2017
Annual Report

中电光谷
CEC OPTICS VALLEY

中電光谷聯合控股有限公司
China Electronics Optics Valley Union Holding Company Limited

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

Contents

COMPANY NAME

China Electronics Optics Valley Union Holding Company Limited

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited

STOCK CODE

798

STOCK NAME

CEOVU

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Liping *(Chairman and President)*
Mr. Hu Bin *(Executive President)*

Non-executive Directors

Mr. Lu Jun *(resigned as non-executive Director on 22 March 2018)*
Mr. Zhang Jie
Ms. Wang Qiuju
Mr. Xiang Qunxiong
Ms. Sun Ying *(appointed as non-executive Director on 22 March 2018)*

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)*
Mr. Qi Min
Ms. Wang Qiuju

REMUNERATION COMMITTEE

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

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

Building No. 1, Higher Level
Creative Capital
16 Ye Zhi Hu West Road
Hongshan District
Wuhan, Hubei
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG (NOTE)

19/F
Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

LEGAL ADVISORS

as to Hong Kong law
Reed Smith Richards Butler
20/F Alexandra House
18 Chater 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

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
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
Bank of Communications
Industrial and Commercial Bank of China

COMPANY WEBSITE

http://www.ceovu.com/

Note: The principal place of business in Hong Kong has changed from Unit 2197A, 21st Floor, The Center, No. 99 Queen's Road Central, Hong Kong to 19/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong with effect from 28 October 2017.

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

	Year ended 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue from continuing operations	**2,692,899**	2,594,701	1,903,840	1,928,948	1,966,348
Gross profit	**987,134**	811,623	592,006	682,661	712,190
Profit before income tax	**829,502**	761,025	748,028	632,018	593,781
Profit attributable to owners of the Company	**446,260**	431,925	499,886	415,190	320,869
Profit attributable to non-controlling interests	**39,427**	37,570	4,704	5,128	17,685
Profit for the year	**485,687**	469,495	504,590	420,318	338,554

	As of 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Non-current assets	**4,218,606**	3,555,100	1,635,447	1,054,621	724,787
Current assets	**9,149,471**	8,023,019	7,257,981	7,078,420	6,358,684
Current liabilities	**3,903,664**	3,582,159	4,081,165	3,659,076	3,665,116
Net current assets	**5,245,807**	4,440,860	3,176,816	3,419,344	2,693,568
Total assets less current liabilities	**9,464,413**	7,995,960	4,812,263	4,473,965	3,418,355
Total equity	**6,860,745**	6,082,916	3,052,260	2,585,039	1,665,116
Non-current liabilities	**2,603,668**	1,913,044	1,760,003	1,888,926	1,753,239
Total equity and non-current liabilities	**9,464,413**	7,995,960	4,812,263	4,473,965	3,418,335

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of the Group for the year ended 31 December 2017.

Restless, turbulence and adjustment have been the common issues experienced and faced by the world in the past five years. In 2017, the political, economic and social development worldwide seem to be moving in a better direction. With the breakup of the inherent mode of development in politics and economy, new science and technology and new economy are irresistibly subverting and reshaping the world we have previously perceived.

This is the worst of times, but the best of times as well. Opportunities come along with breakthroughs.

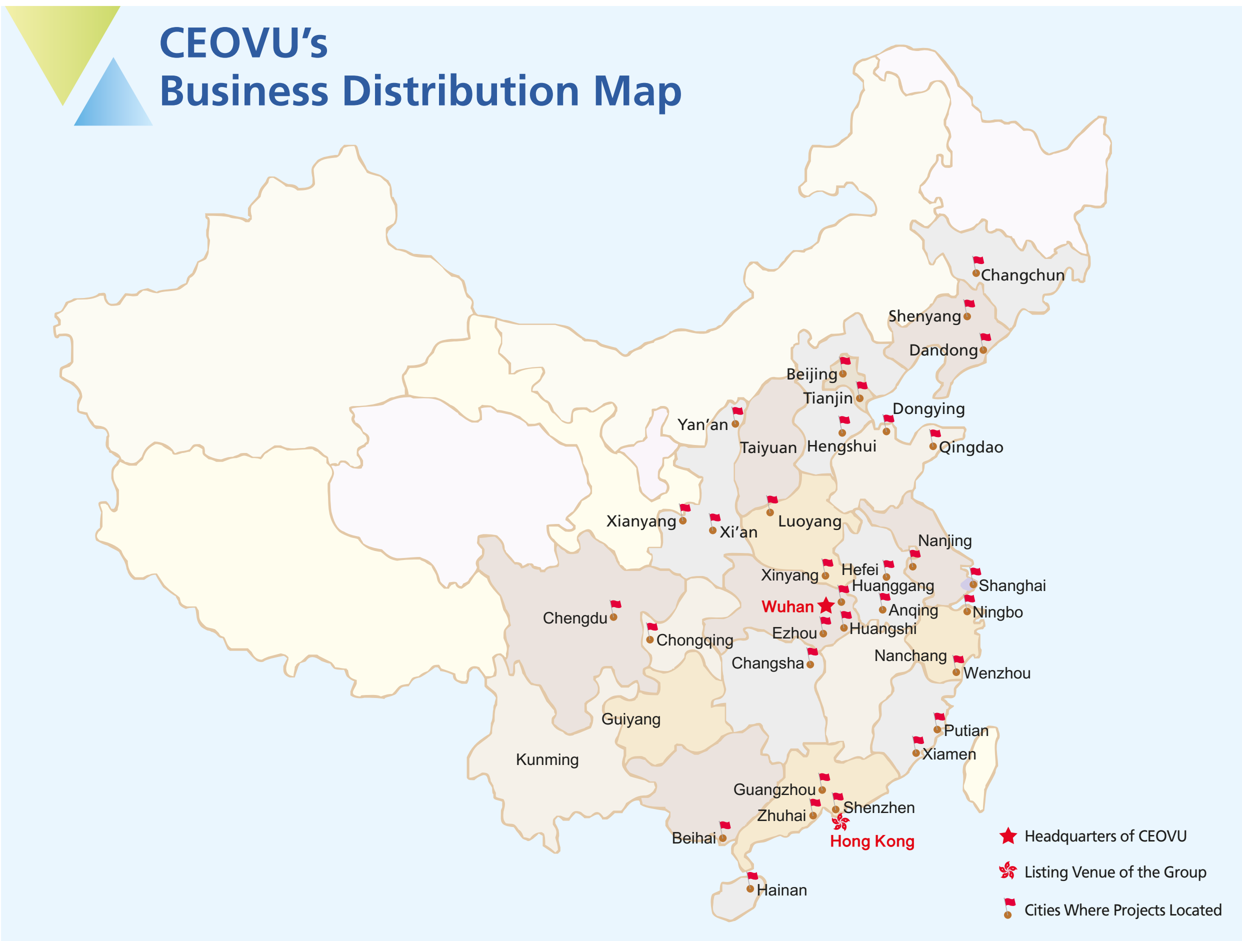
China, obviously, will have good opportunities in many areas in this round of change. The successful convening of 19th National Congress of the Communist Party of China in October 2017 marks the entry of China into a "new era" in the real sense and also establishes that the Chinese economy shifts from a period of rapid growth to a period of high-quality development.

Fortunately, each of our steps follows and even leads the pulse of China's economic development. In maintaining close interaction and shared growth with industry clients, we have accumulated and developed our industrial park operation service capabilities. Through working with excellent enterprises and resources within and outside the industry, especially after deeply integrating into the industrial system of China Electronics Corporation, we have speeded up the construction of our operational capabilities in informatized and intelligent industrial parks. This is also the basis and premise of realizing the steady growth of main businesses and the accelerated development of new businesses in the context of deep adjustments of real economy and uncertain customer requirements.

