GR PROPERTIES LIMITED
國 銳 地 產 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 2018

The board of directors (the "**Board**") of 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 2018, together with comparative figures for the six months ended 30 June 2017. 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 statements of the Group for the six months ended 30 June 2018 (the "**Period**").

FINANCIAL HIGHLIGHTS

- The Group's revenue for the Period was approximately HK$173.3 million, representing an increase of approximately 52.0% from HK$114.0 million for the corresponding period in 2017.
- Loss before tax for the Period was approximately HK$11.2 million, representing a decrease of approximately 46.8% from approximately HK$21.1 million for the corresponding period in 2017.
- Loss for the period attributable to shareholders of the Company for the Period was approximately HK$11.5 million, representing a decrease of approximately 42.4% from approximately HK$20.0 million for the corresponding period in 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended	
		30 June 2018	30 June 2017
		(Unaudited)	(Unaudited and restated)
	Notes	***HK$'000***	*HK$'000*
REVENUE	6	**173,269**	113,962
Other income and gain, net	6	**1,271**	9,395
Cost of inventories sold		**(11,770)**	(9,776)
Employee benefit expenses		**(47,288)**	(45,136)
Marketing expenses		**(277)**	(131)
Depreciation and amortisation		**(12,786)**	(10,385)
Utilities, repairs and maintenance and rental expenses		**(62,012)**	(58,339)
Other operating expenses		**(31,179)**	(17,166)
Finance costs	7	**(20,446)**	(3,526)
LOSS BEFORE TAX	8	**(11,218)**	(21,102)
Income tax credit/(expense)	9	**(276)**	1,131
LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**(11,494)**	(19,971)
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10		
Basic and diluted *(HK cents)*		**(0.65)**	(1.39)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(11,494)**	(19,971)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
— Translation of foreign operations	**(7,709)**	66,925
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF INCOME TAX	**(7,709)**	66,925
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	**(19,203)**	46,954

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2018 (Unaudited)** *HK$'000*	31 December 2017 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**805,621**	828,589
Investment properties	11	**1,973,047**	470,948
Intangible assets		**938**	942
Non-current deposits		**1,614**	145,491
Total non-current assets		**2,781,220**	1,445,970
CURRENT ASSETS			
Properties under development		**182,599**	154,986
Inventories		**5,294**	5,446
Trade receivables	12	**36,975**	25,429
Prepayments, deposits and other receivables		**49,262**	14,991
Due from related companies	13	**1,830**	1,970
Other tax recoverables		**4,692**	3,463
Pledged bank deposit		**39,230**	39,636
Cash and cash equivalents		**188,113**	723,891
Total current assets		**507,995**	969,812
CURRENT LIABILITIES			
Trade payables	14	**63,139**	63,724
Receipts in advance		**74,097**	72,821
Other payables and accruals	15	**88,621**	143,202
Due to a director		**865**	862
Due to a shareholder	16	**9,248**	3,778
Due to related companies	13	**90,620**	76,899
Bank borrowings	17	**237,386**	201,477
Income tax payables		**2,111**	1,528
Other taxes payables		**5,061**	1,212
Total current liabilities		**571,148**	565,503
NET CURRENT ASSETS/(LIABILITIES)		**(63,153)**	404,309
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,718,067**	1,850,279

	Notes	**30 June 2018 (Unaudited)** ***HK$'000***	31 December 2017 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Bank borrowings	17	**815,427**	—
Loans from a shareholder	18	**521,235**	625,280
Preference shares of a subsidiary	19	**16,320**	16,534
Deferred tax liabilities		**97,043**	99,641
Total non-current liabilities		**1,450,025**	741,455
Net assets		**1,268,042**	1,108,824
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	20	**2,042,232**	1,780,663
Perpetual convertible bonds		**—**	82,084
Reserves		**(774,190)**	(753,923)
Total equity		**1,268,042**	1,108,824

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

GR Properties Limited (the "**Company**") is a limited liability company incorporated in Hong Kong and the issued 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 Suite 1603, Wheelock House, 20 Pedder Street, Central, Hong Kong.

During the six months ended 30 June 2018 (the "**Period**"), the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

— property investment in the United Kingdom (the "**UK**")

— property development and investment in the United States of America (the "**USA**")

— provision of property management services in Beijing, the People's Republic of China (the "**PRC**")

— operation and management of a leisure and lifestyle experience center (the "**Recreational center**") in Beijing, the PRC

At 30 June 2018, the immediate holding company of the Company was Wintime Company Limited ("**Wintime**"), which is incorporated in the British Virgin Islands with limited liability, and, in the opinion of the directors of the Company, the ultimate holding company of the Company is Winluck Global Limited, which is incorporated in the British Virgin Islands with limited liability.

2. BASIS OF PREPARATION

This unaudited interim condensed consolidated financial information for the six months ended 30 June 2018 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 financial statements for the year ended 31 December 2017. The accounting policies and basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are the same as those used in the annual financial statements for the year ended 31 December 2017 except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which became effective for the first time for the current period's financial information, as further detailed in note 4 below.

The financial information relating to the year ended 31 December 2017 that is included in the 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 financial statements. Further information relating to these statutory 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 financial statements for the year ended 31 December 2017 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 financial statements. 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 (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.

