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GR Life Style

国锐生活

GR LIFE STYLE COMPANY LIMITED

國銳生活有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of GR Life Style Company Limited (the “**Company**”) hereby presents the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024, which have been reviewed by the audit committee of the Company, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
REVENUE	5	310,017	352,640
Other income and gains, net	6	34,999	65,100
Cost of inventories sold		(912)	(844)
Employee benefit expenses		(86,742)	(73,376)
Depreciation and amortisation		(2,279)	(2,539)
Utilities, repairs and maintenance and rental expenses		(111,465)	(108,140)
Other operating costs		(43,077)	(36,944)
Finance costs	7	(124,549)	(129,112)
Other expenses, net		(11,687)	(7,129)
Impairment of trade, lease and other receivables, net	8	(1,081)	(6,892)
Remeasurement gain upon transfer of certain properties held for sale to investment properties	12	4,109	193,412
Fair value loss of investment properties, net	12	(934,841)	(316,123)
LOSS BEFORE TAX	8	(967,508)	(69,947)

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LOSS BEFORE TAX	8	(967,508)	(69,947)
Income tax credit/(expense)	9	<u>48,164</u>	<u>(59,360)</u>
LOSS FOR THE YEAR		<u>(919,344)</u>	<u>(129,307)</u>
Attributable to:			
Shareholders of the Company		(918,501)	(129,307)
Non-controlling interests		<u>(843)</u>	<u>–</u>
		<u>(919,344)</u>	<u>(129,307)</u>
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	<i>11</i>		
Basic and diluted (<i>HK cent per share</i>)		<u>(28.71)</u>	<u>(4.04)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LOSS FOR THE YEAR	(919,344)	(129,307)
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(57,042)</u>	<u>(21,598)</u>
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair value of equity investments at fair value through other comprehensive income	<u>1,930</u>	<u>(2,011)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(55,112)</u>	<u>(23,609)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(974,456)</u>	<u>(152,916)</u>
Attributable to:		
Shareholders of the Company	(973,613)	(152,916)
Non-controlling interests	<u>(843)</u>	<u>–</u>
	<u>(974,456)</u>	<u>(152,916)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		951	1,529
Investment properties	<i>12</i>	4,466,719	5,323,355
Right-of-use assets		1,063	2,842
Computer software		1,673	961
Equity investment at fair value through other comprehensive income		–	18,117
		<hr/>	<hr/>
Total non-current assets		4,470,406	5,346,804
CURRENT ASSETS			
Properties held for sale		136,574	160,026
Inventories		906	914
Trade and lease receivables	<i>13</i>	145,641	170,033
Prepayments, deposits and other receivables		325,337	191,612
Financial asset at fair value through profit or loss		–	11,261
Other tax recoverables		33,301	41,724
Restricted cash	<i>14</i>	118,155	184,693
Cash and cash equivalents		193,151	305,556
		<hr/>	<hr/>
Total current assets		953,065	1,065,819
CURRENT LIABILITIES			
Trade payables	<i>15</i>	71,016	67,263
Receipts in advance		79,985	75,828
Other payables and accruals		320,810	245,955
Bank and other borrowings	<i>16</i>	744,707	739,895
Income tax payables		28,253	39,489
Other tax payables		7,321	10,069
		<hr/>	<hr/>
Total current liabilities		1,252,092	1,178,499
NET CURRENT LIABILITIES		(299,027)	(112,680)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,171,379	5,234,124
		<hr/>	<hr/>

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Bank and other borrowings	<i>16</i>	1,860,779	1,910,933
Liability component of perpetual convertible bonds		47,838	45,283
Deferred tax liabilities		130,252	175,616
		<hr/>	<hr/>
Total non-current liabilities		2,038,869	2,131,832
		<hr/>	<hr/>
Net assets		2,132,510	3,102,292
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		3,152,571	3,152,571
Equity component of perpetual convertible bonds		1,172,244	1,172,244
Reserves		(2,193,006)	(1,222,523)
		<hr/>	<hr/>
		2,131,809	3,102,292
Non-controlling interests		701	–
		<hr/>	<hr/>
Total equity		2,132,510	3,102,292
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in Hong Kong and shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office and the principal place of business of the Company is located at Unit 1802, 18/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong.

During the year ended 31 December 2024, the Group was involved in the following principal activities:

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

As at 31 December 2024, the immediate holding company of the Company was Wintime Company Limited, which is incorporated in the British Virgin Islands with limited liability. In the opinion of the directors of the Company, the ultimate holding company of the Company is Widewealth Company Limited, which is incorporated in the British Virgin Islands with limited liability.