In 2017, our development strategy of "changing lanes, overtaking and co-innovating" has achieved great success, and the construction of the industrial ecosystem has also made a crucial breakthrough. The main business indicators have grew by more than 20%, with the proportion of revenue from the park operation segment growing better than expected. The balanced asset-light and asset-heavy business development strategy has enabled us to enter the markets of Shanghai, Zhuhai, Changsha, Ningbo, Chengdu, Tianjin, and other cities in a more robust and efficient manner. As of 31 December 2017, we have carried out the layout of industrial park development and operation business in 30 cities across the country, truly implementing the full coverage development layout in major economic activity areas based on the first-tier and second-tier cities.

In 2017, the industrial park space services segment continued to grow steadily and recorded a revenue of RMB1,862.0 million, representing a year-on-year decrease of 9.3%. The precise product positioning and pragmatic industrial services strategies for projects in cities such as Wuhan, Hefei, Qingdao, Shenyang, Xi'an, Ezhou, Huangshi, Huanggang and Wenzhou laid a good foundation for maintaining a steady cash flow.

The dynamic business development model of industrial park operation services and design and construction services segments in light-asset area also demonstrated unprecedented vitality. In 2017, the two segments recorded a year-on-year increase of 53.7% in revenue, with the customer type expanding from government and platform companies to well-known real estate development enterprises, which indicated that our professional ability and development model have been generally recognized by various type of customers.



In 2017, the "intelligent business parks system" based on the technological update and Internet concept also achieved a breakthrough from 0 to 1. Following the investments in existing hardware and software infrastructure of Internet-of-Things in 2016, we made strategic investments in industrial leading companies such as Hengqin China Electronics Youpu Cloud Data Limited* (橫琴中電友普雲數據有限公司) ("Hengqin China Electronics Youpu") and Ruizhang Technology Co., Limited* (瑞章科技有限公司) ("Ruizhang Technology") in 2017, forming a Internet-of-Things industrial ecosystem based on core technologies such as low-power wide area networks (WANs) for Internet-of-Things, Beidou navigation and positioning chip, ultra-high frequency radio frequency identification devices (UHF RFID), indoor maps, passive switching, intelligent control and cloud computing, etc. The Internet-of-Things industrial ecosystem, together with the offline service resources from OVU, Lanyu Intelligent, Lido Property, Lido Technology and Quanpai Living* (全派生活) initially form a dual dimensions park operation service system with building space and data space in parallel and core competence. The business will embrace fission from 1 to N in 2018.

We recognized that the business we engage in is and will be full of challenges. Therefore, we consistently operate our business with a positive, tolerant and open-minded, diligent and prudent attitude and continuously carry out innovation and change, with an aim to achieve transformation from a traditional real estate development operator and China's leading industrial resources sharing cloud platform to a solution provider of informationalized and intelligentized entire life cycle industrial park operation. Meanwhile, we also believe that the new era, new economy and new order will bring a broader development prospect for enterprises with well preparation and continuous innovation like us.

As the saying goes, good luck always favors those who act under the principle of moralism. In relation to an enterprise, moralism may refer to its obligation of assuming social responsibility, creating social value and realizing sustainable development. Satisfying these obligations is our unwavering target. We believe that the Company will embrace a better future built by the hard work from all our staff and the continuous support from all Shareholders.

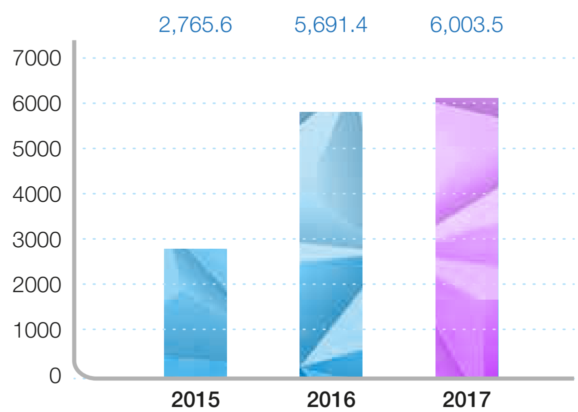
China Electronics Optics Valley Union Holding Company Limited
HUANG Liping
Chairman of the Board

22 March 2018

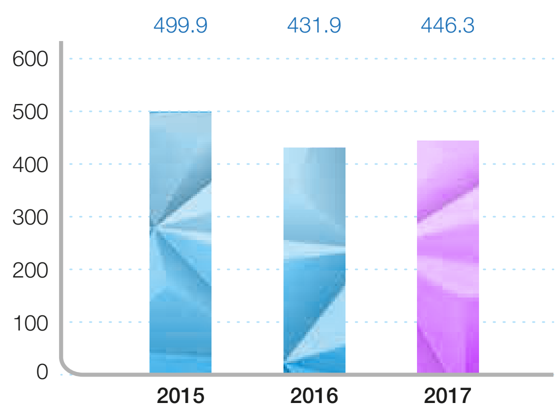
OVERALL PERFORMANCE

- Revenue of the Group increased by 3.8% to RMB2,692.9 million in 2017 from RMB2,594.7 million in 2016.
- Profit attributable to owners of the Company increased by 3.3% to RMB446.3 million in 2017 from RMB431.9 million in 2016. Core net profit of the Group (excluding post-tax fair value gains on investment properties) was approximately RMB300.8 million, representing a decrease of 10.2% as compared to the same period of 2016.
- Newly completed area and the actual delivered area of the Group amounted to 222,000 sq.m. and 282,000 sq.m. in 2017, respectively.
- As of the end of 2017, total equity attributable to owners of the Company amounted to RMB6,003.5 million, representing an increase of 5.5% compared to the same period of 2016.
- The Group recorded gross profit margin of 36.7% in 2017, increased by 5.4% as compared to the overall gross profit margin of 31.3% in 2016.

Growth in total equity attributable to owners of the Company during 2015 to 2017 (RMB million)



Growth in profit attributable to owners of the Company during 2015 to 2017 (RMB million)



BUSINESS REVIEW

The in-depth adjustment of China's economic structure driven by technological innovation and model innovation has achieved remarkable results. The successful convening of the 19th National Congress of the Communist Party of China in October 2017 marked that China has entered the "new era" in a real sense, and has also clearly showed that China's economy is in a transition from a phase of rapid growth to a stage of high-quality development.

2017 is a crucial year for the Company marking its full integration into the industrial system of China Electronics Corporation. Through cooperation with other companies and entities under the Group, and on the premise of reform and innovation of the internal institutional mechanism of the Company, our information-based and intelligent operation business covering the entire life cycle of the industrial park zone has been conducted with irresistible force and in an efficient manner in key cities throughout the country. As of 31 December 2017, the Group's business has penetrated into over 30 cities including Shanghai, Chengdu, Shenzhen, Chongqing, Tianjin, Wuhan, Hefei, and Zhuhai, of which 3 are national central cities. We are working with different business models to serve China's more diverse cities and economic bodies.

In 2016, we embarked on business structure optimization and strategic transformation and achieved practical progress in the past two years. We are committed to becoming the leading platform for sharing industrial resources in China, developing the core capabilities mainly in industrial investment, planning and construction, business solicitation, and enterprise services, and providing users with information-based and intelligent operation solutions covering the entire life cycle of industrial park zone. In 2017, the revenue from our business was RMB2,692.9 million, representing a growth of 3.8% as compared to 2016, among which, industrial park space services business accounted for 69.1%, industrial park operation services accounted for 16.8%, while design and construction services accounted for 14.1%. We have established a comprehensive system for enterprises stationed in our parks, providing them with a complete system covering whole life cycle and whole industry chain of themed industrial park space services and operation services. New business segments such as smart cities, innovation and entrepreneurship services, Engineering Procurement Construction ("EPC") integrated design and construction service, and industrial investment, are getting on track and will be a new profit pool for the Group in the upcoming future.