3. BASIS OF PRESENTATION

Notwithstanding that the Group had net current liabilities of approximately HK$63,153,000 as at 30 June 2018, the directors consider that the Group will have adequate funds available to enable it to operate as a going concern, after taking into account the historical operating performance of the Group and net proceeds of approximately HK$728,048,000 received in respect of an open offer (the "**Open Offer**") of one offer share for every two existing shares of the Company at a subscription price of HK$0.8 per offer share which was completed on 24 July 2018.

Accordingly, this unaudited interim condensed consolidated financial information has been prepared on the going concern basis which assumes, among other things, the realisation of assets and satisfaction of liabilities in the normal course of business.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements *2014–2016 Cycle*	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15, and Amendments to HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the unaudited interim condensed consolidated financial information.

The nature and the impact of the changes are described below:

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has not restated comparative information for 2017 for financial instruments in the scope of HKFRS 9, therefore the comparative information for 2017 is reported under HKAS 39 and is not comparable to the information presented for 2018. The impacts relating to the classification and measurement and the impairment requirements are summarised as follows:

(i) Classification and measurement

The Group has assessed that the adoption of HKFRS 9 does not have a significant impact on the classification and measurement of its financial assets which are measured at amortised cost.

(ii) Impairment

HKFRS 9 requires an impairment on trades and other receivables under HKFRS 9 to be recorded based on an expected credit loss model on a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on its trade receivables.

The following tables reconcile the closing impairment of trade receivables and accumulated losses determined in accordance with HKAS 39 as at 31 December 2017 with the opening impairment of trade receivables and accumulated losses determined in accordance with HKFRS 9 as at 1 January 2018.

	HK$'000 (Unaudited)
Impairment of trade receivables as at 31 December 2017 under HKAS 39	9,021
Additional impairment on trade receivables recognised as at 1 January 2018	2,794
Impairment of trade receivables as at 1 January 2018 under HKFRS 9	11,815

	HK$'000 (Unaudited)
Accumulated losses as at 31 December 2017 under HKAS 39	989,842
Additional impairment on trade receivables recognised as at 1 January 2018	2,623
Accumulated losses as at 1 January 2018 under HKFRS 9	992,465

As at 30 June 2018, the Group assessed that no credit loss (31 December 2017: Nil) was made against the gross amounts of other receivables.

HKFRS 15 ***Revenue from Contracts with Customers***

Under HKFRS 15, revenue from sale of goods and provision of services will be recognised when the customer obtains control of the promised goods or services in the contract. The Group has assessed that the adoption of HKFRS 15 does not have a significant impact on the timing of recognition of revenue of the Group. Accordingly, the adoption of HKFRS 15 has no significant impact on the Group's financial position and financial performance but results in more disclosures in the financial information.

The Group has not early adopted any new and revised HKFRSs or interpretations that have been issued but are not yet effective in the unaudited interim condensed consolidated financial information for the six months ended 30 June 2018.

5. OPERATING SEGMENT INFORMATION

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

(a) the property development and investment segment engages in property development and property investment in the USA and leasing of office and retail units in the UK;

(b) the property management segment engages in the provision of property management services for office buildings, residential properties and car parks in Beijing, the PRC; and

(c) the operation of the Recreational Center engages in the operation and management of a leisure and lifestyle experience center in Beijing, the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources 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 loss 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.

For the six months ended 30 June 2018

	Property development and investment		Property management		Operation of the Recreational Center		Total	
	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)	**Six months ended 30 June 2018 (Unaudited)**	Six months ended 30 June 2017 (Unaudited)	**Six months ended 30 June 2018 (Unaudited)**	Six months ended 30 June 2017 (Unaudited and restated)	**Six months ended 30 June 2018 (Unaudited)**	Six months ended 30 June 2017 (Unaudited and restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**38,157**	5,288	**82,914**	68,866	**52,198**	39,808	**173,269**	113,962
Segment results	**10,313**	771	**6,262**	(2,105)	**(12,004)**	(18,190)	**4,571**	(19,524)
Reconciliation:								
Other unallocated income and gain							**675**	8,453
Corporate and other unallocated expenses							**(16,464)**	(10,031)
Loss before tax							**(11,218)**	(21,102)

As at 30 June 2018

	Property development and investment		Property management		Operation of the Recreational Center		Total	
	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)	**As at 30 June 2018 (Unaudited)**	As at 31 December 2017 (Audited)	**As at 30 June 2018 (Unaudited)**	As at 31 December 2017 (Audited)	**As at 30 June 2018 (Unaudited)**	As at 31 December 2017 (Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**2,262,377**	1,346,684	**142,473**	138,918	**841,287**	867,650	**3,246,137**	2,353,252
Reconciliation:								
Corporate and other unallocated assets								
— Property, plant and equipment							**424**	507
— Prepayments, deposits and other receivables							**1,380**	1,502
— Due from related companies							**—**	244
— Pledged bank deposit							**39,230**	39,636
— Cash and cash equivalents							**2,044**	20,641
Total assets							**3,289,215**	2,415,782
Segment liabilities	**1,653,164**	872,510	**100,605**	122,392	**266,322**	249,589	**2,020,091**	1,244,491
Reconciliation:								
Corporate and other unallocated liabilities								
— Other payables and accruals							**1,082**	62,467
Total liabilities							**2,021,173**	1,306,958

6. REVENUE, AND OTHER INCOME AND GAIN, NET

Revenue represents (i) the value of property management services rendered, net of value-added tax and government surcharges; (ii) gross rental income received from investment properties; and (iii) the value of services rendered and sales of goods in relation to operation of the Recreational Center, net of value-added tax and government surcharges.

