光谷聯合控股有限公司
OPTICS VALLEY UNION HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 798

Annual Report 2013

Contents

Corporate Information

COMPANY NAME

Optics Valley Union Holding Company Limited

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited

STOCK CODE

798

STOCK NAME

OVU

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Liping *(Chairman and President)*
Mr. Hu Bin *(Executive President)*
Ms. Chen Huifen *(Vice President)*

Non-executive Directors

Mr. Lu Jun
Ms. Shu Chunping

Independent Non-executive Directors

Mr. Qi Min
Mr. Leung Man Kit
Ms. Zhang Shuqin

JOINT COMPANY SECRETARIES

Ms. Zhang Xuelian
Ms. Leung Ching Ching

AUTHORIZED REPRESENTATIVES

Mr. Huang Liping
Ms. Leung Ching Ching

AUDIT COMMITTEE

Mr. Leung Man Kit *(Chairman)*
Ms. Shu Chunping
Mr. Qi Min

REMUNERATION COMMITTEE

Mr. Qi Min *(Chairman)*
Mr. Hu Bin
Ms. Zhang Shuqin
Mr. Leung Man Kit
Ms. Shu Chunping

NOMINATION COMMITTEE

Mr. Huang Liping *(Chairman)*
Mr. Qi Min
Ms. Zhang Shuqin

FINANCIAL CONTROL COMMITTEE

Mr. Huang Liping
Mr. Wang Yuancheng
Ms. Huang Min

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block D, Exhibition Centre
1 Guanshan Avenue
Optical Valley Software Park
Donghu New Technology
Development Zone
Wuhan, Hubei
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2902, 29th Floor
China Insurance Group Building
No. 141 Des Voeux Road Central
Hong Kong

LEGAL ADVISORS

as to Hong Kong law
Morrison & Foerster
33/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

as to Cayman Islands law
Appleby
2206-19 Jardine House
1 Connaught Place
Central, Hong Kong

as to PRC law
Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing, China

AUDITOR

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

COMPLIANCE ADVISOR

GF Capital (Hong Kong) Limited
29/F and 30/F, Li Po Chun Chambers
189 Des Voeux Road Central
Sheung Wan, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
PO BOX 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS

Hankou Bank Guang Gu Branch
Bank of Communications Wuchang Branch
Industrial and Commercial Bank of China Donghu Development Zone Branch

COMPANY WEBSITE

www.ovuni.com

Financial Summary

A summary of the audited results and of the assets and liabilities of the Group for the last four financial years is set out below:

	Year ended December 31			
	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Results				
Turnover from continuing operations	**1,966,348**	1,812,014	1,405,169	788,798
Gross profit				
Property development	**624,125**	474,337	310,936	240,636
Other business segments	**88,065**	102,299	64,567	44,623
	712,190	576,636	375,503	285,259
Profit before taxation	**593,781**	447,058	360,363	268,247
Profit from continuing operations	**320,869**	277,701	223,371	177,850
Profit attributable to non-controlling interests	**17,685**	66,425	112,071	66,569
Profit for the year	**338,554**	277,701	259,217	183,231

	As of December 31			
	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Assets and liabilities				
Non-current assets	**724,787**	585,455	611,659	582,058
Current assets	**6,358,684**	4,963,036	3,617,124	2,319,467
Current liabilities	**3,665,116**	3,376,670	2,619,903	1,696,340
Net current assets	**2,693,568**	1,586,366	997,221	623,127
Total assets less current liabilities	**3,418,355**	2,171,821	1,608,880	1,205,185
Total equity	**1,665,116**	1,388,367	1,151,773	873,237
Non-current liabilities	**1,753,239**	783,454	457,107	331,948
Total equity and non-current liabilities	**3,418,355**	2,171,821	1,608,880	1,205,185

Note: The figures for the years ended 31 December 2010, 2011 and 2012 are extracted from the Prospectus.

Chairman's Statement

Dear Shareholders,

I would like to express my heartfelt gratitude to you and the community for your attention and support to the Group. On behalf of the Board, I am pleased to present the annual report of the Group for the year ended 31 December 2013, which is the Company's first annual report since the listing of the Shares on the Main Board of the Stock Exchange on 28 March 2014.

The Group is primarily engaged in the development and operation of large-scale business parks with distinctive industry themes. According to a report prepared by Savills Real Estate Valuation (Beijing) Company Limited (the "Savills Report"), it is the second largest commercial business park developer and operator in China as of 31 December 2013 in terms of the total GFA of completed projects, projects under development and projects planned for future development. The Group has benefited from its strong capabilities in business park development and operation and favorable government policies in industrial upgrading and restructuring, and has continued to strategically expand its business and improved its operating results in 2013.

BUSINESS REVIEW

During the reporting period, turnover of the Group increased by 8.5% to RMB1,966.3 million from 2012; profit before tax and profit for the year increased by 32.8% and 21.9%, respectively, to RMB593.8 million and RMB338.6 million from 2012, respectively. The Group generates turnover from property development and other business segments (including business operation services, construction contract, property leasing and development management services). As of 31 December 2013, the Group completed 11 business park projects in Wuhan, Qingdao and Ezhou and three residential projects in Wuhan and Huangshi. The total GFA attributable to the Group of completed projects as mentioned above as of 31 December 2013 was 2,247,680 sq.m. The Group was awarded "The Leading Enterprise in China's Industrial Property Industry Award (中國房地產產業地產標杆企業)" in August 2013 by China Real Estate Business News.

PROSPECT FOR 2014

Looking into 2014, the Group anticipates that the PRC commercial business park market where it operates will continue to grow rapidly driven by significant demand from enterprises for theme-focused business parks, government's supporting policies in transforming, upgrading and restructuring of industries, the implementation of new urbanization policies and measures, as well as the increasing pace of business development of small and medium enterprises and technological innovation in products. Based on its accumulated industry knowledge, development capabilities and operational model in the development and operation of large-scale, multi-theme business parks in Wuhan, Qingdao and Ezhou, the Group can replicate, in a relatively expeditious manner, its business model in relation to business park development in other target cities. The Group has recently started the development of a business park project in Huangshi. The Group also expects to commence the development of the business park projects in Shenyang and Hefei in the near future, and plans to further expand to other target cities, such as Xi'an, Huanggang, Beijing and Tianjin in the future. The Group will further strengthen its established market leader position in China's business park development sector and endeavour to expand its competitive advantages and business model to cover emerging and fast-growing industries and new market segments.

It is noteworthy that despite facing various market challenges during 2013, the Group has achieved satisfactory operating results. Looking ahead into 2014, the Group plans to fully make use of its advantages and opportunities brought about by the policies and the market to further consolidate the Group's leading position in the business parks development and operation market, further expand its development of new business parks that focus on emerging and, fast-growing industries, increase its investment properties strategically in order to boost profitability and diversify revenue sources, and create excellent returns to the Shareholders, gradually increase the sustainability and stability of revenue from business operation services of business parks. I hereby would like to express my sincere gratitude to all Shareholders, customers, investors, members of the Board, management and employees of the Group.

Optics Valley Union Holding Company Limited
Mr. HUANG Liping
Chairman of the Board

16 April 2014

Management Discussion and Analysis

BUSINESS REVIEW

The Group is engaged primarily in the development and operation of large-scale business parks with distinctive industry themes. It is the second largest commercial business park developer and operator in China as of 31 December 2013 in terms of the total GFA of completed projects, projects under development and projects planned for future development, according to the Savills Report.

For further detail of the business park projects and residential projects held by the Group and its joint venture as at 31 December 2013, please refer to the overview of the projects under "Major Properties Information" in this annual report.

Property Development

The Group has developed a portfolio of multi-theme business parks and become a market leader in the business park development sector in Wuhan, Qingdao and Ezhou. Based on its accumulated industry knowledge, development capabilities and operational expertise in the development and operation of large-scale business parks in Wuhan, the Group successfully replicates its business model in business park development in the other target cities. As of 31 December 2013, the Group completed 11 business park projects in Wuhan, Qingdao and Ezhou and three residential projects in Wuhan and Huangshi. The total GFA and the total market value attributable to the Group of its completed projects as mentioned above as of 31 December 2013 were 2,247,680 sq.m. and RMB2,619.3 million, respectively. The following table sets forth an overview of the projects held by the Group as of 31 December 2013.

Project	**Cities**	**Site Area** (sq.m.)	**Total GFA** (sq.m.)	**Saleable GFA** (sq.m.)	**Property Market Value** (RMB'000)	**Property Market Value Attributable to the Group** (RMB'000)
Completed Projects	Wuhan, Qingdao, Ezhou, Huangshi	1,430,928[(1)]	2,249,006[(1)]	1,884,555[(1)]	2,962,700[(1)]	2,925,779[(1)]
Projects under Development	Wuhan, Qingdao, Ezhou, Huangshi	621,351[(2)]	1,059,634[(2)]	872,276[(2)]	3,432,100[(2)]	3,419,680[(2)]
Projects Planned for Future Development	Wuhan, Qingdao, Ezhou, Shenyang, Hefei	1,816,536	5,379,162	4,246,314	6,793,000	5,401,780
Potential Development Projects	Wuhan, Qingdao, Ezhou, Huangshi, Shenyang	2,463,806	5,063,151	4,587,343	Nil	Nil
Total		**6,332,621**	**13,750,953**	**11,590,488**	**13,187,800**	**11,747,239**

Notes:

(1) Excluding the site area of 36,105 sq.m., the GFA of 71,203 sq.m., the saleable GFA of 69,072 sq.m., the property market value of RMB125.3 million and the property market value attributable to the Group of RMB62.65 million, respectively, in respect of the Lido Mason (Phase I). The Lido Mason projects (Phases I and II) are wholly owned and developed by the Group's joint venture, Wuhan Mason.

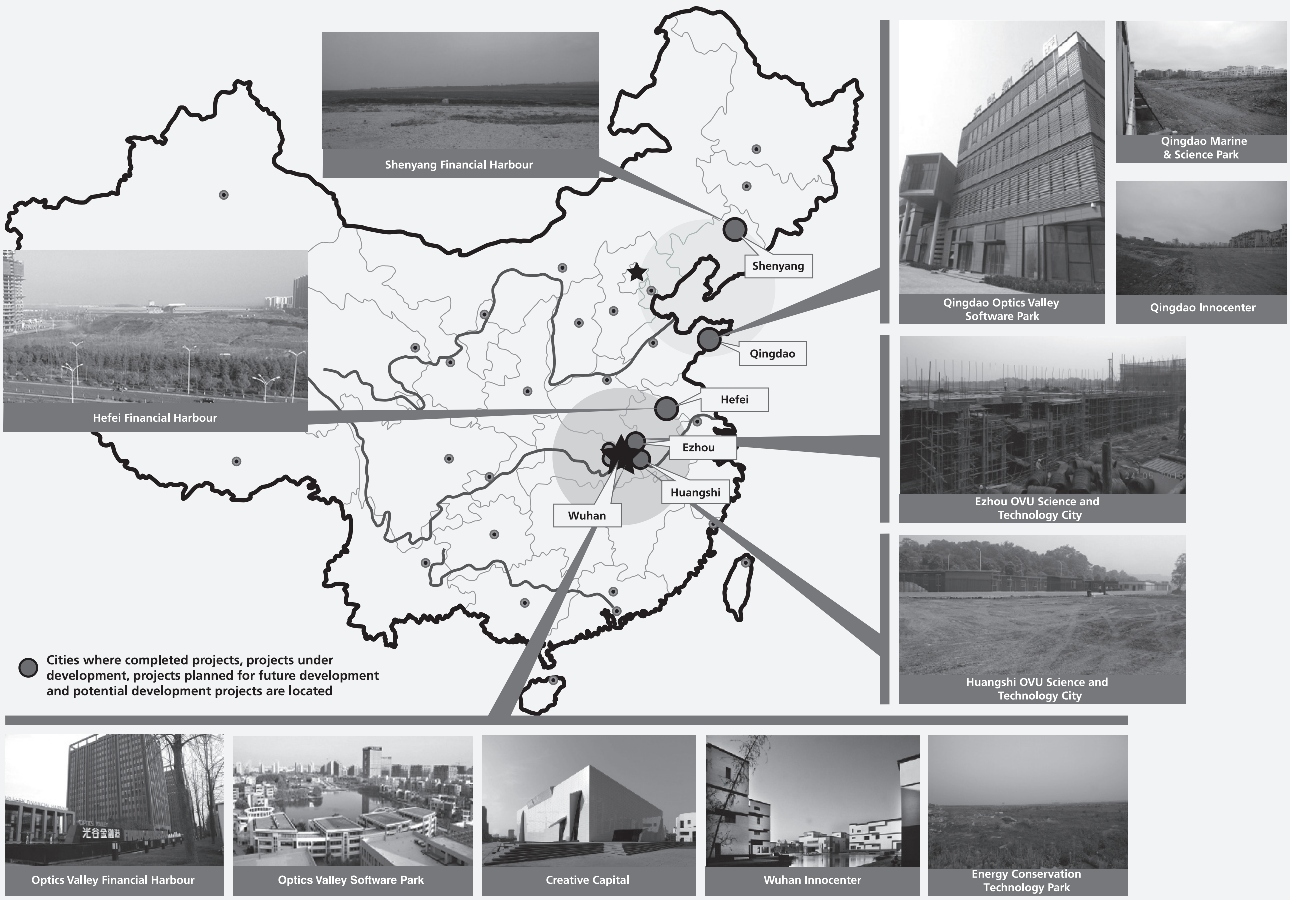
(2) Excluding the site area of 36,067 sq.m., the GFA of 80,524 sq.m., the saleable GFA of 60,298 sq.m., the property market value of RMB290.9 million and the property market value attributable to the Group of RMB145.45 million, respectively, in respect of the Lido Mason (Phase II).

Contracted Sales of Properties

In 2013, the contracted sales of the Company's properties were RMB1,387.17 million; the contracted sales GFA was 226,029 sq.m.; and the average contracted selling price was RMB6,137.13 per sq.m.

Property Development Projects

As at 31 December 2013, the Group had built up a portfolio of thematic business parks in Wuhan, Shenyang, Qingdao, Hefei, Ezhou and Huangshi.



For the year ended 31 December 2013, the details of projects under construction and completed projects are as follows:

Project Status	City	Project	Site Area of Project (sq.m.)	Planned GFA of Project (sq.m.)	Progress of Project
Completed in 2013	Wuhan	Optics Valley Software Park (Phase V)	37,925	238,893	Completed in November 2013
	Wuhan	Optics Valley Software Park Exhibition Center (Phase II)	19,798	26,319	Completed in December 2013
	Wuhan	Optics Valley Financial Harbour (Phase II — Buildings B1–B20)	139,463	335,429	Completed in November 2013
	Wuhan	Wuhan Innocenter (Phase II)	65,800	53,353	Completed in August 2013
	Wuhan	Lido Mason (Phase I)	36,105	71,203	Completed in September 2013
	Qingdao	Qingdao Optics Valley Software Park (Phase I — Areas 1.1 and 1.5)	49,652	80,664	Completed in December 2013
	Ezhou	Ezhou OVU Science and Technology City (Phase I — Area 1.1 — Clusters D2–D3 and D5–D6)	73,414	53,452	Completed in December 2013
Under construction in 2013 and not yet completed	Wuhan	Optics Valley Financial Harbour (Phase II-Buildings B21–B30)	91,848	179,592	Under construction
	Wuhan	Creative Capital (Phase I)	193,900	289,255	Under construction
	Wuhan	Lido 2046	37,986	126,629	Under construction
	Wuhan	Lido Mason (Phase II)	36,067	80,524	Under construction
	Qingdao	Qingdao Optics Valley Software Park (Phase I — Areas 1.3 to 1.4)	79,615	122,972	Construction commenced in April 2013; currently under construction
	Ezhou	Ezhou OVU Science and Technology City (Phase I — Area 1.1 — Clusters C7–C9)	42,665	50,586	Construction commenced in July 2013, currently under construction
	Huangshi	Huangshi OVU Science and Technology City (Phase I)	175,337	190,600	Construction commenced in October 2013; currently under construction

Note: Shenyang Financial Harbour Project obtained part of the land use right. It is under the planning stage and has not yet commenced construction.

Introduction on Major Projects

Optics Valley Financial Harbour

The Optics Valley Financial Harbour is wholly owned and developed by Wuhan Optics Valley Union, one of our wholly-owned subsidiaries of the Company. The project is located in the East Lake Hi-Tech Development Zone, adjacent to the junction of the Beijing-Zhuhai Highway and Shanghai-Chengdu Highway, two key transportation routes connecting north to south, and east to west in China. Such four-phased project occupies a total site area of 526,000 sq.m. and has a planned total GFA of 180 million sq.m. The Optics Valley Financial Harbour provides an integrated and multifunctional platform for banks and financial institutions with easy access to financial back-office services, information technology outsourcing services, business process outsourcing services and other information services. It comprises integrated financial back-office service centers with supporting facilities, including distributed energy supply stations, canteens and recreation centers. During 2013, the Phase II – Buildings B1–B20 of the project was completed in November 2013 and Buildings B21–B30 are under construction.

Phase II — Buildings B1–B20 completed

Phase II — Buildings B21–B30 under construction

Creative Capital

The Creative Capital is wholly owned and developed by Wuhan Optics Valley Union, one of our wholly-owned subsidiaries. The project is located in Hongshan District, Wuhan. Such two-phased project occupies a total site area of 379,000 sq. m. and has a planned total GFA of 1,059,000 sq. m. It is designed to be an integrated and multifunctional platform for artists and companies in creative industries, including, among others, advertising and media, art design, fashion design, music, entertainment and internet games. The Creative Capital will comprise commercial and office facilities, including art galleries, artists' creative studios, outdoor theaters and hotels. Currently, the properties of the artists' creative studios, hotel and office are under construction, of which Experience Pavilion is completed, and the art galleries opened on 3 April 2014. The relevant pre-sale permits for the property are being obtained.

The planned site area of Creative Capital (Phase II) is approximately 184,900 sq.m., with a total GFA of approximately 669,600 sq.m. The project is to be wholly owned and developed by Wuhan Optics Valley Union, one of our wholly-owned subsidiaries.

Creative Capital (Phase I) under construction

Qingdao Optics Valley Software Park

Qingdao Optics Valley Software Park is wholly owned and developed by Qingdao OVU Development, one of our wholly-owned subsidiaries. It is located in the West Coast Economic Development Zone, Qingdao. Such three-phased project occupies a total site area of 1,324,000 sq.m. and a total planned GFA of 3,099,000 sq.m. It provides top-grade infrastructure facilities to multinational corporations and small, fast-growing companies for research and development of software, computer animation, network communication and other technologies, as well as service outsourcing. The project consists of office buildings and supporting facilities such as apartments, canteens and hotels. As at 31 December 2013, Phase I – Areas 1.1 and 1.5 are completed, and Areas 1.3 and 1.4 are under construction.

Areas 1.1 and 1.5 completed

Areas 1.3 and 1.4 under construction

Ezhou OVU Science and Technology City

Ezhou OVU Science and Technology City is invested and developed by Hubei Technology Enterprise Accelerator, a project company in which the Company holds 80% equity interest. The project is located in Hubei Gedian High-Technology Industrial Development Zone. It occupies a total site area of 1,053,000 sq.m. and a total planned GFA of 1,306,000 sq.m. It is designed to provide top-grade infrastructure facilities to small and medium enterprises for research and development of advanced technologies of opto-electronic information, electro-mechanical integration, new materials, energy conservation and environmental protection. The project will comprise office buildings for research and development, one to multi-storey customized buildings for product manufacture, and supporting facilities such as canteens and residential apartments.

As at 31 December 2013, Phase I — Area 1.1 — Clusters D2–D3 and D5–D6 were completed, and Area 1.1 — Clusters C7–C9 were under construction.

Phase I — Area 1.1 — Clusters D2–D3 and D5–D6 completed

Phase I — Area 1.1 — Clusters C7–C9 under construction

Huangshi OVU Science and Technology City

Huangshi OVU Science and Technology City is wholly owned and developed by Huangshi OVU Development, a wholly-owned subsidiary of the Company. It is located in the Huangshi Golden Hill New Industrial Zone. Such three-phased project occupies a total site area of 489,000 sq. m. and a total planned GFA of 677,000 sq.m. It is designed to provide an integrated and multifunctional platform for small and medium enterprises and start-up companies for the research and development of technologies relating to strategic emerging industries of biotechnology, new energy, high-end equipment manufacturing (including optoelectronic devices), energy conservation and environmental protection, and clean-energy vehicles. The project will comprise office buildings for research and development, customized buildings for product manufacture, and supporting facilities providing commercial, living, leisure and entertainment services (including, among others, hotels, shopping centers and residential apartments).

Phase I of the project commenced in October 2013, and is expected to be completed in November 2015. 50 office buildings for research and development and other customized buildings will be constructed.

Phase I under construction

Business Operation Services

The Group provides enterprises in its business parks with a wide range of business operation services to facilitate their business operations and reduce their operational costs. As the Group develops and completes an increasing number of business parks, it has expanded the scope of its services and increased the number of customers in the business parks. The Group provides business operation services (such as property management and operation services, centralized energy supply systems and services for the relevant districts, and human resources and training services) to its customers. Turnover of the Group from business operation services increased by RMB19.6 million, or 14.9%, from RMB131.3 million for the year ended 31 December 2012 to RMB150.9 million for the year ended 31 December 2013.

Construction Contract

The Group provides construction services for decorating and improving external parts and internal public areas of buildings to customers in its business parks as well as property developments owned by third parties. As the Group strengthens its vertically integrated business model along the value-chain of the business park development industry, Wuhan Lido Technology has provided decoration and improvement services increasingly to its project companies, rather than external customers. Turnover of the Group from construction contract amounted to RMB184.6 million for the year ended 31 December 2013.

Property Leasing

The Group engages in property leasing and strategically holds and leases out certain properties providing supporting services in its business parks as well as office properties suitable for general business uses to generate recurring rental income. As of 31 December 2013, the Group held investment properties with the total GFA of 50,733 sq.m. and the total market value attributable to the Group of RMB298.2 million.

Development Management Services

The Group provides, on a selective basis, project planning and development management services primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them. As of 31 December 2013, the Group had provided development management services for four business park projects with the total GFA of 2,091,384 sq.m. and two residential projects with the total GFA of 285,686 sq.m..

FUTURE PROSPECT

China's commercial business park market is still at its initial development stage, which is characterized by significant market demand and low level of competition. Under the influence of China's macro policies such as proactively promoting the structural adjustment of national economy, supporting the development of strategic emerging industries and new urbanization, the Group expects that the supply in China's commercial business park market will increase progressively in the next five years. It is expected that the demand in China's commercial business park market will remain strong in the next decade. Such favourable macro environment and enormous market demand will be beneficial to the Group's development and operation of industry theme-focused business park integrated with a fully-functional living environment in various cities. As for the Group, in 2014, it plans to continue to implement its business strategies to further expand its development of new business parks that focus on new, fast-growing industries and increase its investment properties strategically. While seeking to expand its business park business, the Group will also focus on the development, constructions and sales of its existing projects in accordance with its business plans. Other than the government's macro-economic and industrial policies and the development of new urbanization in China, the financial results and performance of the Group are also dependent on such factors as to whether the Group can successfully obtain new projects or funding on reasonable terms and whether it can complete the development, construction and sales of its projects on schedule in accordance with its business plans.

FINANCIAL REVIEW

Reorganizatoin

The Company was incorporated in the Cayman Islands on 15 July 2013 as an exempted company with limited liability. To prepare for the listing of the Shares on the Stock Exchange, the companies comprising the Group underwent a reorganization (the "Reorganization") to optimize the Group's structure, pursuant to which the Company became the holding company of the Group. Details of the Reorganization are set out in the section headed "Our History, Reorganization and Group Structure" of the Prospectus.

Results of Operations

Turnover

The Group generated turnover from sale of business parks and residential properties, business operation services, construction contract, property leasing and development management services. During the reporting period, turnover of the Group increased by RMB154.3 million, or 8.4%, to RMB1,966.3 million from RMB1,812.0 million for the year ended 31 December 2012. The major contributor to our turnover in the relevant periods was sales of properties in our projects.

The following table illustrates the Group's turnover by operating segment for the years indicated.

	Years ended December 31			
	2012		**2013**	
	Turnover RMB'000	% of total	**Turnover RMB'000**	**% of total**
Property development	1,431,893	79.0%	**1,580,002**	**80.3%**
Construction contract	195,056	10.8%	**184,577**	**9.4%**
Business operation services	131,331	7.2%	**150,882**	**7.7%**
Development management services	36,099	2.0%	**27,343**	**1.4%**
Property leasing	17,635	1.0%	**23,544**	**1.2%**
Total	1,812,014	100.0%	**1,966,348**	**100.0%**

Property Development

Turnover of the Group from sale of business parks and residential properties increased by RMB148.1 million, or 10.4%, from RMB1,431.9 million for the year ended 31 December 2012 to RMB1,580.0 million for the year ended 31 December 2013, primarily due to an increase in the total GFA of business park projects sold to its customers as the Group developed and completed an increasing number of development projects. Moreover, the average selling price of properties sold in the Optics Valley Software Park (Phase II) increased as the Group developed the project in a more mature and advanced stage with well-developed infrastructure and supporting facilities.

Construction Contract

Turnover of the Group from construction contract decreased by RMB10.5 million, or 5.4%, from RMB195.1 million for the year ended 31 December 2012 to RMB184.6 million for the year ended 31 December 2013, primarily because Wuhan Lido Technology provided decoration and improvement services increasingly to our project companies, rather than external customers, as we strengthened our vertically integrated business model along the value-chain of the business park development industry.

Business Operation Services

Turnover of the Group from business operation services increased by RMB19.6 million, or 14.9%, from RMB131.3 million for the year ended 31 December 2012 to RMB150.9 million for the year ended 31 December 2013, primarily because the Group developed and completed an increasing number of business parks, expanded the scope of services and increased the number of customers in its business parks.

Development Management Services

Turnover of the Group from development management services decreased by RMB8.8 million, or 24.4%, from RMB36.1 million for the year ended 31 December 2012 to RMB27.3 million for the year ended 31 December 2013, primarily due to a decrease in service fees earned for property development as the Group completed the major development stages of the Wuhan Hi-Tech Medical Devices Business Park (Phase I), the Wuhan Future Technology City (Phase I) and the Lido Mason (Phase I) in 2012 in accordance with the relevant project development schedules, partially offset by the bonus payment from the Wuhan Municipal Government in 2013 for the Group's completion of the major development phase of the Wuhan Hi-Tech Medical Devices Business Park (Phase I) at a cost lower than estimated.

Property Leasing

Turnover of the Group from property leasing increased by RMB5.9 million, or 33.5%, from RMB17.6 million for the year ended 31 December 2012 to RMB23.5 million for the year ended 31 December 2013, primarily due to an increase in rental income from apartment buildings in the Optics Valley Financial Harbour (Phase I) as the property value and average rental price of investment properties in the project increased, partially offset by a decrease in investment properties as a third-party customer was willing to pay higher prices for some shopping units we sold in the Romantic Town.

