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# GR PROPERTIES LIMITED

國銳地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “Board”) of directors (the “Director(s)”) of GR Properties Limited (the “Company”) hereby presents the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021, which have been reviewed by the audit committee of the Company, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
<b>CONTINUING OPERATIONS</b>			
REVENUE	5	<b>331,335</b>	296,429
Other income and gains, net	6	<b>22,738</b>	10,644
Cost of inventories sold		<b>(13,377)</b>	(1,318)
Employee benefit expenses		<b>(65,296)</b>	(58,909)
Marketing expenses		<b>(842)</b>	(2,335)
Depreciation and amortisation		<b>(3,959)</b>	(4,520)
Utilities, repairs and maintenance and rental expenses		<b>(132,551)</b>	(122,613)
Impairment of trade and lease receivables, net		<b>(12,486)</b>	(3,492)
Other operating expenses, net		<b>(99,212)</b>	(38,745)
Remeasurement gain upon transfer of certain properties held for sale to investment properties		<b>265,416</b>	124,882
Fair value loss of investment properties, net		<b>(50,551)</b>	(5,838)
Finance costs	7	<b>(108,085)</b>	(111,646)

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	8	<b>133,130</b>	82,539
Income tax expense	9	<u>(56,883)</u>	<u>(67,058)</u>
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>76,247</b>	15,481
<b>DISCONTINUED OPERATION</b>	10		
Profit/(loss) for the year from a discontinued operation		<u>132,180</u>	<u>(14,801)</u>
<b>PROFIT FOR THE YEAR</b>		<b><u>208,427</u></b>	<b><u>680</u></b>
Attributable to:			
Shareholders of the Company		<b>207,625</b>	552
Non-controlling interests		<u>802</u>	<u>128</u>
		<b><u>208,427</u></b>	<b><u>680</u></b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	12		
Basic ( <i>HK cent per share</i> )			
– For profit for the year		<b><u>6.49</u></b>	<b><u>0.02</u></b>
– For profit from continuing operations		<b><u>2.36</u></b>	<b><u>0.48</u></b>
Diluted ( <i>HK cent per share</i> )			
– For profit for the year		<b><u>4.58</u></b>	<b><u>0.02</u></b>
– For profit from continuing operations		<b><u>1.68</u></b>	<b><u>0.36</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<b>208,427</b>	680
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	<b>(808)</b>	(967)
Reclassification adjustment for loss/(gain) on disposal included in profit or loss	<b>1,904</b>	(144)
	<b>1,096</b>	(1,111)
Exchange differences:		
Exchange differences on translation of foreign operations	<b>64,989</b>	152,950
Reclassification adjustments for foreign operations disposed of during the year	<b>3,015</b>	–
	<b>68,004</b>	152,950
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>69,100</b>	151,839
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>277,527</b>	152,519
Attributable to:		
Shareholders of the Company	<b>275,959</b>	151,028
Non-controlling interests	<b>1,568</b>	1,491
	<b>277,527</b>	152,519

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>2,376</b>	8,229
Investment properties	13	<b>5,467,503</b>	4,653,309
Right-of-use assets		<b>2,925</b>	5,505
Computer software		<b>976</b>	948
Non-current deposits		–	1,188
Deferred tax assets		<b>16,448</b>	12,196
		<hr/>	<hr/>
Total non-current assets		<b>5,490,228</b>	4,681,375
<b>CURRENT ASSETS</b>			
Properties held for sale		<b>700,950</b>	1,073,920
Inventories		<b>1,150</b>	2,212
Trade and lease receivables	14	<b>97,908</b>	92,827
Prepayments, deposits and other receivables		<b>97,934</b>	119,078
Due from related parties		<b>133,241</b>	69,839
Other tax recoverables		<b>69,474</b>	72,200
Debt investments at fair value through other comprehensive income		–	24,562
Cash and cash equivalents		<b>304,049</b>	196,147
		<hr/>	<hr/>
		<b>1,404,706</b>	1,650,785
Assets of a disposal group classified as held for sale	15	–	369,844
		<hr/>	<hr/>
Total current assets		<b>1,404,706</b>	2,020,629

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade payables	16	<b>48,942</b>	42,327
Receipts in advance		<b>80,815</b>	95,567
Other payables and accruals		<b>106,046</b>	137,799
Due to related parties		<b>375,362</b>	360,648
Bank and other borrowings		<b>671,663</b>	25,854
Income tax payables		<b>19,107</b>	17,192
Other tax payables		<b>3,528</b>	4,387
		<b>1,305,463</b>	683,774
Liabilities directly associated with the assets classified as held for sale	15	<b>–</b>	126,543
Total current liabilities		<b>1,305,463</b>	810,317
<b>NET CURRENT ASSETS</b>			
		<b>99,243</b>	1,210,312
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>5,589,471</b>	5,891,687
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings		<b>1,438,746</b>	2,093,727
Liability component of perpetual convertible bonds		<b>55,745</b>	51,197
Deferred tax liabilities		<b>230,822</b>	157,447
Other payables		<b>584</b>	–
Total non-current liabilities		<b>1,725,897</b>	2,302,371
Net assets		<b>3,863,574</b>	3,589,316