As of 31 December 2017, the Group, being a leading development and operation services enterprise in themed business parks, developed or operated various business parks in over 30 cities, including Wuhan, Qingdao, Hefei, Shenyang, Xi'an, Chengdu, Shanghai, Tianjin, Shenzhen, Chongqing, Wenzhou, Beihai, Ezhou, Huangshi, Huanggang, Chengmai (Hainan), Dongying, Luoyang, Changsha and Xianyang. The Group manages its businesses by business lines (products and services). As at 31 December 2017, the Group's business consists of four parts: (i) industrial park space services business (including sale of industrial park space services, sale of ancillary residentials and industrial park leasing), (ii) industrial park operation services (including property management service, energy services, intelligent park services, incubator and office sharing services, financial services in parks, group catering and hotel services, real estate marketing and agency, apartment leasing as well as recreation and entertainment), (iii) design and construction services (including governmental procurement services, PPP service, EPC integrated design and construction services, project management and consultation services), and (iv) industrial investment (industrial-related strategic investments in various theme parks).

REVENUE BY BUSINESS SEGMENTS

	Years ended 31 December			
	2017		2016	
	Revenue (RMB'000)	% of total	Revenue (RMB'000)	% of total
Industrial Park Space Services	**1,861,972**	**69.1**	2,053,945	79.2
Sales of Industrial Park	**1,721,922**	**63.9**	1,463,163	56.4
Industrial Park Leasing	**108,055**	**4.0**	83,771	3.3
Sales of Ancillary Residentials	**31,995**	**1.2**	507,011	19.5
Industrial Park Operation Services	**451,431**	**16.8**	371,288	14.3
Property Management Service	**291,711**	**10.8**	239,478	9.2
Energy Services	**72,542**	**2.7**	53,668	2.1
Others	**87,178**	**3.4**	78,142	3.0
Design and Construction Services	**379,496**	**14.1**	169,468	6.5
Total	**2,692,899**	**100.0**	2,594,701	100.0

INDUSTRIAL PARK SPACE SERVICES

In 2017, the income from the industrial park space services business of the Group was RMB1,862.0 million, representing a decrease of 9.3% as compared to 2016. Among which, the sales income from industrial parks was RMB1,721.9 million, representing a growth of 17.7% as compared to the same period of 2016, with a booked sales area of 279,000 sq.m., representing an increase of 15.3% as compared to last year, which was mainly attributable to the excellent sales progress of Hefei Financial Habour Project, Creative Capital Project and Qingdao International Marine Information Harbour Project in 2017. Industrial park lease income amounted to RMB108.1 million, representing a growth of 29.0% as compared to the same period of 2016, with a lease area of 280,000 sq.m. and occupancy rate of over 81.0%. Ancillary residential properties achieved a sales income of RMB32.0 million, the income dropped by 93.7% as compared to last year, which was attributable to the Group's main residential properties of Lido 2046 basically having been sold out in 2016 and that there were no new residential property projects in 2017.

Sales of Industrial Park

In 2017, the income from the sale of industrial park was mainly generated from Hefei, Wuhan, Shenyang and Ezhou, among which, the sales income from Hefei project reached RMB641.9 million, accounting for 37.3% of the income from sales of industrial parks. The sales income from Ezhou project was RMB206.2 million, accounting for 12.0% of the income from sales of industrial parks. The sales income from Qingdao project was RMB173.3 million, accounting for 10.1% of the income from sales of industrial parks. Excluding the projects in Wuhan, the proportion of sales from projects in other cities reached 66.3%, representing a further growth as compared to last year. This demonstrated that the sales of industrial park properties business was well received by our clients in other major cities across the country.

The growth in the sales income from industrial park was mainly attributable to: (1) the recognition from our clients as to the location, design and construction standard of the industrial properties provided by the Group; and (2) that flexible and appropriate business solicitation strategies were adopted by the Group according to the demands of our customers.

SUMMARY REGARDING THE SALES OF PROPERTIES

City and Project	Contracted Amount (RMB'000) 2017	Contracted Amount (RMB'000) 2016	Contracted Area (sq.m.) 2017	Contracted Area (sq.m.) 2016
Wuhan Creative Capital	**378,360**	575,460	**32,000**	60,500
Wuhan Financial Harbour (Phase II)	**-6,820**	126,380	**-1,000**	13,900
Wuhan Innocenter	**7,710**	41,580	**600**	5,800
Wuhan Lido 2046	**23,510**	384,590	**1,700**	29,500
Hefei Financial Harbour	**647,920**	632,020	**75,300**	81,300
Shenyang OVU Science and Technology City	**47,090**	92,450	**15,600**	30,900
Shenyang CEOVU Information Harbour	**95,940**	–	**31,900**	–
Qingdao OVU International Marine Information Harbour	**185,240**	278,030	**26,800**	41,700
Qingdao Innocenter	**93,670**	–	**14,900**	–
Ezhou OVU Science and Technology City	**239,710**	121,140	**71,300**	35,100
Huanggang OVU Science and Technology City	**86,920**	20,710	**30,400**	7,600
Huangshi OVU Science and Technology City	**4,910**	4,970	**1,000**	1,000
China Electronics Xi'an Industrial Park	**24,940**	–	**5,200**	–
Others	**14,500**	5,150	**1,800**	500
Total	**1,843,600**	2,282,480	**307,500**	307,800

DEVELOPMENT AND PROGRESS OF INDUSTRIAL PARK PROPERTIES

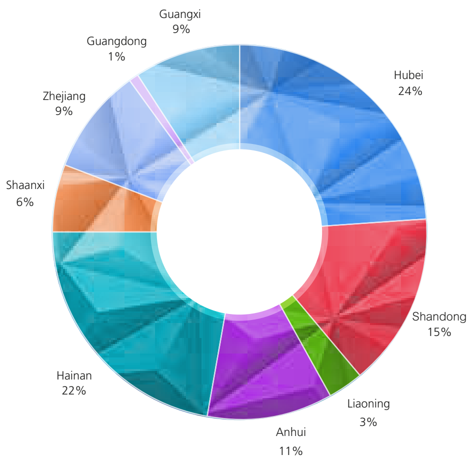
Due to the in-depth adjustment of industrial structure in China, timely adjustments were made to the strategies of different themed industrial park space services of different cities. In general, during 2017, the total area of construction commenced in industrial parks was 521,000 sq.m., increasing by 161.8% as compared to 241,000 sq.m. in 2016. Completed construction area amounted to 222,000 sq.m., decreasing by 60.5% as compared to 562,000 sq.m. in 2016. As at the end of 2017, the total area under construction was approximately 627,000 sq.m.

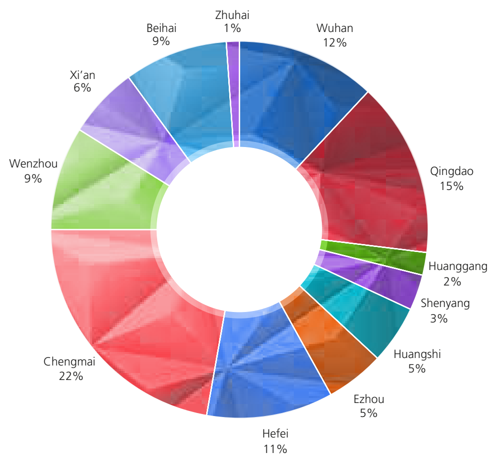
Completed Area in Major Cities throughout the Nation

City	Project Name	Completed area in 2017 ('000 sq.m.)
Shenyang	Shenyang Science and Technology City	11.7
Ezhou	Ezhou Science and Technology City	28.3
Qingdao	Qingdao Innocenter	86.8
Xi'an	China Electronics Xi'an Industrial Park	51.2
Huanggang	Huanggang OVU Science and Technology City	43.8
Total		221.8

Land Bank

As at 31 December 2017, the Group owned the land with an area of 4,201,000 sq.m. The total land bank area safeguards the industrial park development and sales business in the next five years.