Cost of Sales

Overview

Cost of sales comprised primarily (i) cost of properties sold in respect of the Group's property development business (mainly including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies), (ii) cost of construction services (mainly including construction costs for decoration and improvement services provided by Wuhan Lido Technology), and (iii) other costs relating to other service businesses (including business operation services, construction contract and development management services). For the years ended 31 December 2012 and 2013, cost of sales of the Group was approximately 68.2% and 63.8% of its turnover for the same periods, respectively.

During the reporting period, cost of sales of the Group increased by RMB18.8 million, or 1.5%, to RMB1,254.2 million from RMB1,235.4 million for the year ended 31 December 2012, primarily due to (i) an overall increase in cost of properties sold as a result of the increase in the total GFA of the business park projects sold to our customers, and (ii) an increase in costs relating to our service businesses (including business operation services, construction contract and development management services) as the Group provided different services to an increasing number of customers.

Cost of Properties Sold

Cost of properties sold consisted primarily of costs incurred directly for the Group's property development activities, including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies. For the years ended 31 December 2012 and 2013, cost of properties sold of the Group accounted for 77.5% and 76.2% of its total cost of sales, respectively.

During the reporting period, cost of properties sold increased by RMB1.7 million, or 0.3%, to RMB955.9 million from RMB957.6 million for the year ended 31 December 2012, primarily due to an overall increase in construction costs, land costs and finance costs as a result of the increase in the total GFA sold to the Group's customers mainly in respect of the Optics Valley Financial Harbour (Phase II — Buildings B1-B20), the Optics Valley Software Park (Phase V), the Wuhan Innocenter (Phase I) and the Ezhou OVU Science and Technology City (Phase I) as the Group developed and completed an increasing number of development projects.

Gross Profit and Gross Profit Margin

As a result of the foregoing, during the reporting period, overall gross profit of the Group increased by RMB135.6 million, or 23.5%, to RMB712.2 million from RMB576.6 million in 2012. Overall gross profit margin of the Group increased from 31.8% in 2012 to 36.2% in 2013.

Other Income

During the reporting period, other income of the Group increased by RMB14.5 million, or 193.3%, to RMB22.0 million from RMB7.5 million in 2012, primarily due to an increase of approximately RMB13.0 million in net gain on disposal of certain office properties and assets held for sale and investment to third-party customers in the fourth quarter of 2013 after the Group relocated its head office to a new building.

Selling and Distribution Expenses

Selling and distribution expenses primarily comprised advertising and promotional expenses, sales and marketing staff cost, travel and communication expenses, office administration expenses, depreciation expenses, and others. For the years ended 31 December 2012 and 2013, selling and distribution expenses of the Group were approximately 2.2% and 2.4% of its total turnover for the same periods, respectively.

During the reporting period, selling and distribution expenses of the Group increased by RMB8.3 million, or 21.2%, to RMB47.5 million from RMB39.2 million in 2012, primarily due to an increase in advertising and promotional expenses as the Group engaged in more sales, marketing and advertising activities for the increasing number of projects. In 2012 and 2013, selling and distribution expenses of the Group were approximately 2.2% and 2.4% of its total turnover for the same periods, respectively.

Administrative Expenses

Administrative expenses primarily comprised administrative staff costs, office administration expenses, travel, meeting and communication expenses, other indirect taxes, depreciation and amortization expenses, listing expenses, professional fees, and others. For the years ended 31 December 2012 and 2013, administrative expenses of the Group were approximately 6.5% and 7.2% of its total turnover for the same periods, respectively.

During the reporting period, administrative expenses of the Group increased by RMB23.6 million, or 19.9%, to RMB141.9 million from RMB118.3 million in 2012, primarily because staff costs, office administration expenses, as well as travel, meeting and communication expenses increased as the Group increased its administrative employee head count due to its expanded operation scale, and listing expenses increased in line with the increased administration expenses due to the increase in fee payment of the relevant agency agreements. In 2012 and 2013, administrative expenses of the Group were approximately 6.5% and 7.2% of its total turnover for the same periods, respectively.

Other Expenses

The Group's other expenses increased by RMB429,000, or 89.0%, from RMB482,000 for the year ended 31 December 2012 to RMB911,000 for the year ended 31 December 2013, primarily due to an increase in net loss on disposal of property, plant and equipment, and an increase in others, as a result of the Group's expanded operation scale, as well as compensation by Wuhan Lido Property Management to an employee in the third quarter of 2013.

Increase in Fair Value of Investment Properties

Fair value gains on the Group's investment properties decreased by RMB1.7 million, or 20.7%, from RMB8.2 million for the year ended 31 December 2012 to RMB6.5 million for the year ended 31 December 2013, primarily due to a decrease in investment properties as a third-party customer was willing to pay higher prices for some shopping units sold by the Group in the Romantic Town which was developed in a more mature and advanced development stage.

For the years ended 31 December 2012 and 2013, the fair value gains on investment properties contributed to approximately 2.9% and 1.9% of the Group's profit for the year, respectively. Fair value gains were recorded in both periods primarily due to the increasing property prices of the Group's investment properties as overall rental prices in local markets generally increased.

Finance Income

During the reporting period, finance income of the Group decreased by RMB4.1 million, or 21.1%, to RMB15.3 million from RMB19.4 million in 2012, primarily due to a decrease of RMB5.0 million, or 32.3%, in its interest income on loan from RMB15.5 million in 2012 to RMB10.5 million in 2013, which were mainly attributable to the interest income it received from Hubei Science & Technology Investment in 2013 on the relevant loan for land acquisition. The decrease in interest income from 2012 to 2013 was, partially offset by an increase of RMB1.2 million, or 33.3%, in the net realized and unrealized gains on other investments from RMB3.6 million for the year ended 31 December 2012 to RMB4.8 million for the year ended 31 December 2013, mainly attributable to sale of trading securities and other financial investment products.

Finance Costs

During the reporting period, finance costs of the Group increased by RMB11.0 million, or 687.5%, to RMB12.6 million from RMB1.6 million in 2012, primarily due to a decrease in interest expense that could be capitalized from RMB130.1 million in 2012 to RMB120.5 million in 2013 as the interest expenses in relation to the Optics Valley Software Park (Phase VI) project could not be capitalized in 2013, partially offset by an increase in net realised and unrealised losses on other investments mainly attributable to the disposal of trading securities at losses.

Share of Profit/(Losses) of Associates

Share of loss of associates increased by RMB53,000, or 13.7%, from RMB386,000 for the year ended 31 December 2012 to RMB439,000 for the year ended 31 December 2013, primarily due to the Group's proportional share of losses in Wuhan Integrated Circuit Design Technology Co., Ltd.

Share of Profit/(Losses) of Joint Ventures

The Group had share of loss of joint ventures of RMB4.7 million for the year ended 31 December 2012, mainly attributable to the Group's proportional share of losses in Wuhan Mason according to the Group's 50% equity interest in the company. Wuhan Mason generated losses primarily due to selling and distribution expenses and administrative expenses incurred in connection with sale of properties in the Lido Mason (Phase I) and most of such expenses were incurred in 2012. The Group had share of profit of joint ventures of RMB41.1 million for the year ended 31 December 2013, which consisted primarily of the Group's share of profits of Wuhan Mason from sales of properties in the Lido Mason (Phase I) for that period in proportion to its 50% equity interest in that company.

Income Tax

During the reporting period, income tax expenses of the Group increased by RMB85.8 million, or 50.7%, to RMB255.2 million from RMB169.4 million in 2012, which was primarily due to (i) an increase in PRC land appreciation tax of RMB51.7 million as pre-tax profit of the Group increased in line with the growth in its profit from property development, (ii) an increase in PRC corporate income tax of RMB26.7 million, and (iii) a decrease in deferred taxation of RMB7.4 million. Effective tax rates of the Group, were 37.9% and 43.0% for the years of 2012 and 2013, respectively.

Profit for the Year

As a result of the foregoing, during the reporting period, the profit attributable to shareholders of the Groups increased from RMB 211.3 million in 2012 by RMB 109.6 million or 51.9% to RMB 320.9 million, the basic earnings per share increased significantly from RMB8.38 cents in 2012 by 38.7% to RMB11.62 cents in 2013.

Financial Position

Property under Development

The carrying amount of properties under development increased by RMB1,216.4 million, or 70.3%, from RMB1,729.9 million as at 31 December 2012, to RMB2,946.3 million as at 31 December 2013, primarily due to the development of the Optics Valley Financial Harbour (Phase II), the Creative Capital (Phase I), the Qingdao Optics Valley Software Park (Phase I), the Ezhou OVU Science and Technology City (Phase I) and the Huangshi OVU Science and Technology City (Phase I).

Completed Properties Held for Sale

The carrying amount of completed properties held for sale of the Group increased by RMB51.4 million, or 5.5%, from RMB941.2 million as at 31 December 2012 to RMB992.6 million as at 31 December 2013, primarily due to an increase in completed properties held for sale in respect of the Optics Valley Software Park (Phase V), the Optics Valley Financial Harbour (Phase II), the Wuhan Innocenter (Phase I) and the Qingdao Optics Valley Software Park (Phase I).

Trade and Other Receivables

The Group's trade and other receivables decreased by RMB203.5 million, or 18.5%, from RMB1,101.5 million as at 31 December 2012 to RMB898.0 million as at 31 December 2013, primarily due to a decrease in prepayments for land acquisition prices and other construction related costs, as well as a decrease in prepaid business tax and other tax on customized developments, as the Group transferred the relevant prepayments into inventories in accordance with project development schedules.

Trade and Other Payables

The Group's trade and other payables decreased by RMB274.9 million, or 9.8%, from RMB2,805.3 million as at 31 December 2012 to RMB2,530.4 million as at 31 December 2013, primarily due to (i) a decrease in receipts in advance as the Group recognized turnover from sale of customized properties in Optics Valley Financial Harbour (Phase II), Wuhan Innocenter (Phase I) and the Optics Valley Software Park (Phase V) for the year ended 31 December 2013, and (ii) a decrease in amounts due to non-controlling equity holders as the Group repaid part of the outstanding balance under entrusted loan arrangements with Hubei Science & Technology Investment, partially offset by an increase in amounts due to third parties which are primarily installment payments to third party contractors as the Group developed and completed an increasing number of projects.

Liquidity and Capital Resources

The Group uses cash primarily to pay for construction costs, land costs, infrastructure costs and finance costs incurred in connection with its property developments, service its indebtedness, and fund its working capital and normal recurring expenses. The Group primarily finances its expenditures through internally generated cash flows, being primarily cash generated through pre-sale and sale of its properties (including progress payments from customers of the customized developments, projects and sales deposits from customers of pre-sold properties), and proceeds from bank loans and other borrowings.

In 2013, the Group's net cash outflow from operating activities was RMB819.1 million, mainly in relation to funds used for the development and sale of the Creative Capital, the Lido 2046, the Wuhan Innocenter, the Optics Valley Financial Harbour (Phase II), the Optics Valley Software Park (Phase V) and the Qingdao Optics Valley Software Park.

In 2013, the Group's net cash generated from financing activities was RMB1,091.3 million, which was primarily due to proceeds from loans and borrowings, proceeds from the issue of corporate bonds and short term financing bills, loans from Hubei Science & Technology Investment. Cash outflow in financing activities in 2013 was mainly related to repayment of bank and other loans, interest and other borrowing costs paid, dividend paid, acquisition of minority equity interests in Optics Valley Software Park Co., Ltd. and Wuhan Optics Valley Union, and repayment of loans from Hubei Science & Technology Investment.

Key Financial Ratios

Current Ratio

Current ratio of the Group, representing total current assets divided by total current liabilities, increased from 1.47 as of 31 December 2012 to 1.73 as of 31 December 2013, mainly attributable to an increase in its current assets primarily as a result of increases in properties under development and completed properties held for sale as it developed an increasing number of projects while the terms of a majority of loans and other borrowings for its property development projects were more than one year and current liabilities of the Group increased at a slower pace compared to current assets.

Net Gearing Ratio

Net gearing ratio of the Group, representing the ratio of interest bearing debts deducting cash in hand over total equity and multiplied by 100%, increased from 52.8% as of 31 December 2012 to 91.1% as of 31 December 2013, primarily because the Group increased bank loans and other borrowings for an increasing number of development projects from 2012 to 2013. Net gearing ratio of the Group on the Listing Date was 62.3%.

Indebtedness

The Group's total outstanding bank loans and other borrowings increased by RMB1,407.3 million, or 121.6%, from RMB1,209.2 million as of 31 December 2012 to RMB2,679.5 million as of 31 December 2013.

Wuhan Optics Valley Union issued the long-term corporate bond of RMB600 million to PRC institutional investors on 23 October 2013 for the purposes of replacing short-term loans with the long-term corporate bond and using the proceeds for development of the Optics Valley Financial Harbour (Phase II). In addition, Wuhan Optics Valley Union intends to issue the short-term corporate bond in an aggregate amount of RMB400 million to PRC institutional investors to fund the Group's general working capital. On 14 November 2013, Wuhan Optics Valley Union issued the first batch of the short-term corporate bonds of RMB70 million to a PRC bank.

As of 31 December 2013, unutilized banking facilities amounted to RMB1,985.7 million and unutilized other borrowings amounted to RMB1,887.2 million. As of 31 December 2013, a secured syndicated bank loan with the value of RMB330.0 million was guaranteed by Mr. Huang Liping and his spouse. As of 31 December 2013, total loans and borrowings at fixed interest rates amounted to RMB638.0 million.

Contingent Liabilities

The Group provides guarantees for its customers' mortgage loans with PRC banks to facilitate their purchases of its pre-sold properties. As of 31 December 2012 and 2013, the outstanding guarantees for mortgage loans by the customers of its pre-sold properties were approximately RMB453.4 million and RMB272.0 million, respectively.

Net Current Assets

Current assets of the Group consist primarily of properties under development, completed properties held for sale, trade and other receivables, inventories and contracting work-in progress, and cash and cash equivalents. Total current assets of the Group were approximately RMB6,358.7 million as of 31 December 2013, as compared to RMB4,963.0 million as of 31 December 2012. As of 31 December 2012 and 2013, aggregate cash denominated in Renminbi of the Group amounted to approximately RMB947.9 million and RMB1,163.2 million, respectively. The Group has primarily financed its expenditures through internally generated cash flows, being primarily cash generated through pre-sale and sale of its properties (including progress payments from customers of its customized developments and sales deposits from customers of its pre-sold properties), and proceeds from bank loans and other borrowings.

Current liabilities of the Group consist primarily of trade and other payables, loans and borrowings, and current tax liabilities. Trade and other payables represent costs related to its development activities. Total current liabilities of the Group were approximately RMB3,665.1 million as of 31 December 2013, as compared to RMB3,376.7 million as of 31 December 2012.

As of 31 December 2013, the Group had net current assets of approximately RMB2,693.6 million as compared to RMB1,586.4 million as of 31 December 2012. Net current assets of the Group increased from 2012 to 2013 primarily attributable to increases in properties under development and completed properties held for sale as it developed an increasing number of projects.

Capital Expenditure and Capital Commitment

Capital expenditure of the Group increased by RMB76.1 million, or 73.4%, from RMB103.7 million in 2012 to RMB179.8 million in 2013. Capital expenditures of the Group were primarily related to expenditure for its construction in progress development, purchases of property, plant and equipment in relation to property development, and purchases of intangible assets.

As of 31 December 2012 and 2013, the Group's outstanding balances of its commitments related to property development expenditure were RMB2,452.3 million and RMB2,244.4 million, respectively.

The Group estimates that its capital expenditures and capital commitments will further increase as its business and operations continue to expand. The Group anticipates that these capital expenditures and capital commitments will be financed primarily by proceeds from the global offering, bank borrowings and cash flow generated from operating activities. If necessary, the Group may raise additional funds on terms that are acceptable to it.

Employees

As of 31 December 2013, the Group had 3,695 full-time employees. The employment cost of the Group was approximately RMB170.3 million for the year ended 31 December 2013. It enters into employment contracts with its employees to cover matters such as position, terms of employment, wages, employee benefits and liabilities for breach and grounds for termination. Remuneration of its employees includes basic wages, allowance, bonuses and other employee benefits. The Group has implemented the measures of employee performance and promotion and the system of employee compensation and benefits. The remuneration package of its employees includes salary and bonuses. In general, it determines employee salaries based on each employee's qualifications, position and seniority.

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution pension schemes which are administered and operated by the relevant local government authorities. The Group is required to make contributions to such schemes from 18% to 20% of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension obligations payable to retired employees. The Group's contributions to the defined contribution pension schemes are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in such contributions.

Pledged Assets

As of 31 December 2013, the Group had pledged certain of its assets with a total book value of RMB822.6 million for the purpose of securing outstanding bank borrowings and corporate bonds, including investment properties, properties under development for sale, completed properties held for sale, property, plant and equipment, lease prepayment and restricted cash.

As at the date of this annual report, a loan of RMB138 million granted by Shanghai Jingzhao Aoxi Investment Center is secured by 92% equity interest in Hefei OVU Development.

Market Risks

The Group is, in the normal course of business, exposed to market risks, primarily credit, liquidity, interest rate and currency risks.

Liquidity Risk

The Group reviews its liquidity position on an ongoing basis, including expected cash flow, sale/pre-sale results of its respective property projects, maturity of loans and the progress of planned property development projects.

Interest Rate Risk

The Group is exposed to interest rate risks, primarily relating to its bank loans and other borrowings, which had outstanding amount of RMB2,762.6 million as of 31 December 2013. The Group undertakes debt obligations to support its property development and general working capital needs. Soaring interest rates may increase the cost of its financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of its debt obligations. The Group currently does not carry out any hedging activities to manage its interest rate risk.

Foreign Exchange Risk

The Group's functional currency is Renminbi and substantially all of its turnover, expenses, cash and deposits are denominated in Renminbi. The Group's exposures to currency exchange rates arise from certain of its cash and bank balances which are denominated in Hong Kong dollar. In the event of a depreciation of the Hong Kong dollar against Renminbi, the value of its cash and bank balances in Hong Kong dollar will decline. In addition, if the Group maintains any foreign currency-denominated assets or liabilities, including raising any foreign currency-denominated debts, fluctuations in Renminbi exchange rates will have an impact on the value of such assets and liabilities, thus affecting its financial condition and results of operations. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign exchange risk.

Credit Risk

The Group is exposed to credit risks, primarily attributable to trade and other receivables. With respect to leasing income from its investment properties, the Group believes it holds sufficient deposits to cover its exposure to potential credit risk. An aging analysis of the receivables is performed on a regular basis, which the Group monitors closely to minimize any credit risk associated with these receivables. The Group has no concentration of credit risk in view of its large number of customers. The Group did not record significant bad debt losses during the reporting period.

Event after Balance Sheet Date

The following major events occurred after the balance sheet date:

1. The Shares of the Company were listed on the Main Board of the Stock Exchange on 28 March 2014.

2. **Use of Net Proceeds from the Company's Initial Public Offering**
   The Shares of the Company were listed on the Stock Exchange on the Listing Date. The net proceeds from the Listing, after deducting underwriting fees and estimated expenses payable by the Group for the listing of the Company upon the exercise of the Over-allotment Option, amounted to approximately HK$746.3 million, which sum is intended to be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

Directors and Senior Management

As of the date of this annual report, the Board consists of eight Directors including three executive Directors, two non-executive Directors and three independent non-executive Directors. The following sets forth the profile of the Directors and senior management:

EXECUTIVE DIRECTORS

Mr. Huang Liping (黃立平), aged 52, is the chairman of the Board, an executive Director, the president of the Group, the chairman of the Nomination Committee and a member of the Financial Control Committee. Mr. Huang is the ultimate controlling shareholder of the Company. Mr. Huang joined the Group in 1998, and was appointed as a Director on 15 July 2013. He is responsible for the overall strategy, business and investment planning. Mr. Huang has 20 years of experience in business management. He was one of the founders of Hongtao K Group Company Limited (紅桃開集團股份有限公司). He also served as a director and the chairman of the board of Wuhan East Lake High Technology, a company listed on the Shanghai Stock Exchange (stock code: 600133). Mr. Huang was the vice chairman of Wuhan United Real Estate from September 1998 to December 2002 and has been the chairman of the board of Wuhan United Real Estate since December 2002. He has been the chairman of the board of Wuhan Optics Valley Union since June 2005.

Mr. Huang received his bachelor's degree in vessels and ports electrification from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan Institute of Water Transportation Engineering (武漢水運工程學院)) in July 1983 and his double bachelor's degree in law from Central China Normal University (華中師範大學) in June 1986. He was qualified as professor in economics management (經濟管理教授) and real estate appraiser (房地產估價師). Mr. Huang is the Vice President of Wuhan General Chamber of Commerce (武漢市總商會副會長), Vice President of Wuhan Enterprises Association (武漢市企業聯合會副會長); and Vice President of Wuhan Real Estate Association (武漢市房地產開發企業協會副會長). Mr. Huang received various honors, awards and recognitions for his contributions to the society, including Award for Wuhan's Outstanding Entrepreneurial Youth in Technology (武漢傑出科技青年創業獎), one of the Top Ten Persons in Wuhan Real Estate Sector (武漢地產十大風雲人物), Medal of May Day Honorable Workers in Hubei Province (湖北五一勞動獎章), Hubei Outstanding Entrepreneurs for Year 2002 (Golden Bull Award) (2002年度湖北省優秀企業家(金牛獎)), Star of Wuhan Charity and Public Interest Affairs (武漢慈善公益之星), expert with special allowance (特殊津貼專家) of the State Council, etc..

Mr. Hu Bin (胡斌), aged 45, is an executive Director, the executive president of the Group and a member of the Remuneration Committee. Mr. Hu joined the Group in 1997 and was appointed as a Director on 6 March 2014. He is responsible for assisting the president of the Group on overall business operation and management and has been a vice general manager and a director of Wuhan United Real Estate since 1997. Mr. Hu has 16 years of experience in business management. Mr. Hu graduated from Hubei University of Economics (湖北經濟學院) (formerly known as Hubei Planning and Management Cadres College (湖北省計劃管理幹部學院)) in the bachelor's program of national economic management in July 2000 and from South-Central University for Nationalities (中南民族大學) in the master's program of China's ethnic economy in June 2003. He was granted the qualification as a senior economist in real estate. Mr. Hu received the awards of One of the China Real Estate Top 100 (中國房地產百傑) in 2006 and Medal of May Day Honorable Workers in Wuhan (武漢五一勞動獎章) in April 2012.

Ms. Chen Huifen (陳惠芬), aged 51, is an executive Director and the vice president of the Group. Ms. Chen joined the Group in August 2005 and was appointed as a Director on 6 March 2014. She is responsible for the cost control center of the Group, the project department of Wuhan Hi-tech Medical Devices Business Park, the project department of Wuhan Future Technology City and the project department of Optics Valley Energy Conservation Science Park. Ms. Chen was the vice general manager of Wuhan Optics Valley Union, from 2005 to March 2008 and has been a vice president of Wuhan Optics Valley Union since April 2008. Before joining the Group, she worked at Wuhan City Third Construction Engineering Co., Ltd. (武漢市第三建築工程公司), Wuhan City Comprehensive Development General Co., Ltd. (武漢市城市綜合開發總公司) and Wuhan East Lake High Technology.

Ms. Chen received her college diploma in industrial enterprise operation management from Wuhan City University of Broadcast and Television (武漢市廣播電視大學) in July 1986 and graduated from the Party School of the Central Committee of Hubei Province (中共湖北省黨校) in economics management (a training program) in February 2001. She was granted the qualification as a senior engineer, an international senior project manager, a registered property valuer, and a senior engineer in cost engineering.

NON-EXECUTIVE DIRECTORS

Mr. Lu Jun (盧俊), aged 53, is a non-executive Director appointed on 6 March 2014. Mr. Lu has 34 years of experience in cooperate management. Mr. Lu joined the Group in September 2008 and has held various positions within the Group, including a supervisor of Wuhan Optics Valley Union from September 2008 to October 2010 and a director of Wuhan Optics Valley Union since October 2010 (including the vice chairman of its board since May 2011). Mr. Lu is the vice chairman of the board and the general manager of Hubei Science & Technology Investment. He held senior positions with Changfa Group's Wuhan Company (長發集團武漢公司), Wuhan East Lake New Technology and Wuhan Hi-Tech Holding Group Co., Ltd. (武漢高科國有控股集團有限公司), and served as vice director of Wuhan Municipal Bureau of Finance (武漢市財政局副處長), the chief in Productivity Promotion Center of East Lake New Technology Development Zone (東湖新技術開發區生產力促進中心主任) and also the chief of Land Reserve Center, East Lake New Technology Development Zone (東湖開發區土地儲備中心主任). Mr. Lu was granted the award as the outstanding Party affairs worker (優秀黨務工作者) by Wuhan Committee of the Communist Party of China (中國共產黨武漢市委員會) in June 2011.

Ms. Shu Chunping (舒春萍), formerly known as Shu Ru (舒茹), aged 51, is a non-executive Director appointed on 6 March 2014. Ms. Shu is a member of the Audit Committee and Remuneration Committee. Ms. Shu joined the Group in March 2005 and has been a director of Wuhan Optics Valley Union since then. Ms. Shu is the vice general manger of Hubei Science & Technology Investment. She held senior positions with Wuhan Sante Cableway Group Co., Ltd. (武漢三特索道集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002159), Wuhan Nanyang Catering & Entertainment Co., Ltd. (武漢南陽美食娛樂有限公司), Wuhan Hi-Tech Holding Group Co., Ltd. (武漢高科國有控股集團有限公司) and Wuhan East Lake High Technology. Ms. Shu received her master's degree in politics and economics from Central China Normal University (華中師範大學) in December 1999.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qi Min (齊民), aged 63, is an independent non-executive Director appointed on 28 March 2014. Mr. Qi is the chairman of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee. Mr. Qi is a vice general manager and a director of Wuhan Hi-Tech Holding Group Co., Ltd. (武漢高科國有控股集團有限公司), a vice president of Hubei Association of Economics (湖北省經濟學會) and a part-time professor of Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong University of Science (華中理工大學)). Mr. Qi was awarded as the China Outstanding Entrepreneur in Technology Companies (中國優秀民營科技企業家) in November 2002. Mr. Qi previously worked in Hubei Provincial Bureau of Statistics (湖北省統計局) and general office, research office of Hubei Provincial Government (湖北省人民政府) and fiscal office of CPC Hubei Province (中共湖北省委). He served as a director and a vice general manager of Hubei Qingjiang Hydroelectric Development Co., Ltd. (湖北清江水電開發有限責任公司). Mr. Qi was a chairman of board of Wuhan Sante Cableway Group Co., Ltd. (武漢三特索道集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002159). Mr. Qi received his bachelor's degree in economics from Wuhan University (武漢大學) in August 1982 and received his doctor's degree in economics from Huazhong University of Science and Technology (華中科技大學) in June 2002. He was granted the qualification as a senior economist.

Mr. Leung Man Kit (梁民傑), aged 60, is an independent non-executive Director appointed on 28 March 2014. Mr. Leung is the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Leung is an executive director of Chanceton Financial Group Limited, a company listed on the Stock Exchange (stock code: 8020), an independent non-executive director of NetEase (NASDAQ: NTES), a NASDAQ listed company, China Ting Group Holdings Limited, a company listed on the Stock Exchange (stock code: 3398), Orange Sky Golden Harvest Entertainment (Holdings) Limited, a company listed on the Stock Exchange (stock code: 1132), and China Huiyuan Juice Group Limited, a company listed on the Stock Exchange (stock code: 1886).