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	<b>3,152,571</b>	3,152,571
Equity component of perpetual convertible bonds	<b>1,172,244</b>	1,078,217
Reserves	<b>(461,241)</b>	(664,841)
	<b>3,863,574</b>	3,565,947
Non-controlling interests	–	23,369
Total equity	<b><u>3,863,574</u></b>	<b><u>3,589,316</u></b>

## **NOTES:**

### **1. CORPORATE AND GROUP INFORMATION**

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 Suite 1603, Wheelock House, 20 Pedder Street, Central, Hong Kong.

During the year ended 31 December 2021, 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");
- provision of property management services in Mainland China;
- operation and management of a leisure and lifestyle experience centre (the "Recreational Centre") in Beijing, the PRC. On 31 May 2021, the Group disposed of the operation of the Recreational Centre. Further details of the disposal are included in note 10 below.

As at 31 December 2021, the immediate holding company of the Company was Wintime Company Limited ("Wintime"), 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 Winluck Global Limited ("Winluck Global"), which is incorporated in the British Virgin Islands with limited liability.

### **2. BASIS OF PREPARATION**

This announcement 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.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) investment properties (including a property classified in a disposal group held for sale) and debt investments at fair value through other comprehensive income which have been measured at fair value; and (ii) a disposal group held for sale which is stated at the lower of its carrying amount and fair value less costs to sell. The consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited financial information relating to the years ended 31 December 2021 and the financial information relating to the year ended 31 December 2020 included in this preliminary announcement of annual results for the year ended 31 December 2021 do not constitute the Company's statutory annual consolidated financial statements for those years, but in respect of the year ended 31 December 2020, 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 Companies Ordinance is as follows:

*The financial statements for the year ended 31 December 2021 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.*

*The Company's auditor has reported on the financial statements for the year ended 31 December 2020. 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 Companies Ordinance.*

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group has directly disposed of the related assets or liabilities.

### **3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16  
Amendment to HKFRS 16

*Interest Rate Benchmark Reform – Phase 2*

*Covid-19-Related Rent Concessions beyond  
30 June 2021 (early adopted)*



The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group did not have any interest-bearing bank and other borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) and United States dollars based on the London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. The amendments are not expected to have any significant impact on the Group’s financial statements.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

#### **4. OPERATING SEGMENT INFORMATION**

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

- (a) the property development and investment segment from continuing operations engages in property development and investment in the UK, the USA and Mainland China;
- (b) the property management segment from continuing operations engages in the provision of property management services for office buildings, residential properties and car parks in Mainland China; and
- (c) the operation of the Recreational Centre segment from discontinued operation engages in the operation and management of a leisure and lifestyle experience centre in Beijing, the PRC.

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.

	Continuing operations						Discontinued operation		Total	
	Property development and investment		Property management		Total continuing operations		Operation of the Recreational Centre			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Restated)	(Restated)	(Restated)	(Restated)		
Segment revenue from continuing operations (note 5)	126,184	99,412	205,151	197,017	331,335	296,429	-	-	331,335	296,429
Segment revenue from discontinued operation (note 10)	-	-	-	-	-	-	14,146	25,597	14,146	25,597
	<u>126,184</u>	<u>99,412</u>	<u>205,151</u>	<u>197,017</u>	<u>331,335</u>	<u>296,429</u>	<u>14,146</u>	<u>25,597</u>	<u>345,481</u>	<u>322,026</u>
<b>Segment results</b>	<u>130,060</u>	<u>67,439</u>	<u>10,292</u>	<u>30,824</u>	<u>140,352</u>	<u>98,263</u>	<u>(10,881)</u>	<u>(14,801)</u>	<u>129,471</u>	<u>83,462</u>
<i>Reconciliation:</i>										
Other unallocated income and gains					1,400	520	143,061	-	144,461	520
Corporate and other unallocated expenses					(8,622)	(16,244)	-	-	(8,622)	(16,244)
Profit/(loss) before tax					<u>133,130</u>	<u>82,539</u>	<u>132,180</u>	<u>(14,801)</u>	<u>265,310</u>	<u>67,738</u>
	Continuing operations						Discontinued operation		Total	
	Property development and investment		Property management		Total continuing operations		Operation of the Recreational Centre			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Restated)	(Restated)	(Restated)	(Restated)		
<b>Other segment information:</b>										
Impairment of trade and lease receivables, net	3,963	522	8,523	2,970	12,486	3,492	-	-	12,486	3,492
Depreciation and amortisation – Operating segments	<u>1,015</u>	<u>1,287</u>	<u>711</u>	<u>841</u>	<u>1,726</u>	<u>2,128</u>	<u>3,179</u>	<u>19,775</u>	<u>4,905</u>	<u>21,903</u>
– Amount unallocated									<u>2,233</u>	<u>2,392</u>
									<u>7,138</u>	<u>24,295</u>
Remeasurement gain upon transfer of certain properties held for sale to investment properties	265,416	124,882	-	-	265,416	124,882	-	-	265,416	124,882
Fair value loss of investment properties, net	<u>(50,551)</u>	<u>(5,838)</u>	<u>-</u>	<u>-</u>	<u>(50,551)</u>	<u>(5,838)</u>	<u>-</u>	<u>-</u>	<u>(50,551)</u>	<u>(5,838)</u>