An analysis of revenue, and other income and gain, net is as follows:

	For the six months ended	
	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
REVENUE		
Rendering of property management services	**82,914**	68,866
Gross rental income	**38,157**	5,288
Rendering of services and sales of goods in relation to operation of the Recreational Centre	**52,198**	39,808
	173,269	113,962
Other income and gain, net		
Bank interest income	**1,179**	1,149
Penalty income from tenants and suppliers	**54**	33
Foreign exchange differences, net	**—**	7,780
Others	**38**	433
	1,271	9,395

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended	
	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
Interest on loans from a shareholder	**5,729**	613
Interest on bank loans	**14,124**	2,368
Dividend of preference shares of a subsidiary classified as financial liabilities	**593**	545
	20,446	3,526

8. LOSS BEFORE TAX

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

	For the six months ended	
	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
Depreciation	**12,709**	10,304
Amortisation of intangible assets	**77**	81
Impairment of trade receivables	**4,998**	6,183
Foreign exchange differences, net	**8,141**	(7,780)
Share option expenses	**1,730**	1,167

9. INCOME TAX

	For the six months ended	
	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
Current — Mainland China	**2,740**	761
Current — USA	**134**	130
Deferred	**(2,598)**	(2,022)
Total tax expenses/(credit) for the period	**276**	(1,131)

No provision for Hong Kong and the UK profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong and the UK during the Period (Six months ended 30 June 2017: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the Period, based on the prevailing legislation, interpretations and practices in respect thereof.

The USA corporate income tax provision represented withholding tax provision calculated at the applicable tax rate on interest income of intra-group advance to subsidiaries in the USA for the Period, based on the prevailing legislation, interpretations and practices in respect thereof.

10. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the following data:

	For the six months ended	
	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited and restated)
	HK$'000	*HK$'000*
Loss for the period attributable to shareholders of the Company	**(11,494)**	(19,971)

	For the six months ended	
	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited and restated)
Weighted average number of ordinary shares in issue during the period	**1,761,336,209**	1,438,608,583

The calculation of the basic loss per share amount during the period ended 30 June 2017 is based on the assumption that the 540,000,000 ordinary shares issued as part of the consideration for the acquisition of Wholly Express Limited, which is a business combination under common control during the year ended 31 December 2017, have been in existence from the earliest date presented in this unaudited interim condensed consolidated financial information (i.e. 1 January 2017).

No adjustment has been made to the basic loss per share amounts presented for the periods ended 30 June 2018 and 2017 in respect of a dilution as the impact of the perpetual convertible bonds and the outstanding share options of the Company had either an anti-dilutive effect or no diluting effect on the basic loss per share amounts presented for these periods.

11. INVESTMENT PROPERTIES

	Completed	**Under construction**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount as at 1 January 2018	**278,473**	**192,475**	**470,948**
Additions	**1,534,006**	**33,641**	**1,567,647**
Exchange realignment	**(65,657)**	**109**	**(65,548)**
Carrying amount as at 30 June 2018	**1,746,822**	**226,225**	**1,973,047**

Notes:

(a) The Group's completed investment properties as at 30 June 2018 represented an office building and a commercial building in London, the UK, which are leased to third parties under operating leases.

The Group's investment properties under construction as at 30 June 2018 represented a portion of the commercial and residential complex (the "**US Complex**") currently being developed by the Group on a parcel of land located in Santa Monica, the County of Los Angeles, State of California, the USA, which would be leased out for rental income upon completion of the construction of the US Complex.

(b) At 30 June 2018, the Group's investment properties were all pledged to secure bank facilities granted to the Group (notes 17(a), (b) and (c)).

12. TRADE RECEIVABLES

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Trade receivables	**53,449**	34,450
Less: Impairment	**(16,474)**	(9,021)
	36,975	25,429

Notes:

(a) Trade receivables are non-interest bearing and arise from the provision of property management services, leasing of investment properties and the operation of the Recreational Center. Tenants of the Group's managed properties are required to pay a calendar year's property management services fees annually in advance.

An ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Past due:		
Less than 1 year	**30,105**	20,849
1 year to 2 years	**5,443**	3,564
2 years to 3 years	**1,427**	1,016
	36,975	25,429

The Group's credit terms of its trade receivables are negotiated and entered into under normal commercial terms with tenants of the properties managed by the Group, tenants of investment properties and customers of the Recreational Center. Since there are a large number of tenants, impairment assessment of trade receivables is based on a collective assessment of individual tenants with similar characteristics and credit history.

At 30 June 2018, trade receivables of approximately HK$36,975,000 (31 December 2017: approximately HK$25,429,000), net of provision for impairment, were past due but not impaired according to collective assessment policy adopted by the management. The Group does not hold any collateral or other credit enhancements over these balances.

(b) At 30 June 2018, trade receivables of approximately HK$7,960,000 (31 December 2017: approximately HK$61,000) in total were pledged to secure a bank loan facility granted to the Group (notes 17(a) and (c)).

13. BALANCES WITH RELATED COMPANIES

The balanced with related companies are unsecured, interest-free and have no fixed terms of repayment. Messrs. Wei Chunxian ("**Mr. Wei**") and Sun Zhongmin ("**Mr. Sun**"), both being directors of the Company, have beneficial interests in these related companies.

(a) Due from related companies

Balance in the current period mainly represented utilities expenses and miscellaneous expenses paid on behalf of the related companies by the Group.