Mr. Leung held senior positions with Peregrine Capital Limited, SG Securities (HK) Limited (formerly known as Crosby Securities (HK) Limited) and UBS, AG, Hong Kong Branch. Mr. Leung was a director of Emerging Markets Partnership (Hong Kong) Limited, the principal advisor to the AIG Infrastructure Fund L.P., a director of Nuada Capital Limited (formerly known as Genesis Global Strategies Limited) and a corporate finance executive of BZR Capital Limited. Mr. Leung was an independent non-executive director of Infoserve Technology Corp., a company listed on the Stock Exchange (stock code: 8077), Anhui Expressway Company Limited, a company listed on the Stock Exchange (Stock Code: 0995), and Junefield Department Store Group Limited, a company listed on the Stock Exchange (stock code: 0758), and has been an executive director of Cosmopolitan International Holdings Ltd, a company listed on the Stock Exchange (stock code: 0120). Mr. Leung has 11 years of experience in financial management. He has been the chairman of the audit committee of various listed companies, and attended seminars in accounting or auditing. Mr. Leung received his bachelor's degree in social science from the University of Hong Kong in October 1977.

Ms. Zhang Shuqin (張樹勤), aged 60, is an independent non-executive Director appointed on 28 March 2014. She is a member of the Remuneration Committee and the Nomination Committee. Ms. Zhang was appointed as an independent non-executive director of Wuhan Optics Valley Union in April 2011. Ms. Zhang founded Hubei Dasheng Law Firm* (湖北大晟律師事務所) in 1995 and has been a managing partner of the firm since then. Hubei Dasheng Law Firm was engaged by a subsidiary of Hubei Science & Technology Investment as its legal compliance advisor with a term from May 2013 to May 2014. As confirmed by Ms. Zhang Shuqin, the legal fee received by Hubei Dasheng Law Firm from such subsidiary is insignificant as compared to the firm's total revenue. Ms. Zhang is an independent non-executive director of Wuhan Gaode Hongwai Group Company Limited (武漢高德紅外股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002414). Ms. Zhang was engaged as legal counsel by Wuhan Municipal Government in July 1992, an arbitrator by Wuhan Arbitration Commission (武漢仲裁委員會) in January 1997, a member of the Expert Advisory Committee of Wuhan Arbitration Committee (武漢仲裁委員會專家諮詢委員會) in November 1999 and a law enforcement supervisor (執法監督員) of Wuhan Municipal Politics and Law Committee (中國共產黨武漢市委員會政法委員會) in April 2002. Ms. Zhang received her bachelor's degree in Chinese from Central China Normal University (華中師範大學) in January 1982. She was granted the qualification as first grade lawyer (一級律師資格) and the qualification as lawyer engaged in securities law (證券法律業務從業律師資格). Ms. Zhang was awarded as one of the Outstanding Lawyers (優秀律師) in the Year of 1987 and 1989 and one of the Capable Women in Wuhan in the Year of 1992 (武漢市女能人) by Wuhan Federation of Trade Unions (武漢市總工會).

SENIOR MANAGEMENT

Mr. Wang Xianhong (王先紅), aged 44, is the vice president of the Group. Mr. Wang joined the Group in 1996 and is responsible for the general operation and management of OVU Architectural Design Institute and the general development of the Group. He served as the manager in comprehensive department and development department, the assistant to the general manager and the project manager of Wuhan United Real Estate, respectively. Mr. Wang received his bachelor's degree in infrastructure management engineering from Tianjin University (天津大學) in July 1991 and was qualified as a senior engineer.

Mr. Wang Yuancheng (王元成), aged 49, is the vice president of the Group. Mr. Wang joined the Group in 1996 and is responsible for the general operation and management of Shenyang OVU Development, Wuhan Lido Technology, Wuhan Lido Curtain Wall Manufacture Co., Ltd. and Hefei OVU Development. He served as the manager of comprehensive technique department of Wuhan United Real Estate from 1996 to 2000 and has been the general manager and the director of Wuhan Lido Technology since 2000. Mr. Wang received his college diploma in municipal construction engineering from Jianghan University (江漢大學) in August 1986 and obtained his master's degree in business administration from The University of Northern Virginia in July 2008. He was qualified as an engineer. Mr. Wang was awarded the excellent enterprise manager (優秀企業經理) in Wuhan district.

Mr. Chen Tongju (陳同舉), aged 48, is the vice president of the Group. Mr. Chen joined the Group in 1996 and is responsible for the general operation and management of Wuhan Lido Property Management, Wuhan Quanpai Catering Management Co., Ltd., Wuhan Ziyuan Hotel Management Co., Ltd., Wuhan Lido Real Estate Agency Co., Ltd. and Wuhan Lido Human Resources Service Co., Ltd.. He served as a director and supervisor of Wuhan United Real Estate from 1996 to 2011. Mr. Chen has been a director and a general manager of Wuhan Lido Property Management, Wuhan Quanpai Catering Management Co., Ltd. and Wuhan Ziyuan Hotel Management Co., Ltds. Mr. Chen received his bachelor's degree in law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan University of Economics (中南財經大學)) in July 1987 and his master's degree in western philosophy from Wuhan University (武漢大學) in July 1993. He was elected as the chairman of Hongshan Area Property Management Association (洪山區物業管理協會) and the vice chairman of Wuhan City Property Management Association (武漢市物業管理協會) in February 2006. He was qualified as a lecturer by Wuhan University (武漢大學講師). Mr. Chen was awarded as the Top Ten Talents in Brand Building (創名牌十大優秀人物) in Wuhan, the Best Leader (最佳領導人) in property management in Wuhan and the China Property Management Outstanding Contribution Entrepreneurs (中國物業管理傑出貢獻企業家).

Mr. Jiang Yongjin (姜永進), aged 48, is the chief financial officer of the Company. He joined the Group in February 2014 and is responsible for the financial management, financing and corporate communications of the Group outside the PRC. Mr. Jiang has more than 20 years of experience in investment, financing, investor relationship management and strategic planning. Before joining the Group, he worked for Sinochem Corporation in various positions and Sinochem Europe Holdings Plc in London, UK, in charge of the Sinochem Group's European investment, financing and strategic planning. Mr. Jiang worked for China Overseas Finance and Investment Co. as the deputy general manager and China Overseas Holding Ltd. as the general manager of its public relations department in charge of financing and investor and media relations. Mr. Jiang acted as the vice president and chief financial officer of Glorious Property Holding Limited, a company listed on the Stock Exchange (stock code: 845), responsible for its investment, financing and corporate communications.

Mr. Jiang obtained his bachelor's degree in economics from Shandong University (山東大學) in 1986, his master's degree in economics from the University of International Business and Economics (對外經濟貿易大學) in 1991 and his master's degree in business administration from the Richard Ivey Business School of the University of Western Ontario, Canada, in 2003. In October 2011, Mr. Jiang completed the Rongsheng & Glorious Global Leaders Program in The Wharton Business School, University of Pennsylvania. Mr. Jiang acquired his qualifications from the Certified General Accountants Association of Canada and is currently a member of the Canadian Certified General Accountants Association of Hong Kong.

Mr. Peng Tao (彭濤), aged 45, is the assistant president and the general manager of the project management center of the Group. Mr. Peng joined the Group in 2000 and is responsible for the project management center of the Group and the projects management and the operation of Wuhan Jitian Construction Co., Ltd.. He served as the chief engineer and the manager in engineering department of Wuhan Optics Valley Union from 2000 to 2008. Mr. Peng has been the member of National Committee of the Chinese People's Political Consultative Conference of Hannan District (漢南區政協委員). Before joining the Group, he served as the chief of the design department of Wuhan Commercial Construction Design Institute (武漢市商業建築設計院). Mr. Peng graduated from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan University of Industry (武漢工業大學)) in the bachelor's program of industrial and civil construction engineering in June 1993 and was qualified as a senior engineer.

Ms. Yao Hua (姚華), aged 42, is the assistant president and the general manager of the sales and marketing center of the Group. Ms. Yao joined the Group in 1998 and is responsible for the sales and marketing of the Group and brand management. Ms. Yao was the head of sales and marketing of Wuhan United Real Estate from 1998 to 2006. Ms. Yao was the head of marketing and enterprise planning and the manager of the enterprise planning department of Wuhan Xuefu from 2006 to March 2008 and the head of the enterprise planning center of Wuhan Optics Valley Union from 2008 to 2010. Ms. Yao received her college diploma in arts education from Hubei Institute of Fine Arts (湖北美術學院) in July 1993 and graduated from Wuhan Textile University (武漢紡織大學) (formerly known as Wuhan University of Science and Engineering (武漢科技學院)) in the bachelor's degree of clothing arts design (a correspondence course) in June 2004 and was qualified as a senior economist.

Ms. Huang Min (黃敏), aged 39, is the assistant president and the general manager of the finance center of the Group, responsible for the overall financial management and financing of the Group within the PRC. Ms. Huang joined the Group in 2002 . She served as the manager in the finance department. Before joining the Group, Ms. Huang served as the accountant and chief accountant of Wuhan East Lake High Technology. Ms. Huang received her college diploma in audit from Hubei College of Finance and Economics (湖北財經高等專科學校) in June 1996 and graduated from Zhongnan University of Economics and Law (中南財經政法大學) in the bachelor's program of accounting (a self-learning course) in June 2001. She received her master's degree in MBA from Wuhan University (武漢大學) in June 2006. Ms. Huang is a member of Hubei Institute of Certified Public Accountants and was qualified as a senior accountant in December 2006. She was awarded the first prize of Wuhan Professional Skills Competition (武漢市技能選拔賽一等獎) and Medal of May Day Honorable Workers in Wuhan (武漢五一勞動獎章) and the third prize of The Second "Jindie Cup" National Accounting Knowledge Competition ("金蝶杯"第二屆全國會計知識大賽三等獎).

Ms. Li Jingsong (李勁松), aged 43, is the assistant president, the general manager of the development center of the Group and Creative Capital Project Department. Ms. Li joined the Group in 1996 and is responsible for the operation of development center. Ms. Li was the manager of the development department of Wuhan United Real Estate from 1996 to 2008, the deputy head of the development center of Wuhan Optics Valley Union from 2008 to 2011 and has been the manager of the development center of Wuhan Optics Valley Union since 2011. Ms. Li received her college diploma in computer science from Hubei University (湖北大學) in July 1990 and was qualified as a senior operation manager.

Mr. Huang Yongping (黃永平), aged 41, is the assistant president and the general manager of the residential property management department of the Group. Mr. Huang joined the Group in 2000 and is responsible for Lido Mason, Lido 2046 and the residential department of the Group. Mr. Huang has held various positions within the Group, including the project managers of Lido Mason and Lido 2046, the manager of the residence department and the vice manager of the sales department and the chairman of the labor committee of Wuhan United Real Estate and the head of sales and marketing of Wuhan Xuefu. Mr. Huang received his college diploma in administration from Hubei University (湖北大學) in July 1991 and his master's degree in administration from Central China Normal University (華中師範大學) in January 2000. He was awarded as one of Ten Outstanding Young Persons of Wuchang district, Wuhan city, Hubei province (湖北省武漢市武昌區十大優秀青年) in 2000.

Ms. Zhang Xuelian (張雪蓮), aged 38, is the secretary to the Board and chief of the legal and compliance department of the Group, and also one of the joint company secretaries. Ms. Zhang joined the Group in 2008 and is responsible for the secretariat of the Board and the legal and compliance department of the Group. She held various positions within the Group, including a supervisor of Wuhan Financial Harbour Development, the head of the administration center, secretary to the board of directors and the chief of the legal and compliance department of the Group. Before joining the Group, Ms. Zhang served as the secretary, representative of securities matters, general manager of the business development department, chief of the audit and legal compliance department, deputy general economist and supervisor of Wuhan East Lake High Technology. Ms. Zhang received her bachelor's degree in economics law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan College of Politics and Law (中南政法學院)) in July 1998. She was qualified as a senior operation specialist and a senior human resources management specialist, and a senior economist. Ms. Zhang attended training programs for company secretary to board, senior management and independent non-executive director of listing company and received the relevant qualifications by the Shanghai Stock Exchange in June 2001, May 2007 and April 2008, respectively.

Mr. Ma Xin (馬欣), aged 32, is the general manager of the human resources center of the Group. Mr. Ma joined the Group in 2011 and is responsible for human resources management and has been the general manager of the human resource center since then. Before joining the Group, he held senior positions with Tsingtao Beer South China Distribution Co., Ltd. (青島啤酒華南營銷有限公司), China Telling Communications Co., Ltd. (天音通信發展有限公司) and China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司). Mr. Ma received his bachelor's degree in business management from Sichuan University (四川大學) in July 1999 and was awarded the master's degree in business administration from the Hong Kong Asia Business College in March 2007. He was granted the qualification of attaining the senior level in human resources and level A of the corporate management in human resources.

Ms. Yong Hui (雍暉), aged 45, is the general manager of Wuhan Lido Technology. Ms. Yong joined the Group in 1996 and is responsible for the general operation of Wuhan Lido Technology. Ms. Yong worked at comprehensive technique department of Wuhan United Real Estate from November 1996 to December 2000 and Wuhan Lido Technology from January 2001 to October 2010. She has been the general manager of Wuhan Lido Technology since October 2010 and Wuhan Lido Curtain Wall Manufacture Co., Ltd. since January 2013. Before joining the Group, Ms. Yong worked in Wuhan Number Two Light Industry Scientific Research and Design Institute (武漢市二輕工業科學研究設計院). Ms. Yong received her college diploma in industrial and civil architecture from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan University of Industry (武漢工業大學)) in December 1989. She was qualified as an engineer. Ms. Yong was awarded as one of the Outstanding Enterprise Managers for Architecture and Decoration in Wuhan Area (武漢地區建築裝飾優秀企業經理).

Mr. Cui Qun (崔群), aged 45, is the executive general manager of Qingdao OVU Development. Mr. Cui joined the Group in 2011 and is responsible for assisting the executive president of the Group in relation to the operation and management of Qingdao OVU Development and has been the executive general manager of Qingdao OVU Development since then. Mr. Cui received his college diploma in secretarial studies (Chinese and foreign languages) from Ocean University of China (中國海洋大學) (formerly known as Ocean University of Qingdao (青島海洋大學)) in July 1991. He has been a member of the People's Congress in Qingdao city, and is also the vice chairman of the Fifth Term of Industrial and Commercial Association of Qingdao City Economic and Technology Development Zone (第五屆青島市經濟技術開發區工商業聯合會副會長) and a member of the Huangdao District Committee of Qingdao City of the First Session of the National Committee of the Chinese People's Political Consultative Conference (第一屆中國人民政治協商會議青島市黃島區委員會委員).

Mr. Chen Dabin (陳大斌), aged 45, is the general manager of Wuhan Optics Valley Union. Mr. Chen joined the Group in 2003 and is responsible for the general operation of Huangshi OVU Development. Mr. Chen has been the vice general manager and the general manager of Huangshi Union Property Co., Ltd. (黃石聯合置業有限公司), now known as Huangshi Optics Valley Union Development Co., Ltd., since then. Before joining the Group, Mr. Chen served as the head of the finance department of Wuhan East Lake High Technology Chopper Biology Co., Ltd. (東湖高新農業生物工程有限公司), a subsidiary of Wuhan East Lake High Technology, and Wuhan Kernel Bio-Tech Co., Ltd. (武漢科諾生物科技股份有限公司). Mr. Chen graduated from Harbin University of Science and Technology (哈爾濱科學技術大學) in industry management and projects in July 1989 and obtained the MBA certificate from Zhongnan University of Economics and Law (中南財經政法大學) in December 2000. He was qualified as a senior economist.

JOINT COMPANY SECRETARIES

Ms. Zhang Xuelian (張雪蓮), aged 38, is the secretary to the Board and chief of the legal and compliance department (集團法務室主任) of the Group. She is also one of the joint company secretaries. See the subsection headed "— Senior Management" in this section for details of her biography.

Ms. Leung Ching Ching (梁晶晶), aged 33, is one of the joint company secretaries. She is a manager of Corporate Services of Tricor Services Limited. Ms. Leung is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Leung graduated from The Chinese University of Hong Kong and obtained the degree of bachelor of social science in December 2003. She also received a master of arts in professional accounting and information system from City University of Hong Kong in November 2006.

Directors' Report

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2013.

CORPORATE INFORMATION AND GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 15 July 2013 as an exempted company with limited liability. The Company's Shares were listed on the Main Board of the Stock Exchange on 28 March 2014.

PRINCIPAL ACTIVITIES

The Group is engaged primarily in the development and operation of large-scale business parks with distinctive industry themes. According to the Savills Report, it is the second largest commercial business park developer and operator in China as of 31 December 2013 in terms of the total GFA of completed projects, projects under development and projects planned for future development.

The Group has developed a portfolio of multi-theme business parks, and it is a market leader in the business park development sector, in Wuhan, Qingdao and Ezhou. Based on its accumulated industry knowledge, development capabilities and operational expertise in the development and operation of large-scale business parks in Wuhan, the Group replicates its business model in business park development in its other target cities. The Group also engages in a variety of other business operations and activities, which include:

- ***Business operation services for the companies in the business parks***. The Group provides enterprises in its business parks with diversified business operation services to facilitate their business operations and reduce their operational costs.

- ***Construction contract***. The Group provides construction services for decorating and renovating external parts and internal common areas of buildings to customers in its business parks as well as property development projects owned by third parties.

- ***Property leasing.*** The Group engages in property leasing and strategically holds and leases out certain properties which provide supporting services in its business parks as well as office properties suitable for general business purposes to generate recurring rental income.

- ***Development management services for business parks owned by third parties.*** As part of its strategic plan, the Group provides, on a selective basis, project planning and development management services primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them.

RESULTS AND FINAL DIVIDENDS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss on pages 65 to 66 of this annual report.

The Board proposed to declare a final dividend of HK$0.032 (equivalent to approximately RMB0.025) per Share, approximately HK$127.9 million in aggregate (approximately equivalent to RMB101.6 million) for the year ended 31 December 2013, which will be payable to Shareholders whose names appear on the register of members of the Company on 20 June 2014, subject to Shareholders' approval in the forthcoming 2014 annual general meeting of the Company. The proposed final dividend is expected to be paid to the Shareholders by the end of June 2014.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last four financial years is set out on page 4 of this annual report. That summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2013 are set out in note 11 to the consolidated financial statements on pages 107 to 108 of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2013 are set out in note 28 to the consolidated financial statements on pages 132 to 137 of this annual report.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

As the Company was not listed on the Stock Exchange during the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's Shares during the year ended 31 December 2013.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2013 are set out in the consolidated statement of changes in equity on pages 71 to 72 of this annual report.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution, calculated in accordance with Cayman Islands law, amounted to approximately RMB1,434.4 million as of 31 December 2013.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as of 31 December 2013 are set out in notes 25 and 26 to the consolidated financial statements on pages 127 to 129 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, the percentage of turnover attributable to the Group's five largest customers from the sales of properties in its projects was approximately 53.0%, and the percentage of turnover attributable to its largest customer from the sales of properties in its projects was approximately 15.4%. During the reporting period, the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year. None of the Directors, their associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest customers and suppliers.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors up to the date of this annual report were:

Executive Directors

Mr. Huang Liping (黃立平) *(Chairman and President) (appointed on 15 July 2013)*
Mr. Hu Bin (胡斌) *(Executive President) (appointed on 6 March 2014)*
Ms. Chen Huifen (陳惠芬) *(Vice President) (appointed on 6 March 2014)*

Non-executive Directors

Mr. Lu Jun (盧俊) *(appointed on 6 March 2014)*
Ms. Shu Chunping (舒春萍) *(appointed on 6 March 2014)*

Independent Non-executive Directors

Mr. Qi Min (齊民) *(appointed on 28 March 2014)*
Mr. Leung Man Kit (梁民傑) *(appointed on 28 March 2014)*
Ms. Zhang Shuqin (張樹勤) *(appointed on 28 March 2014)*

The biographical details of the Directors and senior management are set out under the section "Directors and Senior Management" of this annual report.

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from 11 March 2014, which may be terminated by not less than one month's notice in writing served by either party on the other. Each of the non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from 11 March 2014, and each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date.

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2013 or at any time during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2013.

NON-COMPETITION UNDERTAKINGS

Each of the Controlling Shareholders has confirmed to the Company that he/it has complied with the non-competition undertakings that he/it provided to the Company on 14 March 2014. Details of the deed of non-competition are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus. The independent non-executive Directors have reviewed the status of compliance and confirmed that all of these non-competition undertakings have been complied with by the Controlling Shareholders.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 7 and 8 to the consolidated financial statements on pages 104 to 105 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As the Shares of the Company were not listed on the Stock Exchange as of 31 December 2013, Divisions 7 and 8 of Part XV of the SFO and section 352 of the SFO were not applicable to the Directors or chief executive of the Company as of 31 December 2013.

As of the Listing Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Interests in the Company

Name of Director	Nature of Interest	Number of Shares[1]	Approximate Percentage of Shareholding
Mr. Huang Liping[2]	Interest in controlled corporation	2,228,070,000	55.70%
Mr. Hu Bin[3]	Beneficiary of a trust	70,320,000	1.76%
Ms. Chen Huifen[3]	Beneficiary of a trust	10,950,000	0.27%

Notes:

(1) All the above Shares are held in long position (as defined under Part XV of the SFO).

(2) Mr. Huang Liping holds 100% equity interests in each of AAA Finance and Lidao BVI. Under the SFO, Mr. Huang Liping is deemed to be interested in the 1,787,700,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao BVI. Mr. Huang Liping is also the sole shareholder of Hengxin PTC. Under the SFO, Mr. Huang Liping is also deemed to be interested in the 320,370,000 Shares held by Hengxin PTC.

(3) Mr. Hu Bin and Ms. Chen Huifen are beneficiaries of 70,320,000 and 10,950,000 Shares, respectively, of a trust established pursuant to a trust deed dated 13 September 2013 with Hengxin PTC as trustee, representing 1.76% and 0.27% equity interests in the Company, respectively.

Save as disclosed above, as of the Listing Date, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate since the Listing Date.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2013, none of the Directors had any interest in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders during the year ended 31 December 2013.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As the Shares of the Company were not listed on the Stock Exchange as of 31 December 2013, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company as of 31 December 2013.

As of the Listing Date, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares Held(1)	Approximate Percentage of Shareholding
AAA Finance	Beneficial owner	1,787,700,000	44.69%
Technology Investment HK(2)	Beneficial owner	479,910,000	12.00%
Hubei Science & Technology Investment(2)	Interest in controlled corporation	479,910,000	12.00%
Hengxin PTC(3)	Trustee	320,370,000	8.01%
Qianbao BVI(4)	Beneficial owner	292,020,000	7.30%
Mr. Tse Shing Ming(4)	Interest in controlled corporation	292,020,000	7.30%
Sunshine Life Insurance Co., Ltd.(5)	Beneficial owner	260,480,000	6.51%
Sunshine Insurance Group Corporation Limited(5)	Interest in controlled corporation	260,480,000	6.51%

Notes:

(1) All the above Shares are held in long position (as defined under Part XV of the SFO).

(2) Hubei Science & Technology Investment holds 100% equity interest in Technology Investment HK. Under the SFO, Hubei Science & Technology Investment is deemed to be interested in all the Shares held by Technology Investment HK.

(3) Mr. Hu Bin and Ms. Chen Huifen are beneficiaries of 70,320,000 Shares and 10,950,000 Shares, respectively, of a trust established pursuant to a trust deed dated 13 September 2013 with Hengxin PTC as trustee, representing 1.76% and 0.27% equity interests in the Company, respectively.

(4) Mr. Tse Shing Ming holds 100% equity interest in Qianbao BVI. Under the SFO, Mr. Tse is deemed to be interested in all the Shares held by Qianbao BVI. He is an uncle of the wife of Mr. Huang Liping and is not an associate of Mr. Huang Liping nor is a substantial shareholder of the Company for the purpose of the Listing Rules.

(5) Sunshine Life Insurance Co., Ltd. ("Sunshine Life") holds 260,480,000 Shares. Sunshine Life is a subsidiary of Sunshine Insurance Group Corporation Limited ("Sunshine Group") and therefore Sunshine Group is deemed to be interested in the 260,480,000 Shares held by Sunshine Life under the SFO.

Other than as disclosed above, as of the Listing Date, the Directors have not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

As the Company was not listed on the Stock Exchange as of 31 December 2013, the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions were not applicable to the Company for the year ended 31 December 2013. As of the Listing Date, the Group has the following continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules.

Continuing Connected Transactions Exempt from Reporting, Announcement and Independent Shareholders' Approval Requirements

(i) Two banks in the PRC granted a loan facility of RMB330 million to the Group on 26 April 2012 for a term of 13 years at a floating interest rate of 10% above the five years RMB loan benchmark interest rate published by the People's Banks of China at the time of drawdown. This facility is guaranteed by the Group's connected persons, being Mr. Huang Liping and his spouse.

The financial assistance provided by Mr. Huang Liping and his spouse is on normal commercial terms where no security over the Group's assets was granted in respect of such financial assistance, and as such, such financial assistance is exempted from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

(ii) On 3 March 2014, in order to provide facilities to the Company's non-wholly owned subsidiaries for their working capital purposes, the Company, Hubei Science & Technology Investment, Energy Conservation Technology Park and Wuhan Financial Harbour Development entered into a framework facilities agreement, whereby the Company and Huibei Science & Technology Investment agreed to, and agreed to procure their respective subsidiaries to, provide loan facilities to the associates of Hubei Science & Technology Investment, which are non-wholly owned subsidiaries of the Company, namely Energy Conservation Technology Park and Wuhan Financial Harbour Development (the "Framework Facilities Agreement"). The term of the Framework Facilities Agreement commenced on the date of signing and ends on 31 December 2016. Each of Energy Conservation Technology Park and Wuhan Financial Harbour Development will be charged interest based on the prevailing interest rate as announced by the People's Bank of China.

Hubei Science & Technology Investment is a substantial shareholder of the Company and is therefore a connected person of the Company. Each of Energy Conservation Technology Park and Wuhan Financial Harbour Development is owned by Wuhan Optics Valley Union and Hubei Science & Technology Investment as to 70% and 30%, respectively, and are therefore connected persons of the Company. Pursuant to Rule 14A.65(3) of the Listing Rules, the financial assistance provided under the Framework Facilities Agreement are exempt from the reporting, announcement and independent shareholders' approval requirements as this constitutes financial assistance provided by the Company on normal commercial terms for the benefit of its connected persons and is in proportion to its respective equity interests in Energy Conservation Technology Park and Wuhan Financial Harbour Development.

Continuing Connected Transactions subject to the Reporting and Announcement Requirements but Exempt from Independent Shareholders' Approval Requirements

(iii) On 28 November 2012, Donghu Branch of Wuhan Lido Property Management entered into a property management agreement, as supplemented by a supplemental agreement signed in December 2013, with Wuhan Future City Asset Management, pursuant to which Donghu Branch of Wuhan Lido Property Management agreed to provide certain property management services to Wuhan Future City Asset Management in the period of two years commencing from 28 November 2012 (the "Property Management Agreement").

