property management segment; and (ii) the property development and investment segment. The first segment was carried out in the People's Republic of China (the "PRC") whereas the second segment was carried out in the PRC, the United States of America (the "USA") and the United Kingdom (the "UK").

Property management segment

Beijing AOCEAN Property Management Company Limited* (北京澳西物業管理有限公司), ("AOCEAN"), a wholly-owned subsidiary of the Company, provides property management services for office buildings, residential properties and car parks. As at 30 June 2023, AOCEAN managed 17 major residential and commercial property projects, which were in the PRC. The services provided by AOCEAN under the management agreements include, *inter alia*, (i) provision of heating supply and maintenance services of heat exchange stations and pipeline network; (ii) provision of management services to car parks such as maintenance of various facilities and equipment in the car parks; and (iii) provision of property management services to vacant properties and general management services such as repair and maintenance of buildings and fire safety equipment and facilities for residential and commercial property projects.

Adhering to the principle of being human-oriented, and perceiving the market from the perspective of customers and market needs, AOCEAN has been improving and perfecting its management system and continues to provide professional services to its customers.

Property development and investment segment

During the Period, the Group carried on its property development and investment business in the USA, the UK and the PRC.

- ***Santa Monica project***

The Santa Monica project, located in Santa Monica, the County of Los Angeles, State of California, the USA, has a total site area of approximately 40,615 square feet (the "US Complex"). According to the land title, the development for the site is a mixed-use three stories development. Total rentable/saleable floor area is approximately 25,000 square feet for commercial use and 38,000 square feet for residential use and there are 190 on-site subterranean parking spaces. 97% of the commercial area and 91% of the residential area have been leased out, respectively, during the Period. The plan for the Santa Monica project is to lease out all the commercial units and the residential units.

- ***Culver City project***

Culver City project is a 36,319 square feet redevelopment site located at the south corner of Washington Boulevard and Motor Avenue in Culver City, Los Angeles County, California, the USA. The land title allows for the development of 139 residential units, of which 14 units would be income restricted for residents at the extremely low income level, and 1,969 square feet of ground floor would be commercial space. Its construction started since September 2021.

The Directors consider the Culver City Project to be an attractive investment opportunity to diversify the Group's property development operations in the USA, as this land is located within walking distance to the heart of Culver City, Los Angeles, which is the hub of a number of motion pictures and other production studios and is within well-established transportation network. Culver City Project is expected to further cement the Group's foothold in the western USA and enhance the Group's overall geographical diversification of business.

- ***Juxon House***

Juxon House is located at 100 St Paul's Churchyard, London, the UK. It is situated in a prominent location on the northwest side of St Paul's Cathedral, with St Paul's Churchyard at its south, Ave Maria Lane at its west, and Paternoster Square to the east, which is a prime professional and financial district with the London Stock Exchange and some multinational organisations having offices in the near vicinity. Juxon House is a grade A commercial building with a net lettable floor area of approximately 123,781 square feet, among which the office accommodation, the retail accommodation, and the ancillary and storage area have a net lettable floor area of 100,774 square feet, 20,083 square feet and 2,924 square feet respectively. Juxon House comprises a lower ground floor, a ground floor and five upper floors, basement storage and 20 car park spaces. Juxon House was let to three office tenants and four retail tenants, which contributed approximately £2.7 million rental income to the Group for the Period.

- ***Guorui Square Block B***

The Group holds all units with a gross floor area of approximately 68,685 square meters in Building No. 2 of Kingdom Guorui (國銳•金嶺), No. 1 Ronghua South Road, Daxing District, Beijing, the PRC ("**Guorui Square Block B**"), which are for office use.

The Company planned to sell or lease certain units of Guorui Square Block B, subject to market conditions in Yizhuang (亦莊), Beijing, the PRC. Currently, certain units were leased out to tenants under medium or long term leases.