(b) Due to related companies

Balance in the current period mainly represented short term advances from Beijing Guorui Property Development Company Limited* (北京國銳房地產開發有限公司) of approximately HK$36,372,000 (31 December 2017: approximately HK$25,484,000) and Beijing Guorui Holding Company Limited* (北京國銳控股有限公司) of approximately HK$48,097,000 (31 December 2017: approximately HK$48,493,000), respectively.

* *For identification purposes only*

14. 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:

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Within 3 months	**33,748**	50,010
3 to 6 months	**9,158**	5,485
6 to 12 months	**1,828**	1,293
Over 1 year	**18,405**	6,936
	63,139	63,724

15. OTHER PAYABLES AND ACCRUALS

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Other payables	**82,733**	133,508
Accruals	**5,888**	9,694
	88,621	143,202

The Group's other payables and accruals as at 30 June 2018 included, inter alia, the following:

(i) amounts of approximately HK$4,818,000 (31 December 2017: approximately HK$2,916,000) in total payable to water, heating and electricity suppliers in respect of utility fees collected from tenants on behalf of public utility suppliers;

(ii) refundable decoration deposits and property management service fee deposits of approximately HK$16,559,000 (31 December 2017: approximately HK$16,189,000) in total received from tenants of a commercial building and residential properties managed by the Group; and

(iii) advances from independent third parties of approximately HK$35,933,000 (31 December 2017: approximately HK$96,271,000) in total for the purpose of maintaining daily working capital and financing new investments. These advances are interest-free, unsecured and repayable on demand or within 1 year.

16. DUE TO A SHAREHOLDER

The balance with a shareholder as at 30 June 2018 is unsecured, interest-free and has no fixed terms of repayment.

17. BANK BORROWINGS

	Notes	Effective interest rate (%)	Maturity	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Bank loan – secured	(a)	2.93%	Revolving	**143,736**	146,356
Bank loan – secured	(b)	5.50%	November 2018	**93,650**	55,121
Bank loan – secured	(c)	2.81%	January 2022	**815,427**	—
				1,052,813	201,477
Analysed into amounts repayable:					
Within one year or on demand				**237,386**	201,477
In the second year				**—**	—
In the third to fifth years, inclusive				**815,427**	—
				1,052,813	201,477
Portion classified as current liabilities				**(237,386)**	(201,477)
Non-current portion				**815,427**	—

Notes:

(a) At 30 June 2018, the Group had a bank loan facility of US$20 million or its equivalent in other currencies (31 December 2017: US$20 million or its equivalent in other currencies), of which £13,875,000 (31 December 2017: £13,875,000) had been utilised as at that date, for financing the daily operation in London, the UK. The bank loan facility is secured by a completed investment property with a then carrying amount of approximately HK$273,488,000 and trade receivables of approximately HK$1,371,000 (31 December 2017: approximately HK$61,000). The bank loan facility contains a repayable on demand clause.

(b) At 30 June 2018, the Group had another bank loan facility of approximately US$18 million (31 December 2017: approximately US$18 million), of which approximately US$11,987,000 (31 December 2017: US$7,056,000) had been utilised as at that date, for financing the construction cost of the US Complex. The bank loan facility is guaranteed by the Company and secured by the Group's investment property under construction and properties under development with carrying amounts as at 30 June 2018 of approximately HK$226,225,000 (31 December 2017: approximately HK$192,475,000) and approximately HK$182,599,000 (31 December 2017: approximately HK$154,986,000), respectively.

(c) At 30 June 2018, the Group had a bank loan facility of approximately £80 million, of which approximately £80 million had been utilised as at that date, for financing the purchase of a commercial building in London, the UK. The bank loan facility is secured by a completed investment property with a then carrying amount of approximately HK$1,473,334,000 and trade receivables of approximately HK$6,589,000.

(d) The bank borrowings were denominated in the following currencies:

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
£	**959,163**	146,356
US$	**93,650**	55,121
	1,052,813	201,477

18. LOANS FROM A SHAREHOLDER

Pursuant to a shareholder's loan agreement dated 28 July 2016 and a supplemental agreement dated 24 August 2016 entered into between the Company and Wintime, the immediate holding company, Wintime granted a shareholder's loan facility of HK$250,000,000 (or its equivalent in £) to the Company, of which approximately £5,875,000 (equivalent to approximately HK$60,861,000) (31 December 2017: £5,875,000 (equivalent to approximately HK$61,970,000)) had been utilised as at 30 June 2018.

Pursuant to another shareholder's loan agreement dated 24 November 2017 entered into between the Company and Wintime, Wintime granted an additional shareholder's loan facility of HK$1,500,000,000 (or its equivalent in £) to the Company, of which approximately £42,027,000 (equivalent to approximately HK$435,374,000) and HK$25,000,000 (31 December 2017: approximately £42,027,000 (equivalent to approximately HK$443,310,000) and HK$120,000,000) had been utilised as at 30 June 2018.

All of the shareholder's loans are unsecured, bear interest at the rate of 2% per annum, and are repayable in 3 years from the date of drawdown of the shareholder's loans or such other date agreed between Wintime and the Company.

During the period ended 30 June 2018, interest paid and payable to Wintime in respect of the shareholder's loans amounted to approximately HK$5,729,000 (Period ended 30 June 2017: approximately HK$613,000), which was recognised as finance costs for the current period.

19. PREFERENCE SHARES OF A SUBSIDIARY

In prior years, preference shares without a par value of RMB20,000,000 (equivalent to approximately HK$23,364,000) were issued by a subsidiary of the Group to the non-controlling equity holder of the subsidiary, which is a company established in the PRC and indirectly wholly-owned by an associate of Mr. Wei and Mr. Sun. Out of the RMB20,000,000 preference shares issued, RMB13,370,000 (equivalent to approximately HK$15,376,000) were paid up in prior years.