2. BASIS OF PRESENTATION AND PREPARATION

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**”) and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, equity investment at fair value through other comprehensive income and financial asset at fair value through profit or loss which have been measured at fair value. 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 financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of annual results for the year ended 31 December 2024 do not constitute the Company’s statutory annual consolidated financial statements for those years, but in respect of the year ended 31 December 2023, is derived from those consolidated 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 consolidated financial statements for the year ended 31 December 2024 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 consolidated financial statements for the year ended 31 December 2023 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 consolidated financial statements for the year ended 31 December 2023. The auditor’s report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance except for including a reference to the matter of material uncertainty relating to going concern which the auditor drew attention by way of emphasis without qualifying its report.

Basis of presentation

As at 31 December 2024, the Group had net current liabilities of HK\$299,027,000, which includes an interest-bearing bank borrowing of HK\$700,404,000 classified as current liability due to non-compliance of a financial covenant. In assessing the Group's ability to operate as a going concern, a cash flow projection covering a period of not less than twelve months from 31 December 2024 has been prepared by the management, which, inter alia, takes into account the operating performance of the Group and the following:

- Subsequent to the reporting period, as required by the bank as remedial action for non-compliance of the financial covenant, the Group has made an early repayment of bank loan of £10,000,000 (equivalent to HK\$98,014,000) in January 2025 and placed another £10,000,000 (equivalent to HK\$98,014,000) deposit in a cure account designated by the bank in March 2025. Consent to waiver of non-compliance of the financial covenant has been received by the Group in March 2025.
- Subsequent to the reporting period, the Group has obtained shareholder loans from Mr. Wei Chunxian (“**Mr. Wei**”, the Chairman and the controlling shareholder of the Company) with an aggregate amount of £16,000,000 (equivalent to HK\$157,823,000) for the early partial repayment of the aforesaid bank loan and placement of a deposit in the designated cure account.
- The Group has obtained a shareholder loan facility from Gang Rui International Investment (HK) Limited (“**Gang Rui**”) of HK\$200,000,000, of which HK\$109,248,000 remains unutilised by the Group as at 31 December 2024.

The directors believe that, taking into account of the above factors, the Group will have sufficient working capital to meet its financial obligations and commitments as and when they fall due for a period of not less than twelve months from 31 December 2024. Accordingly, the consolidated financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. 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).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has 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, using consistent accounting policies. 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.

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 the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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 two reportable operating segments as follows:

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

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

	Property development and investment		Property management		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Segment revenue (<i>note 5</i>)	<u>140,201</u>	<u>148,018</u>	<u>169,816</u>	<u>204,622</u>	<u>310,017</u>	<u>352,640</u>
Segment results	<u>(936,788)</u>	<u>(99,330)</u>	<u>(10,269)</u>	<u>31,105</u>	<u>(947,057)</u>	<u>(68,225)</u>
<i>Reconciliation:</i>						
Other unallocated income and gains					4,937	22,033
Corporate and other unallocated expenses					<u>(25,388)</u>	<u>(23,755)</u>
Loss before tax					<u>(967,508)</u>	<u>(69,947)</u>

	Property development and investment		Property management		Total	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:						
Depreciation and amortisation						
– Operating segments	523	594	719	671	1,242	1,265
– Amount unallocated					1,037	1,274
					<u>2,279</u>	<u>2,539</u>
Remeasurement gain upon transfer of certain properties held for sale to investment properties	4,109	193,412	–	–	4,109	193,412
Fair value loss of investment properties, net	934,841	316,123	–	–	934,841	316,123
Impairment of trade, lease and other receivables, net	452	461	629	6,431	1,081	6,892
Loss on remeasurement of financial guarantee contracts	7,645	338	–	–	7,645	338
Capital expenditure*	<u>131,524</u>	<u>133,174</u>	<u>1,147</u>	<u>1,240</u>	<u>132,671</u>	<u>134,414</u>

* Capital expenditure consists of additions of property, plant and equipment, investment properties, right-of-use assets and computer software.

Geographical information

Revenue from external customers

	2024	2023
	HK\$'000	HK\$'000
Mainland China	226,700	273,013
The UK	57,779	52,850
The USA	25,538	26,777
	<u>310,017</u>	<u>352,640</u>

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

Information about major customers

During each of the years ended 31 December 2024 and 2023, there was no single external customer which contributed 10% or more of the Group's total revenue for each of these years.