Land bank

No.	Project	City	Location	Usage	Interest Attributed to the Group	Land Bank (sq.m)
1	Optics Valley Software Park (光谷軟件園)	Wuhan	1 Guanshan Avenue, Wuhan, Hubei Province	Industrial	100%	54,425
2	Financial Harbour (Phase I) (金融港一期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	27,728
3	Financial Harbour (Phase II) (金融港二期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	28,465
4	Creative Capital (創意天地)	Wuhan	16 Yezhihu West Road, Hongshan District, Wuhan, Hubei Province	Commercial	100%	203,634
5	Wuhan Innocenter (武漢研創中心)	Wuhan	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	Industrial	100%	199,438
6	Lido 2046 (麗島2046)	Wuhan	175 Xiongchu Avenue, Wuhan, Hubei Province	Residential	100%	2,333
7	Others	Wuhan	N/A	Residential	100%	14,612
8	Qingdao OVU International Marine Information Harbour (青島光谷國際海洋信息港)	Qingdao	396 Emeishan Road, Qingdao, Shandong Province	Industrial	100%	329,327
9	Qingdao Innocenter (青島研創中心)	Qingdao	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	Residential/ Industrial	100%	120,823
10	Qingdao Marine & Science Park (青島海洋科技園)	Qingdao	South of Changjiang West Road, West of Jiangshan South Road, North of Binhai Avenue, Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province	Industrial	100%	197,050
11	Huanggang OVU Science and Technology City (黃岡光谷聯合科技城)	Huanggang	Junction of Zhonghuan Road and Xingang North Road, Huangzhou district, Huanggang City, Hubei Province	Industrial	70%	103,085
12	Shenyang OVU Science and Technology City (瀋陽光谷聯合科技城)	Shenyang	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	3,438
13	Shenyang CEOVU Information Harbour (瀋陽中電光谷信息港)	Shenyang	Intersection of Qixing Street and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	106,886
14	Ezhou OVU Science and Technology City (鄂州光谷聯合科技城)	Ezhou	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	Industrial	80%	191,311

No.	Project	City	Location	Usage	Interest Attributed to the Group	Land Bank (sq.m)
15	Huangshi OVU Science and Technology City (黃石聯合科技城)	Huangshi	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	Industrial	100%	181,147
16	Lido Top View (麗島半山華府)	Huangshi	76 Hangzhou West Road, Huangshi Development Zone, Hubei Province	Residential	100%	16,461
17	Hefei Financial Harbour (合肥金融港)	Hefei	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	Commercial	100%	471,752
18	Xi'an Industrial Park (西安產業園)	Xi'an	West of Caotanshi Road, North of Shangji Road, Xi'an City, Shaanxi Province	Industrial	73.91%	252,400
19	Wenzhou Industrial Park (溫州產業園)	Wenzhou	Jinhai Park, Wenzhou Economic and Technological Development Zone, Wenzhou City, Zhejiang Province	Industrial	60%	369,027
20	Zhuhai Hengqin International Innovation Center (珠海橫琴國際創新中心)	Zhuhai	East of Fubang Road, Hengqin New District, Zhuhai, Guangdong province	Commercial	60%	53,618
21	Hainan Resort Software Community (海南生態軟件園)	Chengmai	Southern section situated at 0.7km of the Eastern Extension of Nan Yi Ring Road, Chengmai County Old Town Economic Development Zone, Hainan Province	Industrial/ Commercial/ Residential/ Science and Education	20%	907,169
22	Beihai Industrial Park (北海產業園)	Beihai	West of Beihai Avenue, South of Kefu Road, Beihai City, Guangxi Province	Industrial	30%	366,522
Total						4,200,652

Industrial Park Leasing

During the Reporting Period, the income growth of the self-owned park properties leasing was 29.0%, with a growth in unit rent of 82.9%. The area of the self-owned quality properties reached 280,000 sq.m., with an occupancy rate of over 81.0%. It brought a stable and sustainable cash flow to the Group, further optimized the model of business solicitation services for parks and promoted brand effectiveness continuously.

Sales of Ancillary Residentials

Ancillary residential properties achieved a sales income of RMB32.0 million, the income dropped by 93.7% as compared to last year, which was attributable to the Group's main residential properties of Lido 2046 basically having been sold out in 2016 and that there were no new residential property projects in 2017.

INTRODUCTION OF MAJOR BUSINESS PARK PROJECTS

Briefings on status of business park projects under development in 2017

Hefei Financial Harbour

The Group intends to develop it into a business park for financial middle and back offices and innovative financial business.

Location:	The intersection of Huizhou Avenue and Jinxiu Avenue in Binhu New District, Hefei City.
Scale:	The project has a planned GFA of approximately 610,000 sq.m.
Project positioning:	Financial middle and back office services and specilised financial services.
Details of the project:	An integrated financial district and a district for customization and outsourcing of financial back offices will be included.
Target of the project:	After completion, the project will attract middle and back office service providers of large, medium and small-sized financial institutions, financial service outsourcing companies and e-commerce companies, and it will draw in and incubate a number of innovative financial institutions.
Latest status:	As of 31 December 2017, phase II of the project with an area of 327,000 sq.m. was under construction and it is expected to be completed by the end of 2018.

Qingdao Innocenter

The Group intends to develop it into a demonstration project of innovation business for small and medium-sized technology companies in Qingdao.

Location:	Jiangshan Road of Qingdao Economic and Technological Development Zone in Qingdao West Coast Economic Development Zone, which is a national district.
Scale:	The project has a planned site area and a planned GFA of approximately 62,000 sq.m. and 140,000 sq.m. respectively.
Project positioning:	It will focus on research and development of IoT technology, logistics information system construction, and incubation of small and medium-sized science and technology enterprises.
Details of the project:	R&D, incubation, office, business park and local facilities.
Target of the project:	Equiped with comprehensive business infrastructure, it will facilitate the rapid growth of hundreds of medium, small and micro-sized technology companies and provide them with a platform to transform their scientific and technological achievements. It will also form an industrial complex that integrates functions such as R&D, office, residence, living and business with an aim to further promote the restructuring of industries in Qingdao and stimulate local economy.
Latest status:	As of 31 December 2017, 60,800 sq.m. was under construction with over 60 companies and organisations settling down.

Changsha CEC Software Park (Phase II)

Location:	At the intersection of Yuelu Avenue and Jianshan Road in Changsha High-tech Industrial Development Zone.
Scale:	The project has a total planned site area and a GFA of approximately 277,300 sq.m. and approximately 850,000 sq.m. respectively.
Project positioning:	Based on the concept of civil-military integration, city-industry integration as well as integration of science, technology and art, the project will focus on civil-military integration, information security, application of Beidou Navigation System and smart manufacturing, etc., creating a 4.0 version of a smart business park that facilitates the harmonious development of manufacturing, living and ecology.
Details of the project:	R&D, incubation, office, business park facilities and related commercial supporting facilities.
Status:	As of 31 December 2017, the area of land acquired reached approximately 129,300 sq.m. and land deposits were paid.

Shenyang CEC Information Harbour/Shenyang CEOVU Information Harbour

Location:	The intersection of Qixing Street and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province.
Scale:	The project occupies a total site area of 500,000 sq.m., of which a site area of 125,000 sq.m.. and a total GFA of 110,000 sq.m. is taken up by phase I of the project. Currently, a parcel of land with an area of 125,000 sq.m. has been obtained through listing-for-sale procedure for phase I of this project.
Project positioning:	The principal operations consist of intelligent firefighting, machinery processing, seeds, construction materials, packaging and printing, medical equipments and green energy conservation.
Details of the project:	Plants, innovative business incubator and related commercial supporting facilities.
Status:	As of 31 December 2017, phase I of the project is under development with an area under construction of 93,000 sq.m..