Wuhan Future City Asset Management is an associate of Hubei Science & Technology Investment as it is wholly owned by Hubei Science & Technology Investment, a substantial shareholder of the Company, and it is therefore a connected person of the Company.

The total fee paid by Wuhan Future City Asset Management to Donghu Branch of Wuhan Lido Property Management under the Property Management Agreement for the year ended 31 December 2013 was RMB1.8 million and the amount payable for the year ended 31 December 2014 shall not exceed RMB3,672,000. The Property Management Agreement was entered into on normal commercial terms and as the highest applicable percentage ratio (other than the profits ratio) of the annual cap is expected to be more than 0.1% but less than 5%, it is subject to the reporting, annual review and announcement requirements but is exempted from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

(iv) On 19 October 2010 and 22 December 2008, Wuhan Optics Valley Union entered into an entrusted construction agreement with Wuhan Future Science & Technology City Investment Construction Co., Ltd. (武漢未來科技城投資建設有限公司) ("Wuhan Future City") and Wuhan Optics Valley Bio-industry Base Construction Investment Co., Ltd. (武漢光谷生物產業基地建設投資有限公司) ("Wuhan Bio-industry Construction"), respectively, under which Wuhan Optics Valley Union was entrusted by Wuhan Future City and Wuhan Bio-industry Construction, respectively, to provide construction services for the entire process from obtaining project planning permit till the delivery for usage upon project completion and qualified acceptance as well as quality assurance period (the "Entrusted Construction Agreements"). The entrusted projects are expected to be completed by June 2016 and December 2015, respectively.

Wuhan Future City and Wuhan Bio-industry Construction are associates of Hubei Science & Technology Investment, a substantial shareholder of the Company, as they are wholly-owned by Hubei Science & Technology Investment and owned by Hubei Science & Technology Investment as to 77.66%, respectively. They are therefore connected persons of the Company.

The transaction amount paid by Wuhan Future City and Wuhan Bio-industry Construction, respectively to Wuhan Optics Valley Union under the Entrusted Construction Agreements for the year ended 31 December 2013 were RMB6.8 million and RMB7.9 million, respectively. The annual caps for each of the years ending 31 December 2014, 2015 and 2016 in respect of the Entrusted Construction Agreement with Wuhan Future City are RMB5,590,000, RMB 5,590,000 and RMB2,796,000, respectively, and the annual caps for each of the years ending 31 December 2014 and 2015 in respect of the Entrusted Construction Agreement with Wuhan Bio-industry Construction are both RMB7,500,000. As the highest applicable percentage ratio (other than the profits ratio) under the Listing Rules in respect of the above annual caps of the Entrusted Construction Agreements, on an aggregated basis, is expected to be more than 0.1% but less than 5% and the transactions are on normal commercial terms, the transactions under the Entrusted Construction Agreements are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Rule14A.34 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions set out above have been entered into in the ordinary and usual course of business of the Company, on normal commercial terms and are fair and reasonable and in the interest of the Shareholders as a whole.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2013, the Group conducted transactions with parties deemed as "related parties" under applicable accounting standard. The details of these transactions are set out in note 33 to the consolidated financial statements on pages 148 to 151 of this annual report. The transactions mentioned in paragraph (c)(v) and (vii) of such note are "continuing connecting transaction" defined in the Listing Rules.

USE OF PROCEEDS

The net proceeds from the Listing, after deducting underwriting fees and related expenses, amounted to approximately HK$746.3 million, which sum is intended to be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. As the Company is in the process of handling relevant foreign exchange procedures, the net proceeds are temporarily placed as short-term interest bearing deposit with licensed financial institutions in Hong Kong.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2013, the Group had 3,695 employees in Hong Kong and the PRC. For the year ended 31 December 2013, the staff cost of the Group was approximately RMB170.3 million.

The employees' remuneration policy is determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and each employee's qualifications, position, seniority and performance.

The remuneration package of the employees includes basic wages, allowance, bonuses and other employee benefits. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of determining salary raises, bonuses and promotion.

The Remuneration Committee was set up to develop the Group's emolument policy and structure for remuneration of the Directors and senior management of the Group, having regard to the individual contribution and performance of the Directors and senior management of the Group and comparable market practices.

POST BALANCE SHEET EVENTS

Details of major events after 31 December 2013 are set out in the section headed "Management Discussion and Analysis" in this annual report and note 36 to the consolidated financial statements on page 152 of this annual report.

CORPORATE GOVERNANCE

As the Company's Shares were not listed on the Stock Exchange during the year ended 31 December 2013, the Corporate Governance Code contained in Appendix 14 to the Listing Rules was not applicable to the Company for that year. Since the Listing Date, save for Mr. Huang Liping being both the chairman of the Board and president of the Group, the Company has been in compliance with all the code provisions set forth in the Corporate Governance Code. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 42 to 51 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers each of the independent non-executive Directors, namely Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin to be independent.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as of the latest practicable date prior to the issue of this annual report, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules since the Listing Date.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 10 June 2014 to 12 June 2014 (both days inclusive), during such period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 9 June 2014.

For the purpose of determining the Shareholders' entitlement to the final dividend, the register of members of the Company will also be closed from 18 June 2014 to 20 June 2014 (both days inclusive), during which period no transfer of shares will be registered. To ensure the entitlement to the final dividend, which will be resolved and voted on at the forthcoming annual general meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 17 June 2014.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and the external auditor the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2013.

AUDITOR

The consolidated financial statements for the year ended 31 December 2013 have been audited by KPMG. A resolution for the reappointment of KPMG as the Company's auditor is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Optics Valley Union Holding Company Limited
Mr. HUANG Liping
Chairman

Hong Kong, 16 April 2014

Corporate Governance Report

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of Shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices. As the Company was not a listed company during the year ended 31 December 2013, the CG Code was not applicable to the Company during that period. The CG Code has been applicable to the Company with effect from the Listing Date. Throughout the period from the Listing Date up to the publication date of this annual report, the Company has complied with all applicable code provisions of the CG Code, with the exception that the roles of Director and President of the Group are both vested in Mr. Huang Liping, details of which are disclosed in the paragraph headed "Chairman and Chief Executive" below.

SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' dealings in the securities of the Company. As the Shares of the Company were not listed on the Stock Exchange as at 31 December 2013, the provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions were not applicable to the Company for the year ended 31 December 2013.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code throughout the period from the Listing Date to the publication date of this annual report.

THE BOARD OF DIRECTORS

Board Responsibilities

The Board is at the core of the Company's corporate governance structure, and is responsible for the overall strategic leadership and planning of the Company. All important matters of the Company are reserved for the Board's decision and the Board retains the authority of deciding such matters, including formulating and monitoring the Company's long term strategies and policy matters, reviewing financial performance, approving annual budgets, monitoring and reviewing internal control and risk management systems, assuming responsibility for the corporate governance of the Company, and upholding the core values of the Company.

Delegation by the Board

The Board relies on management for the day-to-day operation of the Company's business, and has delegated the authority and responsibility for the daily management, administration and operation of the Group as well as the implementation of the Board's policies and strategies to the senior management of the Group. The Board and senior management fully appreciate their respective responsibilities, and they complement each other in formulating and maintaining higher standards of corporate governance practices of the Company.

Board Composition

The Board is structured with a view to ensuring that it is of high caliber and has a balance of skills and experience appropriate for the needs of the Company's business. The Board currently comprises eight members, consisting of three executive Directors, two non-executive Directors and three independent non-executive Directors as set out below.

Executive Directors
Mr. Huang Liping *(Chairman (equivalent to the chairman as stated in the CG Code) and President)*
Mr. Hu Bin *(Executive President)*
Ms. Chen Huifen *(Vice President)*

Non-executive Directors
Mr. Lu Jun
Ms. Shu Chunping

Independent non-executive Directors
Mr. Qi Min
Mr. Leung Man Kit
Ms. Zhang Shuqin

Further description of the biographical details and backgrounds of the Board members are set out under the section headed "Directors and Senior Management" in this annual report. A list of the Directors is available on the designated website of the Stock Exchange and the website of the Company.

There is no financial, business, family or other material or relevant relationships among the Directors.

Non-executive Directors

Each of the non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from 11 March 2014. Under the Articles of Association of the Company, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Retiring Directors shall be eligible for re-election at the annual general meeting at which he retires.

Independent Non-executive Directors

Independent non-executive Directors play an important role in the Board by bringing independent judgment and advice and through scrutiny of the Company's performance. Since the Listing Date and up to the publication date of this annual report, the Company has been in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing the appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with Rule 3.10A of the Listing Rules which requires that independent non-executive Directors appointed must represent at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his or her independence pursuant to Rule 3.13 of the Listing Rules, and the Company considers each of them to be independent with reference to the criteria set out in Rule 3.13 of the Listing Rules.

The Board will continually review and consider whether there are circumstances that are likely to affect the independence of the independent non-executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE

Pursuant to code provision A.2.1 of the CG Code, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and president and Mr. Huang Liping currently performs these two roles. The Board believes that vesting the roles of both chairman and president in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Company to make and implement decisions promptly and effectively. After taking into account the overall circumstances of the Group, the Board will continue to review and consider the separation of the duties of the chairman and president if and when appropriate.

Mr. Huang Liping, as the chairman, is responsible for ensuring that the Directors will receive adequate information in a timely manner, that good corporate governance practices are established and followed, that all Directors make full and active contribution to the Board's affairs. Mr. Huang Liping also takes the lead to ensure that the Board acts in the best interests of the Company and that there is effective communication with the Shareholders and that their views are communicated to the Board.

APPOINTMENT, RETIREMENT AND RE-ELECTION OF DIRECTORS

The Articles of Association of the Company provide that any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

The Nomination Committee is responsible for reviewing the Board's structure, size and composition and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning of Directors.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been provided with relevant training to ensure that they fully understand their responsibilities, duties and obligations as directors of a listed company.

The attendance record of professional training received by the Directors in preparation of the Company's listing on the Stock Exchange is set out below:

Name of Director	Date of attendance of Directors' training
Executive Directors:	
Mr. Huang Liping	29 August 2013
Mr. Hu Bin	29 August 2013
Ms. Chen Huifen	29 August 2013
Non-executive Directors:	
Mr. Lu Jun	29 August 2013
Ms. Shu Chunping	29 August 2013
Independent Non-executive Directors:	
Mr. Qi Min	29 August 2013
Mr. Leung Man Kit	29 August 2013
Ms. Zhang Shuqin	30 August 2013

The Directors will continue to be updated by the Company on any changes or developments affecting their obligations as directors of a listed company.

BOARD MEETINGS

Notice of regular Board meetings is given to each Director at least 14 days before the meeting. The agenda and the relevant board papers are circulated to each Director at least 3 days before regular Board meetings to enable them to make informed decisions at the meeting.

ATTENDANCE RECORDS OF BOARD MEETINGS

Code provision A.1.1 of the CG Code requires that at least four regular Board meetings should be held each year at approximately quarterly intervals, with active participation of a majority of directors, either in person or through other electronic means of communication.

As the Company was not a listed company during the year ended 31 December 2013, the above Code provision was not applicable to the Company during the year under review. The Board intends to hold Board meetings regularly at least four times a year at approximately quarterly intervals. Other Board meetings will be held if necessary.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and senior management members.

BOARD COMMITTEES

The Board has established four Board committees to oversee particular aspects of the Company's affairs, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Financial Control Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. The independent non-executive Directors, as members of the various Board committees, bring their range of experiences and expertise and provide objective perspectives to them. The Board has provided the Board committees with sufficient resources to discharge their duties, and the Board committees may seek independent professional advice as and when required at the Company's expense.

Audit Committee

The Audit Committee comprises three members. It is currently chaired by Mr. Leung Man Kit (independent non-executive Director), and its other members are Ms. Shu Chunping (non-executive Director) and Mr. Qi Min (independent non-executive Director). There is an overall majority of independent non-executive Directors.

The primary functions of the Audit Committee include the following:

- making recommendations to the Board on the appointment, reappointment and removal of external auditors, and to approve remuneration and terms of such engagement;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussing with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing policy on engaging external auditors to supply non-audit services;
- monitoring the integrity of the Company's financial statements and annual report and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting opinions contained in them;
- reviewing the Company's financial controls, internal control and risk management systems and discussing the internal control system with management to ensure that management has performed its duty to have an effective internal control system;
- considering major investigation findings on internal control matters as delegated by the Board or on the Audit Committee's own initiative, as well as management's response to these findings; and
- reviewing the Group's financial and accounting policies and practices.

The written terms of reference of the Audit Committee are available on the website of the Company and the designated website of the Stock Exchange. The Audit Committee did not hold meetings during the year ended 31 December 2013 (when the Company was not yet a listed company), and will hold at least two meetings each year from 2014 onwards.

Remuneration Committee

The Remuneration Committee comprises five members. It is currently chaired by Mr. Qi Min (independent non-executive Director), and its other members are Mr. Hu Bin (executive Director), Ms. Zhang Shuqin (independent non-executive Director), Mr. Leung Man Kit (independent non-executive Director) and Ms. Shu Chunping (non-executive Director). It has an overall majority of independent non-executive Directors.

The primary functions of the Remuneration Committee include the following:

- assessing, reviewing and making recommendations to the Board in respect of the remuneration packages and overall benefits for the Directors and senior management of the Company;
- making recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- determining, with the delegated responsibility, the remuneration packages of individual executive directors and senior management, or making recommendations to the Board on the remuneration packages of individual executive directors and senior management;
- making recommendations to the Board on the remuneration of non-executive directors; and
- ensuring that no Director or any of his associates is involved in deciding his own remuneration.

The written terms of reference of the Remuneration Committee are available on the website of the Company and the designated website of the Stock Exchange. The Remuneration Committee did not hold meetings during the year ended 31 December 2013 (when the Company was not yet a listed company), and will hold at least one meeting each year from 2014 onwards.

Nomination Committee

The Nomination Committee comprises three members. It is currently chaired by Mr. Huang Liping (executive Director), and its other members are Mr. Qi Min (independent non-executive Director) and Ms. Zhang Shuqin (independent non-executive Director). It has an overall majority of independent non-executive Directors.

The primary functions of the Nomination Committee include the following:

- reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession plan for Directors; and
- reviewing the board diversity policy regularly.

The Company has adopted its board diversity policy on 6 March 2013. Board diversity can be attained through various factors, including but not limited to gender, age, cultural and educational background, professional expertise, independence, skills, knowledge and length of service. Decision shall ultimately be made based on the merits of and contribution to be made by the candidate.

The written terms of reference of the Nomination Committee are available on the website of the Company and the designated website of the Stock Exchange. The Nomination Committee did not hold meetings during the year ended 31 December 2013 (when the Company was not yet a listed company), and will hold at least one meeting each year from 2014 onwards.

Financial Control Committee

The Financial Control Committee comprises three members, namely Mr. Huang Liping (executive Director), Mr. Wang Yuancheng (Vice President) and Ms. Huang Min (assistant president and the general manager of the finance center of the Group). The Financial Control Committee is chaired by Mr. Huang Liping. The committee is one of the internal measures adopted for further reducing the Company's potential risk of tax burden arising from the Hefei Financial Harbour project.

The primary duties of the Financial Control Committee are to assess the sufficiency of internal funds, obtain the standby banking facilities where necessary, discuss further the Company's potential risks and exposure level, evaluate sufficiency of the existing measures in place to minimize such risks, and formulate new business strategies and follow-up measures where appropriate.

No meeting of the Financial Control Committee was held during the year ended 31 December 2013.

CORPORATE GOVERNANCE FUNCTIONS

The corporate governance functions have been reserved to the Board. The primary governance functions include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring training and professional development of Directors and senior management;
- reviewing and monitoring the Company's compliance with the CG Code and other legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to Directors and employees of the Company; and
- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2013, presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects, and for ensuring that the financial report are prepared in accordance with applicable statutory requirements and accounting standards. To the best knowledge, information and belief of the Directors, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The management of the Company has provided the Board with such explanation and information necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

Auditor's Statement

The statement of the Company's independent external auditor, KPMG, on its reporting responsibilities in respect of the consolidated financial statements of the Group for the year ended 31 December 2013 is set out on pages 63 to 64 of this annual report.

Internal Control

The Board acknowledges that it is its responsibility to maintain an adequate internal control system to safeguard Shareholders' investment and the Company's assets, and to review the effectiveness of such system on an annual basis, including considering the adequacy of resources, staff qualifications and experience, training programmes for staff and budget of the Group's accounting and financial reporting function.

The Board has conducted a review of the effectiveness of the internal control system of the Group and considers the internal control system to be effective and adequate.

As disclosed in the Prospectus, pursuant to the project investment agreement in respect of the Hefei Financial Harbour project entered into by the Group and the Hefei local government on 10 January 2013, the state-owned land use right grant contract entered into with the Hefei Municipal Land Resources Bureau on 2 September 2013 and the memorandum of understanding entered into with the Hefei local government on 4 November 2013, in the event that the aggregate amount of taxes derived from the companies resident in the business park is less than RMB250.0 million for a certain period after the construction commencement date of the project, the Group is required to pay such shortfall to the relevant tax authorities (the "Minimum Tax Guarantee"). Since the Hefei Financial Harbour project is still in its initial stage, no tax is generated to satisfy the Minimum Tax Guarantee.

In order to mitigate the potential risks of the Minimum Tax Guarantee, the Company has established the Financial Control Committee. The Financial Control Committee will hold regular meetings every year in order to assess the adequacy of internal funds necessary for performing relevant obligations, obtain stand-by banking facilities if and when necessary, further discuss the Group's potential risks and exposure level, evaluate the sufficiency of existing measures in place to minimize such risks and formulate new business strategies and follow-up measures if and when appropriate.

Auditor's Remuneration

For the year ended 31 December 2013, the total remuneration paid or payable to the Company's auditors, KPMG, for audit and audit related services amounted to RMB1.1 million.

In addition, KPMG was appointed as the Company's reporting accountant in relation to the initial public offering of its Shares on the Stock Exchange, in relation to which total fees paid or payable to KPMG during the year ended 31 December 2013 was RMB5.4 million.

JOINT COMPANY SECRETARIES

Ms. Zhang Xuelian, one of the Company's joint company secretaries, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and to ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. Leung Ching Ching, manager of Corporate Services of Tricor Services Limited, as a joint company secretary to assist Ms. Zhang Xuelian in discharging her duties as company secretary of the Company. Ms. Leung Ching Ching together with her primary corporate contact person at the Company, Ms. Zhang Xuelian, act as joint company secretaries of the Company.

The Company will provide funds for Ms. Zhang Xuelian for her to take not less than 15 hours of appropriate continuous professional training in each financial year as required under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting and putting forward proposals

Pursuant to Article 64 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company and the business to be dealt with shall be specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Constitutional Documents

Pursuant to a special resolution of the Shareholders passed on 12 March 2014, the Amended and Restated Memorandum and Articles of Association of the Company were adopted with effect from the Listing Date.

Communication with Shareholders and investor relations

The Board recognizes that it is accountable to its stakeholders, and values the importance of communications with Shareholders. The Company is dedicated to maintaining an open dialogue with its Shareholders, and it will continually improve its communications with Shareholders to obtain their feedback.

The Company has established a shareholder communication policy to ensure effective communication with its Shareholders. The Company's corporate website also serves as a channel for Shareholders to access information about the Group. The Group's key corporate governance policies and documents, including the terms of reference of the various Board committees, as well as all communications for Shareholders including the Group's financial reports and announcements, are available on the website.

Shareholders are welcome to send their request for general meeting, proposed resolutions or enquiries to the Board to the primary contact person of the Company as follows:

Optics Valley Union Holding Company Limited
Unit 2902, 29th Floor
China Insurance Group Building
No. 141 Des Voeux Road Central
Hong Kong
Attention: Mr. Jiang Yongjin, Ms. Zhang Xuelian
Email: ovuIR@ovuni.com

Major Properties Information

The following table sets forth an overview of the business park projects and residential projects held by the Group and its joint venture as of 31 December 2013.

Project		Project Company	Location	Interest Attributable to the Group	Actual/ Estimated Commencement Date[1] (month/year)	Actual/ Estimated Pre-sale Date (month/year)	Actual/ Estimated Completion Date[2] (month/year)	Site Area (sq.m.)	(A) Total GFA[3] (sq.m.)	(B) GFA with Land Use Rights Obtained (sq.m.)
I.	**Completed Projects**									
Business Parks										
1.	Optics Valley Software Park (Phases I to IV) (光谷軟件園一至四期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	Apr 2001	Dec 2004	Sep 2010	393,296	508,826	457,360
2.	Optics Valley Software Park (Phase V) (光谷軟件園五期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	Jan 2010	Nov 2010	Nov 2013	37,925	238,893	183,098
3.	Optics Valley Software Park (Phase VI) (光谷軟件園六期)	Optics Valley Software Park	1 Guanshan Avenue, Wuhan, Hubei Province	100%	Oct 2010	Aug 2011	Dec 2012	28,677	100,106	80,290
4.	Optics Valley Software Park Exhibition Center (Phase I) (光谷軟件園展示中心一期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	Oct 2008	Feb 2009	Dec 2009	8,946	1,570	1,570
5.	Optics Valley Software Park Exhibition Center (Phase II) (光谷軟件園展示中心二期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	Aug 2012	N/A[13]	Dec 2013	19,798	26,319	20,717
6.	Optics Valley Financial Harbour (Phase I) (光谷金融港一期)	OV Financial Harbour Development	77 Guanggu Avenue, Wuhan, Hubei Province	100%	Jun 2009	May 2010	Sep 2012	145,856	275,913	256,098
7.	Optics Valley Financial Harbour (Phase II — Buildings B1-B20) (光谷金融港二期B1-B20棟)	Wuhan Optics Valley Union	77 Guanggu Avenue, Wuhan, Hubei Province	100%	Aug 2011	Dec 2011	Nov 2013	139,463	335,429	263,809
8.	Wuhan Innocenter (Phase I) (武漢研創中心一期)	Wuhan Minghong	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	Dec 2011	Jun 2012	Dec 2012	70,500	43,236	41,350
		Hubei Huisheng	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	Dec 2011	May 2012	Dec 2012	31,359	18,091	17,681
9.	Wuhan Innocenter (Phase II) (武漢研創中心二期)	Hubei Huisheng	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	Sep 2012	Jul 2013	Aug 2013	65,800	53,353	43,316
10.	Qingdao Optics Valley Software Park (Phase I — 1.1 and 1.5) (青島光谷軟件園一期1.1及1.5區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong Province	100%	Jul 2012	N/A[14]	Dec 2013	49,652	80,664	64,265
11.	Ezhou OVU Science and Technology City (Phase I — 1.1 — Clusters D2-D3 and D5-D6) (鄂州光谷聯合科技城一期1.1區D2-D3及D5-D6組團)	Hubei Technology Enterprise Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	80%	May 2013	Jul 2013	Dec 2013	73,414	53,452	53,452
	Subtotal							1,064,686	1,735,852	1,483,006

Relationship among marked columns: *(A) = (C) + (D) + (E) + (F) + (G)*
(B) = (C) + (D) + (E) + (F)

Major Properties Information (Continued)

		(C)	(D)	(E)			(F)	(G)				
				Saleable GFA[8]								
GFA Completed[4] (sq.m.)	Measured Area[6] (sq.m.)	GFA Held for Company's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[5] (sq.m.)	GFA Sold[6] (sq.m.)	GFA Pre-sold[6][9] (sq.m.)	Salable GFA[6] (sq.m.)	Leasable GFA[6][7] (sq.m.)	Underground GFA[6][10] (sq.m.)	Development Costs Incurred[11] (RMB million)	Future Development Costs[11][12] (RMB million)	Property Market Value (RMB million)	Property Number Adopted in Property Valuation Report
508,826	511,490	143	1,495	435,071	—	1,214	19,437	51,466	1,155.0	—	929.4	1 and 31
238,893	234,846	—	3,523	160,859	—	18,716	—	55,794	592.2	—	—	—
100,106	101,543	—	270	61,065	—	18,954	—	19,817	349.5	—	—	—
1,570	1,515	—	—	—	—	1,570	—	—	15.1	—	—	—
26,319	—	8,620	—	—	—	12,097	—	5,602	124.1	—	—	—
275,913	266,666	12,293	4,104	224,266	—	10,875	4,561	19,815	743.7	—	389.1	2 and 32
335,429	289,904	—	8,334	227,504	24,745	3,226	—	71,620	811.5	—	—	—
43,236	42,752	—	—	9,942	11,160	20,248	—	1,887	131.3	—	232.9	6
18,091	17,542	—	—	5,233	4,303	8,146	—	410	80.4	—	95.1	5
53,353	52,489	3,058	—	—	—	40,259	—	10,036	154.1	—	346.9	5
80,664	80,646	—	—	—	24,060	40,205	—	16,399	260.2	—	560.9	13
53,452	53,452	—	—	10,987	11,667	30,799	—	—	47.6	—	128.5	12
1,735,852	1,652,845	24,114	17,726	1,134,927	75,935	206,309	23,998	252,846	4,464.7	—	2,682.8	—

Major Properties Information (Continued)

Project	Project Company	Location	Interest Attributable to the Group	Actual/ Estimated Commencement Date[1] (month/year)	Actual/ Estimated Pre-sale Date (month/year)	Actual/ Estimated Completion Date[2] (month/year)	Site Area (sq.m.)	(A) Total GFA[3] (sq.m.)	(B) GFA with Land Use Rights Obtained (sq.m.)
I. Completed Projects (Continued)									
Residential/Commercial Properties									
12. Romantic Town (麗島漫城)	Wuhan Xuefu	46 Guanggu Boulevard, Wuhan, Hubei Province	51%				94,432	158,876	144,473
— Residential			51%	Jul 2008	Apr 2009	Dec 2011		152,201	137,798
— Commercial			51%	Jul 2008	Apr 2009	Dec 2010		6,675	6,675
13. Lido Top View (麗島半山華府)	Huangshi OVU Development	76 Xin Qu Er Lu, Hangzhou West Road, Tuanchenglushan Huangshi, Hubei Province	100%				122,261	148,271	148,271
– Residential			100%	Mar 2006	Dec 2006	Jun 2010		118,575	118,575
– Commercial			100%	Aug 2006	Sep 2007	Jun 2010		29,696	29,696
Subtotal							216,693	307,147	292,744
Other Properties									
14. North Harbour Business Park – Part I (北港工業園第一部分)	Wuhan Lido Property Management	38 Shucheng Road, Wuhan, Hubei Province	100%	N/A	N/A	N/A	N/A	3,083[15]	3,083[15]
15. North Harbour Business Park – Part II (北港工業園第二部分)	Wuhan Lido Technology	38 Shucheng Road, Wuhan, Hubei Province	100%	N/A	N/A	N/A	N/A	3,683	3,683
16. Lido Garden – Part I (麗島花園第一部分)	Wuhan United Real Estate	1 Luoshi Road, Wuhan, Hubei Province	100%	N/A	N/A	N/A	149,549	198,119	198,119
17. Lido Garden – Part II (麗島花園第二部分)	Wuhan Lido Property Management	1 Luoshi Road, Wuhan, Hubei Province	100%	N/A	N/A	N/A	N/A	1,122	1,122
Subtotal							149,549	206,007	206,007
Subtotal							1,430,928	2,249,006	1,981,757
Residential Properties Held by Our Joint Venture									
18. Lido Mason (Phase I)[17] (麗島美生一期)	Wuhan Mason	No. 318 Minzu Avenue, Wuhan, Hubei Province	50%	Jul 2011	May 2012	Sep 2013	36,105	71,203	68,399