5. REVENUE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers		
– Rendering of property management and other services	168,895	203,412
– Revenue from restaurant operation	921	1,210
Revenue from another source		
– Gross rental income from investment property operating leases	140,201	148,018
	<u>310,017</u>	<u>352,640</u>

6. OTHER INCOME AND GAINS, NET

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<u>Other income</u>		
Bank interest income	7,883	4,956
Interest income from loan receivables	5,213	2,653
Interest income from principal-protected investment deposits at fair value through profit or loss	–	18
Government grants (<i>note</i>)	5,024	6,485
Financial guarantee income	10,080	11,109
Others	6,766	5,502
	<u>34,966</u>	<u>30,723</u>
<u>Other gains, net</u>		
Foreign exchange gain, net	–	5,453
Gain on early termination of lease contract	33	–
Gains on derecognition of financial liabilities at amortised costs	–	28,924
	<u>–</u>	<u>34,377</u>
	<u>34,999</u>	<u>65,100</u>

Note: The amount mainly represents government subsidies, value-added tax refund 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 is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on loans from banks and financial institutions	159,576	134,366
Interest on a loan from a shareholder of the Company	1,623	1,624
Interest on loans from director-controlled entities, net*	(2,153)	2,017
Imputed interest on a loan from director-controlled entity	825	922
Interest on loans from former director-controlled entities, net [#]	(9,503)	4,469
Imputed interest on a loan from a former director-controlled entity	1,902	2,124
Interest on perpetual convertible bonds	–	376
Imputed interest on perpetual convertible bonds	2,555	1,851
Interest on lease liabilities	240	345
	<hr/>	<hr/>
Total finance costs	155,065	148,094
Less: Amount capitalised in investment property under construction	(30,516)	(18,982)
	<hr/>	<hr/>
	124,549	129,112
	<hr/> <hr/>	<hr/> <hr/>

* Included in this amount during the year is (i) interest on loans from director-controlled entities of HK\$2,499,000 (2023: HK\$2,017,000); and net of (ii) income derived from the waiver of relevant interest payables accrued in current and prior years of HK\$4,652,000 (2023: Nil).

[#] Included in this amount during the year is (i) interest on loans from former director-controlled entities of HK\$4,405,000 (2023: HK\$4,469,000); and net of (ii) income derived from the waiver of relevant interest payables accrued in current and prior years of HK\$13,908,000 (2023: Nil).

8. LOSS BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold	912	844
Depreciation of property, plant and equipment	610	880
Depreciation of right-of-use assets	1,467	1,530
Amortisation of computer software	202	129
Write-off of property, plant and equipment	156	193
Employee benefit expenses (including directors' remuneration):		
– Salaries, allowances and benefits in kind	84,962	71,871
– Equity-settled share option expense	3,130	6,579
– Pension scheme contributions	1,780	1,505
	<hr/>	<hr/>
	89,872	79,955
	<hr/>	<hr/>
Impairment of trade and lease receivables	376	6,892
Impairment of other receivables*	705	–
	<hr/>	<hr/>
	1,081	6,892
	<hr/>	<hr/>
Foreign exchange differences, net	773	(5,453)
Loss on remeasurement of financial guarantee contracts	7,645	338
	<hr/> <hr/>	<hr/> <hr/>

* During the year, an impairment of HK\$705,000 was provided on the other receivables using a general approach with an expected credit loss rate of 1.5%.

9. INCOME TAX EXPENSE/(CREDIT)

An analysis of the Group's income tax charge/(credit) is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current – Mainland China	(5,655)	8,195
Current – UK		
– Charge for the year	3,897	10,112
– Overprovision in prior years	(1,290)	–
Current – USA	60	–
Withholding tax – PRC	2,125	–
Deferred	(47,301)	41,053
	<u>(48,164)</u>	<u>59,360</u>
Total tax charge/(credit) for the year	<u>(48,164)</u>	<u>59,360</u>

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil).

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

10. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

In respect of the year ended 31 December 2024 and 2023, no adjustment has been made to the basic loss per share amount presented in respect of a dilution as the impact of the perpetual convertible bonds and share options outstanding had no diluting effect on the basic loss per share amounts presented.