Chengdu Chip Valley

Location:	Next to Huayuan Road and Jiancao south Road, Shuangliu District, Chengdu, Sichuan Province.
Scale:	The project plans to occupy a total site area of 20 sq.k.m., of which, phase I is to take up a site area of 3,710,000 sq.m., and phase II is to take up 16,240,000 sq.m..
Project positioning:	Based on the operating policy focusing on city-industry integration, civil-military integration and science-culture integration, the project has gathered and developed a group of international and domestic leading enterprises engaging in IC design, manufacturing of advanced process production line, components and whole sets of machine, making it the third pole in the integrated circuit market in China.
Details of the project:	Unfinished roads, state grids and relevant urban infrastructure within the abovementioned land of a site area of 20 sq.k.m.. Plants, R&D and office properties, corporate headquarters, integrated circuit museum, open lab, scientific incubator, accelerator, practical training base, international innovation center, apartments and commercial facilities within the park.
Status:	The project is under the site formation process.

Xi'an CEC Information Harbour

Location:	Next to Caotan 10th Road, Caotan Eco-Industrial Park, Xi'an, Shaanxi Province.
Scale:	The project occupies a total site area of 313,000 sq.m. and has a planned GFA of 600,000 sq.m., among which, phase I of this project takes a site area of 135,000 sq.m. and a GFA of approximately 320,000 sq.m..
Project positioning:	Subdivided industries related to health and medical big data application sector, which also includes cloud computing service, integrated circuit design, software research and development, information service, information safety, e-business, and other productive and consumptive information service industries.
Details of the project:	One of its core functions is being the national northwest center in charge of processing health and medical big data. It also provides enterprises with services, including cloud computing, data center and supercomputing center. Further, it also provides research and development service and office properties to corporate customers engaging in subdivided industries related to the electronic information sector.
Status:	As at 31 December 2017, 51,000 sq.m. was completed and the construction in progress involved an area of 84,000 sq.m. with companies such as China Electronics Cyberspace Great Wall Co., Ltd., China Zhenhua Electronics Group Co., Ltd and China National Software & Service Company Limited as well as organisations such as Xi'an Nuclear Mechanical and Electrical System Engineering Co., Ltd.* (西安核發機電系統工程有限公司) settling down.

Briefings on Status of Other Projects under Development

Wuhan Creative Capital

As of 31 December 2017, the project was completed. More than 400 enterprises, institutions and artists, including Wuhan Dao Sen Media Company Limited*(武漢道森傳媒體股份有限公司) and Wuhan Zuo Tang Construction, Decoration, Design and Engineering Company Limited*(武漢左堂建築裝飾設計工程有限公司), have moved in.

Ezhou OVU Science and Technology City

As of 31 December 2017, the completed area was 222,400 sq.m., and the construction in progress involved an area of 10,000 sq.m.. Till then, over 80 enterprises mainly engaged in new materials, manufacturing of high-end equipments, biological medicine and opto-electronic information, have settled down.

INDUSTRIAL PARK OPERATION SERVICES

During the Reporting Period, the revenue of the industrial park operation services of the Group was RMB451.4 million, representing an increase of 21.6% as compared to the same period of 2016.

The Group provides a variety of integrated operational service to enterprises stationed in our industrial parks, including property management service, energy services, intelligent park services, incubator and office sharing services, financial services in parks, group catering and hotel services, real estate marketing and agency, apartment leasing and recreation and entertainment. In terms of composition, the major income sources of the park operational services are property management service and district heating and cooling service, which accounted for 64.6% and 16.1% respectively.

Property Management Service

During the Reporting Period, the revenue from property management service of the Group was RMB291.7 million, representing an increase of 21.8% as compared to the same period of 2016. Among which, income from property management service provided to industrial park projects accounted for 43.4% and income from property management service provided to projects excluding the Group's projects accounted for 72.0%. Our clients are GLP, China Mobile and related government organizations. During the Reporting Period, the area covered by the property management service reached 17,619,000 sq.m., of which the area covered by corporate customer services accounted for 54.4%.

During the Reporting Period, the Group accelerated the digitalization of its property management service by leveraging the Internet-of-Things technology, BIM 3D visualization technology and mobile Internet technology to reform its existing property management model, which substantially reduced staff costs and improved management efficiency as well as customers' satisfaction. By the integrated application of sensors, Internet-of-Things and the operation & management software and platforms, Lido Property has initially established its own management model applicable to intelligent parks. The i Lido software currently covers all residential projects under management with enrollment of over 50.0% of its total residents. The APP recorded an online payment of RMB2 million; the EMS system achieved coverage of 75 projects and 13 functional departments, and was fully used by 3,550 residents in Lido. The intelligent park system was used in 3 pilot projects, including Hefei Financial Harbor, Creative Capital and Lido Property, resulting in a total downsizing its number of staff by 14.

Energy Services

During the Reporting Period, the income from energy services (DHC) of the Group was RMB72.5 million. Through years of development and exploration, Wuhan China Electronics Energy Conservation Co., Ltd *(武漢中電節能有限公司) ("CEEC") gradually established the ecological business system featuring "DHC as core business and mechatronics engineering, EMC, special pipe and intelligent automatic control as major business", completing its planning and layout for future strategic development. In 2017, leveraging on the advantage of the unique intelligent system control technology, CEEC secured 5 new regional energy projects, which is the highest number of projects secured in a year since its establishment. In the meantime, it diversified its business pattern. In 2017, CEEC had 19 utility models, 7 patents for invention and 3 software copyrights relating to its self-developed energy saving control system.

Currently, CEEC's business is carried out mainly in Wuhan and Hefei, and we will speed up our pace in implementing the transformation of the DHC energy service business from an endogenous approach to a market-oriented approach. Development will be accelerated by adopting a variety of measures such as autonomous investment and operation, agent construction operation and management consultation. Through the strategic cooperation with competitive enterprises within the same district, we strive to dominate the domestic DHC market swiftly and become the leader in China's DHC market.

Intelligent Park Services

During the Reporting Period, the Group made a historic move in industrial ecological development with intelligent park development as its focus. With industrial park application scenarios as its motive and objective, key technology as the point to break through and new intelligent city construction as its general goal, the Group formed an Internet-of-Things industrial ecosystem based on core technologies such as low-power WANs for Internet-of-Things, Beidou navigation positioning chip, ultra-high frequency RFID, indoor maps, passive switching, intelligent control and cloud computing. Combing the above with offline service resources such as Lido Property, Lido Technology, Domainblue Smart and Quanpai Life (全派生活), we preliminarily established the industrial park operation system with core competitiveness, achieving a dual dimension park service system with building space and data space in parallel.

Since its establishment, Domainblue Smart has been actively conceiving its business modes and constructing its business units. In 2017, through optimizing its technical service, Domainblue Smart continuously tested the competence of its business units to prepare for the marketization of the offline facilities and equipment integrated operation service.

Incubator and Office Sharing Services

During the Reporting Period, the Group established a controlling subsidiary — Wuhan OVU Technology Co., Ltd., which was responsible for the operation of OVU Maker Star. During 2017, the operating income was RMB19.6 million.