FINANCIAL REVIEW

Financial analysis

During the Period, the Group generated revenue of approximately HK\$169,507,000 (six months ended 30 June 2022: approximately HK\$180,061,000). The property management segment reported segment revenue of approximately HK\$103,821,000 (six months ended 30 June 2022: approximately HK\$108,202,000). The property development and investment segment reported segment revenue of approximately HK\$65,686,000 (six months ended 30 June 2022: approximately HK\$71,859,000), contributed by the rental income from the operating leases of certain portion of units in the US Complex, Juxon House and Guorui Square Block B. The Group recorded a profit for the Period of approximately HK\$39,275,000 (six months ended 30 June 2022: approximately HK\$22,179,000). The increase in profit was mainly attributable to the combined effect of (i) the increase of remeasurement gain upon transfer of certain properties held for sale to investment properties of approximately HK\$48,630,000; and (ii) the fair value loss of investment properties of approximately HK\$28,366,000 during the Period.

As at 30 June 2023, the outstanding balance of bank and other borrowings was approximately HK\$2,440,741,000 (31 December 2022: approximately HK\$2,328,510,000), of which the balance mainly consisted of (i) two bank loans of approximately HK\$1,564,623,000 (31 December 2022: approximately HK\$1,573,973,000) secured by Juxon House, certain portion of Guorui Square Block B and lease receivables; (ii) other loans of approximately HK\$872,424,000 (31 December 2022: approximately HK\$750,214,000) secured by the US Complex and its lease receivables and rights to future lease receivables over the Culver City project; and (iii) lease liabilities balances of approximately HK\$3,694,000 (31 December 2022: approximately HK\$4,323,000).

As at 30 June 2023, the Group had available cash and bank balances of approximately HK\$308,774,000 (31 December 2022: approximately HK\$349,182,000).

Foreign currency exposure

During the Period, the Group's business operations were principally located in the PRC, the UK and the USA and the main operational currencies are Hong Kong dollars ("HK\$"), Renminbi ("RMB"), Pound sterling ("£") and United States dollars ("US\$"). The Group's transactions were mainly denominated in RMB, £ and US\$. The majority of assets and liabilities are denominated in HK\$, RMB, £ and US\$. Any significant exchange rate fluctuations of foreign currencies against HK\$ may have financial impact to the Group. The Group does not have a foreign currency hedging policy at present. However, the Group will closely monitor the exchange rate movement trend and take corresponding measures in a timely manner to reduce foreign currency exchange risk and exposure.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained an appropriate liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial condition of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

Human resources and remuneration policy

As at 30 June 2023, the total number of employees of the Group (excluding Directors) was 402 (30 June 2022: 348). Most of them were located in the PRC.

The total remuneration of the employees of the Group for the Period was approximately HK\$39,198,000 (six months ended 30 June 2022: approximately HK\$31,967,000).

The emolument of each of the Directors and the employees of the Group is determined on the basis of their merit, qualification, competence and experience in the industry, the profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Executive Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

Interim dividend

The Board resolved not to declare any interim dividend for the Period (six months ended 30 June 2022: Nil).

Pledge of assets

As at 30 June 2023, the Group had investment properties and properties held for sale amounting to approximately HK\$5,525,008,000 in total (31 December 2022: approximately HK\$5,485,368,000) to secure banks and other borrowings and financial guarantee contracts. Such bank and other borrowings comprise of loans presented in the section headed "Financial analysis" of this interim results announcement on page 20.

As at 30 June 2023, certain lease receivables of approximately HK\$47,165,000 (31 December 2022: approximately HK\$42,134,000) in total was pledged to secure bank and other borrowings granted to the Group.

To secure a bank loan granted to the Group, a bank deposit amounting to approximately HK\$6,666,000 (31 December 2022: approximately HK\$4,324,000) has been classified as restricted cash and a principal-protected deposit amounting to approximately HK\$10,811,000 (31 December 2022: approximately HK\$11,496,000) has been maintained.