## Geographical information

### (a) Revenue from external customers

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Mainland China	249,535	220,938
The UK	60,869	62,227
The USA	20,931	13,264
	<u>331,335</u>	<u>296,429</u>

The revenue information of continuing operations above is based on the locations of the customers.

### Information about major customers

During each of the years ended 31 December 2021 and 2020, there was no single external customer which contributed 10% or more of the Group's total revenue from continuing operations for each of these years.

## 5. REVENUE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Rendering of property management services	205,151	197,017
Gross rental income from investment property operating leases	126,184	99,412
	<u>331,335</u>	<u>296,429</u>

## 6. OTHER INCOME AND GAINS, NET

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Bank interest income	221	1,765
Interest income of loan receivables	4,838	1,451
Government grants <sup>#</sup>	4,224	2,172
Foreign exchange gain, net	2,076	–
Fair value gain recycled from equity upon disposal of debt investments at fair value through other comprehensive income	–	144
Income from financial guarantee fee	1,740	–
Others	9,639	5,112
	<u>22,738</u>	<u>10,644</u>

<sup>#</sup> The government grants mainly represent government subsidies, value-added tax and other tax refunds. There are no unfulfilled conditions or contingencies relating to these grants.

## 7. FINANCE COSTS

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Interest on bank loans	29,767	37,176
Interest on loan from a shareholder of the Company	1,612	1,614
Interest on loans from director-controlled entities	378	412
Imputed interest on loans from director-controlled entities	16,608	15,211
Interest on a quasi-loan equity contributed by a joint venture partner of a subsidiary	54,133	55,881
Interest on perpetual convertible bonds	1,279	1,252
Interest on loan from an independent third party	4,244	–
Interest on lease liabilities	64	100
	<u>108,085</u>	<u>111,646</u>

## 8. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Depreciation of property, plant and equipment	1,002	1,312
Depreciation of right-of-use assets	2,809	3,084
Amortisation of computer software	148	124
Loss on disposal of items of property, plant and equipment	13	27
	<u>4,972</u>	<u>5,547</u>

## 9. INCOME TAX EXPENSE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Current – Mainland China	5,335	8,407
Current – UK	3,560	2,578
Current – USA	583	–
Deferred	47,405	56,073
	<u>56,883</u>	<u>67,058</u>
Total tax charge for the year from continuing operations	56,883	67,058
Total tax charge for the year from a discontinued operation	–	–
	<u>56,883</u>	<u>67,058</u>

No provision for Hong Kong has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2020: Nil).

The PRC, UK and USA income taxes in respect of operations in Mainland China, the UK and the USA are calculated at the applicable tax rates on the estimated assessable profits for the year, based on the prevailing legislation, interpretations and practices in respect thereof.

## 10. DISCONTINUED OPERATION

On 31 May 2021, the Company announced the decision of its board of directors to dispose of Rui Hua Investment Limited, a wholly-owned subsidiary of the Company. Rui Hua Investment Limited and its subsidiaries engage in operation of the Recreational Centre. The Group decided to cease such business to reduce further loss and commitment to such business and realign its resources to focus on its core business of property development, property investment and property management. Further details are set out in the Company's announcement dated 31 May 2021. The disposal of Rui Hua Investment Limited was completed on 31 May 2021. Accordingly, the consolidated statement of profit or loss and the consolidated statement of cash flow have been presented consistently for the discontinued operation throughout the year to conform with the presentation for the year ended 31 December 2021.