During the period ended 30 June 2018, dividend paid and payable to the related party in respect of the preference shares of the subsidiary amounted to approximately HK$593,000 (Period ended 30 June 2017: approximately HK$545,000), which was recognised as finance costs for the period.

20. SHARE CAPITAL

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Issued and fully paid:		
1,821,865,324 (31 December 2017: 1,546,934,454) ordinary shares	**2,042,232**	1,780,663

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital (Unaudited) *HK$'000*
At 1 January 2018	**1,546,934,454**	**1,780,663**
Issue of shares upon conversion of perpetual convertible bonds *(Note (a))*	**95,446,723**	**82,084**
Issue of new shares under the general mandate *(Note (b))*	**179,484,147**	**179,485**
At 30 June 2018	**1,821,865,324**	**2,042,232**

Notes:

(a) Pursuant to a sale and purchase agreement entered into with Winluck Global Limited and Silky Apex Limited (the "**Vendors**") on 7 July 2017, the Company issued perpetual convertible bonds in a total principal amount of approximately HK$181,964,000 (199,960,339 conversion rights embedded) as a portion of the total consideration for the acquisition of 100% interest in Wholly Express Limited.

During the year ended 31 December 2017, part of the perpetual convertible bonds were converted into 104,513,716 new shares. Perpetual convertible bonds outstanding as at 31 December 2017 were fully converted into 95,446,723 new ordinary shares of the Company during the current period, resulting in an increase in share capital of the Company by approximately HK$82,084,000.

(b) Pursuant to subscription agreements entered into on 26 January 2018 with subscribers, who were independent third parties, the Company issued a total of 179,484,147 ordinary shares at the subscription price of HK$1.00 per share to subscribers on 22 February 2018 for a total cash consideration of approximately HK$179,485,000. Further details of the subscriptions are set out in the Company's announcements dated 26 January 2018 and 22 February 2018, respectively.

21. 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 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.

The total number of shares in respect of which options may be granted at any time under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at the Adoption Date, without prior approval from the Company's shareholders. Further, the total maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

5,000,000 share options were granted to the Chief Executive Officer (a director) of the Company without a vesting period on 20 June 2018 under the Share Option Scheme. The fair value of the share options granted during the Period was HK$1,730,000 (HK$0.3461 each) (Period ended 30 June 2017: approximately HK$1,167,000 (HK$0.2333 each)), which was fully recognised as a share option expense in profit or loss during the Period.

22. RELATED PARTY DISCLOSURES

(a) The Group had the following material transactions during the six months ended 30 June 2018:

The Group provides property management services to landlords, in which two directors of the Company, namely Mr. Wei and Mr. Sun, have beneficial interests. In return, the Group received property management service fee in a total amount of approximately HK$3,069,000 (six months ended 30 June 2017: approximately HK$3,378,000) during the current period, which was charged at rates mutually agreed between the Group and landlords.

Save as disclosed above and the transactions and balances detailed in notes 6, 7, 12, 13, 16, 18 and 19, the Group had no material transactions and outstanding balances with related parties during the periods ended 30 June 2018 and 2017.

(b) Compensation of key management personnel of the Group

	For the six months ended	
	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term employee benefits	**60**	548
Pension scheme contributions	**16**	17
Total compensation paid to key management personnel	**76**	565

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities which are due to be received or settled within one year are reasonable approximation of their respective fair values, and accordingly, no disclosure of the fair values of these financial instruments is made.

For other non-current financial assets and liabilities, the carrying amount is not significantly different from its respective fair value, no disclosure of the fair value of the financial instrument is made.

24. EVENTS AFTER THE REPORTING PERIOD

(i) On 30 May 2018, the Group entered into a sale and purchase agreement with the Vendors, related parties of the Group to acquire the entire interest of Wise Expert Investment Limited at a total consideration of HK$1,541,320,000. The conditions precedent I of the transaction under the sale and purchase agreement were fulfilled on 17 August 2018.

(ii) The Open Offer on the basis of one offer share for every two existing shares of the Company was completed on 24 July 2018. The purpose of issuing new shares by the Company is to finance the repayment of loans from banks and provide general working capital to the Group. Further details of the Open Offer are set out in the Company's announcements dated 24 May 2018 and 23 July 2018, and a prospectus dated 29 June 2018.

25. COMPARATIVE AMOUNTS

On 7 July 2017, the Group entered into a sale and purchase agreement with the Vendors, which are related parties of the Group in which two directors of the Company have beneficial interests, to acquire the entire interest in Wholly Express Limited. The acquisition of the 100% equity interest in Wholly Express Limited was accounted for as a business combination under common control using the principle of merger accounting in accordance with Hong Kong Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the HKICPA. Accordingly, the opening balance of the unaudited interim condensed consolidated statement of changes in equity for the period ended 30 June 2017 and the comparative amounts in respect of the unaudited interim condensed consolidated statement of profit or loss and unaudited interim condensed consolidated statement of comprehensive income for the period ended 30 June 2017 have been restated.