Relationship among marked columns: *(A) = (C) + (D) + (E) + (F) + (G)*
(B) = (C) + (D) + (E) + (F)

Major Properties Information (Continued)

GFA Completed[4] (sq.m.)	Measured Area[6] (sq.m.)	(C) GFA Held for Company's Own Use (sq.m.)	(D) Non-Saleable and Non-Leasable GFA[5] (sq.m.)	(E) Saleable GFA[8]: GFA Sold[6] (sq.m.)	GFA Pre-sold[6][9] (sq.m.)	Saleable GFA[6] (sq.m.)	(F) Leasable GFA[6][7] (sq.m.)	(G) Underground GFA[6][10] (sq.m.)	Development Costs Incurred[11] (RMB million)	Future Development Costs[11][12] (RMB million)	Property Market Value (RMB million)	Property Number Adopted in Property Valuation Report
158,876	161,401	—	636	141,499	124	1,822	392	14,403	445.6	—	22.9	3 and 33
152,201	154,725	—	124	135,728	124	1,822	—	14,403	426.7	—	—	—
6,675	6,676	—	512	5,771	—	—	392	—	18.9	—		
148,271	150,035	—	1,189	130,165	164	1,291	15,462	—	326.6	—	159.5	11 and 37
118,411	120,002	—	440	117,269	—	866	—	—	261.6	—	—	—
29,860	30,033	—	749	12,896	164	425	15,462	—	65.0	—	—	—
307,147	311,436	—	1,825	271,664	288	3,113	15,854	14,403	772.2	—	182.4	—
3,083[15]	3,546	1,248	—	—	—	—	2,298	—	N/A	—	20.6	7 and 34
3,683	3,683	2,023	—	—	—	—	1,661	—	N/A	—	22.0	8 and 35
198,119	198,119	—	—	191,197	—	N/A[16]	6,922	—	510.0	—	44.6	9 and 36
1,122	1,122	—	—	—	—	1,122	—	—	N/A	—	10.3	10
206,007	206,470	3,271	—	191,197	—	1,122	10,881	—	510.0	—	97.5	—
2,249,006	2,170,751	27,385	19,551	1,597,788	76,223	210,544	50,733	267,249	5,746.9	—	2,962.7	—
71,203	72,620	—	744	57,997	6,274	4,801	—	2,804	210.6	—	125.3	4

Major Properties Information (Continued)

Project		Project Company	Location	Interest Attributable to the Group	Actual/ Estimated Commencement Date[1] (month/year)	Actual/ Estimated Pre-sale Date (month/year)	Actual/ Estimated Completion Date[2] (month/year)	Site Area (sq.m.)	(A) Total GFA[3] (sq.m.)	(B) GFA with Land Use Rights Obtained (sq.m.)
II.	**Projects under Development**									
Business Parks										
1.	Optics Valley Financial Harbour (Phase II – Buildings B21-B30) (光谷金融港二期B21-B30棟)	Wuhan Optics Valley Union	77 Guanggu Avenue, Wuhan, Hubei Province	100%	Sep 2012	Dec 2013	Nov 2014	91,848	179,592	139,262
2.	Creative Capital (Phase I) (創意天地一期)	Wuhan Optics Valley Union	16 Ye Zhi Hu West Road, Hongshan District, Wuhan, Hubei Province	100%	Feb 2012	Mar 2014	Jan 2016	193,900	389,255	309,508
3.	Qingdao Optics Valley Software Park (Phase I – Area 1.3 to 1.4) (青島光谷軟件園一期1.3至1.4區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong	100%	Apr 2013	N/A[14]	Dec 2014	79,615	122,972	95,424
4.	Ezhou OVU Science and Technology City (Phase I – Area 1.1 – Clusters C7-C9) (鄂州光谷聯合科技城一期1.1區 C7-C9組團)	Hubei Technology Enterprise Accelerator	Gaoxin Third Road, Wan Dian Development Zone, Ezhou, Hubei Province	80%	Jul 2013	Mar 2014	Mar 2014	42,665	50,586	50,586
5.	Huangshi OVU Science and Technology City (Phase I) (黃石光谷聯合科技城一期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	Oct 2013	Dec 2013	Nov 2015	175,337	190,600	190,600
	Subtotal							583,365	933,005	785,380
Residential Properties										
6.	Lido 2046 (麗島2046)	Wuhan Optics Valley Union	175 Xiongchu Avenue, Wuhan, Hubei Province	100%	Aug 2012	May 2014	Oct 2015	37,986	126,629	114,351
	Subtotal							621,351	1,059,634	899,731
Residential Properties Held by Our Joint Venture										
7.	Lido Mason (Phase II)[17] (麗島美生二期)	Wuhan Mason	No. 318 Minzu Avenue, Wuhan, Hubei Province	50%	Oct 2012	May 2013	Nov 2014	36,067	80,524	60,298

Relationship among marked columns: *(A) = (C) + (D) + (E) + (F) + (G)*
(B) = (C) + (D) + (E) + (F)

Major Properties Information (Continued)

	(C)	(D)		(E)		(F)	(G)				
			Saleable GFA[8]								
GFA Completed[4] (sq.m.)	GFA Held for Company's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[5] (sq.m.)	GFA Sold[6] (sq.m.)	GFA Pre-sold[6][9] (sq.m.)	Saleable GFA[6] (sq.m.)	Leasable GFA[6][7] (sq.m.)	Underground GFA[6][10] (sq.m.)	Development Costs Incurred[11] (RMB million)	Future Development Costs[11][12] (RMB million)	Property Market Value (RMB million)	Property Number Adopted in Property Valuation Report
—	8,862	—	—	92,456	37,944	—	40,330	309.7	327.9	712.8	14
—	15,296	69	—	—	294,143	—	79,746	833.5	925.7	1,329.9	16
—	—	—	—	10,903	84,521	—	27,548	156.2	240.2	352.4	20
—	—	—	—	—	50,586	—	—	47.8	46.7	62.1	19
—	2,000	—	—	—	188,600	—	—	69.8	436.5	357.4	18
—	26,158	69	—	103,359	655,794	—	147,624	1,417.0	1,977.0	2,814.6	—
—	—	1,228	—	—	113,123	—	12,278	477.2	299.8	617.5	17
—	26,158	1,297	—	103,359	768,917	—	159,902	1,894.2	2,276.8	3,432.1	—
—	—	—	—	48,494	11,804	—	20,226	200.6	81.6	290.9	15

	Projects	Project Company	Location	Interest Attributable to the Group	Actual/Estimated Commencement Date[1] (month/year)	Actual/ Estimated Pre-sale Date (month/year)	Actual/ Estimated Completion Date[2] (month/year)	Site Area (sq.m.)	(A) Total GFA[3] (sq.m.)	(B) GFA with Land Use Rights Obtained (sq.m.)
III.	**Projects Planned for Future Development**									
1.	Optics Valley Financial Harbour (Phase III) (光谷金融港三期)	Wuhan Financial Harbour Development	77 Guanggu Avenue, Wuhan, Hubei Province	70%	Mar 2014	Sep 2015	Jul 2016	57,431	350,463	—
2.	Optics Valley Financial Harbour (Phase IV) (光谷金融港四期)	Wuhan Financial Harbour Development	77 Guanggu Avenue, Wuhan, Hubei Province	70%	Sep 2014	Mar 2016	May 2018	91,838	658,333	—
3.	Wuhan Innocenter (Phase III) (武漢研創中心三期)	Wuhan Minghong	Intersection of Guanggu Avenue, and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	Mar 2014	Jan 2015	Mar 2016	15,115	57,113	50,003
		Hubei Huisheng	Intersection of Guanggu Avenue, and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	Mar 2014	Jan 2015	Mar 2016	13,017	57,155	50,003
4.	Energy Conservation Technology Park (節能科技園)	Energy Conservation Technology Park	666 Gaoxin Avenue, Wuhan, Hubei Province	70%	May 2014	Mar 2015	Dec 2020	686,255	2,235,156	—
5.	Qingdao Optics Valley Software Park (Phase I – Area 1.2) (青島光谷軟件園一期1.2區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong	100%	Mar 2014	N/A[14]	Oct 2015	18,366	33,085	28,790
6.	Qingdao Optics Valley Software Park (Phase I – Area 1.6 to 1.7) (青島光谷軟件園一期1.6至1.7區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong	100%	Mar 2014	N/A[14]	Dec 2016	63,563	209,123	170,725
7.	Qingdao Marine & Science Park (Phase I) (青島海洋科技園一期)	Qingdao OVU Development	Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province, South of Zhang Jiang West Road, West of Jiangshan South Road, North of Binhai Avenue	100%	Oct 2014	N/A[14]	Apr 2016	150,681	197,050	—
8.	Qingdao Innocenter (青島研創中心)	Qingdao OVU Development	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	100%				62,285	148,285	—
	— Industrial			100%	Jun 2014	N/A[14]	Jun 2016	48,072	119,842	—
	— Residential			100%	Sep 2014	N/A[14]	Oct 2015	14,213	28,443	—
9.	Ezhou OVU Science and Technology City (Phase I – Area 1.2 to 1.3) (鄂州光谷聯合科技城一期1.2至1.3區)	Hubei Technology Enterprise Accelerator	Gaoxin Third Road, Wan Dian Development Zone, Ezhou, Hubei Province	80%	Mar 2014	Oct 2014	Sep 2015	297,013	374,123	336,770
10.	Shenyang Financial Harbour (Phase I) (瀋陽金融港一期)	Shenyang OVU Development	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	100%	Apr 2014	Apr 2015	Sep 2016	246,537	415,431	388,431
11.	Hefei Financial Harbour (合肥金融港)	Hefei OVU Development	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	92%	Jul 2014	Jan 2015	Feb 2017	114,435	643,845	—
	Subtotal							1,816,536	5,379,162	1,024,722

Relationship among marked columns: *(A) = (C) + (D) + (E) + (F) + (G)*
(B) = (C) + (D) + (E) + (F)

Major Properties Information (Continued)

	(C)	(D)	(E)			(F)	(G)				
			Saleable GFA[8]								
GFA Completed[4] (sq.m.)	GFA Held for Company's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[5] (sq.m.)	GFA Sold[6] (sq.m.)	GFA Pre-sold[6][9] (sq.m.)	Saleable GFA[6] (sq.m.)	Leasable GFA[6][7] (sq.m.)	Underground GFA[6][10] (sq.m.)	Development Costs Incurred[11] (RMB million)	Future Development Costs[11][12] (RMB million)	Property Market Value (RMB million)	Property Number Adopted in Property Valuation Report
—	6,583	2,074	—	—	249,834	—	91,972	74.0	1,260.6	2,000.3	21
—	—	—	—	—	496,200	—	162,133	201.6	2,074.2	—	—
—	—	200	—	—	49,803	—	7,110	15.3	149.4	180.3	24
—	—	200	—	—	49,803	—	7,152	3.0	162.1	121.8	23
—	—	3,000	—	—	1,712,420	—	519,736	287.3	5,977.0	2,388.3	22
—	2,922	—	—	—	25,868	—	4,294	9.7	137.6	444.1	26
—	—	—	—	—	170,725	—	38,398	30.3	663.1	—	—
—	6,800	—	—	—	160,250	—	30,000	53.0	694.3	282.7	28
—	—	—	—	—	116,917	—	31,368	24.1	490.0	140.4	27
—	—	—	—	—	95,662	—	24,180	21.1	395.4	—	—
—	—	—	—	—	21,255	—	7,188	3.0	94.6	—	—
—	—	—	—	—	336,770	—	37,353	53.5	587.0	182.2	25
—	—	—	—	—	388,431	—	27,000	79.8	1,214.1	575.4	29
—	—	—	—	—	489,293	—	154,552	169.0	1,893.8	477.5	30
—	16,305	5,474	—	—	4,246,314	—	1,111,068	1,000.5	15,303.2	6,793	—

Major Properties Information (Continued)

Project		Project Company	Location	Interest Attributable to the Group	Actual/ Estimated Commencement Date[1] (month/year)	Actual/ Estimated Pre-sale Date (month/year)	Actual/ Estimated Completion Date[2] (month/year)	Site Area (sq.m.)	(A) Total GFA[3] (sq.m.)	(B) GFA with Land Use Rights Obtained (sq.m.)
IV.	**Potential Development Projects**									
1.	Qingdao Optics Valley Software Park (Phase II) (青島光谷軟件園二期)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong	100%	Oct 2014	N/A[14]	Jun 2016	113,334	284,214	—
2.	Qingdao Optics Valley Software Park (Phase III) (青島光谷軟件園三期)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong	100%	Dec 2015	N/A[14]	Sep 2021	1,000,005	2,369,286	—
3.	Qingdao Marine & Science Park (Phase II) (青島海洋科技園二期)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong	100%	Mar 2015	N/A[14]	Mar 2016	12,145	26,218	—
4.	Shenyang Financial Harbour (Phase II) (瀋陽金融港二期)	Shenyang OVU Development	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	100%	Mar 2015	Mar 2016	Sep 2018	200,001	400,002	—
5.	Ezhou OVU Science and Technology City (Phase II–Phase III) (鄂州光谷聯合科技城二期至三期)	Hubei Technology Enterprise Accelerator	Gaoxin Third Road, Wan Dian Development Zone, Ezhou, Hubei Province	80%				640,244	827,932	—
	— Industrial			80%	Mar 2015	Jul 2015	Mar 2017	311,402	535,028	—
	— Residential			80%	Oct 2015	Oct 2016	Sep 2017	328,842	292,904	—
6.	Huangshi OVU Science and Technology City (Phase II) (黃石光谷聯合科技城二期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	Sep 2014	Jun 2015	Mar 2017	145,419	218,100	—
7.	Huangshi OVU Science and Technology City (Phase III) (黃石光谷聯合科技城三期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	Mar 2015	Mar 2016	May 2017	167,784	267,800	—
8.	Creative Capital (Phase II) (創意天地二期)	Wuhan Optics Valley Union	16 Ye Zhi Hu West Road, Hongshan District, Wuhan, Hubei Province	100%	Oct 2015	Oct 2016	Sep 2018	184,874	669,599	—
	Subtotal							2,463,806	5,063,151	—
	Aggregate Total of I to IV							6,332,621	13,750,953	3,906,210

Relationship among marked columns: *(A) = (C) + (D) + (E) + (F) + (G)*
(B) = (C) + (D) + (E) + (F)

Major Properties Information (Continued)

	(C)	(D)			(E)	(F)	(G)				
			Saleable GFA[8]								
GFA Completed[4] (sq.m.)	GFA Held for Company's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[5] (sq.m.)	GFA Sold[6] (sq.m.)	GFA Pre-sold[6][9] (sq.m.)	Saleable GFA[6] (sq.m.)	Leasable GFA[6][7] (sq.m.)	Underground GFA[6][10] (sq.m.)	Development Costs Incurred[11] (RMB million)	Future Development Costs[11][12] (RMB million)	Property Market Value (RMB million)	Property Number Adopted in Property Valuation Report
—	—	—	—	—	240,286	—	43,928	—	1,096.4	Nil	41
—	—	—	—	—	2,000,000	—	369,286	—	7,983.3	Nil	42
—	—	—	—	—	18,218	—	8,000	—	46.4	Nil	43
—	—	—	—	—	400,002	—	—	—	1,453.6	Nil	44
—	—	—	—	—	773,338	—	54,594	—	1,468.7	Nil	40
—	—	—	—	—	535,028	—	—	—	1,016.6	Nil	—
—	—	—	—	—	238,310	—	54,594	—	452.1	Nil	—
—	—	—	—	—	218,100	—	—	—	657.6	Nil	39
—	—	—	—	—	267,800	—	—	—	725.5	Nil	—
—	—	—	—	—	669,599	—	—	—	120.0	Nil	38
—	—	—	—	—	4,587,343	—	475,808	—	13,551.5	Nil	—
2,249,006	69,848	26,322	1,597,788	179,582	9,813,118	50,733	2,014,027	8,641.6	31,131.5	13,187.8	—

Major Properties Information (Continued)

Notes:

(1) The actual commencement date refers to the date in the construction works commencement permit (建築工程施工許可證) on or after which the Group commenced construction of a project. For projects planned for future development, the estimated commencement date of a project reflects the Group's best estimate based on its current development plan for the projects.

(2) The actual completion date refers to the date of record for the acceptance examination upon project completion (竣工驗收備案證明) with respect to a project. For projects under development and projects planned for future development, the estimated completion date of a project reflects the Group's best estimate based on its current development plan for the projects.

(3) "Total GFA" in respect of each completed property is based on figures provided in the record of acceptance examination upon project completion in respect of the project for which the Group has obtained the permit, or in some case, its internal records and estimates based on an independent report. "Total GFA" in respect of each project under development is based on figures provided in (i) the construction works commencement permit in respect of the project for which the Group has obtained the permit but not yet obtained the record of acceptance examination upon project completion, (ii) the planning permit for construction works (建設工程規劃許可證) in respect of the project for which the Group has obtained the planning permit for construction works but not yet obtained the construction works commencement permit, or (iii) the Group's internal records and estimates. It includes attributable value of amenities.

(4) "GFA Completed" is based on figures provided in real property certificates, construction and planning permits, surveying reports or records for the acceptance examination upon project completion (竣工驗收備案證明) by the relevant government departments.

(5) "Non-Saleable and Non-Leasable GFA" of properties includes the GFA of certain area above ground used as public car parking spaces and other ancillary facilities.

(6) The following figures are based on the Group's internal records and estimates: (a) "Measured Area", (b) "GFA Sold", (c) "GFA Pre-sold", (d) "GFA Available for Sale", (e) "Leasable GFA" and (f) "Underground GFA".

(7) "Leasable GFA" represents the total GFA of investment properties in each project which the Group holds and leases for recurring rental income.

(8) "Saleable GFA" in respect of each completed project represents the GFA designated by the Group for sale but has not been sold; "Saleable GFA" in respect of each project under development represents estimated GFA that is designated by us for sale, being among the GFA that is leasable or saleable according to the pre-sale permit (預售許可證) or, where the pre-sale permit is not yet available, the Group's internal records and estimates.

(9) Figures for "GFA Pre-sold" are based on the Group's internal records. A property is pre-sold when a binding sales agreement has been executed.

(10) "Underground GFA" of properties includes the GFA of certain underground areas used as car parking spaces and other ancillary facilities (including storage rooms, equipment facilities and power supply stations). Save for Lido Garden, the Group does not have titles to or land use rights of the underground car parking spaces in respect of its projects other than an entitlement to use (使用權) them in accordance with the relevant construction and planning permits and the local general practices in Wuhan. The Group has titles to the underground car parking spaces in Lido Garden.

(11) The following figures are based on the Group's internal records or estimates and unaudited financial information: (a) development cost incurred for certain projects and (b) future development costs. Development cost incurred represents all the development costs incurred for each project as of 31 December 2013, mainly including land costs and construction costs for each project.

(12) Development costs incurred and future development costs for each project are equal to the total actual/estimated development costs for the project.

(13) The Group currently generates a significant part of its turnover from sales of properties in its projects, and as of 31 December 2013, we did not designate any properties in the Optics Valley Software Park Exhibition Centre (Phase II) as investment properties.

(14) The Qingdao Municipal Government has not provided the policies allowing pre-sales of properties in respect of business park projects.

(15) The total GFA of 3,083 sq.m. excludes the construction of insulation structure for fire prevention. With the total GFA of that structure included, the total GFA would be 3,546 sq.m.

(16) There are 93 underground car parking spaces in the Lido Garden project with no GFA information available.

(17) During the reporting period, as the Group only holds a 50% equity interest in the project company, the project company's financial information was not included in the Group's consolidated financial statements.

Independent Auditor's Report

Independent auditor's report to the shareholders of Optics Valley Union Holding Company Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Optics Valley Union Holding Company Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 65 to 152, which comprise the consolidated and company statements of financial position as at 31 December 2013, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

16 April 2014

Consolidated Statement of Profit or Loss

for the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Turnover	3	**1,966,348**	1,812,014
Cost of sales		**(1,254,158)**	(1,235,378)
Gross profit		**712,190**	576,636
Other income	4	**21,981**	7,450
Selling and distribution expenses		**(47,450)**	(39,154)
Administrative expenses		**(141,922)**	(118,287)
Other expenses	4	**(911)**	(482)
Results from operating activities before changes in fair value of investment properties		**543,888**	426,163
Increase in fair value of investment properties	12	**6,542**	8,167
Results from operating activities after changes in fair value of investment properties		**550,430**	434,330
Finance income		**15,263**	19,359
Finance costs		**(12,597)**	(1,592)
Net finance income	5(a)	**2,666**	17,767
Share of losses of associates	15	**(439)**	(386)
Share of profits/(losses) of joint ventures	16	**41,124**	(4,653)
Profit before taxation		**593,781**	447,058
Income tax	6	**(255,227)**	(169,357)
Profit for the year		**338,554**	277,701

The notes on pages 75 to 152 form part these financial statements.

Consolidated Statement of Profit or Loss (Continued)

for the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Attributable to:			
Equity shareholders of the Company		**320,869**	211,276
Non-controlling interests		**17,685**	66,425
Profit for the year		**338,554**	277,701
Basic earnings per share (RMB cents)	9	**11.62**	8.38

The notes on pages 75 to 152 form part these financial statements.

Details of Dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 28(c).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Profit for the year		**338,554**	277,701
Other comprehensive income for the year (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China,net of nil tax	10	**(486)**	(303)
Share of the movement of a joint venture's reserve,net of nil tax	10	**—**	1,994
Other comprehensive income for the year		**(486)**	1,691
Total comprehensive income for the year		**338,068**	279,392
Attributable to:			
Equity shareholders of the Company		**320,383**	212,557
Non-controlling interests		**17,685**	66,835
Total comprehensive income for the year		**338,068**	279,392

The notes on pages 75 to 152 form part these financial statements.

Consolidated Statement of Financial Position

at 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	11	**175,440**	99,477
Investment properties	12	**298,200**	299,800
Intangible assets	13	**4,332**	4,246
Interest in associates	15	**1,146**	1,585
Interest in joint ventures	16	**160,475**	119,351
Other investments	17	**10,000**	10,000
Deferred tax assets	27(b)	**75,194**	50,996
		724,787	585,455
Current assets			
Other investments	17	**122,220**	58,316
Properties under development	18	**2,946,308**	1,729,850
Completed properties held for sale	19	**992,615**	941,206
Inventories and contracting work-in-progress	20	**200,072**	130,479
Trade and other receivables	21	**898,022**	1,101,531
Current tax assets	27(a)	**32,578**	49,467
Restricted cash	22	**3,630**	4,288
Cash and cash equivalents	23	**1,163,239**	947,899
		6,358,684	4,963,036
Current liabilities			
Trade and other payables	24	**2,530,444**	2,805,324
Loans and borrowings	25	**905,500**	476,165
Corporate bonds payable	26	**77,427**	—
Current tax liabilities	27(a)	**151,745**	95,181
		3,665,116	3,376,670
Net current assets		**2,693,568**	1,586,366
Total assets less current liabilities		**3,418,355**	2,171,821

The notes on pages 75 to 152 form part these financial statements.

Consolidated Statement of Financial Position (Continued)

at 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Loans and borrowings	25	**1,151,830**	733,000
Corporate bonds payable	26	**544,763**	—
Deferred tax liabilities	27(b)	**56,646**	50,454
		1,753,239	783,454
Net assets		**1,665,116**	1,388,367
Capital and reserve			
Share capital	28	**8**	4,852
Reserves	28	**1,434,417**	866,926
Total equity attributable to equity shareholders of the Company		**1,434,425**	871,778
Non-controlling interests		**230,691**	516,589
Total equity		**1,665,116**	1,388,367

Approved and authorised for issue by the board of directors on 16 April 2014

HUANG Liping
Director

HU Bin
Director

The notes on pages 75 to 152 form part these financial statements.

Statement of Financial Position

at 31 December 2013

	Note	2013 RMB'000
Non-current assets		
Investments in subsidiaries	14	**214,010**
Current assets		
Cash and cash equivalents	23(a)	**8**
Trade and other receivables	21	**49,395**
		49,403
Total assets		**263,413**
Net assets		**263,413**
Capital and reserves		
Share capital	28	**8**
Reserves	28	**263,405**
		263,413

Approved and authorised for issue by the board of directors on 16 April 2014

HUANG Liping
Director

HU Bin
Director

The notes on pages 75 to 152 form part these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

		Attributable to equity shareholders of the Company							
	Note	Paid-in share capital RMB'000 Note 28(b)	Other reserves RMB'000 Note 28(f)	Exchange reserve RMB'000 Note 28(e)	Statutory reserve RMB'000 Note 28(d)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000 Note 28(g)	Total equity RMB'000
At 1 January 2012		22,464	160,243	1,571	116,842	335,389	636,509	515,264	1,151,773
Changes in equity for 2012:									
Profit for the year		—	—	—	—	211,276	211,276	66,425	277,701
Other comprehensive income		—	1,584	(303)	—	—	1,281	410	1,691
Total comprehensive income for the year		—	1,584	(303)	—	211,276	212,557	66,835	279,392
Appropriation to statutory reserves	28(d)	—	—	—	65,566	(65,566)	—	—	—
Dividend declared during the year	28(c)	—	—	—	—	(85,042)	(85,042)	(69,402)	(154,444)
Contribution from non-controlling equity holders	28(g)	—	—	—	—	—	—	33,200	33,200
Acquisition of equity interests from non-controlling equity holders	28(g)	—	139,898	—	—	—	139,898	(190,839)	(50,941)
Acquisition of subsidiaries		—	—	—	—	—	—	161,531	161,531
Deemed distribution to shareholders	28	(17,612)	(14,532)	—	—	—	(32,144)	—	(32,144)
At 31 December 2012		4,852	287,193	1,268	182,408	396,057	871,778	516,589	1,388,367

The notes on pages 75 to 152 form part these financial statements.