The results of Rui Hua Investment Limited and its subsidiaries for the year are presented below:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Revenue	<b>14,146</b>	25,597
Other income and gains, net	<b>428</b>	396
Expenses	<b>(25,069)</b>	(39,841)
Finance costs	<b>(386)</b>	(953)
	<b>(10,881)</b>	(14,801)
Gain on disposal of the discontinued operation	<b>143,061</b>	–
Profit/(loss) before tax from the discontinued operation	<b>132,180</b>	(14,801)
Income tax expense	–	–
Profit/(loss) for the year from the discontinued operation	<b>132,180</b>	(14,801)

## 11. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

## 12. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to shareholders of the Company, adjusted to reflect the deemed conversion of all dilutive perpetual convertible bonds at the beginning of that year, 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 year, 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/(loss) per share amounts are based on the following data:

**Earnings/(loss)**

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Profit/(loss) for the year attributable to shareholders of the Company, used in the basic earnings/(loss) per share calculation:		
From continuing operations	<b>75,445</b>	15,353
From discontinued operation	<b>132,180</b>	(14,801)
	<b>207,625</b>	552
Interest on perpetual convertible bonds	<b>1,279</b>	1,252
Profit for the year attributable to shareholders of the Company, used in the diluted earnings per share calculation	<b>208,904</b>	1,804
Attributable to:		
Continuing operations	<b>76,724</b>	16,605
Discontinued operation	<b>132,180</b>	(14,801)*
	<b>208,904</b>	1,804*
	<b>Number of ordinary shares</b>	
	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
Weighted average number of ordinary shares in issue during the year, used in the basic earnings/(loss) per share calculation	<b>3,199,373,986</b>	3,199,373,986
Effect of dilution of perpetual convertible bonds and share options – weighted average number of ordinary shares	<b>1,364,142,386</b>	1,365,666,798
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings/(loss) per share calculation	<b>4,563,516,372</b>	4,565,040,784*

\* In respect of the year ended 31 December 2020, no adjustment has been made to the basic earnings per share of the Group and basic loss per share for discontinued operation presented in respect of a dilution as the impact of the perpetual convertible bonds and share options outstanding during the year ended 31 December 2020 had an anti-dilutive effect or did not have a diluting effect on the basic earnings per share of the Group and basic loss per share for discontinued operation presented.

### 13. INVESTMENT PROPERTIES

	<b>Completed</b> <i>HK\$'000</i>	<b>Under construction</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Carrying amount as at 1 January 2020	3,981,782	197,866	4,179,648
Additions	–	10,970	10,970
Net gain from fair value adjustments	6,699	1,440	8,139
Transfer from properties held for sale	300,934	–	300,934
Exchange realignment	154,578	(960)	153,618
	<hr/>	<hr/>	<hr/>
Carrying amount as at 31 December 2020 and 1 January 2021	4,443,993	209,316	4,653,309
Additions	22,440	79,328	101,768
Net gain/(loss) from fair value adjustments	(61,381)	10,830	(50,551)
Transfer from properties held for sale	672,737	–	672,737
Exchange realignment	88,797	1,443	90,240
	<hr/>	<hr/>	<hr/>
Carrying amount as at 31 December 2021	<u>5,166,586</u>	<u>300,917</u>	<u>5,467,503</u>

### 14. TRADE AND LEASE RECEIVABLES

An ageing analysis of the trade and lease receivables, based on the due date and net of impairment, is as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current	<b>60,332</b>	73,330
Past due:		
Less than 1 year	<b>33,510</b>	14,191
1 year to 2 years	<b>3,727</b>	2,831
2 years to 3 years	<b>339</b>	2,475
	<hr/>	<hr/>
	<b><u>97,908</u></b>	<b><u>92,827</u></b>

### 15. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In December 2019, the directors of the Company decided to sell a commercial building (an investment property) of GR Properties UK Limited, an indirect wholly-owned subsidiary of the Company, located in the UK and the Group signed the heads of terms with a potential independent third party on 15 January 2020. New heads of terms were signed by the Group with another potential independent third party on 8 July 2020. Pursuant to a sale and purchase agreement entered into between GR UK Holdings Limited, a direct wholly-owned subsidiary of the Company (as a vendor), and an independent third party (as a purchaser) dated 8 January 2021, GR UK Holdings Limited agreed to dispose of the entire interest of GR Properties UK Limited to the independent third party for a total consideration of £30,938,000 (equivalent to HK\$325,462,000) which comprised (i) cash consideration of £30,782,000 (equivalent to HK\$323,825,000 (including the repayment of bank loan of £11,700,000 (equivalent to HK\$123,039,000))); and (ii) settlement of transaction costs incurred by the Group for the disposal amounted to £156,000 (equivalent to HK\$1,637,000) by the purchaser. The disposal was completed on 8 January 2021. Further details are set out in the Company's circular dated 26 February 2021.

As the transaction was not completed as at 31 December 2020, GR Properties UK Limited was classified as a disposal group classified as held for sale as at 31 December 2020.