As at 31 December 2017, there were 25 OVU Maker Star sites distributed in 11 cities across the country, including Wuhan, Beijing, Tianjin, Qingdao, Hefei, Beihai, Xi'an, Dongying, Yanan, Huangshi and Ezhou, with an area of 315,000 sq.m, creating up to 26,948 jobs. Among these sites, Wuhan Creative Capital* (武漢創意天地) outlet, Qingdao International Marine Information Harbour* (青島國際海洋信息港) outlet and Huangshi Station* (黃石站點) were rated as incubators with national standard. Among the 25 OVU Maker Star sites, 14 are in Wuhan, creating 15,404 jobs, and the average leasing rate thereof was above 90.0%. Accumulatively, there were 800 teams using our services, among which, five teams entered the series A round, while 12 teams entered the angel round and 30 teams entered the seed round, gathering around 20,000 innovative entrepreneurs of various kinds.

Through the multiple platforms of PC, mobile applications, and Mini Programs of WeChat, a perfect online platform with intelligent apps, management services, and user apps is formed. The user activity rate of OVU Maker Star mobile application is above 25%.

Financial Services in Parks

During 2017, Wuhan Lingdu Entrepreneurship Investment and Management Co., Ltd.* (武漢零度創業投資管理有限公司) ("Lingdu Capital"), a controlling subsidiary of the Group, took full charge of operating the Group's OVU Fund. Lingdu Capital developed rapidly and identified six investment directions, including smart cities, intelligent manufacturing, healthcare big data, civil-military integration, integrated circuits and cultural and creative entertainment. It newly established two equity investment funds -- Wuhan Yudatong Venture Investment Fund and Wuhan East Lake Lingdu Culture Creative Venture Investment Fund* (武漢東湖零度文化創意創投基金), with its scale of assets under management already reaching RMB3.5 billion; it possesses high-quality professional teams in areas such as investment, financing, fund management and project investment and its core team has extensive experience in entrepreneurship, corporate operation, risk control and investment management as well as in-depth knowledge in domestic and overseas markets. During 2017, Lingdu Capital, together with relevant government and other investment institutions, initiated to establish certain funds with a total scale exceeding RMB2.8 billion. During 2017, the Group initiated and organized an entrepreneurship competition named the second "Yizhidu Show* (億隻獨SHOW)" to gather resources for its entrepreneurship incubation service and to extensively enhance its market position and reputation in entrepreneurship incubation service market. As of 2017, the Group has entered into investment agreements with 21 companies involving a total amount of RMB140 million. Such companies include Pearl Jiu Information Technology Limited* (深圳九明珠信息科技有限公司), Wuhan Dosing Media Co., Ltd.* (武漢道森傳媒股份有限公司) and Wuhan Linptech Co., Ltd.* (武漢領普科技有限公司).

During 2017, we acquired and reorganized Growing Business Innovation and Guarantee Co., Ltd. and built up a financial service platform in parks with guarantee businesses as focus, factoring and financial leasing as complements, providing financing guarantee service for SMEs as core business and financial services for industrial parks as feature. In 2017, we provided 13 financing services of an amount of RMB132.0 million in total, recording income of RMB10.1 million.

During 2017, the Group also participated in the launch of Anning Life Mutual Insurance Agency (互助保險社－安寧人壽) project. Anning Life Insurance (安寧人壽) is committed to providing employees who work in state-owned enterprises and their families with comprehensive risk management services covering pension, health, and accident insurance etc., aiming to become a professional, differentiated and specialized mutual insurance agency.

INVESTMENT PROJECTS

Full Name of Invested Companies	Intended total investment amount (RMB0'000)	Accumulated investment amount (RMB0'000)	Shareholdings
Beijing Wanyi Technology Co., Ltd.* (北京玩驛科技有限公司)	572.00	572.00	20.80%
Hangzhou Samdi Science & Technology Co., Ltd. * (杭州杉帝科技有限公司)	594.00	594.00	19.80%
Shanghai Xiaozhuo Robot Co., Ltd.* (上海霄卓機器人有限公司)	396.00	396.00	9.90%
Pearl Jiu Information Technology Limited	1,984.50	1,984.50	28.15%
Shenzhen Pude Technology Co., Ltd.* (深圳普得技術有限公司)	200.00	200.00	2.59%
Sichuan Airocov Science & Technology Co., Ltd.* (四川星網雲聯科技有限公司)	995.00	398.00	29.85%
Wuhan Beisi Kai'er Information Technology Co., Ltd.* (武漢倍思凱爾信息技術有限公司)	297.00	297.00	14.85%
Wuhan Dafeng Xiongdi Network Technology Co., Ltd.* (武漢大風兄弟網絡科技有限公司)	582.00	582.00	7.70%
Wuhan Dosing Media Co., Ltd.* (武漢道森傳媒股份有限公司)	1,980.00	1,980.00	5.28%
Wuhan Forworld Software Technology Co., Ltd.	540.00	540.00	30.00%
Wuhan Easylinkin Technology Co., Ltd.(Note)	300.00	300.00	5.40%
Wuhan Linptech Co., Ltd.* (武漢領普科技有限公司)	1,038.00	1,038.00	10.46%
Wuhan Qingchun Rancheng Cultural Development Co., Ltd.* (武漢青春燃城文化發展有限公司)	198.00	198.00	39.60%
Wuhan Ball Way Co., Ltd.	485.00	485.00	9.70%
Wuhan Xinzheku Electronic Commerce Co., Ltd.* (武漢莘者酷電子商務有限公司)	796.00	796.00	16.54%
Wuhan Shiyipingmi Technology Company Limited	290.00	290.00	20.00%
Wuhan Shiyipingmi Investment Company Limited	11.00	11.00	55.00%
Wuhan Xunniu Technology Company Limited* (武漢迅牛科技有限公司)	600.00	599.80	8.99%
Wuhan Yiyantang Cultural Communication and Development Co., Ltd.* (武漢亦言堂文化傳播發展有限公司)	297.00	297.00	16.50%
Wuhan SunEn-Tech Co., Ltd.	600.00	300.00	24.00%
Changsha Embedded Electronic Technology Co., Ltd.* (長沙英倍迪電子科技有限公司)	990.00	990.00	15.23%
	13,745.50	12,848.30	

Note: The Group made a total investment of RMB21,925,000 in Easylinkin Technology, representing 31.47% of equity interests.

GROUP CATERING AND HOTEL SERVICES

Based on the industrial park, Quanpai Catering (全派餐飲) not only provides services for the Group, but also promotes the business atmosphere in the park at the same time, attracting various business into the park and improving its comprehensive service ability. Since it was set up 6 years ago, Quanpai Catering has gradually established its brand in the group catering industry in Wuhan. It is continuously expanding the market on top of the solid foundation laid. At present, Quanpai Catering has 15 market projects, among which 6 were new in 2017. In 2017, it realized an output of RMB67.2 million and a revenue of RMB32.8 million.

Ziyuan Hotel has been exploring market channels continuously by promoting its brand through exhibition and experience activities to reinforce its image as a creative hotel. In 2017, its annual sales revenue reached RMB10.5 million. Based on the comprehensive income management of room reservation channel during the year, it recorded the average room price of RMB489 per room per night and the average rate of room occupancy reached 50.8% for the year.

OTHER INDUSTRIAL PARK OPERATION SERVICES

In addition, the Group also provided more than ten types of industrial park operation related services, including apartment leasing, real estate agency, recreation and entertainment. It also offers collective household register services and business and commercial registration services, as well as organizes activities for parks, such as blind dates and social parties. These services were all highly praised by the enterprise residents and their staff, helping the Group to strengthen its customers' loyalty.

DESIGN AND CONSTRUCTION SERVICES

Governmental Procurement, EPC Integrated Design and Construction Services

In recent years, the governmental procurement services, which originate from of the reform tide of local exploration, has been promoted as a national strategy. The central government and local authorities issued numerous laws and regulations, particularly in fields such as development of new industrial cities and industrial parks, to support, encourage and regulate governmental procurement, which offered greater opportunity for enterprises carrying out business relating to the industrial property development and operation. With the comprehensive consultation service and the construction consultation service experience gained from various governmental projects, namely Wuhan Biolake and Wuhan Future Science Town, the Group is working wholeheartedly in the area of governmental procurement services in order to seek for a breakthrough in the income size and model.