Consolidated Statement of Changes in Equity (Continued)

for the year ended 31 December 2013

	Note	Attributable to equity shareholders of the Company							
		Paid-in share capital RMB'000 Note 28(b)	Other reserves RMB'000 Note 28(f)	Exchange reserve RMB'000 Note 28(e)	Statutory reserve RMB'000 Note 28(d)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000 Note 28(g)	Total equity RMB'000
At 1 January 2013		4,852	287,193	1,268	182,408	396,057	871,778	516,589	1,388,367
Changes in equity for 2013:									
Profit for the year		—	—	—	—	320,869	320,869	17,685	338,554
Other comprehensive income		—	—	(486)	—	—	(486)	—	(486)
Total comprehensive income for the year		—	—	(486)	—	320,869	320,383	17,685	338,068
Appropriation to statutory reserves	28(d)	—	—	—	15,988	(15,988)	—	—	—
Dividend declared during the year	28(c)	—	—	—	—	(50,479)	(50,479)	—	(50,479)
Contribution from non-controlling equity holders	28(g)	—	—	—	—	—	—	20,000	20,000
Acquisition of equity interests from non-controlling equity holders	28(g)	—	277,294	—	—	—	277,294	(323,583)	(46,289)
Waiver of liability from equity shareholders of the Company		—	12,527	—	—	—	12,527	—	12,527
Arising from Reorganisation	28(g)	(4,844)	7,766	—	—	—	2,922	—	2,922
At 31 December 2013		8	584,780	782	198,396	650,459	1,434,425	230,691	1,665,116

The notes on pages 75 to 152 form part these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Operating activities			
Cash generated from operations	23(b)	**(619,302)**	(147,647)
Income tax paid		**(199,778)**	(161,497)
Net cash used in operating activities		**(819,080)**	(309,144)
Investing activities			
Interest received		**10,363**	15,533
Investment income received		**4,804**	3,602
Proceeds from disposal of property, plant and equipment		**165**	175
Proceeds from disposal of intangible assets		**—**	20
Proceeds from disposal of non-current assets		**32,571**	48,723
Proceeds from sales of other investments		**1,132**	15,000
Acquisition of subsidiaries, net of cash acquired		**—**	91,928
Payment for purchase of interest in an associate		**—**	(230)
Proceeds from a joint venture		**—**	45,000
Acquisition of investment properties		**(480)**	(433)
Acquisition of property, plant and equipment		**(34,941)**	(44,805)
Acquisition of intangible assets		**(1,335)**	(4,314)
Acquisition of other investments		**(69,220)**	(50,000)
Net cash (used in)/generated from investing activities		**(56,941)**	120,199

The notes on pages 75 to 152 form part these financial statements.

Consolidated Statement of Cash Flows (Continued)

for the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Financing activities			
Proceeds from corporate bonds		**612,877**	—
Capital contribution from equity holders		**—**	33,200
Capital contribution from non-controlling equity holders		**20,000**	—
Proceeds from loans and borrowings		**1,690,830**	1,198,000
Proceeds from loan from non-controlling equity holders		**63,661**	236,902
Repayment of bank and other loans		**(842,665)**	(606,946)
Repayment of loans from non-controlling equity holders		**(241,772)**	(527,062)
Decrease in restricted cash		**658**	217,892
Interest and other borrowing costs paid		**(118,397)**	(127,020)
Dividend paid		**(50,479)**	(85,114)
Acquisition of equity interests from non-controlling equity holders in connection with Reorganisation		**(260,215)**	(32,626)
Capital injection from non-controlling equity holders in connection with Reorganisation		**216,848**	—
Deemed distribution to the then equity holders		**—**	(32,144)
Net cash generated from financing activities		**1,091,346**	275,082
Net increase in cash and cash equivalents		**215,325**	86,137
Cash and cash equivalents at 1 January		**947,899**	861,762
Effect of foreign exchange rate changes		**15**	—
Cash and cash equivalents at 31 December	23	**1,163,239**	947,899

The notes on pages 75 to 152 form part these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective in the current year. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation and presentation

Optics Valley Union Holding Company Limited (the "Company") was incorporated in the Cayman Islands on 15 July 2013 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands.

Pursuant to a reorganisation of the Company and its subsidiaries (together referred to as the "Group") to rationalise the group structure in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "Reorganisation"), the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 18 March 2014 (the "Prospectus"). The Company's shares were listed on the Main Board of the Stock Exchange on 28 March 2014.

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements:

- Amendments to IAS 1, Presentation of financial statements — Presentation of items of other comprehensive income
- IFRS 10, Consolidated financial statements
- IFRS 11, Joint arrangements
- IFRS 12, Disclosure of interests in other entities
- IFRS 13, Fair value measurement
- Annual Improvements to IFRSs 2009–2011 Cycle
- Amendments to IFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Basis of measurement

The consolidated financial statements is presented in Renminbi ("RMB"), rounded to the nearest thousand except for per share data. It is prepared on the historical cost basis except for investment properties (See Note 1(l)), certain financial assets (See Note 1(h)) which are stated at their fair value.

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 32.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Consolidation

(i) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 1(h)(iii) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(h)(j)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 1(g)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see Note 1(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see Note 1(n)).

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the group or company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (See Note 1(n)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(m)). Any acquisition-date excess over cost, the group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associates or the joint ventures, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(h)(j)).

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 1(m)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(n)).

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments

(i) Derivative financial assets

Derivative financial assets are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(ii) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets classified as held-for-trading comprise short-term sovereign debt securities actively managed by the Group's treasury department to address short-term liquidity needs.

Financial assets designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Non-derivative financial assets (Continued)

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to- maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses (see Note 1(m)).

Held-to-maturity financial assets comprise debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 1(m)).

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 1(m)) and foreign exchange differences on available-for-sale debt instruments (see Note 1(v)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(iii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(iii) Non-derivative financial liabilities (Continued)

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

(iv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment (Continued)

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Years	**Estimated residual value as a percentage of costs**
Buildings	20–30	3%–5%
Machines	3–10	3%–5%
Motor vehicles	5–10	3%–10%
Furniture, office equipment and others	3–10	3%–10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (Note 1(l)) and property under development for sales and completed property held for sale (Note 1(n)).

If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

(k) Intangible assets and goodwill

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Intangible assets and goodwill (Continued)

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- software 5–10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (1(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and properties that are being constructed or developed for future use as investment properties.

Investment properties are stated in the statement of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for in (Note 1(t)(ii)).

(m) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 1(m)(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment (Continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

— Properties held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realizable value is determined by reference to management estimates based on prevailing market conditions.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Property development (Continued)

— Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including: land use right (Note 1(j)), aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see Note 1(u)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

— Completed properties held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(o) Inventories

Inventories mainly include construction materials, pesticide products and low value consumables. Inventories are stated at cost and comprise all costs of purchase. They are computed on a weighted average basis, less provision for obsolescence. When inventories are consumed, the carrying amount of inventories is recognised as an expense in the year in which the consumption occurs. Any obsolete and damaged inventories are written off to the profit or loss.

(p) Contracting work-in-progress

Contracting work-in-progresses are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in Note 1(t)(iv). When the outcome of a contracting work-in-progress can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Contracting work-in-progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the consolidated balance sheet as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables". Amounts received before the related work is performed are presented as "Receipts in advance" under "Trade and other payables".

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(r) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Tax (Continued)

(ii) Deferred tax (Continued)

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of properties

Revenue from sales of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the buyers.

Revenue from sales of properties excludes business tax or other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position as receipts in advance.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Service fee income

Service fee income in relation to design and development management services, property management service, advertising service and other ancillary services are recognised when such services are provided to customers.

(iv) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliable, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Revenue recognition (Continued)

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the assets upon meeting the relevant conditions, if any, attaching to them.

(u) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that are recognised in profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions and deferred consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss and contingent consideration, impairment losses recognised on financial assets (other than trade receivables), losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Translation of foreign currencies

Foreign currency transactions during the period are translated at the relevant exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the relevant exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the relevant exchange rates ruling at the dates the fair value was determined.

The results of operations in other jurisdictions are translated into RMB at the exchange rates approximating the relevant exchange rates ruling at the dates of the transactions. Statements of financial position items are translated into RMB at the relevant exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation in other jurisdictions, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss on disposal when the profit or loss on disposal is recognised.

(w) Related parties

(i) A person, or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Related parties (Continued)

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated Financial Information, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are individually material may be aggregated if they share a majority of these criteria.

2 SEGMENT REPORTING

The Group manages its businesses by divisions organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following six reportable segments. The operating segments with similar economic characteristics have been aggregated to form the following reportable segments.

- Property development: this segment develops and sells industrial parks and residential properties. Currently the Group's activities in this regard are carried out in the PRC.

- Construction contract: the revenue of this segment recognised results from the development of a number of office and residential buildings for some of the Group's customers. These buildings are constructed based on specifically negotiated contracts with customers. Currently the Group's activities in this regard are carried out in the PRC.

- Property leasing: this segment leases office units to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.

- Development management services: this segment provides construction management for the projects under construction. Currently the Group's activities in this regard are carried out in the PRC.

- Business operation services: this segment provides property management and other services for the completed projects of industrial parks and residential properties. Currently the Group's activities in this regard are carried out in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include non-current assets and current assets with the exception of deferred tax assets and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of income tax payable, deferred tax liabilities and certain liabilities unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted profit from operations". To arrive at adjusted profit from operations the Group's profits are further adjusted for items not specifically attributed to an individual reportable segment, such as directors' remuneration, auditors' remuneration and other head office or corporate administrative expenses.

2 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

In addition to receiving segment information concerning adjusted profit from operations, management is provided with segment information concerning revenue (including inter-segment sales), interest income from bank deposits, interest expenses, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

For the year ended 31 December 2013

	Property development RMB'000	Construction contract RMB'000	Property leasing RMB'000	Development management services RMB'000	Business operation services RMB'000	Total RMB'000
Revenue from external customers	1,580,002	184,577	23,544	27,343	150,882	1,966,348
Inter-segment revenue	—	581,509	567	3,131	34,663	619,870
Reportable segment revenue	1,580,002	766,086	24,111	30,474	185,545	2,586,218
Reportable segment profits	470,707	10,669	14,404	26,054	14,526	536,360
Finance income	11,277	2,375	—	—	1,611	15,263
Finance costs	(7,669)	(4,710)	—	—	(218)	(12,597)
Depreciation	(4,677)	(7,174)	—	—	(1,353)	(13,204)
Amortisation	(1,081)	(92)	—	—	(76)	(1,249)
Share of losses of associates	(439)	—	—	—	—	(439)
Share of profit of a joint venture	41,124	—	—	—	—	41,124
Increase in fair value of investment properties	6,350	192	—	—	—	6,542

2 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2012

	Property development RMB'000	Construction contract RMB'000	Property leasing RMB'000	Development management services RMB'000	Business operation services RMB'000	Total RMB'000
Revenue from external customers	1,431,893	195,056	17,635	36,099	131,331	1,812,014
Inter-segment revenue	—	547,222	165	6,810	12,630	566,827
Reportable segment revenue	1,431,893	742,278	17,800	42,909	143,961	2,378,841
Reportable segment profits	362,338	7,897	16,227	28,884	15,489	430,835
Finance income	16,826	1,416	—	—	1,117	19,359
Finance costs	(399)	(606)	—	—	(587)	(1,592)
Depreciation	(5,290)	(5,009)	—	—	(1,138)	(11,437)
Amortisation	(554)	(68)	—	—	(63)	(685)
Share of losses of associates	(386)	—	—	—	—	(386)
Share of loss of a joint venture	(4,653)	—	—	—	—	(4,653)
Increase in fair value of investment properties	7,167	400	—	—	600	8,167

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2013 RMB'000	2012 RMB'000
Revenue		
Reportable segment revenue	**2,586,218**	2,378,841
Elimination of inter-segment revenue	**(619,870)**	(566,827)
Consolidated revenue	**1,966,348**	1,812,014

2 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (Continued)

	2013 RMB'000	2012 RMB'000
Profits		
Reportable segment profit derived from Group's external customers	**536,360**	430,835
Increase in fair value of investment properties	**6,542**	8,167
Share of losses of associates	**(439)**	(386)
Share of profits/(losses) of joint ventures	**41,124**	(4,653)
Other income	**21,981**	7,450
Finance income	**15,263**	19,359
Finance costs	**(12,597)**	(1,592)
Depreciation and amortisation	**(14,453)**	(12,122)
Consolidated profit from continuing operations before tax	**593,781**	447,058
Assets		
Reportable segment assets	**6,821,591**	5,393,751
Equity accounted investees	**160,552**	120,936
Other unallocated amounts	**101,328**	33,804
Consolidated total assets	**7,083,471**	5,548,491
Liabilities		
Reportable segment liabilities	**5,414,069**	4,153,205
Other unallocated amounts	**4,286**	6,919
Consolidated total liabilities	**5,418,355**	4,160,124

3 TURNOVER

The principal activities of the Group are development and sales of properties, design and construction, property management services and operation of industrial park property in the PRC.

Turnover represents the income from sales of properties, revenue from construction contracts, property management services and rental income, net of business tax and other sales related taxes and is after deduction of any trade discounts.

The amounts of each significant category of revenue recognised in turnover is as follows:

	2013 **RMB'000**	2012 RMB'000
Revenue from:		
Property development	**1,580,002**	1,431,893
Construction contract	**184,577**	195,056
Business operation services	**150,882**	131,331
Development management services	**27,343**	36,099
Property leasing	**23,544**	17,635
	1,966,348	1,812,014

4 OTHER INCOME AND OTHER EXPENSES

Other income

	2013 RMB'000	2012 RMB'000
Government grants (Note)	**4,829**	4,723
Net gain on disposal of other non-current assets	**12,122**	1,380
Compensation income	**100**	500
Others	**4,930**	847
	21,981	7,450

Note: During the year ended 31 December 2013 and 2012, the Group received government subsidies from different local government bureaus as a recognition of the Group's contribution in the relevant districts.

Other expenses

	2013 RMB'000	2012 RMB'000
Net loss on disposal of property, plant and equipment	**(269)**	(129)
Penalty	**(18)**	(11)
Others	**(624)**	(342)
	(911)	(482)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (charging)/crediting:

(a) Finance income/(costs)

	2013 RMB'000	2012 RMB'000
Finance income		
Interest income	**10,459**	15,533
Net realised and unrealised gains on other investments	**4,804**	3,602
Net foreign exchange gain	**—**	224
Sub-total	**15,263**	19,359
Finance costs		
Interest expenses	**(127,710)**	(131,095)
Less: Capitalised interest expenses (Note)	**120,524**	130,089
	(7,186)	(1,006)
Net foreign exchange loss	**(1,227)**	—
Net realised and unrealised losses on other investments	**(4,184)**	(586)
Sub-total	**(12,597)**	(1,592)
Net finance income	**2,666**	17,767

Note: The borrowing costs have been capitalised at rates ranging from 5.4% to 12% (2012: 5.4% to 8.32%) per annum (see Note 25) for the year ended 31 December 2013.

5 PROFIT BEFORE TAXATION (Continued)

(b) Staff costs

	2013 RMB'000	2012 RMB'000
Salaries, wages and other benefits	**161,290**	178,857
Contributions to defined contribution pension schemes	**8,984**	8,319
	170,274	187,176

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution pension schemes (the "Schemes") which are administered and operated by the relevant local government authorities. The Group is required to make contributions to the Schemes from 18% to 20% (2012: 18% to 20%) of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group has no other material obligation for the payment of pension benefits associated with these schemes beyond the annual contributions described above.

(c) Other items

Profit before taxation is arrived at after charging/(crediting):

	2013 RMB'000	2012 RMB'000
Depreciation	**13,204**	11,437
Amortisation	**1,249**	685
Auditor's remuneration	**3,730**	1,944
Cost of properties sold	**955,877**	957,556
Cost of construction and goods sold	**173,322**	173,536
Rentals receivable from investment properties	**(23,544)**	(17,635)
Less: Direct outgoings	**32**	472
Operating lease charges	**3,295**	1,778

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2013 RMB'000	2012 RMB'000
Current tax		
PRC corporate income tax for the year	**139,791**	113,053
PRC Land		
Appreciation Tax for the year	**133,442**	81,753
	273,233	194,806
Deferred taxation Origination and reversal		
of temporary differences	**(18,006)**	(25,449)
Total income tax expense	**255,227**	169,357

(b) Reconciliation between income tax expense and profit before taxation at applicable tax rates:

	2013 RMB'000	2012 RMB'000
Profit before taxation	**593,781**	447,058
National tax on profit before taxation calculated at the standard tax rate		
applicable in the jurisdiction concerned (Note (i) to (iii))	**148,391**	111,758
Tax effect of non-deductible expenses	**917**	6,085
Effect on non-taxable income	**(10,180)**	(518)
Effect on unused tax losses not recognised	**252**	559
Tax effect of adopting prescribed tax calculation method by		
a PRC subsidiary (Note (iii))	**7,158**	(9,842)
PRC dividend withholding tax (Note (v))	**8,607**	—
Land Appreciation Tax in relation to completed properties sold (Note (iv))	**133,442**	81,753
Tax effect on Land Appreciation Tax	**(33,360)**	(20,438)
Income tax expense	**255,227**	169,357

(i) Pursuant to the rules and regulations of the BVI and Cayman Islands, the Group is not subject to any income tax in the BVI and Cayman Islands.

(ii) No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiaries did not earn any income subject to Hong Kong Profits Tax during the year ended 31 December 2013 and 2012.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(b) (Continued)

(iii) Effective from 1 January 2008, under the PRC CIT Law, the PRC's statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to PRC income tax at 25% unless otherwise specified. According to the approval from the tax authority in Wuhan, Hubei Province, Wuhan Lido Technology and Wuhan Jitian Construction's assessable profits were calculated based on 8% of their gross turnover for the year ended 2013.

(iv) LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

(v) According to the PRC CIT Law and its related regulations, the Group is subject to a withholding tax at 10%, unless reduced by tax treaties or arrangements, for dividends distributed by a PRC enterprise to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. According to the China-HK Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of a PRC enterprise is entitled to a reduced withholding rate of 5%.

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	For the year ended 31 December 2013				
	Directors' fees RMB'000	Salaries, allowances and benefits in kinds RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Huang Liping	—	543	1,518	14	2,075
Hu Bin	—	543	1,747	14	2,304
Chen Huifen	—	391	1,085	14	1,490
	—	1,477	4,350	42	5,869

7 DIRECTORS' REMUNERATION (Continued)

	For the year ended 31 December 2012				
	Directors' fees RMB'000	Salaries, allowances and benefits in kinds RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Huang Liping	—	2,054	53	14	2,121
Hu Bin	—	2,054	208	14	2,276
Chen Huifen	—	1,326	160	14	1,500
	—	5,434	421	42	5,897

No directors of the Company waived or agreed to waive any remuneration during the year ended 31 December 2013 and 2012. No remuneration was paid to independent non-executive directors during the year ended 31 December 2013 and 2012 as the independent non-executive directors have not been appointed during the year ended 31 December 2013 and 2012.

During the year ended 31 December 2013 and 2012, there were no amounts paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three are directors of the Company whose emoluments are disclosed in Note 7 (2012: three). The aggregate of the emoluments in respect of the other two (2012: two) individuals are as follows:

	2013 RMB'000	2012 RMB'000
Salaries and other emoluments	**2,599**	2,581
Retirement scheme contributions	**28**	28
	2,627	2,609

The emoluments of these two individuals with the highest emoluments are within the following bands:

	2013	2012
HK$1,000,001 to 1,500,000	**0**	1
HK$1,500,001 to 2,000,000	**2**	1

9 BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB320,869,000 (2012: RMB 211,276,000) and the deemed weighted average number of 2,762,017,000 shares (2012: 2,520,090,000 shares) in issue during the year, after adjusting for the capitalisation issue on 28 March 2014 (note 36). The deemed weighted average number of shares is calculated as follows:

The weighted average number of shares in issue for the year ended 31 December 2013 is based on the assumption that 2,761,350,000 shares (2012: 2,520,090,000 shares) of the Company are in issue and issuable, comprising weighted average of 92,045 shares in issue (2012: 84,003 shares in issue) and adjusted for the effect of capitalisation issue on 28 March 2014 of 2,761,257,955 shares (2012: 2,520,005,997) and, as if the shares were outstanding throughout the year.

	2013 **'000**	2012 '000
Deemed weighted average number of shares		
Issued ordinary shares at 1 January	**84**	84
Effect of issuance of new shares	**8**	—
Effect of capitalisation issue (Note 36)	**2,761,258**	2,520,006
Deemed weighted average number of shares at 31 December	**2,761,350**	2,520,090

There were no dilutive potential ordinary shares during the year ended 31 December 2013 and 2012 and therefore, diluted earnings per share are not presented.

10 OTHER COMPREHENSIVE INCOME

	2013 **RMB'000**	2012 RMB'000
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China, net of nil tax	**(486)**	(303)
Share of the movement of a joint venture's other reserve, net of nil tax	**—**	1,994
	(486)	1,691

11 PROPERTY, PLANT AND EQUIPMENT

		The Group					
	Note	Building RMB'000	Machines RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2012		37,940	293	21,784	7,310	16,550	83,877
Transfer from construction in progress		—	48,230	—	—	(48,230)	—
Additions through acquisition of subsidiaries		—	—	211	210	—	421
Other additions		276	308	6,298	3,794	34,129	44,805
Disposals		—	—	(334)	(383)	—	(717)
At 31 December 2012		38,216	48,831	27,959	10,931	2,449	128,386
At 1 January 2013		38,216	48,831	27,959	10,931	2,449	128,386
Transfer from construction in progress		—	23,263	—	—	(23,263)	—
Transfer from inventory		66,943	—	—	—	—	66,943
Other additions		404	29	2,307	7,615	24,586	34,941
Disposals		—	—	(1,139)	(151)	—	(1,290)
Transfer to assets held for sale		(16,839)	—	—	—	—	(16,839)
Other reduction		(456)	—	—	—	—	(456)
At 31 December 2013		88,268	72,123	29,127	18,395	3,772	211,685
Accumulated depreciation:							
At 1 January 2012		(7,068)	(101)	(7,090)	(3,371)	—	(17,630)
Charge for the year		(1,709)	(3,754)	(4,411)	(1,563)	—	(11,437)
Additions through acquisition of subsidiaries		—	—	(109)	(146)	—	(255)
Written back on disposals		—	—	101	312	—	413
At 31 December 2012		(8,777)	(3,855)	(11,509)	(4,768)	—	(28,909)

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

		The Group					
	Note	Building RMB'000	Machines RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2013		(8,777)	(3,855)	(11,509)	(4,768)	—	(28,909)
Charge for the year		(946)	(5,650)	(3,920)	(2,688)	—	(13,204)
Written back on disposals		—	—	753	116	—	869
Transfer to assets held for sale		4,999	—	—	—	—	4,999
At 31 December 2013		(4,724)	(9,505)	(14,676)	(7,340)	—	(36,245)
Net book value:							
At 31 December 2013		83,544	62,618	14,451	11,055	3,772	175,440
At 31 December 2012		29,439	44,976	16,450	6,163	2,449	99,477

The buildings are all situated on land in the PRC held under medium-term leases.

In May and June 2013, a subsidiary entered into sale and purchase agreements with independent third parties to dispose of certain of its self-occupied properties at a total consideration of RMB25,154,000. In addition, in April 2013, a subsidiary entered into a sale and purchase agreement with an independent third party to disposal of certain of its investment properties at a total consideration of RMB6,710,000.

Accordingly, the carrying amount of these properties, totaling RMB11,840,000 and RMB6,710,000 respectively, have been reclassified from "Property, plant and equipment" and "Investment Properties" respectively to "Assets held for sale". These transactions were completed in December 2013.

As at 31 December 2013, certain buildings of the Group with carrying value of RMB64,255,000 (2012: RMB23,520,000) were without building ownership certificates. As at 31 December 2013, the Group was in progress of obtaining the relevant building ownership certificates.

As at 31 December 2013, property, plant and equipment that were fully depreciated but still in use were amounted to RMB7,190,000 (2012: RMB3,600,000).

Certain bank loans granted to the Group were jointly secured by certain property, plant and equipment with an aggregate carrying amount of RMB17,740,000 (2012: RMB13,369,000) as at 31 December 2013 (Note 25).

12 INVESTMENT PROPERTIES

	Note	The Group Investment properties RMB'000
At 1 January 2012		291,200
Addition		433
Fair value adjustment		8,167
At 31 December 2012	29(e)	299,800
Representing:		
Cost		109,388
Valuation		190,412
		299,800
At 1 January 2013		299,800
Addition		480
Fair value adjustment		6,542
Transfer to assets held for sale		(5,292)
Disposal		(3,330)
At 31 December 2013	29(e)	298,200
Representing:		
Cost		101,246
Valuation		196,954
		298,200
Book value:		
At 31 December 2013		298,200
At 31 December 2012		299,800

12 INVESTMENT PROPERTIES (Continued)

Investment properties comprise a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 year to 10 years. No contingent rents are charged. See note 30 for further information.

The Group's investment properties were revalued as at 31 December 2013 and 2012 by an independent firm of surveyors, Savills Valuation, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

Investment properties are accounted for using the fair value model (see Note 29(e)(i)).

In April 2013, a subsidiary entered into a sale and purchase agreement with an independent third party to dispose of certain of its investment properties at a total consideration of RMB6,710,000. Accordingly, the properties have been reclassified from "Investment Properties" respectively to "Assets held for sale". The transaction was completed in December 2013.

In November 2013, a subsidiary entered into a sale and purchase agreement with an independent third party to dispose of certain of its investment properties at a total consideration of RMB3,447,000. The transaction was completed in December 2013.

As at 31 December 2013, certain investment properties of the Group with carrying value of RMB61,900,000 (2012: RMB108,200,000), were without building ownership certificate. As at 31 December 2013, the Group was in progress of obtaining the relevant building ownership certificate.

Certain bank loans granted to the Group were jointly secured by certain investment properties with an aggregate fair value of RMB30,337,000 (2012: RMB35,300,000) as at 31 December 2013 (Note 25), and certain properties under development and completed properties held for sale held by the Group (Notes 18 and 19).