## 16. TRADE PAYABLES

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 3 months	38,162	19,434
4 to 6 months	2,583	2,591
7 to 12 months	1,922	2,272
Over 1 year	6,275	18,030
	<u>48,942</u>	<u>42,327</u>

## 17. CONTINGENT LIABILITY

In or about January 2020, certain plaintiffs commenced legal proceedings against subsidiaries of the Company in the USA and an independent third party constructor, alleging that the subsidiaries and the constructor have caused damage and nuisance in relation to the construction of a commercial and residential complex located in Santa Monica, the County of Los Angeles, State of California, the USA (the "US Complex"). The related punitive damages were in aggregate US\$550,000, which was reduced to US\$200,000 as at 31 December 2020 with reference to a legal advice from an independent legal advisor in the USA. The first hearing was held on 29 July 2020. On 8 July 2021, a settlement agreement was signed by the plaintiffs for an out-of-court settlement of US\$60,000 and the settlement is covered by an insurance indemnity.

In or about February 2021, another plaintiff commenced a legal claim against a subsidiary of the Company in the USA, alleging that the subsidiary has caused bodily harm to the plaintiff in relation to the construction of the US Complex. The related claim is in an aggregate amount of US\$1,000,000. Based on internal assessment of the aforesaid case and having sought legal advice from the independent legal advisor in the USA, the directors of the Company are of the opinion that the Group has reasonable grounds of defence on the merits and considered that the possibility of any outflow in settling the claim was remote as the claim was well covered by an insurance indemnity and no material adverse financial impact on the Group is therefore expected.

## 18. EVENT AFTER THE REPORTING PERIOD

On 15 March 2022, 北京凱朋科技發展有限公司 ("Beijing Kaipeng Technology Development Co., Ltd." or "Kaipeng Technology"), an indirect wholly-owned subsidiary of the Company, entered into a guarantee agreement with 北京建工路橋集團有限公司 ("BCEG Road and Bridge Construction Group Co., Ltd." or "BCEG"), the borrower, pursuant to which Kaipeng Technology agreed to provide guarantee in favour of BCEG by pledging its properties to a bank in the PRC to facilitate BCEG to obtain a facility of up to RMB800 million provided by the bank. In return, Kaipeng Technology shall receive from BCEG a guarantee fee of 1% per annum of the amount of actual drawdown by BCEG under the facility granted. Further details are set out in the Company's announcement dated 15 March 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the year ended 31 December 2021 (the “Year”), the operations of the Group were organised into business units based on the nature of their products and services. There were two continuing 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”). The disposal of Recreational Centre Segment was completed on 31 May 2021, which was classified as a discontinued operation.

#### 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 31 December 2021, AOCEAN managed 13 major residential and commercial property projects, which were located in Beijing, Hebei Province and Hainan, the PRC. The services provided by AOCEAN under the management agreements thereof 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 Year, 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. The commercial areas have been 91% leased out for the Year. Residential areas have been leased out in full since July 2021. 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.

- ***Boundary House***

Boundary House is located at the crossover between the increasingly vibrant Aldgate district in London, the UK which is popular with technology, media and telecommunications companies as tenants and the established city of London financial and insurance hub. Boundary House is also close to numerous main train lines and underground stations with convenient access to rail transportation. 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. Pursuant to a sale and purchase agreement entered into between GR UK Holdings Limited, a direct wholly-owned subsidiary of the Company, and an independent third party dated 8 January 2021, GR UK Holdings Limited agreed to dispose of all the issued shares of GR Properties UK Limited to the independent third party. The disposal was completed on 8 January 2021.

Further details are set out in the Company's announcements dated 8 January 2021 and 26 January 2021 and the Company's circular dated 26 February 2021.

- ***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, at 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 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 twenty car park spaces. Juxon House was let to three office tenants and four retail tenants, which contributed approximately £5.7 million rental income to the Group for the Year.

- ***Guorui Square Block B***

Beijing Kaipeng Technology Development Co., Ltd.\* (北京凱朋科技發展有限公司) (“Kaipeng Technology”), a subsidiary of the Company, holds certain units with a gross floor area of approximately 46,164 square meters in Building No.2 of Kingdom Guorui, No.1 Ronghua South Road, Daxing District, Beijing, the PRC (“Guorui Square Block B”), which are for office use.

The basements, the whole of Levels 2 to 11, Unit 108 on Level 1M and Units 1201, 1202 and 1203 on Level 12M of Guorui Square Block B, were owned by Wise Expert Investment Limited (“Wise Expert”) and its subsidiaries. The Company agreed to acquire Wise Expert at a consideration of HK\$1,541,320,000 pursuant to the sale and purchase agreement dated 30 May 2018 entered into between the Company as purchaser and Winluck Global Limited and Silky Apex Limited as vendors. The acquisition of the entire issued share capital of Wise Expert has been completed on 31 December 2021.