The calculations of the basic and diluted loss per share amounts are based on:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to shareholders of the Company, used in the basic and diluted loss per share calculation	<u>(918,501)</u>	<u>(129,307)</u>
	Number of ordinary shares	
	2024	2023
Weighted average number of ordinary shares in issued during the year, used in the basic and diluted loss per share calculation	<u>3,199,373,986</u>	<u>3,199,373,986</u>

12. INVESTMENT PROPERTIES

	Completed <i>HK\$'000</i>	Under construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
Carrying amount as at 1 January 2023	4,518,793	416,464	4,935,257
Additions	–	133,174	133,174
Net loss from fair value adjustments	(265,937)	(50,186)	(316,123)
Transfer from properties held for sale (<i>note</i>)	571,426	–	571,426
Exchange realignment	(644)	265	(379)
	<u>4,823,638</u>	<u>499,717</u>	<u>5,323,355</u>
Carrying amount as at 31 December 2023 and 1 January 2024	4,823,638	499,717	5,323,355
Additions	–	131,524	131,524
Net loss from fair value adjustments	(842,322)	(92,519)	(934,841)
Transfer from properties held for sale (<i>note</i>)	24,443	–	24,443
Exchange realignment	(74,652)	(3,110)	(77,762)
	<u>3,931,107</u>	<u>535,612</u>	<u>4,466,719</u>
Carrying amount as at 31 December 2024	<u>3,931,107</u>	<u>535,612</u>	<u>4,466,719</u>

Note: During the year, the use of certain units in the properties held for sale has been changed upon the inception of operating leases with external third parties. As a result, the leased portion of the properties held for sale was transferred to completed investment properties and a remeasurement gain of HK\$4,109,000 (2023: HK\$193,412,000) was recognised in profit or loss during the year.

13. TRADE AND LEASE RECEIVABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Less than 1 year	104,334	102,899
1 year to 2 years	15,159	34,263
2 years to 3 years	26,148	32,871
	<u>145,641</u>	<u>170,033</u>

14. RESTRICTED CASH

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Restricted cash for a bank loan	<i>(a)</i>	14,996	8,496
Restricted cash for a loan from a financial institution	<i>(b)</i>	103,159	176,197
		118,155	184,693

Notes:

- (a) The restricted cash represents a deposit placed in a designated bank as part of the security given to secure a general banking facility granted to the Group.
- (b) The restricted cash represents cash drawn under a construction loan which can only be used to pay relevant costs of the Culver City project.

15. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	28,655	29,808
4 to 6 months	12,387	10,639
7 to 12 months	25,010	22,657
Over 1 year	4,964	4,159
	71,016	67,263

16. BANK AND OTHER BORROWINGS

Included in the interest-bearing bank borrowings as at 31 December 2024 was a bank loan of HK\$700,404,000, which includes a financial covenant stipulated in the facility agreement relating to the valuation of an investment property and the valuation is subject to regular reviews by the bank. Based on the fair value of the investment property as included in the consolidated financial statements, the Group did not comply with the aforesaid financial covenant. Consent waiver of non-compliance with aforesaid financial covenant has been received by the Group on 28 March 2025. The Group has classified the aforesaid bank loan as current liability due to the non-compliance of financial covenant.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2024 (the “**Year**”), the operations of the Group were organised into business units based on the nature of their products and services. There were two reportable operating segments, including (i) the property management segment; and (ii) the property development and investment segment. The first segment was carried out in the People’s Republic of China (the “**PRC**”) whereas the second segment was carried out in the PRC, the United States of America (the “**USA**”) and the United Kingdom (the “**UK**”).

Property management segment

Beijing AOCEAN Property Management Company Limited* (北京澳西物業管理有限公司), (“**AOCEAN**”), a wholly-owned subsidiary of the Company, provides property management services for office buildings, residential properties and car parks. As at 31 December 2024, AOCEAN managed 18 major residential and commercial property projects, which were located in the PRC. The services provided by AOCEAN under the management agreements include, *inter alia* (i) provision of heating supply and maintenance services of heat exchange stations and pipeline network; (ii) provision of management services to car parks such as maintenance of various facilities and equipment in the car parks; and (iii) provision of property management services to vacant properties and general management services such as repair and maintenance of buildings and fire safety equipment and facilities for residential and commercial property projects.

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

Property development and investment segment

During the 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. Approximately average of 91% of the commercial area and average of 97% of the residential area have been leased out, respectively, during the Year. 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 has started since September 2021.