In addition, having considered the differences in the nature of the business of the Wholly Express Limited and its subsidiaries from those of the Group's existing businesses, instead of using the function of expense method which was previously adopted in the preparation of the prior periods' unaudited interim condensed consolidated financial information, the Group used the nature of expense method to present the analysis of expenses in the unaudited interim condensed consolidated statement of profit or loss for the period ended 30 June 2018. The directors of the Company are of the opinion that such presentation would provide more reliable and relevant information. Accordingly, comparative amounts of the unaudited interim condensed consolidated statement of profit or loss in respect of the period ended 30 June 2017 have been re-presented to conform to the current period's presentation.

26. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 30 August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Year 2018 is definitely a challenging but remarkable year for GR Properties Limited (the "**Company**", together with its subsidiaries, the "**Group**"). The board of directors (the "**Board**") of the Company is pleased to share with the supportive shareholders of the Company (the "**Shareholders**") that acquisitions and developments in the property markets from previous years in the United Kingdom (the "**UK**"), the United States of America (the "**USA**") and the People's Republic of China (the "**PRC**") have started to generate significant amount of revenue to the Group. Following the net proceeds obtained from the Open Offer as well as the acquisition of the entire issued share capital of Wise Expert Investment Limited, this will further build up the solid financial base and provide a stable revenue stream to the Group in future.

Open Offer

On 24 May 2018, the Company proposed to raise approximately HK$728.05 million by way of open offer (the "**Open Offer**"), whereby 910,932,662 shares of the Company ("**Shares**") shall be allotted and issued on the basis of one (1) offer Share for every (2) existing Shares held by the Shareholders on the record date. The Open Offer will only be available to the qualifying Shareholders. The Open Offer is fully underwritten by Gang Rui International Investment (HK) Limited, a company ultimately controlled by Mr. Wei Chunxian ("**Mr. Wei**"), Chairman of the Board and director of the Company ("**Director(s)**") pursuant to the underwriting agreement.

Given the proceeds from Open Offer will be used to repay the outstanding liabilities and to finance the working capital of the Group, the Open Offer shall potentially increase the total assets of the Group by approximately HK$176.13 million and decrease the total liabilities of the Group by HK$551.92 million. As such, the gearing ratio of the Group, as expressed as the ratio of total debts to total equities, would potentially decrease after completion of the Open offer.

Hence, the Directors are of the view that the decrease of the gearing ratio could (1) strengthen the negotiation power of the Company to renew or obtain banking facilities and (2) improve the financial position of the Group, which in turn will benefit the Company and the Shareholders as a whole. The Open offer was completed on 24 July 2018.

For the details of the Open Offer, please refer to the Company's announcement dated 24 May 2018 and circular dated 29 June 2018.

Acquisition of the entire issued share capital of Wise Expert Investment Limited, which indirectly held a property, comprising offices and basement of Guorui Square Block B in Beijing, the PRC

On 30 May 2018 (after trading hours), the Company, Winluck Global Limited, ("**Vendor A**"), being a company wholly-owned by Mr. Wei, and Silky Apex Limited, ("**Vendor B**"), being a company wholly-owned by Mr. Sun Zhongmin, a Director (collectively defined as the "**Vendors**") entered into a sale and purchase agreement (the "**Agreement**"), pursuant to which the Vendors have conditionally agreed to sell and the Company has conditionally agreed to purchase the entire issued share capital of Wise Expert Investment Limited at the consideration of HK$1,541,320,000.

The Consideration shall be paid to the Vendors in the following manner:

(i) as to HK$361,260,800, by the allotment and issuance of consideration Shares at the issue price of HK$0.80 per Share, being 410,934,160 new Shares to Vendor A (or to its designated nominee(s)) and 40,641,840 new Shares to Vendor B (or to its designated nominee(s)), by the Company pursuant to the payment schedule as set out in the Agreement; and

(ii) as to the balance of HK$1,180,059,200, by the issuance of convertible bonds in the aggregate principal amount of HK$1,073,853,872 to Vendor A (or to its designated nominee(s)) and HK$106,205,328 to Vendor B (or to its designated nominee(s)), by the Company pursuant to the payment schedule as set out in the Agreement.

Wise Expert Investment Limited and its subsidiaries are the sole owner of the property (the "**Property**"), located at Ronghua South Road, Daxing District, Beijing, the PRC, with a gross floor area of approximately 21,856.46 square meters, which is a composite residential/commercial development, comprising of residential, hotel, services apartment and office. Guorui Square Block B (the "**Building**") is a 36-storey office building over a 3-storey basement for storage and plant room purposes. The Property comprises the whole of the basements, the whole of Levels 2 to 11, Unit 108 on Level 1M and Units 1201, 1202 and 1203 on Level 12M of the Building.

The Board considers the acquisition will allow the Group to strengthen its asset base and further develop its existing property management business. The Directors believe that the acquisition can optimise the property portfolio of the Group and broaden its income base through the stable rental incomes generated from the Property.

The transaction was first completed on 17 August 2018 upon fulfillment of the first set of conditions precedent under the Agreement.

For the details of this acquisition, please refer to the Company's announcement dated 30 May 2018 and circular dated 20 July 2018.

BUSINESS REVIEW

During the six months ended 30 June 2018 (the "**Period**"), the Group's operations were organised into business units based on the nature of their operations. There were three reportable operating segments, including (i) the property management segment; (ii) the property development and investment segment; and (iii) the operation and management of a leisure and lifestyle experience centre. The first and third segment is located in the PRC whereas the second segment is located in the USA and the UK.