The remaining units in Guorui Square Block B, including Level 1, Unit 107 on Level 1M and Levels 13 to 36 (excluding refuge floors on Level 23 and Level 34), were owned by Capable Kingdom Limited (a wholly-owned subsidiary of the Company) and its subsidiaries.

The Directors 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.

## Discontinued Operation of the Recreational Centre segment

The operation of the Recreational Centre (i.e. a leisure and lifestyle experience centre in Beijing, the PRC) segment includes, inter alia, the provision of catering, banquet, fitness and sport facilities services.

The Recreational Centre is located in the Economic Technological Development Area in Yizhuang at the southeast of Beijing, the PRC, which is surrounded by an area of large construction site under development. The construction site includes hotel, offices, residential and retail properties. On 31 May 2021, the Company entered into the sale and purchase agreement with Winluck Global Limited, a company which is wholly-owned by Mr. Wei Chunxian, and Silky Apex Limited, a company which is wholly-owned by Mr. Sun Zhongmin (collectively, the “Purchasers”), pursuant to which the Company has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase all the issued shares of Rui Hua Investment Limited, a subsidiary of the Company (the “Disposal”) at the total consideration of HK\$100.

Completion of the Disposal was subject to fulfillment of the conditions precedent set out in the agreement. Upon completion, Rui Hua Investment Limited ceased to be a subsidiary of the Company and the financial results of Rui Hua Investment Limited would no longer be consolidated into the financial statements of the Group. The Disposal has been completed on 31 May 2021.

Further details are set out in the Company’s announcement dated 31 May 2021.

## FINANCIAL REVIEW

	<b>Year ended 31 December 2021 HK\$’000</b>	Year ended 31 December 2020 HK\$’000 (Restated)
Turnover of continuing operations	<u><u>331,335</u></u>	<u><u>296,429</u></u>
Profit for the year	<u><u>208,427</u></u>	<u><u>680</u></u>

	<b>As at 31 December 2021 HK\$'000</b>	As at 31 December 2020 HK\$'000
Total assets	<b>6,894,934</b>	6,702,004
Total liabilities	<b>3,031,360</b>	3,112,688
Net assets	<b><u>3,863,574</u></b>	<b><u>3,589,316</u></b>
Net debts <sup>^</sup>	<b>2,337,294</b>	2,464,208
Capital liquidity ratio <sup>**</sup>	<b>0.23</b>	0.24
Gearing ratio <sup>#</sup>	<b>60.5%</b>	68.7%

<sup>^</sup> The amount represented trade payables, bank and other borrowings, other payables and accruals and amounts due to related parties, less cash and cash equivalents

<sup>\*\*</sup> The ratio represented cash and cash equivalents divided by current liabilities

<sup>#</sup> The ratio represented net debts divided by total equity

## Financial analysis

During the Year, the Group generated revenue from continuing operations of approximately HK\$331,335,000 (31 December 2020: approximately HK\$296,429,000). The property management segment reported segment revenue of approximately HK\$205,151,000 (31 December 2020: approximately HK\$197,017,000). The property development and investment segment reported segment revenue of approximately HK\$126,184,000 (31 December 2020: approximately HK\$99,412,000), contributed by the rental income from the operating leases of certain portion of units in Juxon House and Guorui Square Block B. The discontinued operation of the Recreational Centre segment reported segment revenue of approximately HK\$14,146,000 (31 December 2020: approximately HK\$25,597,000). The Group recorded a profit for the Year of approximately HK\$208,427,000 ((31 December 2020: approximately HK\$680,000). The increase in profit was mainly attributable to the gain on disposal of the discontinued operation of approximately HK\$132,180,000 (31 December 2020: loss approximately HK\$14,801,000). As at 31 December 2021, the outstanding balance of bank and other borrowings was approximately HK\$2,110,409,000 (31 December 2020: approximately HK\$2,119,581,000), of which the balance mainly consisted of (i) a bank loan of approximately HK\$762,399,000 (31 December 2020: approximately HK\$816,357,000) secured by Juxon House and certain lease receivables; (ii) other loan of approximately HK\$227,214,000 (31 December 2020: approximately HK\$234,078,000) secured by the US Complex; and (iii) lease liabilities balances of approximately HK\$3,045,000 (31 December 2020: approximately HK\$5,483,000).

As at 31 December 2021, the Group had available cash and bank balances of approximately HK\$304,049,000 (31 December 2020: approximately HK\$196,147,000).

### **Foreign currency exposure**

During the Year, 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 its 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.

### **Human resources and remuneration policy**

As at 31 December 2021, the total number of employees of the Group (excluding Directors) was 213 (31 December 2020: 499). Most of them were located in the PRC.