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

- ***Juxon House***

Juxon House is located at 100 St Paul's Churchyard, London, the UK. It is situated in a prominent location on the northwest side of St Paul's Cathedral, with St Paul's Churchyard at its south, Ave Maria Lane at its west and Paternoster Square to the east, which is a prime professional and financial district with the London Stock Exchange and some multinational organisations having offices in the near vicinity. Juxon House is a grade A commercial building with a net lettable floor area of approximately 123,781 square feet, among which the office accommodation, the retail accommodation, and the ancillary and storage area have a net lettable floor area of 100,774 square feet, 20,083 square feet and 2,924 square feet respectively. Juxon House comprises a lower ground floor, a ground floor and five upper floors, basement storage and 20 car park spaces. Juxon House was let to two office tenants and two retail tenants, which contributed approximately £5.8 million rental income to the Group for the Year.

- ***Guorui Square Block B***

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

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

FINANCIAL REVIEW

	Year ended 31 December 2024 HK\$'000	Year ended 31 December 2023 HK\$'000
Revenue	<u>310,017</u>	<u>352,640</u>
Loss for the year	<u>(919,344)</u>	<u>(129,307)</u>
	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Total assets	5,423,471	6,412,623
Total liabilities	<u>3,290,961</u>	<u>3,310,331</u>
Net assets	<u>2,132,510</u>	<u>3,102,292</u>
Net debt [^]	2,412,335	2,345,272
Capital liquidity ratio ^{**}	0.15	0.26
Gearing ratio [#]	<u>110.7%</u>	<u>74.5%</u>

[^] The amount represented bank and other borrowings less cash and cash equivalents

^{**} The ratio represented cash and cash equivalents divided by current liabilities

[#] The ratio represented net debt divided by equity attributable to shareholders of the Company and liability component of perpetual convertible bonds

Financial analysis

During the Year, the Group generated revenue of approximately HK\$310,017,000 (31 December 2023: approximately HK\$352,640,000). The property management segment reported segment revenue of approximately HK\$169,816,000 (31 December 2023: approximately HK\$204,622,000). The property development and investment segment reported segment revenue of approximately HK\$140,201,000 (31 December 2023: approximately HK\$148,018,000), contributed by the rental income from the operating leases of certain portion of units in the US Complex, Juxon House and Guorui Square Block B. The Group recorded a loss for the Year of approximately HK\$919,344,000 (31 December 2023: approximately HK\$129,307,000). The increase in loss is mainly attributable to (i) the increase in fair value loss of investment properties of approximately HK\$618,718,000 during the Year; and (ii) the decrease in remeasurement gain upon transfer of certain properties held for sale to investment properties of approximately HK\$189,303,000 during the Year.

As at 31 December 2024, the outstanding balance of bank and other borrowings was approximately HK\$2,605,486,000 (31 December 2023: approximately HK\$2,650,828,000), of which the balance mainly consisted of (i) two bank loans of approximately HK\$1,523,803,000 (31 December 2023: approximately HK\$1,572,637,000) secured by Juxon House, certain portion of Guorui Square Block B and lease receivables; (ii) other loans of approximately HK\$1,080,382,000 (31 December 2023: approximately HK\$1,075,105,000) secured by the US Complex and its lease receivables and rights to future lease receivables over the Culver City project; and (iii) lease liabilities balances of approximately HK\$1,301,000 (31 December 2023: approximately HK\$3,086,000).

As at 31 December 2024, the Group had available cash and bank balances of approximately HK\$193,151,000 (31 December 2023: approximately HK\$305,556,000).

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 2024, the total number of employees of the Group (excluding Directors) was 428 (31 December 2023: 315). Most of them were located in the PRC.

The total remuneration of the employees of the Group for the Year was approximately HK\$86,742,000 (31 December 2023: approximately HK\$73,376,000).

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

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 2023: Nil).

Pledge of assets

As at 31 December 2024, the Group had investment properties and properties held for sale amounting to approximately HK\$4,603,293,000 in total (31 December 2023: approximately HK\$5,483,381,000) to secure bank and other borrowings and financial guarantee contracts. Such bank and other borrowings comprise of loans presented in the section headed "Financial analysis" of this announcement.

As at 31 December 2024, certain trade and lease receivables of approximately HK\$61,324,000 (31 December 2023: approximately HK\$48,031,000) in total were pledged to secure bank and other loans granted to the Group.

To secure a bank loan and a loan from a financial institution granted to the Group, bank deposits amounting to approximately HK\$118,155,000 (31 December 2023: approximately HK\$184,693,000) has been classified as restricted cash and no principal-protected deposit (31 December 2023: approximately HK\$11,261,000) has been maintained as at 31 December 2024.