Capital and other development related commitment and contingent liabilities

As at 30 June 2023, the Group had no material contingent liabilities (31 December 2022: Nil). As at 30 June 2023, the Group had contracted but not provided for commitments for construction in progress for an investment property amounting to approximately HK\$108,182,000 (31 December 2022: approximately HK\$169,279,000).

Events after the Period

Subsequent to the passing of a special resolution approving the proposed change of the company name by the shareholders at the annual general meeting held on 30 June 2023, a Certificate of Change of Name was issued by the Registrar of Companies in Hong Kong on 12 July 2023 certifying that the Company has changed its English name from “GR Properties Limited” to “GR Life Style Company Limited” and its Chinese name from “國銳地產有限公司” to “國銳生活有限公司”, both with effect from 12 July 2023. Further details are set out in the Company’s announcement dated 3 August 2023.

Save as disclosed herein, the Directors are not aware of any material event of the Group that has taken place subsequent to 30 June 2023 and up to the date of this announcement.

Significant investments and material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group had not made any significant investments, or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

Share options

On 28 April 2023, 30,000,000 share options were granted to an employee of the Company under the share option scheme.

Further details are set out in the Company’s announcement dated 28 April 2023 and note 15 in this announcement.

FUTURE PROSPECT

Twenty-two years of steady development leads to infinite possibilities in the future. During the pandemic period, the Group worked relentlessly to maintain effective operations and provide quality services, succeeding in minimising impact on tenants, customers and staffs. As the gloom from the COVID-19 pandemic gradually faded in the second quarter of 2023, the Group will continue to focus on property development and investment, as well as relevant asset management services, to create value for the shareholders. As in the past, when considering investments in the international markets such as the USA and Europe, the Group will continue to follow the development blueprint and maintain a prudent attitude in capturing investment opportunities so as to provide a reasonable return to the shareholders. In the past few years, other than capturing investment opportunities to establish the position and engage in the property market in Los Angeles and London for income generating real estates with potential for capital appreciation in the long term and re-development in the future, the Group’s

focus also continued to be on the execution of existing projects, achieving goals including but not limited to enhancement of operating performance as well as facilitation of project development. Besides, the Group will not rule out any possibilities to divest its investment with decent return. The Directors believe that after the acquisitions in the past few years and execution of existing projects, the Group will be able to broaden its income base through the stable rental incomes generated from the properties.

Apart from the Group's property investments in the PRC, the USA and the UK, the Group will increase its investment in property management services as well as focus on other opportunities in the health, green energy and elderly care industries in the future, and will continue to focus on searching for suitable investment opportunities which may strategically fit into its diversification strategy and achieve the integrated development of "Habitat, Health and Life".

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as stated in Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the Period except for the following deviation:

According to code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual.

During the Period, Mr. Wei Chunxian acted as the chairman and the chief executive officer of the Company. Given all major decisions are reserved to the Board, the Company considers that there is an adequate balance of power and authority in place between the Board and the management of the Company.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The audit committee is responsible for reviewing and supervising the financial reporting process, internal control and risk management procedures of the Group. The Group's interim results for the Period have been reviewed by the audit committee.

As at 30 June 2023, the audit committee comprised three independent non-executive Directors, namely Mr. Tung Woon Cheung Eric (chairman of the audit committee), Ms. To Tsz Wan Vivien and Mr. Leung Louis Ho Ming.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this interim results announcement, based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company maintained sufficient public float as required under the Listing Rules throughout the Period.

PUBLICATION OF RESULTS ON WEBSITES

Pursuant to Appendix 16 to the Listing Rules, the results of the Company are published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.grlifestyle.com.hk).

By Order of the Board
GR Life Style Company Limited
Wei Chunxian
Chairman

Hong Kong, 31 August 2023

As at the date of this announcement, the executive Directors are Mr. Wei Chunxian, Mr. Sun Zhongmin and Ms. Li Bing; and the independent non-executive Directors are Mr. Tung Woon Cheung Eric, Ms. To Tsz Wan Vivien and Mr. Leung Louis Ho Ming.

* *For identification purposes only*