The total remuneration of the employees of the Group from continuing operations for the Year was approximately HK\$65,296,000 (31 December 2020: approximately HK\$58,909,000).

The emolument of each of the Directors and the employees of the Group was 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.

### **Treasury Policies**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained an appropriate liquidity position throughout the Year. 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.

### **Final dividend**

The Board resolved not to declare any final dividend for the Year (31 December 2020: Nil).

## **Pledge of assets**

As at 31 December 2021, the Group had investment properties and properties held for sale amounting to approximately HK\$5,276,985,000 in total (31 December 2020: approximately HK\$3,775,613,000) to secure bank and other borrowings. Such bank and other borrowings comprise of loans presented in the section headed “Financial analysis” of this announcement.

As at 31 December 2021, certain trade and lease receivables of approximately HK\$31,832,000 (31 December 2020: approximately HK\$16,910,000) in total were pledged to secure bank loans granted to the Group.

As at 31 December 2021, no bank deposit (31 December 2020: Nil) has been pledged.

## **Capital and other development related commitment and contingent liabilities**

As at 31 December 2021, the Group had no material contingent liabilities (31 December 2020: Nil). As at 31 December 2021, the Group had contracted but not provided for commitments for construction in progress for an investment property amounting to approximately HK\$303,484,000 (31 December 2020: Nil).

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

- (a) Pursuant to a sale and purchase agreement entered into between GR UK Holdings Limited, a direct wholly-owned subsidiary of the Company, and an independent third party dated 8 January 2021, GR UK Holdings Limited agreed to dispose of all the issued shares of GR Properties UK Limited to the independent third party for a consideration of £30,938,000 (equivalent to approximately HK\$325,462,000). The disposal was completed on 8 January 2021.

Further details are set out in the Company’s announcements dated 8 January 2021 and 26 January 2021 and the Company’s circular dated 26 February 2021.

- (b) On 31 May 2021, the Company entered into the sale and purchase agreement with Winluck Global Limited, a company which is wholly-owned by Mr. Wei Chunxian, and Silky Apex Limited, a company which is wholly-owned by Mr. Sun Zhongmin (collectively, the “Purchasers”), pursuant to which the Company has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase all the issued shares of Rui Hua Investment Limited, a subsidiary of the Company (the “Disposal”) at the total consideration of HK\$100.

As at the date of the Disposal, Winluck Global Limited was a substantial shareholder of the Company since Wintime Company Limited, a wholly-owned subsidiary of Winluck Global Limited, was the beneficial owner of 1,434,421,537 shares of the Company (representing approximately 44.83% of all the issued shares of the Company). Further, Winluck Global Limited was wholly-owned by Mr. Wei Chunxian and Silky Apex Limited was wholly-owned by Mr. Sun Zhongmin. Each of Mr. Wei Chunxian and Mr. Sun Zhongmin was an executive Director and therefore each of Winluck Global Limited and Silky Apex Limited was a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Disposal therefore constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Since all applicable percentage ratios in respect of the Disposal are less than 25% and the total consideration is less than HK\$10,000,000, the Disposal is exempt from the circular (including independent financial advice) and shareholders’ approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Completion of the Disposal was subject to fulfillment of the conditions precedent set out in the agreement. Upon completion, Rui Hua Investment Limited ceased to be a subsidiary of the Company and the financial results of Rui Hua Investment Limited would no longer be consolidated into the financial statements of the Group. The Disposal has been completed on 31 May 2021.

Further details are set out in the Company’s announcement dated 31 May 2021.

- (c) On 4 August 2021, Beijing Wangangtong Technology Development Co., Ltd.\* (北京萬港通科技發展有限公司) (“Beijing Wangangtong”), a wholly-owned subsidiary of the Company, entered into the guarantee agreement with BCEG Road and Bridge Construction Group Co., Ltd. (北京建工路橋集團有限公司) (the “Borrower”) pursuant to which Beijing Wangangtong agreed to provide (i) guarantee for an amount of up to RMB300 million in favour of the Borrower by means of pledging 49 properties owned by Beijing Wangangtong with a gross floor area of approximately 7,619 square meters located on Levels 1 to 5 of Building No. 2 of Kingdom Guorui\* (國銳•金嶺), No. 1 Ronghua South Road, Beijing Economic and Technological Development Area, Beijing, the PRC (the “Building”) to the Yizhuang Sub-Branch of Beijing Branch of Ping An Bank Co., Ltd. (平安銀行股份有限公司北京分行亦莊支行) (“Ping An Bank”) to facilitate the Borrower to obtain a facility of up to RMB300 million provided by Ping An Bank; and (ii) guarantee for an amount of up to RMB216 million in favour of the Borrower by means of pledging 75 properties owned by Beijing Wangangtong with a gross floor area of approximately 11,476 square meters located on Levels 6 to 12 of the Building to Bank of Dalian Beijing Branch\* (大連銀行股份有限公司北京分行) (“Dalian Bank”) to facilitate the Borrower to obtain a facility of up to RMB300 million provided by Dalian Bank. In return, Beijing Wangangtong shall receive from the Borrower a guarantee fee of 2% per annum of the amount of actual drawdown by the Borrower under the facility granted by Ping An Bank and the facility granted by Dalian Bank.