Capital and other development related commitment and contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities (31 December 2023: Nil). As at 31 December 2024, the Group had contracted but not provided for commitments for construction in progress for an investment property amounting to approximately HK\$59,439,000 (31 December 2023: approximately HK\$70,301,000).

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

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

Share Option Scheme

30,000,000 share options were granted to an employee on 28 April 2023 under the Company's share option scheme (the "**Share Option Scheme**"), which were vested on 28 April 2024 and can be exercised within 3 years from the date of grant to 27 April 2026. The exercise price of the share options is HK\$0.922 per share. Further details are set out in the Company's announcement dated 28 April 2023.

As at 31 December 2024, the total number of outstanding share options under the Share Option Scheme is 30,000,000, representing approximately 0.9% of the total number of issued shares of the Company. The total number of shares that may be issued in respect of share options granted under all schemes of the Company during the Year divided by the weighted average number of Shares in issue for the Year was approximately 0.9%. The total number of share options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2024 and 31 December 2024 were 289,937,398 and 289,937,398, respectively.

During the year ended 31 December 2024, no share option was exercised or cancelled that, as at 1 January 2024 and 31 December 2024, the total number of shares available for issue under the Share Option Scheme (i.e. the 10% limit of shares to be issued less shares exercised or cancelled under the Share Option Scheme) were 319,937,398, and 319,937,398, respectively, representing 10% of the total number of issued shares of the Company.

FUTURE PROSPECT

Looking ahead, the Group will continue to focus on property development and investment, as well as relevant asset management services, to create value for the shareholders. As in the past, when considering investments in the international markets such as the USA and Europe, the Group will continue to follow the development blueprint and maintain a prudent attitude in capturing investment opportunities so as to provide a reasonable return to the shareholders. In the past few years, other than capturing investment opportunities to establish the position and engage in the property market in Los Angeles and London for income generating real estates with potential for capital appreciation in the long term and re-development in the future, the Group's focus also continued to be on the execution of existing projects, achieving goals including but not limited to enhancement of operating performance as well as facilitation of project development. Besides, the Group will not rule out any possibilities to divest its investment with decent return. The Directors believe that after the acquisitions in the past few years and through execution of existing projects, the Group will be able to broaden its income base through the stable rental incomes generated from the properties.

In addition to the Group's property investments in the PRC, the USA and the UK, the Group will increase its investment in property management and other services in core cities around the world in the future. The Group will fully utilise its core strengths in asset management, property management and community operation to build an integrated ecosystem that encompasses "intelligent real estate and digital healthcare". It will focus on family doctors, in-home elderly care, chronic disease management and community healthcare services, aiming to develop healthy living solutions for families.

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 C1 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the Year except for the following deviations:

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

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

Code provision C.1.6 stipulates that the independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

The independent non-executive Director of the Company, Ms. To Tsz Wan Vivien attended the extraordinary general meeting of the Company held on 2 February 2024 (the "**2024 EGM**") whereas Mr. Tung Woon Cheung Eric and Mr. Leung Louis Ho Ming, the independent non-executive Directors of the Company, were unable to attend the 2024 EGM due to other business commitments.

All independent non-executive Directors of the Company attended the annual general meeting of the Company held on 28 June 2024.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

As at 31 December 2024, the audit committee comprised three independent non-executive Directors, namely Mr. Tung Woon Cheung Eric (chairman of the audit committee), Ms. To Tsz Wan Vivien and Mr. Leung Louis Ho Ming.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this 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.

EVENTS AFTER THE REPORTING PERIOD

In January and February 2025, the Group has obtained shareholder's loans from Mr. Wei Chunxian with an aggregate amount of £16,000,000.

In January and February 2025, in view of the non-compliance of financial covenant of an interest-bearing bank loan, the Group has early repaid part of the bank loan of £10,000,000 and placed a deposit of £10,000,000 in a designated cure account of the bank for obtaining a consent waiver of non-compliance with aforesaid financial covenant on 28 March 2025.

On 25 February 2025, following a conversion notice received from a convertible bondholder for convertible bonds of a principal amount of HK\$16,000,000, the Company allotted and issued 20,000,000 convertible shares to such convertible bondholder at a conversion price of HK\$0.80 per share.

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 2024 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 auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on the preliminary announcement.

PUBLICATION OF RESULTS ON WEBSITES

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

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

Hong Kong, 31 March 2025

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

** for identification purposes only*