Property management segment

北京澳西物業管理有限公司(Beijing AOCEAN Property Management Company Limited*, or "**AOCEAN Property Management**"), a wholly-owned subsidiary of the Company, was engaged in the property management segment. As at 30 June 2018, AOCEAN Property Management managed 15 major residential and commercial property projects, all of which were located in Beijing, the PRC. The services provided by AOCEAN Property Management under the management agreements thereof include, inter alia (i) provision of heat 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 was facilities for residential and commercial property projects.

Adhering to the principle of human-oriented, and perceiving the market from the perspective of customers and market needs, AOCEAN Property Management has been improving and perfecting its management system and services and providing quality services wholeheartedly. AOCEAN Property Management also aims at efficient energy management, and was awarded "Energy Management System Certificate" in the first half of 2018.

Property development and investment segment

During the Period, operations of the property development and investment segment were located in the USA and the UK.

- 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. According to the current entitlement of the parcel of land, the proposed development for the site is a mixed-use three stories development. Total rentable/saleable floor area is estimated to be approximately 25,000 square feet for commercial use and 38,000 square feet for residential use and 190 onsite subterranean parking spaces upon completion of the development. During the period under review, Santa Monica project has made progress prominently. The main structural work has been completed and the infrastructure work has been basically completed in compliance with the local requirements. Part of interior work has commenced construction. This project is expected to complete in the fourth quarter of 2018 for lease.

- Boundary House

  Boundary House is located at the crossover between the increasingly vibrant Aldgate district popular with technology media telecommunications occupiers and the established city of London financial and insurance heartland. Boundary House is also close to numerous mainline and underground stations with convenient access of rail transportation, including the new Crossrail, which is a high speed train expected to be delivered and in service in 2018 connecting the East-West of London. Boundary House is an office building with a net internal floor area of approximately 45,062 square feet, which comprises a ground floor and seven upper floors, basement storage and seven car park spaces. Boundary House is 89% occupied and is currently let to 13 office tenants. The leases can contribute approximately £1.1 million rental income to the Group annually, disregarding the rent free period provided to tenants.

- Juxon House

  Juxon House is located at 100 St Pauls Churchyard, London, the UK. It situates in a prominent position on the northern-western side of St Pauls Cathedral, on the corner of Ludgate Hill/St Paul's Churchyard to the south and Ave Maria Lane to the west, with Paternoster Square to the east, which is a prime professional and financial district with the London Stock Exchange and some multinational organizations 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 fully let to four office tenants and four retail tenants, which contributed approximately £6.2 million rental income to the Group annually, disregarding the rent free period provided to tenants.

Operation and management of leisure and lifestyle experience centre

Wholly Express Limited and its subsidiaries ("**Wholly Express Group**") are principally engaged in the operation and management of leisure and lifestyle experience centre, including but not limited to provision of catering, banquet, fitness and sport facilities services. Such services are provided in a property located at Ronghua South Road, Daxing District, Beijing, the PRC, which is self-owned by Wholly Express Group.

The property is located in Economic Technological Development Area located in Yizhuang (亦莊) at the southeast of Beijing, the PRC, which is surrounded by an area of large construction side under development. The construction site includes hotel, offices, residential and retail properties. The development of the remaining area is estimated to be completed gradually from 2018 to 2022. Although the Wholly Express Group incurred net loss in the period under review which was mainly due to the surrounding area still being under development, the Company expects that the operation of leisure and lifestyle experience centre by the Wholly Express Group will gradually improve with the effect of increasing population and flow of people in surrounding area upon the completion of the construction site.

FINANCIAL REVIEW

Financial analysis

During the Period, the Group generated a revenue of approximately HK$173,269,000 (Six months ended 30 June 2017: approximately HK$113,962,000). The property management segment reported segment revenue of approximately HK$82,914,000 (Six months ended 30 June 2017: approximately HK$68,866,000). The property development and investment segment reported segment revenue of approximately HK$38,157,000 (Six months ended 30 June 2017: approximately HK$5,288,000), which was contributed from the rental income from the lease of Juxon House acquired in November 2017 and Boundary House. The operation and management of leisure and lifestyle experience centre segment reported segment revenue of approximately HK$52,198,000 (Six month ended 30 June 2017: HK$39,808,000). The Group recorded a loss for the Period of approximately HK$11,494,000 (Six months ended 30 June 2017: loss of approximately HK$19,971,000). The decrease in loss was due to: (i) the contribution of rental income from the lease of Juxon House acquired in November 2017 and Boundary House of HK$38,157,000 during the Period; and (ii) the contribution of property management segment result of HK$6,262,000; and is offset by (i) the exchange loss incurred during the Period of approximately HK$8,141,000 arising from the depreciation of Sterling Pounds ("**£**"); and (ii) the loss of Wholly Express Group, engaging in the operation and management of leisure and lifestyle experience centre. As at 30 June 2018, the Group had a construction loan for Santa Monica Project of approximately HK$93,650,000. In addition, as at 30 June 2018, the Group has obtained loans of approximately HK$959,163,000 with Boundary House and Juxon House being charged as security for the loans.

As at 31 December 2017, the Group had secured bank borrowings of HK$201,477,000. Such bank borrowings comprised of the construction loan for Santa Monica Project and the loans with Boundary House being charged a security.

During the year ended 31 December 2016, the Company and Wintime Company Limited, an immediate holding company of the Company which is ultimate wholly-owned by Mr. Wei, entered into a shareholder's loan agreement, pursuant to which Wintime Company Limited agrees to provide a facility with amount up to HK$250,000,000 to the Company. This shareholder's loan is unsecured, interest bearing at 2% per annum and repayable on 36 months after drawdown.