Further details are set out in the Company's announcement dated 4 August 2021.

- (d) Reference is made to (i) the announcement of the Company dated 30 May 2018; (ii) the circular of the Company dated 20 July 2018 in relation to, among other things, the very substantial acquisition and connected transaction in relation to the acquisition of entire issued share capital of Wise Expert Investment Limited; and (iii) the completion announcement of the Company dated 17 August 2018 in relation to the first completion of the same. All the conditions precedent under the sale and purchase agreement have been fulfilled and the 2nd completion date was 31 December 2021. On the same date, the remaining 5% of the 50,000 sale shares of Wise Expert Investment Limited have been transferred by Winluck Global Limited and Silky Apex Limited, i.e. the vendors, to the Company.

Further details are set out in the Company's announcements dated 30 May 2018, 17 August 2018 and 31 December 2021 and the Company's circular dated 20 July 2018.

## **FUTURE PROSPECT**

Faced with the unprecedented challenge of the covid-19 pandemic in 2021, the Group worked relentlessly to maintain effective operations and provide quality services, minimizing impact on tenants, customers and staff. To ensure long-term sustainable business growth and value creation, the Group will continue to engage prominently in property development and investment, and relevant asset management services. Investments in the overseas markets should bring diversification and a hedge against the future domestic businesses of the Group with a reasonable return to the Shareholders. The Group would be cautious in considering investments in the international markets such as the USA and Europe in accordance with the future development strategy of the Group. Other than capturing investment opportunities to establish its foothold and engage in the property market in Los Angeles and London for income generating real estates with capital appreciation potential in the long term and possibly re-development in future, the Group's focus will also be on the execution of its existing projects, including but not limited to enhancement of operating performance as well as facilitation of project development. Besides, the Group will not rule out any possibility 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 various properties.

Apart from the Group's core businesses in property development and investments in the PRC, the USA and the UK, and the provision of property management services in Beijing, the Group will continue to focus on searching for suitable investment opportunities which may strategically fit into its diversification strategy and generate a steady source of income.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## **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 Listing Rules throughout the Year except for the following deviation:

According to code provision A.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. After the resignation of Ms. Liu Shuhua on 1 April 2021, Mr. Wei Chunxian, an executive Director and the chairman of the Company, has been appointed as the chief executive officer with effect from 1 April 2021. 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") as set out in Appendix 10 to 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 Year.

## **AUDIT COMMITTEE**

The audit committee has reviewed the annual results and has no dissenting view on the accounting policies of the companies adopted by the Group and on the Group's internal controls and risk management, accounting and financial reporting functions.

## **SUFFICIENCY OF PUBLIC FLOAT**

As at the date of this 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 Year.

## **EVENT AFTER THE REPORTING PERIOD**

On 15 March 2022, Kaipeng Technology, a non-wholly owned subsidiary of the Company, entered into the guarantee agreement with BCEG Road and Bridge Construction Group Co., Ltd. (北京建工路橋集團有限公司), the borrower, pursuant to which Kaipeng Technology agreed to provide guarantee in favour of the borrower by means of pledging 129 properties owned by Kaipeng Technology (with a gross floor area of approximately 46,164.24 square meters located on Levels 1, 13 to 22, 24 to 33 and 35 to 36 of the Building No. 2 of Kingdom Guorui (國銳•金嶺), No. 1 Ronghua South Road, Beijing Economic and Technological Development Area, Beijing, the PRC) to the Beijing Branch of Shengjing Bank Co., Ltd.\* (盛京銀行股份有限公司北京分行) (“Shengjing Bank”) to facilitate the borrower to obtain a facility of up to RMB800 million provided by Shengjing Bank. In return, Kaipeng Technology shall receive from the borrower a guarantee fee of 1% per annum of the amount of actual drawdown by the borrower under the facility granted by Shengjing Bank.

Further details are set out in the Company’s announcement dated 15 March 2022.

## **SCOPE OF WORK OF THE COMPANY’S AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditor on this announcement.

## **PUBLICATION OF RESULTS ON WEBSITES**

A copy of this announcement is posted on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.grproperties.com.hk](http://www.grproperties.com.hk)).

By Order of the Board  
**GR Properties Limited**  
**Wei Chunxian**  
*Chairman*

Hong Kong, 31 March 2022

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

\* *for identification purposes only*