13 INTANGIBLE ASSETS

	The Group Software RMB'000
Cost:	
At 1 January 2012	571
Additions	4,314
Additions through acquisition of subsidiaries	1,214
Other disposals	(47)
At 31 December 2012	6,052
At 1 January 2013	6,052
Additions	1,335
Other disposals	(1,214)
At 31 December 2013	6,173
Accumulated amortisation:	
At 1 January 2012	(124)
Charge for the year	(685)
Additions through acquisition of subsidiaries	(1,024)
Other disposals	27
At 31 December 2012	(1,806)
At 1 January 2013	(1,806)
Charge for the year	(1,249)
Other disposals	1,214
At 31 December 2013	(1,841)
Net book value:	
At 31 December 2013	4,332
At 31 December 2012	4,246

14 INVESTMENTS IN SUBSIDIARIES

	The Company 2013 RMB'000
Unlisted investment, at cost	**6**
Amounts due from subsidiaries	**214,004**
	214,010

The following list contains the particulars of principal subsidiaries of the Group at 31 December 2013. The class of shares held is ordinary unless otherwise stated. The particulars of these subsidiaries are set out below:

Name of company	Date and place of incorporation/ establishment	Issued/authorised Paid-in/registered capital	Effective interest held by the Company		Principal activities
			Direct	Indirect	
AAA Holdings Limited ("BVI 3A")	17 June 1997 British Virgin Islands ("BVI")	US$100/US$50,000	100%	—	Investment holding
AAA Finance & Investment Limited ("HK 3A") 三A銀信投資有限公司	13 December 1996 Hong Kong	HK$1,190,476/ HK$10,000,000	—	100%	Investment holding
United Real Estate (Wuhan) Company Limited ("Wuhan United Real Estate") 聯合置業(武漢)有限公司*	23 July 1993 The PRC	RMB100,000,000	—	100%	Property development
Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union") 武漢光谷聯合集團有限公司*	24 July 2000 The PRC	RMB480,000,000	—	100%	Property development
Wuhan Optics Valley Financial Harbour Development Company Limited ("OV Financial Harbour Development") 武漢光谷金融港發展有限公司*	24 July 2008 The PRC	RMB268,160,000	—	100%	Property development
Huangshi Optics Valley Union Development Company Limited ("Huangshi OVU Development") 黃石光谷聯合發展有限公司*	24 January 2005 The PRC	RMB100,000,000	—	100%	Property development
Qingdao Optics Valley Union Development Company Limited ("Qingdao OVU Development") 青島光谷聯合發展有限公司*	1 September 2011 The PRC	RMB200,000,000	—	100%	Property development

(Expressed in thousand of Renminbi unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation/ establishment	Issued/authorised Paid-in/registered capital	Effective interest held by the Company		Principal activities
			Direct	Indirect	
Wuhan Xuefu Property Company Limited ("Wuhan Xuefu") 武漢學府房地產有限公司*	29 April 1999 The PRC	RMB60,000,000	—	51%	Property development
Hubei Huisheng Technology Development Company Limited ("Hubei Huisheng") 湖北匯盛科技發展有限公司*	8 December 2005 The PRC	RMB21,000,000	—	100%	Property development
Wuhan Minghong Technology Development Company Limited ("Wuhan Minghong") 武漢鳴鴻科技發展有限公司*	8 February 2001 The PRC	RMB30,000,000	—	100%	Property development
Wuhan Optics Valley Union Architectural Design Institute Company Limited ("OVU Architectural Design Institute") 武漢光谷聯合建築設計研究院有限公司*	21 April 2011 The PRC	RMB6,000,000	—	100%	Property development
Wuhan Lido Technology Company Limited ("Wuhan Lido Technology") 武漢麗島科技有限公司*	13 December 2000 The PRC	RMB20,000,000	—	100%	Construction services
Wuhan Lido Curtain Wall Manufacture Company Limited ("Wuhan Lido Curtain Wall") 武漢麗島幕牆製造有限公司*	17 November 2011 The PRC	RMB10,000,000	—	100%	Construction services
Wuhan Jitian Construction Company Limited ("Wuhan Jitian Construction") 武漢吉天建設工程有限公司*	11 June 2001 The PRC	RMB210,000,000	—	100%	Construction services
Wuhan Optics Valley Energy Conservation Technology Company Limited ("OV Energy Conservation Technology") 武漢光谷節能技術有限公司*	26 July 2010 The PRC	RMB40,000,000	—	80%	Energy-saving technique development
Wuhan Lido Property Management Company Limited ("Wuhan Lido Property Management") 武漢麗島物業管理有限公司*	19 July 2000 The PRC	RMB105,000,000	—	100%	Property management services

(Expressed in thousand of Renminbi unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation/ establishment	Issued/authorised Paid-in/registered capital	Effective interest held by the Company Direct	Effective interest held by the Company Indirect	Principal activities
Wuhan Quanpai Catering Management Company Limited ("Wuhan Quanpai Catering Management") 武漢全派餐飲管理有限公司*	7 June 2011 The PRC	RMB3,000,000	—	100%	Catering services
Wuhan Qianbao Media Company Limited ("Wuhan Qianbao Media") 武漢市千寶廣告傳播有限公司*	29 December 2003 The PRC	RMB300,000	—	100%	Advertising services
Wuhan Optics Valley Union Real Estate Agency Company Limited 武漢光谷聯合不動產營銷代理有限公司*	16 September 2011 The PRC	RMB5,000,000	—	100%	Property agency services
Shenyang Optics Valley Union Development Company Limited ("Shenyang OVU Development") 瀋陽光谷聯合發展有限公司*	29 May 2012 The PRC	RMB100,000,000	—	100%	Property development
Hubei Technology Enterprise Accelerator Company Limited ("Hubei Technology Enterprise Accelerator") 湖北科技企業加速器有限公司*	18 May 2012 The PRC	RMB150,000,000	—	80%	Property development
Wuhan Optics Valley Energy Conservation Technology Park Company Limited ("Energy Conservation Technology Park") 武漢光谷節能科技園有限公司*	8 December 2011 The PRC	RMB200,000,000	—	70%	Property development
Wuhan Financial Harbour Development Company Limited ("Wuhan Financial Harbour Development") 武漢金融港開發有限公司*	5 December 2011 The PRC	RMB200,000,000	—	70%	Property development
Wuhan Optics Valley Software Park Company Limited. ("Optics Valley Software Park") 武漢光谷軟件園有限公司*	8 September 2005 The PRC	RMB50,000,000	—	100%	Property development

(Expressed in thousand of Renminbi unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation/ establishment	Issued/authorised Paid-in/registered capital	Effective interest held by the Company		Principal activities
			Direct	Indirect	
Wuhan Lido Real Estate Agency Company Limited 武漢麗島房地產代理有限公司*	20 February 2012 The PRC	RMB1,000,000	—	100%	Property agency service
Wuhan Lido Human Resources Service Company Limited 武漢麗島人力資源服務有限公司*	15 May 2012 The PRC	RMB500,000	—	100%	Human resources service
Wuhan Shangyuan Construction Labor Company Limited 武漢尚源建築勞務有限公司*	19 November 2012 The PRC	RMB5,000,000	—	100%	Supporting service for construction
Wuhan Ziyuan Hotel Management Company Limited 武漢紫緣酒店管理有限公司*	1 February 2013 The PRC	RMB2,000,000	—	100%	Hotel management
Wuhan Optics Valley Energy Conservation Engineering Company Limited 武漢光谷節能工程有限公司*	23 January 2013 The PRC	RMB5,000,000	—	100%	Electrical and mechanical service
Hefei Optics Valley Union Development Company Limited ("Hefei Optics Valley Union") 合肥光谷聯合發展有限公司* (Note (i))	13 September 2013 The PRC	RMB100,000,000	—	80%	Property development

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Note:

(i) Wuhan Optics Valley Union acquired 12% equity interests of Hefei Optics Valley Union in March 2014. Accordingly, the equity interests held by the Group is 92% after such acquisition.

15 INTEREST IN ASSOCIATES

	The Group	
	2013 **RMB'000**	2012 RMB'000
Share of net assets	**1,146**	1,585

The following are the associates of the Group, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of company	Place of establishment	Paid-in registered capital RMB'000	Effective interest held by the Group as at 31 December 2013	2012	Principal activity
Wuhan Integrated Circuit Design Technology Company Limited 武漢集成電路設計工程技術有限公司* (Note (i))	The PRC	28,900	**15.71%**	15.71%	IC design
Huangshi High-tech Accelerator Company Limited 黃石高新科技企業加速器發展有限公司*	The PRC	1,000	**23%**	23%	Investment and consulting service

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Note:

(i) Whilst the Group has only a 15.71% equity interest in this associate, the Group is considered to have significant influence over the associate because of its representation in the associate's board of directors.

15 INTEREST IN ASSOCIATES (Continued)

Summary consolidated financial statements on associates for the year ended 31 December 2013 and 2012:

	Assets RMB'000	Liabilities RMB'000	Equity RMB'000	Revenue RMB'000	Losses for the year RMB'000
At 31 December 2013					
100 per cent	**14,126**	**(7,208)**	**6,918**	**1,632**	**(2,739)**
Group's effective interest	**2,308**	**(1,162)**	**1,146**	**256**	**(439)**
At 31 December 2012					
100 per cent	15,625	(5,973)	9,652	964	(2,430)
Group's effective interest	2,530	(945)	1,585	151	(386)

16 INTEREST IN JOINT VENTURES

	The Group 2013 RMB'000	 2012 RMB'000
Share of net assets	**112,975**	71,851
Goodwill	**47,500**	47,500
	160,475	119,351

The Group has the following interests in joint ventures:

Name of company	Place of establishment	Paid-in registered capital RMB'000	Effective interest held by the Group as at 31 December 2013	 2012	Principal activity
Wuhan Mason Property Company Limited ("Wuhan Mason")*	The PRC	150,000	**50%**	50%	Property development

* The entity is PRC limited liability company. The English translation of the company name is for reference only. The official name of the entity is in Chinese.

16 INTEREST IN JOINT VENTURES (Continued)

Summarised financial information of Wuhan Mason, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	2013 RMB'000	2012 RMB'000
Non-current assets	**11,412**	13,680
Current assets	**542,794**	460,648
Non-current liabilities	**(6,734)**	(5,788)
Current liabilities	**(321,522)**	(324,838)
Equity	**225,950**	143,702
Included in the above assets and liabilities:		
Cash and cash equivalents	**83,309**	131,944
Turnover	**386,697**	13
Profits/(losses) from continuing operations	**82,247**	(9,307)
Total comprehensive income	**82,247**	(9,307)
Included in the above profit:		
Depreciation and amortisation	**(46)**	(20)
Interest income	**1,421**	395
Income tax	**(27,272)**	(3,216)

	2013 RMB'000	2012 RMB'000
Reconciled to the Group's interest in Wuhan Mason		
Gross amount of Wuhan Mason's net assets	**225,950**	143,702
Group's effective interest	**50%**	50%
Group's share of Wuhan Mason's net assets	**112,975**	71,851
Goodwill	**47,500**	47,500
Carrying amount in the consolidated financial statements	**160,475**	119,351

17 OTHER INVESTMENTS

Non-current assets

	The Group 2013 RMB'000	The Group 2012 RMB'000
Equity securities-unlisted (Note (i))	**10,000**	10,000

Current assets

	The Group 2013 RMB'000	The Group 2012 RMB'000
Available-for-sale financial assets (Note (ii))	**122,220**	53,000
Trading securities (Note (iii))	**—**	5,316
	122,220	58,316

Notes:

(i) Summary consolidated financial statements on equity securities-unlisted for the year ended 31 December 2013 and 2012:

Name of company	Place of incorporation/ establishment	Paid-in/registered capital RMB'000	Interest of the Group as at 31 December 2013	Interest of the Group as at 31 December 2012	Principal activity
Wuhan Optics Valley Bio-industry Investment Fund Company Limited*	The PRC	150,000/700,000	**7.14%**	7.14%	Investment fund

* The entity is a PRC limited liability company. The English translation of the company name is for reference only. The official name of the company is in Chinese.

(ii) Available-for-sale financial assets include certain wealth management products with anticipated annualised yields ranging from 2.4% to 5.33%.

(iii) Trading securities as at 31 December 2012 represent listed equity securities with fair value of RMB5,316,000 according to published price quotation.

(iv) As at 31 December 2013, the Group's other investments were not considered to be impaired (2012: Nil).

(v) The Group's exposure to credit and market risks and fair value information related to other investments are disclosed in Note 29.

18 PROPERTIES UNDER DEVELOPMENT

(a) Properties under development in the consolidated statement of financial position comprise:

	The Group	
	2013 RMB'000	2012 RMB'000
Expected to be recovered within one year		
— Properties under development for sale	**1,572,232**	782,940
Expected to be recovered after more than one year		
Properties held for future development for sale (Note)	**755,545**	117,673
Properties under development for sale	**618,531**	829,237
	1,374,076	946,910
	2,946,308	1,729,850

Note: Properties held for future development for sale is after netting off benefits from government grants of RMB39,525,000 (2012: RMB24,000,000) for the year ended 31 December 2013. Pursuant to the agreements between the Group's subsidiaries and local governments, such grants are for subsidising the infrastructure construction of certain projects.

(b) The analysis of carrying value of leasehold land included in properties under development is as follows:

	2013 RMB'000	2012 RMB'000
In the PRC, with lease term of 40 years or more	**1,327,437**	742,491

Properties under development with an aggregate carrying value of RMB774,541,000 (2012: RMB543,094,000) as at 31 December 2013 were pledged for certain bank loans granted to the Group (Note 25).

19 COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC on leases between 40 and 70 years. All completed properties held for sale are stated at cost.

Completed properties held for sale as at 31 December 2013 were not pledged for certain bank loans granted to the Group (Note 25) (2012: RMB34,796,000).

20 INVENTORIES AND CONTRACTING WORK-IN-PROGRESS

	The Group 2013 RMB'000	The Group 2012 RMB'000
Gross amounts due from customers for contract work (Note (i))	**194,296**	119,438
Raw materials	**1,653**	3,559
Work in progress	**3,270**	2,856
Finished goods	**853**	4,626
	200,072	130,479

(i) Gross amounts due from customers for contract work

	The Group 2013 RMB'000	The Group 2012 RMB'000
Cost plus attributable profit less foreseeable losses	**247,517**	180,840
Less: Progress payments received and receivable	**(53,221)**	(61,402)
Contracting work-in-progress	**194,296**	119,438
Representing:		
Gross amounts due from customers for contract work included in stocks and contracting work-in-progress	**194,296**	119,438

	2013 RMB'000	2012 RMB'000
Carrying amount of inventories recognised as		
— Cost of sales	**173,322**	173,536

21 TRADE AND OTHER RECEIVABLES

	The Group		The Company
	2013	2012	**2013**
	RMB'000	RMB'000	**RMB'000**
Amounts due from third parties			
— Trade receivables (Note (i))	**127,732**	136,712	**—**
— Bills receivable	**4,341**	—	**—**
Amounts due from non-controlling equity holders	**21,312**	32,258	**—**
Amount due from a subsidiary (Note (ii))	**—**	—	**49,395**
Amounts due from related parties (Note 33(d))	**14,950**	5,318	**—**
Prepayments			
— for properties held for development (Note (iii))	**518,056**	668,078	**—**
— for construction cost and raw materials	**91,784**	111,718	**—**
Prepaid business tax and other tax	**44,596**	66,653	**—**
Others	**75,251**	80,794	**—**
Total	**898,022**	1,101,531	**49,395**

Notes:

(i) Trade receivables are primarily related to proceeds from the sale of properties. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding sale and purchase agreements. If payment is made in lump-sum payment, settlement is normally required by date of signing the sales contract. If payments are made in instalments, 50% of the purchase price is required upon executing the contract with the balance payable by date of signing the contract.

The remaining balance of trade receivables is expected to be recovered within one year.

The directors are of the view that all trade receivables are neither individually nor collectively considered to be impaired as at the end of each reporting period.

Amounts due from related parties are unsecured, interest free and have no fixed terms of repayment. The details on the Group's credit policy are set out in Note 29(a).

(ii) The balance with subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The balances are expected to be recovered after more than one year.

(iii) The Group has entered into a number of contracts of property development projects and has made prepayments in accordance with the terms of contracts.

21 TRADE AND OTHER RECEIVABLES (Continued)

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable based on the date trade receivables and bills receivable recognised, is as follows:

	The Group	
	2013 RMB'000	2012 RMB'000
Within 1 month	**78,587**	92,087
1 to 3 months	**3,232**	1,955
3 to 6 months	**3,836**	16,593
Over 6 months	**46,418**	26,077
Total	**132,073**	136,712

(b) The ageing analysis of trade receivables and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2013 RMB'000	2012 RMB'000
Neither past due nor impaired	**108,097**	96,528
Less than 1 month past due	**14,592**	2,606
1 to 3 months past due	**3**	3,148
3 to 6 months past due	**—**	20,313
Over 6 months past due	**9,381**	14,117
Total	**132,073**	136,712

22 RESTRICTED CASH

	The Group	
	2013 **RMB'000**	2012 RMB'000
Pledged for		
— Mortgage deposit	**—**	1,395
— Banker's letter of guarantee	**2,500**	1,893
— Wages guarantee	**1,009**	1,000
— Bond-issuance bank account	**121**	—
Total	**3,630**	4,288

23 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		The Company
	2013 **RMB'000**	2012 RMB'000	**2013** **RMB'000**
Cash at bank and in hand			
— Cash in hand	**175**	188	**—**
— Cash at bank	**1,163,064**	947,711	**8**
	1,163,239	947,899	**8**

As at 31 December 2013, the cash and bank balances of the PRC subsidiaries comprising the Group is not freely convertible into other currencies and subject to Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

23 CASH AND CASH EQUIVALENTS (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2013 RMB'000	2012 RMB'000
Profit before taxation			
From continuing operations		**593,781**	447,058
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortisation	13	**1,249**	685
Depreciation	11	**13,204**	11,437
Loss on disposal of property, plant and equipment	4	**269**	129
Gain on disposal of non-current assets	4	**(12,122)**	(1,380)
Finance income		**(15,263)**	(19,359)
Finance costs		**12,597**	1,592
Increase in fair value of investment properties	12	**(6,542)**	(8,167)
Share of (profits)/losses of joint ventures	16	**(41,124)**	4,653
Share of losses of associates	15	**439**	386
		546,488	437,034
Change in assets and liabilities			
Increase in properties under development, completed properties held for sales and inventories		**(1,283,424)**	(993,564)
Decrease in trade and other receivables		**158,293**	490,168
Decrease in trade and other payables		**(40,659)**	(81,285)
Cash used in operations		**(619,302)**	(147,647)
Taxation			
PRC income tax paid		**(199,778)**	(161,497)
Net cash outflow from operating activities		**(819,080)**	(309,144)

24 TRADE AND OTHER PAYABLES

	The Group	
	2013	2012
	RMB'000	RMB'000
Amounts due to third parties		
— Trade payables (Note)	**1,125,360**	731,661
— Notes payables	**6,430**	—
— Receipts in advance	**549,030**	1,263,451
— Accrued payroll	**17,997**	23,309
Other payables and accruals	**388,034**	193,366
	2,086,851	2,211,787
Amounts due to non-controlling equity holders	**224,021**	491,212
Amounts due to related parties (Note 33(d))	**219,572**	102,325
	443,593	593,537
	2,530,444	2,805,324

Note: As of the end of the reporting period, the ageing analysis of trade and notes payables based on the date the trade payables recognised, is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Within 1 month	**998,457**	379,902
1 to 12 months	**76,577**	111,392
Over 12 months	**56,756**	240,367
	1,131,790	731,661

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones. The Group normally retains 5% as retention payment.

Included in trade payables were retention payables which were expected to be settled after more than one year amounted to RMB40,176,000 at 31 December 2013 (2012: RMB28,451,000).

25 LOANS AND BORROWINGS

As at the end of the reporting period, interest bearing borrowings were repayable as follows:

	The Group	
	2013 **RMB'000**	2012 RMB'000
Current		
Secured		
— Bank loans	**560,000**	100,000
Current portion of non-current bank loans	**183,500**	264,165
	743,500	364,165
Unsecured		
— Bank loans	**162,000**	42,000
Current portion of other borrowings	**—**	70,000
	162,000	112,000
	905,500	476,165
Non-current		
Secured		
— Bank loans	**1,197,330**	997,165
Less: Current portion of non-current bank loans	**(183,500)**	(264,165)
	1,013,830	733,000
Pledged		
— Other borrowings	**138,000**	—
Unsecured		
— Other borrowings	**—**	70,000
Less: Current portion of non-current other borrowings	**—**	(70,000)
	—	—
	1,151,830	733,000

25 LOANS AND BORROWINGS (Continued)

The Group's current and non-current borrowings were repayable as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Within 1 year or on demand	**905,500**	476,165
After 1 year but within 2 years	**887,000**	109,000
After 2 years but within 5 years	**174,830**	414,000
More than 5 years	**90,000**	210,000
	2,057,330	1,209,165

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long terms.

As at 31 December 2013 and 2012, interest bearing borrowings are all denominated in functional currency of respective subsidiaries.

Pledged loans with value of RMB138,000,000 as at 31 December 2013 was pledged by the 80% equity interests of Hefei Optics Valley Union. The loan is an entrusted loan provided by non-controlling shareholder.

The bank loans bear interest ranging from 5.4% to 12.0% (2012: from 5.4% to 8.32%) per annum for the year ended 31 December 2013. The bank loans are secured by the following assets:

	The Group	
	2013	2012
	RMB'000	RMB'000
Investment properties	**30,337**	35,300
Properties under development	**774,541**	543,094
Completed properties held for sale	**—**	34,796
Property, plant and equipment	**17,740**	13,369
Total	**822,618**	626,559

All of the group's banking facilities are subject to the fulfillment of covenants relating to certain of the group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the group were to breach the covenants the drawn down facilities would become payable on demand. The group regularly monitors its compliance with these covenants. Further details of the group's management of liquidity risk are set out in note 29 (b). As at 31 December 2013 none of the covenants relating to drawn down facilities had been breached (2012: nil).

26 CORPORATE BONDS PAYABLE

	The Group 2013 RMB'000
Current	
At issue date (Note (i))	**69,350**
Add: Transaction costs amortised	**83**
Interest payable (Note (iii))	**7,994**
	77,427
Non-current	
At issue date (Note (ii))	**543,527**
Add: transaction costs amortised	**1,236**
	544,763
31 December 2013	**622,190**

Notes:

(i) On 11 November 2013, a subsidiary of the Group issued a short-term corporate bond ("the 2013 Short-term Corporate Bond"). The 2013 Short-term Corporate Bond is unsecured, issued at par of RMB70,000,000 with a maturity period of 365 days and bears interest at 7.2% per annum payable at maturity date.

(ii) In October 2013, a subsidiary of the Group issued a long-term corporate bond, namely "the 2013 Long-term Corporate Bond", amounting to RMB600,000,000 The net proceed of the 2013 Long-term Corporate Bond at the issue date was RMB543,527,000, after deducting transaction costs of RMB56,473,000.

The 2013 Long-term Corporate Bond is interest bearing at 7.35% per annum with interest payable in arrears on 22 October 2014, 2015 and 2016. In accordance with the terms of the bond, on 23 October 2016 the Group has the option to adjust upward the interest rate of the bond for at the third anniversary by maximum of 100 basis points and the bond is, at the option of the bondholder, redeemable at its par value on the same date. If not being redeemed on 23 October 2016, the 2013 Long-term Corporate Bond is repayable on 23 October 2019 and the interest for the next three years is payable in arrears on 22 October 2017, 2018 and 2019.

The 2013 Long-term Corporate Bond is guaranteed by Wuhan Credit Risk Management Company Limited and secured by certain of the Group's investment properties with carrying value of RMB144,458,000 as at 31 December 2013.

(iii) The interest expenses amounted to RMB7,350,000 for the 2013 Long-term Corporate Bond and RMB644,000 for the 2013 Short-term Corporate Bond for the year ended 31 December 2013 was included in interest payable.

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current tax assets/(liabilities) in the consolidated statement of financial position represents:

	2013 RMB'000	2012 RMB'000
Prepaid PRC Corporate Income Tax	**28,171**	46,309
Prepaid PRC Land Appreciation Tax	**4,407**	3,158
Current tax assets recognised in the consolidated statement of financial position	**32,578**	49,467
PRC Corporate Income Tax	**21,289**	30,472
PRC Land Appreciation Tax	**130,456**	64,709
Current tax liabilities recognised in the consolidated statement of financial position	**151,745**	95,181

(b) Deferred tax assets/(liabilities) recognised

(i) The Group

The components of deferred tax assets/(liabilities) recognised on the consolidated statement of financial position and the movements during the year ended 31 December 2013 and 2012 are as follows:

	Temporary differences arising from LAT Provision RMB'000	**Revaluation of investment properties** RMB'000	**Unused tax losses** (Note) RMB'000	**Unrealized gain on intra-group transaction** RMB'000	**Revaluation arising from business combination** RMB'000	**Others** RMB'000	**Total** RMB'000
At 1 January 2013	**23,121**	**(47,604)**	**1,684**	**20,191**	**(2,850)**	**6,000**	**542**
Credited/(charged) to the consolidated income statement	**10,006**	**(2,133)**	**14,464**	**(272)**	**1,048**	**(5,107)**	**18,006**
At 31 December 2013	**33,127**	**(49,737)**	**16,148**	**19,919**	**(1,802)**	**893**	**18,548**
At 1 January 2012	12,770	(45,561)	843	12,476	(5,435)	—	(24,907)
Credited/(charged) to the consolidated income statement	10,351	(2,043)	841	7,715	2,585	6,000	25,449
At 31 December 2012	23,121	(47,604)	1,684	20,191	(2,850)	6,000	542

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets/(liabilities) recognised (Continued)

Note: In assessing the realisability of deferred tax assets in respect of the Group's subsidiaries which suffered losses in current or preceding period, management considers the projected future taxable income of these subsidiaries. Accordingly, the Group has recognised deferred tax assets of RMB16,148,000 and RMB1,684,000 as at 31 December and 2013 and 2012 respectively as the Group estimates that these subsidiaries have properties development projects which are probable to generate sufficient future taxable profits to support their utilisation.

(ii) Reconciliation to the statements of financial position

	The Group	
	2013	2012
	RMB'000	RMB'000
Net deferred tax assets recognised on the consolidated statement of financial position	**75,194**	50,996
Net deferred tax liabilities recognised on the consolidated statement of financial position	**56,646**	50,454

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(r)(ii), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB8,694,000 and RMB7,684,000 as at 31 December 2013 and 2012 respectively. The directors consider it is not probable that future taxable profits against which the losses can be utilized will be available from these subsidiaries.

The unrecognised tax losses will expire in the following years:

	The Group	
	2013	2012
	RMB'000	RMB'000
2016	**5,448**	5,448
2017	**2,236**	2,236
2018	**1,010**	—

(d) Deferred tax liabilities not recognised

The Group provided deferred tax liabilities on 30% of profit for the year since the Group controls the dividend policy and it has been determined that it will only distribute 30% of the profit for the year in the foreseeable future. At 31 December 2013, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB300,435,000 (2012: RMB393,699,000). Deferred tax liabilities of RMB15,021,750 (2012: RMB19,684,950) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not distributed in the foreseeable future.

28 SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between 15 July 2013 (date of incorporation) to 31 December 2013 are set out below:

	Share capital RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000
At 15 July 2013	8	—	—	8
Profit for the year	—	—	51,822	51,822
Dividend declared during the period	—	—	(50,479)	(50,479)
Acquisition of equity interests from non-controlling equity holders	—	262,062	—	262,062
At 31 December 2013	8	262,062	1,343	263,413

(b) Share capital

On 15 July 2013, the Company was incorporated in Cayman Islands as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 3,800,000 shares with a par value of HK$0.1 each. On 15 September 2013, the share capital are to be paid up at HK$10,000 of 100,000 shares. The share capital of the Company is set out below:

	No. of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.1 each	3,800	380
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 15 July	—	—
Issue of shares	100	10
At 31 December	100	10

The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

28 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2013 RMB'000	2012 RMB'000
Final dividend proposed after the end of the reporting period of HKD0.032 per ordinary share (2012: N/A)	**101,566**	—

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to the then equity shareholders attributable to the previous financial year, approved and paid during the year

	2013 RMB'000	2012 RMB'000
Final dividend in respect of the previous financial year approved and paid during the year	**50,479**	154,444

Dividends disclosed for the years ended 31 December 2013 and 2012 represent dividends declared or proposed by the relevant subsidiaries now comprising the Group out of their retained earnings to the then equity holders of the respective companies, after eliminating intra-group dividends as appropriate.

(d) PRC statutory reserve

Pursuant to the Articles of Association of the PRC subsidiaries now comprising the Group, appropriations to the general reserve fund were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC. The percentage for this appropriation was decided by the directors of the respective subsidiaries. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

(e) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 1(v).

28 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

(f) Other reserve

Other reserve is resulted from transactions with owners in their capacity as equity holders. The balance comprise capital reserve surplus/deficit arising from difference between disposal/acquisition consideration and its' net assets at the respective date of disposal/acquisition.

(g) Non-controlling interests

See accounting policy in Note 1(f).

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI"), before and after any intra-group eliminations.