Meanwhile, through the integration and optimization of the industry chain resource in design institutions and construction subsidiaries within the Group, we provide the government, institutions and related corporations with comprehensive EPC integrated design and construction services, ranging from design, tender and procurement to construction.

During 2017, the revenue of the design and construction services was RMB345.3 million, representing an increase of 121.2% as compared to 2016.

Project Management and Consultation Services

Project management and consultation services are the leader of the Group to implement the strategic resource allocation and business development system. With the complete "asset-light" mode, it provides a continuous drive for the Group to build an industrial ecological system of the Company throughout the country and render integrated operation services for more cities and enterprises. The Group's consultation services featuring Multiple Planning Integration, Practical Operation and Promotion and Systematic Drive developed vigorously in 2017, providing professional services for Chongqing, Yan'an, Dongying, Hefei, Nanchang, Xuzhou, Xinyang, Putian, Hengshui and other cities to implement innovation-driven development strategies, broadening the strategic vision, and laying the foundation for the selective development of excellent industrial park projects in the later period; meanwhile, it has also obtained good synergistic effect, which is conducive to speeding up the development of the operation business of the industrial parks. During the Reporting Period, the Group's consultation service income exceeded RMB34.2 million, representing an increase of more than 2.5 times as compared to that in 2016.

INDUSTRIAL INVESTMENT

At the end of 2016 and in early 2017, the Group contributed to the establishment of Shenzhen Huada Beidou Technology Company Limited* (深圳華大北斗科技有限公司) ("Huada Beidou"), made additional strategic investments in Wuhan Easylink Technology Co., Ltd.* (武漢慧聯無限科技有限公司) ("Easylink Technology") in 2017, invested in Ruizhang Technology by means of equity investment, and jointly contributed to the establishment of Hengqin China Electronics Youpu with Beijing Youpu Information Technology Limited* (北京友普信息技術有限公司), with an aim to build a solid foundation in industrial technology for the Group to serve more customers in the sector of Internet-of-Things and smart city in the future.

Huada Beidou is mainly engaged in the design, integration, production, testing, sales and related business of chips, algorithm, module and end products. Navigation and positioning chips of Huada Beidou, which adopted the integrated RF baseband design, is the first of its kind in China which ranked in the top 10 of an international ranking for professional navigation and positioning of chips. Meanwhile, it is credited with several awards issued by the domestic integrated circuit industry and navigation and positioning industry. With the experience and successful cases accumulated in large-scale integrated circuit design, Huada Beidou has established a sound foundation in GPS/BD navigation chips, especially in its baseband and RF design, research on its algorithms, and commercialization solutions. The self-designed GPS/BD multi-channel satellite navigation chip is outstanding in its sensitivity and integration. With the characteristic of its secondary development, it can be utilized widely in fields such as vehicle navigation, position perception and accurate time service.

Easylinkin Technology is the first low-power integrated service provider of wide-area Internet of Things, forming the most influential low-power wide-area Internet industry chain in China. As one of the first enterprises in China that are engaged in the research and development of LoRa-based LPWAN core products, Easylinkin Technology has developed a complete set of gateway products for end-to-end networking with independent intellectual property rights in the terms of LPWAN. These gateway products have been registered by the State Radio Regulatory Commission and met the radio communication standards. They have obtained more than 20 invention patents or software copyrights and were adopted by more than 10 industries and 70 projects covering Internet-of-Things in parks, security, energy and household sectors. During 2017, the value of Easylinkin Technology has been greatly enhanced, and the new round of funding has been led by IDG. Easylinkin Technology's pre-investment valuation exceeded RMB400 million, and it has officially signed an investment contract, which is expected to become a unicorn enterprise in the next two to three years.

Headquartered in Shanghai, Ruizhang Technology provides information technology of Internet of Things and industrial application solutions. It has the world-leading RFID product performance R&D center and testing center, and it has independently developed core products of Internet of Things including chips, volume labels, antennas, readers, hand-held devices, integrated circuits, middleware, cloud platforms and big data. Its main business is concentrated in the five areas including smart retail, smart logistics, smart manufacturing, intelligent security and intelligent books.

Hengqin China Electronics Youpu is an innovative information technology infrastructure service provider that provides HIT, IDC hosting, operation and maintenance, hosting bandwidth, private cloud management and public cloud services, and provides professional solutions in three areas namely, the sub-sectors e-commerce, Internet+smart manufacturing, and finger vein recognition.

PROSPECT FOR 2018

According to the predictions of several authorities, the worldwide political and economic pattern will gradually become stable in 2018. As the 19th National Congress announced that China has entered into a "new era", it is expected that many sectors, from industrial economics to social well-being, will enter into a new phase of innovation and development. The national strategy of promoting industrial upgrades through innovation drives and the impetus to be brought by the new leading teams of local governments in seeking new carrier for achieving industry cluster, will jointly create a unprecedented bright prospect for our full life-cycle and industrial park related development and operation services business. Besides, as we have been building industrial ecosystem and carrying out transformation to realize an information-oriented and intelligent operation service system since 2015, the Group will be able to seize the oncoming opportunities in 2018.

STRATEGIES OF THE GROUP

Achieving Breakthrough in Revenue Growth through Business Model Innovation

Our new projects in Shanghai, Zhuhai, Changsha,Ningbo and other cities will be concurrently launched into market in 2018. We will optimize the allocation of our resources to stimulate the vitality of each regional office, ensuring that the new projects achieve a strategic opening in 2018 and become the models in local industrial parks. Unde the reasonable arrangement of work schedule and marketing progress, the existing projects in Wuhan, Hefei, Qingdao, Shenyang, Xi'an and other cities have achieved a stable development revenue growth.

As the the 19th National Congress announced that we have entered into a "new era", 2018 is a critical year for local governments to plan and establish a new innovation elements gathering carrier. Thus, our businesses covering from industry planning, project planning to the construction and operation of full life-cycle services will embrace the robust market demand. In 2018, at the meantime of achieving breakthrough in revenue growth by continuing to promote the all-rounded innovation of our internal system and mechanism, motivating team spirits and forming diversified models for consultation and management services, we will further enhance our influences in domestic industrial resources integration and services sector.

Striving for New Strategic Layouts in Core Cities

Tier 1 & Tier 1.5 cities, such as Shenzhen, Guangzhou and Wuhan, have gathered a large number of high-quality innovative talents and innovative technology companies and have better industrial environment and platform resources. We believe that new economy and new industrial clusters will firstly derive from and develop in those cities, demonstrating their exuberant vitality. With the positive and open-minded attitude, we will conduct multi-level cooperation with industrial park development operators, commercial complex developers, real estate enterprises and industrial enterprises to deploy new projects in core cities in a rapid and steady manner. In addition, we will also comprehensively utilize the accumulated industrial ecological resources, connect customers through multiple channels and solve customer needs from various perspectives to achieve the strategic layouts in new areas by taking advantage of existing business and accumulate land, property and customer resources for the Company's development in next 3 to 5 years.

Actively Building a More Dynamic Industrial Ecosystem

In 2017, we invested in various high-quality enterprises with growth potential in the fields of Internet of Things, cloud computing and smart applications through various ways such as equity investment, venture capital investment and fund investment, by which we initially form a dual dimensions park service ability with intelligentized and informationalized building space and data space in parallel. In 2018, based on the major platform of Lingdu Capital, we will continue to identify and invest in high-quality enterprises in the fields of electronic information, Internet, smart cities and smart applications by leveraging the strengths of professional investment institutions such as CICC Capital Management Co., Ltd* (中金資本運營有限公司) and BAIC Motor Corporation Industry Investment Limited* (北京汽車集團產業投資有限公司), so as to build a more dynamic and competitive industrial ecosystem.