As at 30 June 2018, the Group had available cash and bank balances of approximately HK$188,113,000 (31 December 2017: approximately HK$723,891,000), representing a capital liquidity ratio (cash and bank balances divided by current liabilities) of 0.33 (31 December 2017: 1.28). As at 30 June 2018, the gearing ratio of the Company (total debts divided by total equity) was 0.83 (31 December 2017: 0.18).

Foreign currency exposure

During the Period, the Group's business operations were principally in the PRC, the UK and the USA and the main operational currencies were HK$, RMB, £ and US$. The Group's transactions were mainly denominated in RMB, £ and US$. The majority of assets and liabilities were denominated in HK$, RMB, £ and US$. Any significant exchange rate fluctuations of foreign currencies against HK$ may have financial impact to the Group. The Group will closely monitor the exchange rate movement trend and take corresponding measures in a timely manner to reduce the foreign currency exchange risk and exposure.

Human resources and remuneration policy

As at 30 June 2018, the total number of employees of the Group (excluding directors) was approximately 817 (31 December 2017: approximately 370). Most of them were located in the PRC. Remuneration offered by the Group was determined in accordance with the relevant policies in Hong Kong, the PRC and the USA and with reference to market trends, as well as individual competence and performance of the staff. Other related benefits included contributions to Mandatory Provident Fund Schemes, social insurance, medical insurance funds and other applicable contributions in accordance with the relevant laws and regulations.

Interim dividend

The Board resolved not to declare any interim dividend for the six months ended 30 June 2018 (Six months ended 30 June 2017: Nil).

Pledge of assets

As at 30 June 2018, the Group had investment properties with an amount of approximately HK$1,973,047,000 (31 December 2017: approximately HK$470,948,000) and properties under development with an amount of approximately HK$182,599,000 (31 December 2017: approximately HK$154,980,000) to secure bank borrowings of approximately HK$1,052,813,000 (31 December 2017: approximately HK$201,477,000). Such bank borrowings comprise of the construction loan for Santa Monica Project and the loan with Boundary House and Juxon House being charged as security. As at 30 June 2018, trade receivables of approximately HK$7,960,000 (31 December 2017: approximately HK$61,000) in total was pledged to secure a bank loan granted to the Group. As at 30 June 2018, deposits amounting to HK$39,230,000 have been pledged to secure standby letter of credit issued to the general contractor for Santa Monica Project (31 December 2017: HK$39,636,000).

Capital and other development related commitment and contingent liabilities

As at 30 June 2018 and 31 December 2017, the Group had no material contingent liabilities. As at 30 June 2018, the Group had contracted but not provided for commitments for development costs and capital expenditure in the amount of approximately HK$81,299,000 and the acquisition of the entire issued share capital of Wise Expert Investment Limited in the amount of approximately HK$1,541,320,000 (31 December 2017: approximately HK$1,461,968,000).

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

For material acquisition of subsidiaries and significant investments held, their performance during the Period and their future prospects, please refer to sections headed "Overview" and "Business Review" in this announcement. Save as disclosed, the Group had no other significant investments, acquisitions and disposals during the Period.

Events after the reporting period

Events after the reporting period are more particularly delineated in note 24 in this announcement.

Share options

For details of share options, please refer to note 21 in this announcement.

Save as disclosed herein, there has been no material change to the information disclosed in the Company's annual financial statements for the year ended 31 December 2017 which necessitates additional disclosure to be made in this section.

PROSPECTS

Looking ahead, the Group would continue to tap into international markets such as the USA and Europe in accordance with the future development strategy of the Group. This should give diversification and a hedge against the future domestic businesses of the Group with a reasonable return to the Shareholders. 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 of capital appreciation in the long term and re-development in future, the Group's focus will also be on the execution of existing projects, including but not limited to enhancement of operating performance as well as facilitation of projects developments. The Directors believe that after those potential acquisitions and execution of existing projects, the Group will be able to broaden its income base through the stable rental incomes generated from the properties.

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 of the Listing Rules throughout the Period.

CHANGE IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules. Ms. To Tsz Wan Vivien has been appointed as independent non-executive Director with effect from 14 February 2018, whilst Mr. Chui Tsan Kit has resigned as independent non-executive Director on 14 February 2018.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 six months ended 30 June 2018 have been reviewed by the Audit Committee.

During the Period, the Audit Committee comprised of three independent non-executive Directors, namely Mr. Tung Woon Cheung Eric ("**Mr. Tung**"), Mr. Au Yeung Po Fung and Ms. To Tsz Wan Vivien (replacing Mr. Chui Tsan Kit since 14 February 2018). As at the date of this announcement, the Audit Committee of the Company comprises of three independent non-executive Directors, namely, Mr. Tung, Mr. Au Yeung Po Fung and Ms. To Tsz Wan Vivien, with Mr. Tung as the Chairman.

SUFFICIENCY OF PUBLIC FLOAT

At the date of this announcement, based on the information that is publicly available to the Company and within 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 will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.grproperties.com.hk) in due course.

By order of the Board
GR Properties Limited
Wei Chunxian
Chairman

Hong Kong, 30 August 2018

As at the date of this announcement, the executive Directors are Mr. Wei Chunxian, Mr. Sun Zhongmin and Ms. Liu Shuhua; and the independent non-executive Directors are Mr. Tung Woon Cheung Eric, Ms. To Tsz Wan Vivien and Mr. Au Yeung Po Fung.

* *For identification purpose only*