31 December 2013

	Wuhan optics Valley Union	Optic valley Software Park	Wuhan Xuefu	Hubei Technology Enterprise Accelerator	Energy Conservation Technology Park	Wuhan Financial Harbour Development	OV Energy Conservation Technology	Hefei Optic Valley Union	Other individually immaterial subsidiaries	Intra-group eliminations	Total
In thousands of RMB											
Effective NCI percentage	0%	0%	49%	30%	30%	30%	20%	20%			
Non-current assets	—	—	8,066	727	7	23	67,601	55			
Current assets	—	—	107,886	233,654	294,488	276,273	50,422	526,217			
Non-current liabilities	—	—	(655)	(50,000)	—	—	(53,123)	(138,000)			
Current liabilities	—	—	(14,812)	(32,575)	(94,586)	(76,357)	(19,543)	(288,394)			
Net assets	—	—	(100,485)	151,806	199,909	199,939	45,357	99,878			
Carrying amount of NCI	—	—	49,237	45,542	59,973	59,982	9,072	19,976	—	(13,091)	230,691
Revenue	—	—	6,692	31,544	—	—	37,323	—			
Profit	—	—	2,319	2,478	(69)	45	3,061	(122)			
Other comprehensive income	—	—	—	—	—	—	—	—			
Total comprehensive income	—	—	2,319	2,478	(69)	45	3,061	(122)			
Profit allocated to NCI	—	—	1,136	743	(21)	(14)	612	(24)	—	15,253*	17,685
Other comprehensive income allocated to NCI	—	—	—	—	—	—	—	—			
Cash flows from operating activities	—	—	4,187	(41,533)	—	(618)	(19,816)	(165,249)			
Cash flows from investment activities	—	—	—	(50)	—	—	(15,772)	(120)			
Cash flows from financing activities (dividends to NCI: nil)	—	—	(5)	—	—	—	18,009	234,182			
Net (decrease)/increase in cash and cash equivalents	—	—	4,182	(41,583)	—	(618)	(17,579)	68,813			

28 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

(g) Non-controlling interests (Continued)

31 December 2012

	Wuhan optics Valley Union	Optic valley Software Park	Wuhan Xuefu	Hubei Technology Enterprise Accelerator	Energy Conservation Technology Park	Wuhan Financial Harbour Development	OV Energy Conservation Technology	Other individually immaterial subsidiaries	Intra-group eliminations	Total
In thousands of RMB										
Effective NCI percentage	21%	60%	59%	44%	44%	44%	40%			
Non-current assets	1,666,052	64	12,976	373	11	—	47,085			
Current assets	2,771,843	256,369	110,303	99,844	332,561	276,095	41,180			
Non-current liabilities	(638,414)	—	(291)	—	—	—	(35,373)			
Current liabilities	(2,769,433)	(160,899)	(24,823)	(889)	(132,593)	(76,111)	(10,594)			
Net assets	1,030,048	95,534	98,165	99,328	199,979	199,984	42,298			
Carrying amount of NCI	211,984	57,598	58,404	44,108	88,802	88,805	17,103	261,609	(311,824)	516,589
Revenue	696,122	301,772	51,942	—	1	—	29,786			
Profit	405,736	45,674	11,513	(672)	(72)	(70)	1,806			
Other comprehensive income	1,994	—	—	—	—	—	—			
Total comprehensive income	407,730	45,674	11,513	(672)	(72)	(70)	1,806			
Profit allocated to NCI	83,500	27,537	6,850	(298)	(32)	(31)	730	34,085	(85,916)	66,425
Other comprehensive income allocated to NCI	410	—	—	—	—	—	—	—	—	410
Cash flows from operating activities	(337,771)	(159,888)	15,877	(50,318)	(199,656)	(188,765)	13,927			
Cash flows from investment activities	(303,764)	—	129	(376)	(11)	—	(17,517)			
Cash flows from financing activities (dividends to NCI: 62,398)	534,826	—	(113,700)	100,000	150,000	150,000	28,195			
Net (decrease)/increase in cash and cash equivalents	(106,709)	(159,888)	(97,694)	49,306	(49,667)	(38,765)	24,605			

* The Group acquired the remaining NCI of Wuhan Optics Valley Union in July 2013. The amount represents net profit of Wuhan Optics Valley Union belong to NCI before the NCI disposal date.

28 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

(g) Non-controlling interests (Continued)

During the year ended 31 December 2013, Wuhan United Real Estate acquired a 0.417% equity interest from one non-controlling equity holder at a consideration of RMB5,760,000, which led to the decrease in non-controlling interests amounting to RMB5,105,000.

Pursuant to the Reorganisation, during the year ended 31 December 2013, other minority shareholders transferred their equity interests in Wuhan Optics Valley Union at a consideration based on their initial acquisition cost and became the shareholders of the Company by means of an trust. As a result, non-controlling interest decreased by RMB51,036,000.

On 13 August 2013, Hengxin PTC allotted and issued, credit as fully paid, one share to Mr. Huang Liping. Pursuant to a trust deed dated 13 September 2013, a trust was established on 13 September 2013 with Hengxin PTC as trustee. On the same day, the company issued and allotted 10,679 shares to Hengxin PTC.

On 22 August 2013, Wuhan United Real Estate acquired a 16% equity interest from one non-controlling equity holder at a consideration of RMB215,000,000, which led to the decrease in non-controlling interest amounting to RMB212,732,000.

Subsequently, HK 3A allotted and issued ordinary shares to one non-controlling equity holder on 30 August 2013 with a consideration of RMB215,000,000 (equivalent to HK$272,190,000). As a result, the non-controlling equity holder acquired 16% interest in HK 3A.

On 13 September 2013, the Company allotted and issued 15,997 shares to the non-controlling equity holder in exchange for its 16% interest in HK 3A. All intermediate holding companies became wholly owned thereafter. This lead to a decrease in effective NCI percentage of all non-wholly owned subsidiaries.

During the year ended 31 December 2013, Wuhan Optics Valley Union acquired the remaining 50% equity interests of Optics Valley Software Park from Hubei Science & Technology Investment at a consideration of RMB35,054,000 which led to the decrease in non-controlling interests amounting to RMB52,710,000. Optics Valley Software Park has been a wholly owned subsidiary thereafter.

Wuhan Optics Valley Union also acquired 5% equity interests of OV Energy Conservation Technology at a consideration of RMB2,720,000 which led to the decrease in non-controlling interest amounting to RMB2,000,000.

During the year ended 31 December 2013, Wuhan Optics Valley Union established a 80% owned subsidiary Hefei Optics Valley Union together with an independent third party, which held the remaining 20% equity interest. The paid-up capital of Hefei Optics Valley Union was RMB100,000,000 as at 31 December 2013, and the capital contribution from the non-controlling equity holder is RMB20,000,000.

28 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

(h) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and securities afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Regular review and follow-up actions are carried out on overdue amounts of instalments receivable from sale of properties and receivable from construction contracts, which enable management to assess their recoverability and to minimise exposure to credit risk. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Except for the financial guarantees given by the Group as set out in Note 31, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in Note 29.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 21.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (Continued)

(b) Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms.

Details of maturity analysis for financial liabilities are disclosed in Notes 24, 25 and 26.

Year ended 31 December 2013

	Carrying amount RMB'000	Contractual cash flow RMB'000	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
Loans and borrowings	2,057,330	2,383,773	812,692	752,829	335,752	482,500
Corporate bonds payable (Note)	622,190	807,340	119,140	44,100	644,100	—
Amounts due to related parties	229,540	229,540	229,540	—	—	—
Amounts due to non-controlling equity holders	205,178	205,178	205,178	—	—	—
Trade and other payables (excluded receipt in advance)	1,537,821	1,537,821	1,481,065	56,756	—	—
At 31 December 2013	4,652,059	5,163,652	2,847,615	853,685	979,852	482,500

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (Continued)

(b) Liquidity risk (Continued)

Year ended 31 December 2012

	Carrying amount RMB'000	Contractual cash flow RMB'000	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
Loans and borrowings	1,209,165	1,520,020	376,191	235,454	379,441	528,934
Amounts due to related parties	102,325	102,325	102,325	—	—	—
Amounts due to non-controlling equity holders	491,212	491,212	491,212	—	—	—
Trade and other payables (excluded receipt in advance)	948,336	948,336	707,969	240,367	—	—
At 31 December 2012	2,751,038	3,061,893	1,677,697	475,821	379,441	528,934

Note: The 2013 Long-term Corporate Bond is, at the option of the bondholder, redeemable at its par value on the third year (Note 26).

(c) Interest rate risk

The Group's interest rates risk arises primarily from cash and cash equivalents, restricted and pledged deposits and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank loans and other borrowings of the Group are disclosed in Note 25 to the Financial Information. The Group does not carry out any hedging activities to manage its interest rate exposure.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (Continued)

(c) Interest rate risk (Continued)

	2013 Effective interest rate %	RMB'000	2012 Effective interest rate %	RMB'000
Net fixed rate borrowings:				
Loans and borrowings	**7.51%**	**638,000**	5.68%	42,000
Long-term corporate bond	**9.48%**	**544,763**	—	—
Short-term corporate bond	**8.20%**	**6,943**	—	—
Variable rate borrowings:				
Loans and borrowings	**5.40%–8.32%**	**1,419,330**	5.40%–8.32%	1,167,165
Loans from non-controlling equity holders	**7.21%**	**153,566**	6.55%–7.05%	296,714
Total net borrowings		**2,762,602**		1,505,879
Net fixed rate borrowings as a percentage of total net borrowings		**43.06%**		2.79%

Sensitivity analysis

At 31 December 2013, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately RMB5,490,000 and RMB5,898,000 for the years ended 31 December 2013 and 2012 respectively, in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such a change in interest rates. The analysis is performed on the same basis for 2013 to 2012.

(d) Currency risk

Almost all the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. Exposures to currency exchange rates arise from certain of the Group's cash and cash equivalents, trade and other receivables and trade and other payables which are denominated in HKD. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and consider no significant exposure on its foreign exchange risk.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (Continued)

(d) Currency risk (Continued)

	2013 RMB'000	2012 RMB'000
Cash and cash equivalents	**513**	696
Trade and other receivables	**41**	42
Trade and other payables	**(75)**	(72,668)
Net exposure arising from recognised assets and liabilities	**479**	(71,930)

Sensitivity analysis

The foreign currency sensitivity analysis is calculated based on the major net foreign currency exposure of the Group as at the balance sheets dates, assuming 5% shift of RMB against HKD.

Results from a 5% strengthening of the RMB against HKD on the profit after tax and retained profits as at 31 December 2012 and 2013 are RMB2,660,000 and RMB18,000. A 5% weakening of the RMB against HKD as at the same dates would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

(e) Fair value

(i) Assets measured at fair value

All investment properties of the Group were revalued as at 31 December 2013 and 2012 on an open market value basis calculated by reference to net rental income allowing for reversionary income potential.

Fair value hierarchy

The table below analyses recurring investment properties carried at fair value. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs or for the asset or liability.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (Continued)

(e) Fair value (Continued)

(i) Assets measured at fair value (Continued)

	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000
At 31 December 2013			
Investment properties	—	—	298,200
At 31 December 2012			
Investment properties	—	—	299,800

There were no transfers between level 1 and level 2, or transfers into or out of level 3. The Group's policy is to recognise transfers out of level 3 as of the date of the event or change in circumstances that caused the transfer.

The table in note 12 shows a reconciliation from the beginning balances to the ending balances for level 3 fair value measurements.

The following table shows the valuation techniques used in the determination of fair values within level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation models.

	Valuation technique	**Significant unobservable inputs**	**Range**
At 31 December 2013			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m.)	21.9–85.0
		Capitalisation rate	4%–7%
At 31 December 2012			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m.)	15.8–80.3
		Capitalisation rate	4%–7%

The fair value of investment properties are determined using the income capitalisation method by capitalising the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate. As at 31 December 2013, it is estimated that with all other variables held constant, an increase/decrease in market monthly rental rate by 5% would have increased/decreased in Group's profit by RMB13,474,000 (31 December 2012: RMB13,094,000). The fair value measurement is also negatively correlated to capitalisation rate. As at 31 December 2013, it is estimated that with all other variables held constant, a decrease/increase in capitalisation rate by 0.5% would have increased/decreased the Group's profit by RMB18,400,000 (31 December 2012: RMB19,100,000).

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (Continued)

(e) Fair value (Continued)

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-levels fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical financial instruments

- Level 2 valuations: fair value measured using level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: fair value measured using significant unobservable inputs

31 December 2013
In millions of RMB

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sales financial assets	122,220	—	—	122,220

The Group has a team head by the finance manager performing valuations of investment properties (included assets held for sale) (by reference to the valuation done by Savills Valuation). The team reports directly to the finance director. An analysis of changes in fair value measurement is prepared by the team at each reporting date, and is reviewed and approved by the finance director. Discussion of valuation process and results with the finance director is held twice a year, to coincide with the reporting dates.

(ii) Securities
Fair value for the trading securities is based on quoted market prices at the end of the reporting period without any deduction for transaction costs. Fair values for the unquoted equity investments are estimated using the applicable price/earning ratios for similar listed companies adjusted for the specific circumstances of the issuer.

(iii) Interest-bearing loans and borrowings
The fair value is estimated as the present value of future cash flows, discounted at the interest rate based on the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

Except for the trading securities (see Note 17), the carrying amounts of all financial assets and liabilities carried at amortised cost approximate their respective fair values as at 31 December 2012 and 2013.

30 COMMITMENTS

(a) Operating lease commitment

- Lessor

  The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 12 years, with an option to renew the leases after that date at which time all terms are renegotiated. Further details of the carrying value of the properties are contained in Note 12.

  The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group	
	2013 RMB'000	2012 RMB'000
Within 1 year	**15,937**	12,511
After 1 year but within 5 years	**27,922**	31,286
After 5 years	**2,764**	10,268
	46,623	54,065

- Lessee

  The Group leases a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2013 RMB'000	2012 RMB'000
Within 1 year	**2,911**	2,911
After 1 year but within 5 years	**1,052**	2,713
	3,963	5,624

30 COMMITMENTS (Continued)

(b) Commitments related to development expenditure

As at 31 December 2013 and 2012, commitments outstanding not provided for in consolidated financial statements are as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Contracted but not provided for	**2,244,350**	2,452,296

31 CONTINGENT LIABILITIES

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

The maximum amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of the reporting period is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**271,994**	453,376

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as during the periods under guarantees, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors.

32 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note 29 contain information about the assumptions and their risk factors relating to the fair value of financial instruments. Key sources of estimation uncertainty are as follows:

(a) Write-down of inventories for property development

As explained in Note 1(n), the Group's land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, provision for completed properties held for sale, properties held for future development and under development for sale may be resulted. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(b) Construction contracts

As explained in policy Notes 1(p) and 1(t)(iv) revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in Note 20 will not include profit which the Group may eventually realize from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(c) Recognition of deferred tax assets

Deferred tax assets are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the Directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

32 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Provision for PRC Land Appreciation Tax ("LAT")

As explained in Note 6(b), The Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of the reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

(e) Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

When the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

(f) Valuation of investment properties

As described in Note 12, investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

In determining the fair value, the valuers have based on a method of valuation which involves, inter-alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of the current market condition.

(g) Fair value of non-derivative financial instruments

Fair value of non-derivative financial instruments carried at amortised costs, which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

33 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in these financial statements, the Group entered into the following significant related party transactions.

(a) Name and relationship with related parties

Transactions with the following parties are considered as related party transactions:

Name of party	Relationship with the group
Mr. Huang Liping	The Controlling Shareholder
Ms. Xie Xiaoyun	Spouse of the Controlling Shareholder
Ms. Li Jinsong	Senior management personnel
Wuhan Qianbao Property Company Limited ("Wuhan Qianbao Property")	Entity controlled by the Controlling shareholder
Wuhan Lido Investment Company Limited ("Wuhan Lido Investment")	Entity controlled by the Controlling shareholder
Wuhan Xuefu	Associate (Note)
Wuhan Mason	Joint venture

Note: Wuhan Xuefu became subsidiary of the Group on 23 November 2011.

(b) Key management personnel remuneration:

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	2013 RMB'000	2012 RMB'000
Wages, salaries and other benefits	**19,125**	18,838
Retirement scheme contributions	**230**	230
	19,355	19,068

The above remuneration to key management personnel is included in "staff costs" (Note 5(b)).

33 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

The directors consider that all related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

(i) Sales of goods and services

	2013 RMB'000 Note (i)	2012 RMB'000 Note (ii)
Sales proceeds in accordance with underlying contracts	**3,993**	2,276
Cost of sales	**(2,359)**	(1,270)

Notes:

(i) During the year ended 31 December 2013, OV Financial Harbour Development entered into a property transfer contract with Li Jingsong and four other non-related persons. The property locates in the Optics Valley Financial Harbor (Phase I).

(ii) The Group had sold certain properties to the Controlling Shareholder in accordance with the terms of the underlying contracts.

(ii) Other related party transactions

	2013 RMB'000	2012 RMB'000
Sales of Materials (Note (i))	**478**	1,115
Business operation service (Note (ii))	**558**	459
Construction contract revenue (Note (iii))	**1,074**	2,257
Development management service (Note (iv))	**6,304**	15,826
Guarantee from the controlling shareholder (Note (v))	**330,000**	330,000
Sales of other non-current assets (Note (vi))	**—**	47,304
Trademark usage (Note (vii))	**1**	—
Trademark transfer (Note (viii))	**5**	—

33 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties (Continued)

(ii) Other related party transactions (Continued)

Notes:

(i) Wuhan Optics Valley Union sold certain construction materials to Wuhan Mason.

(ii) Wuhan Lido Property Management provided property management services to Wuhan Xuefu and Wuhan Mason.

(iii) Wuhan Lido Technology provided construction service to Wuhan Mason.

(iv) Wuhan Optics Valley Union provided construction management service to Wuhan Mason.

(v) On 26 April 2012, Mr. Huang Liping and his spouse provided guarantee to Wuhan Optics Valley Union for its bank loans of RMB330,000,000. The Group has not recognised any deferred expense in respect of the financial guarantee provided by the controlling shareholder and his spouse as its fair value cannot be reliably measured using observable market data and its transaction price was nil.

(vi) During the year ended 31 December 2012, Wuhan United Real Estate sold certain artwork and antiques to Wuhan Qianbao Property and Wuhan Lido Investment.

(vii) On 30 April 2013, Wuhan Qianbao Media and Wuhan Qianbao Property entered into a trademark license agreement whereby Wuhan Qianbao Property agreed to grant a license to Wuhan Qianbao Media for a consideration of RMB1,000 to use a trademark until 31 December 2015.

(viii) On 30 August 2013, Wuhan Optics Valley Union and Wuhan Qianbao Property entered into a trademark transfer the "Qianbao" trademark to Wuhan Optics Valley Union at a consideration of RMB5,000.

33 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties

	The Group	
	2013 **RMB'000**	2012 RMB'000
Amount due from related parties		
Trade Related:		
Wuhan Mason	**1,127**	146
Not-Trade Related:		
Huang Liping	**13,823**	1,721
Amount due from other equity holders	**—**	3,451
	14,950	5,318
Amount due to related parties		
Not-Trade Related:		
Other Payables to		
Wuhan Mason	**190,072**	—
Huang Liping	**—**	28,962
Others	**—**	282
Dividend payable to:		
Wuhan Qianbao Property	**25,000**	25,000
Wuhan Lido Investment	**4,500**	4,500
Huang Liping	**—**	43,581
	219,572	102,325

The amounts due from/to related parties as at 31 December 2013 and 2012 were expected to be recovered/repaid within one year.

34 PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2013, the directors consider the ultimate controlling party of the Group to be AAA Finance and Investment Holdings Limited, which is incorporated in the BVI with limited liability and beneficially owned by the Controlling Shareholder.

(Expressed in thousand of Renminbi unless otherwise indicated)

35 POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of this report, the IASB has issued the following new standards, amendments to standards and interpretations which are not yet effective for the accounting year beginning on 1 January 2013, and have not been applied in preparing the consolidated financial statements.

Of these developments, the following relate to matter that may be relevant to the Group's operations and the Financial Information

	Effective for accounting periods beginning on or after
Amendments to IAS 32, *Financial instruments: Presentation — Offsetting financial assets and financial liabilities*	1 January 2014
IFRS 9, *Financial instruments*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments and new standard is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's result of operations and financial position.

36 SUBSEQUENT EVENT

(a) Capitalisation Issue

The Shares of the Company were listed on the Stock Exchange on 28 March 2014, among which 1,000,000,000 shares were issued to the public at a price of HK$0.83 per Share.

Pursuant to written resolutions of the Company's shareholders passed on 12 March 2014, 2,999,900,000 ordinary shares of HK$0.1 each were issued at par value on 28 March 2014 by way of capitalisation of HK299,990,000 (equivalent to approximately RMB236,992,100) from the Company's share premium account.

(b) Dividends

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 28(c)(i).

Definitions

"AAA Finance"	AAA Finance and Investment Holdings Limited, a limited liability company incorporated in the BVI on 10 July 2013 which is wholly owned by Mr. Huang Liping, one of our Controlling Shareholders
"Articles of Association"	the articles of association of the Company
"associates"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the Board of directors of the Company
"BVI"	the British Virgin Islands
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", 'we", "us" or "our"	Optics Valley Union Holding Company Limited (光谷聯合控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2013 under the Cayman Islands Companies Law
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	Mr. Huang Liping, AAA Finance and Lidao BVI, both of which are wholly owned by Mr. Huang Liping
"Directors"	director(s) of the Company
"Energy Conservation Technology Park"	Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.* (武漢光谷節能科技園有限公司), a limited liability company incorporated in the PRC on 8 December 2011 and a 70.0% owned subsidiary of Wuhan Optics Valley Union, and thus a subsidiary of the Company
"Financial Control Committee"	the financial control committee of the Company
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Hefei OVU Development"	Hefei Optics Valley Union Development Co., Ltd.* (合肥光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 13 September 2013 and a 92.0% owned subsidiary of Wuhan Optics Valley Union, and thus a subsidiary of the Company
"Hengxin PTC"	Hengxin Global (PTC) Limited, a limited liability company incorporated in the BVI on 12 August 2013 and our Shareholder
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huangshi OVU Development"	Huangshi Optics Valley Union Development Co., Ltd.* (黃石光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 24 January 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company

"Hubei Huisheng"	Hubei Huisheng Technology Development Co., Ltd.* (湖北匯盛科技發展有限公司), a limited liability company incorporated in the PRC on 8 December 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Hubei Science & Technology Investment"	Hubei Science & Technology Investment Group Co., Ltd.* (湖北省科技投資集團有限公司), a limited liability company incorporated in the PRC on 28 July 2005 and a substantial shareholder of the Company
"Hubei Technology Enterprise Accelerator"	Hubei Technology Enterprise Accelerator Co., Ltd.* (湖北科技企業加速器有限公司), a limited liability company incorporated in the PRC on 18 May 2012 and an 80.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Lidao BVI"	Lidao Investment Limited, a limited liability company incorporated in the BVI on 10 July 2013 and one of our Controlling Shareholders
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	28 March 2014, the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers
"Nomination Committee"	the nomination committee of the Company
"Optics Valley Software Park"	Wuhan Optics Valley Software Park Co., Ltd.* (武漢光谷軟件園有限公司), a limited liability company incorporated in the PRC on 8 September 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"OV Financial Harbour Development"	Wuhan Optics Valley Financial Harbour Development Co., Ltd.* (武漢光谷金融港發展有限公司), a limited liability company incorporated in the PRC on 24 July 2008 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Prospectus"	the prospectus of the Company dated 18 March 2014
"Qianbao BVI"	Qianbao Investment Limited, a limited liability company incorporated in the BVI on 10 July 2013 and our Shareholder
"Qingdao OVU Development"	Qingdao Optics Valley Union Development Co., Ltd.* (青島光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 1 September 2011 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Remuneration Committee"	the remuneration committee of the Company
"Renminbi" or "RMB"	the lawful currency of China
"reporting period"	the 12-month period from 1 January 2013 to 31 December 2013

"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholders"	holder(s) of our Share(s) from time to time
"Shares"	ordinary shares of HK$0.10 each in the capital of the Company
"Shenyang OVU Development"	Shenyang Optics Valley Union Development Co., Ltd.* (瀋陽光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 29 May 2012 and a 95.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"sq.m."	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Technology Investment HK"	Hubei Science & Technology Investment Group (Hong Kong) Company Limited (湖北省科技投資集團(香港)有限公司), a limited liability company incorporated in Hong Kong on 11 July 2013 and a substantial shareholder of the Company
"Wuhan East Lake High Technology"	Wuhan East Lake High Technology Group Co., Ltd.* (武漢東湖高新集團股份有限公司), a limited liability company incorporated in the PRC on 12 January 1993 and listed on the Shanghai Stock Exchange (stock code: 600133) and a connected person of the Company
"Wuhan Financial Harbour Development"	Wuhan Financial Harbour Development Co., Ltd.* (武漢金融港開發有限公司), a limited liability company incorporated in the PRC on 5 December 2011 and a 70.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Wuhan Future City Asset Management"	Wuhan Future Science & Technology City Park Asset Management Co., Ltd. (武漢未來科技城園區資產管理有限公司), an associate of Hubei Science & Technology Investment and a connected person of the Company
"Wuhan Lido Property Management"	Wuhan Lido Property Management Co., Ltd.* (武漢麗島物業管理有限公司), a limited liability company incorporated in the PRC on 19 July 2000 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Wuhan Lido Real estate Agency"	Wuhan Lido Real Estate Agency Co., Ltd.* (武漢麗島房地產代理有限公司), formerly known as Wuhan Lido Real Estate Management Co., Ltd.* (武漢麗島不動產經營管理有限公司), a limited liability company incorporated in the PRC on 20 February 2012 and a wholly-owned subsidiary of Wuhan Lido Property Management, and an indirect subsidiary of the Company
"Wuhan Lido Technology"	Wuhan Lido Technology Co., Ltd.* (武漢麗島科技有限公司), a limited liability company incorporated in the PRC on 13 December 2000 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Wuhan Mason"	Wuhan Mason Property Co., Ltd.* (武漢美生置業有限公司), formerly known as Mason Property (Wuhan) Co., Ltd.* (美生置業(武漢)有限公司), a limited liability company incorporated in the PRC on 11 January 2007 and is owned as to 50% by Wuhan Optics Valley Union

"Wuhan Minghong"	Wuhan Minghong Technology Development Co., Ltd.* (武漢鳴鴻科技發展有限公司), a limited liability company incorporated in the PRC on 8 February 2001 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Wuhan Optics Valley Union"	Wuhan Optics Valley Union Group Company Limited* (武漢光谷聯合集團有限公司, formerly known as 武漢光谷聯合股份有限公司), a limited liability company incorporated in the PRC on 24 July 2000 and a wholly-owned subsidiary of Wuhan United Real Estate, and an indirect subsidiary of the Company
"Wuhan United Real Estate"	United Real Estate (Wuhan) Co., Ltd.* (聯合置業(武漢)有限公司), a limited liability company incorporated in the PRC on 23 July 1993 and a wholly-owned subsidiary of AAA Finance & Investment Limited, and an indirect subsidiary of the Company
"Wuhan Xuefu"	Wuhan Xuefu Property Co., Ltd.* (武漢學府房地產有限公司), a limited liability company incorporated in the PRC on 29 April 1999 and a 51.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company

In this annual report, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language which are marked with "*" is for identification purpose only.

光谷聯合控股有限公司
OPTICS VALLEY UNION HOLDING COMPANY LIMITED