FINANCIAL REVIEW

Revenue

The revenue of the Group is generated from the income from industrial park space services, industrial park operation services and design and construction services. During 2017, the revenue of the Group was RMB2,692.9 million during the year, increasing by RMB98.2 million or 3.8% as compared to the same period of 2016. In 2017, the revenue was mainly attributable to the revenue of industrial park development and industrial park operation services.

The following table sets forth the revenue of the Group by business segment:

	Years ended 31 December			
	2017		2016	
	Revenue RMB'000	**% of total**	Revenue RMB'000	% of total
Industrial Park Space Services	**1,861,972**	**69.1**	2,053,945	79.2
Sales of Industrial Park	**1,721,922**	**63.9**	1,463,163	56.4
Industrial Park Leasing	**108,055**	**4.0**	83,771	3.3
Sales of Ancillary Residentials	**31,995**	**1.2**	507,011	19.5
Industrial Park Operation Services	**451,431**	**16.8**	371,288	14.3
Property Management Service	**291,711**	**10.8**	239,478	9.2
Energy Services	**72,542**	**2.7**	53,668	2.1
Others	**87,178**	**3.4**	78,142	3.0
Design and Construction Services	**379,496**	**14.1**	169,468	6.5
Total	**2,692,899**	**100.0**	2,594,701	100.0

Industrial Park Space Services

In 2017, the revenue of the industrial park space services business of the Group was RMB1,862.0 million, with a decrease of 9.3% as compared to 2016, which shows that the Group's transition strategy is productive. Among which, the sales income from industrial park was RMB1,721.9 million, representing a growth of 17.7% as compared to the same period of 2016, with a booked sales area of 279,000 sq.m., representing an increase of 15.3% as compared to the same period last year, which is mainly attributable to the sales of Hefei Financial Habour Project and Wuhan Creative Capital Project in 2017. Industrial park leasing income was RMB108.1 million, representing a growth of 29.0%, with a lease area of 227,000 sq.m.. The occupancy rate was over 81.0%. Ancillary residentials achieved a sales income of RMB32.0 million, the income dropped by 93.7% as compared to last year, which is attributable to the Group's main residential of Lido 2046 basically having been sold out in 2016 and that there were no new residential property projects in 2017.

Industrial Park Operation Services

During 2017, the revenue of the park operation services was RMB451.4 million, representing an increase of 21.6% as compared to the same period of 2016. The Group provides a variety of integrated operation service to enterprises stationed in our industrial park, including property management services, energy services, intelligent park services, incubator and office sharing services, financial services in parks, group catering and hotel services, real estate marketing and agency, apartment leasing and recreation and entertainment. The growth in the income from industrial park operation services is mainly attributable to the increase in area of property management service provided by the Group, with a growth rate of 21.8%.

Design and Construction Services

During 2017, the revenue of the construction and management services of the Group's park was RMB379.5 million, representing an increase of 123.9% as compared to the same period of 2016. It is mainly attributable to the increase in (i) the income from a subsidiary of the Group, Wenzhou China Electronics United Municipal Infrastructure Co., Ltd., which provided external construction and management services; and (ii) the income from project consultation and management services.

COST OF SALES

Overview

Cost of sales primarily consisted of (i) cost of properties sold in respect of the Group's industrial park development business (mainly includes 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 includes construction costs for decoration and improvement services provided by Wuhan Lido Technology Co., Ltd.), and (iii) cost of industrial park operation services.

During 2017, cost of sales of the Group was RMB1,705.8 million, decreased by RMB77.3 million as compared to the same period of 2016. For the years ended 31 December 2016 and 2017, cost of sales of the Group accounted for approximately 68.7% and 63.3% of the Group's revenue, respectively.

Cost of Sales of Industrial Parks

Cost of sales of industrial parks 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.

During 2017, cost of properties sold of the Group was RMB1,054.6 million, decreased by RMB307.3 million or 22.6% as compared to the same period of 2016, primarily due to the provision of costs for the previous year as a result of the completion of the final settlement of Creative Capital and Lido 2046 in 2016. For the years ended 31 December 2016 and 2017, cost of properties sold of the Group accounted for 76.4% and 61.8% of its total cost of sales, respectively.

Gross Profit and Gross Profit Margin

As a result of the foregoing, during 2017, overall gross-profit of the Group was RMB987.1 million, increased by RMB175.5 million as compared to the same period of 2016. Overall gross profit margin was 36.7%, increased by 5.4% as compared to 31.3% of last year.

Other Income and (Losses)/Gains – Net

During 2017, other income and (losses)/gains-net of the Group was the loss of RMB22.3 million, as compared to gains of RMB214.2 million for the same period of 2016, primarily due to (i) the losses arising from the disposal of all the equity interests in a joint venture named Guangxi CEC Future Investment Land Co., Ltd ("Guangxi Future Land") in 2017; (ii) the dilution gains of the Group's shareholdings in an associate of the Group named Hainan Resort Software Community Group Co., Ltd ("Hainan Software Community") arising from the associate's capital enlargement in 2017; and (iii) the government subsidies received from several local government authorities decreased by RMB68.6 million, from RMB86.1 million in 2016 to RMB17.5 million in 2017.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of advertising and promotional expenses, sales and marketing staff cost, travel and communication expenses, office administration expenses, depreciation expenses and others.

During 2017, selling and distribution expenses of the Group was RMB81.3 million, which have decreased by RMB3.2 million as compared to the same period of 2016, primarily due to the Group's active control over advertising expenses while guaranteeing its operating results. For the years ended 31 December 2016 and 2017, selling and distribution expenses of the Group accounted for approximately 3.3% and 3.0% of the Group's revenue, respectively.

Administrative Expenses

Administrative expenses primarily consisted of administrative staff costs, office administration expenses, travelling expenses, meeting and communication expenses, other indirect taxes, depreciation and amortization expenses, professional fees, and others.

During 2017, administrative expenses of the Group was RMB258.4 million, increasing by RMB6.4 million as compared to the same period of 2016, primarily due to the increase in staff costs and office administration expenses as a result of increase in subsidiaries as the Group adopted a prudent but expansive operation strategy in 2017. For the years ended 31 December 2016 and 2017, administrative expenses of the Group accounted for approximately 9.7% and 9.6% of the Group's revenue, respectively, which remained basically stable.

Fair Value Gains on Investment Properties

During 2017, gains from changes in fair value on the Group's investment properties were RMB246.6 million, increasing by RMB67.0 million as compared to the same period of 2016, primarily due to the fact that the area of investment properties newly added by the Group this year is bigger than that of last year.

For the years ended 31 December 2016 and 2017, the fair value gains on investment properties contributed to 23.6% and 29.7% of the Group's profit before income tax, respectively. The increased weighting of fair value gains in the profit for the year was mainly attributable to a decrease in profit from the Group's core business and an increase in the gains from changes in fair value.

Finance Income

During 2017, finance income of the Group was RMB50.2 million, increased by RMB3.4 million as compared to the same period of 2016, primarily due to an increase of gains from wealth management as the Group enhanced the management of idle funds.

Finance Costs

During 2017, finance costs of the Group was RMB117.7 million, which approximated to the previous year.

Share of Profits of Associates

During 2017, the profits of associates shared by the Group was RMB22.4 million, while the share of losses from associates for the same period of 2016 was RMB37.0 million, which primarily consisted of the Group's share of profits from its associates, Hainan Software Community and Easylinkin Technology in this year.

Share of Profits of Joint Ventures

The Group had a share of profits of joint ventures of RMB2.8 million for the year ended 31 December 2017, which primarily consisted of the Group's share of profit of Hengqin China Electronics Youpu.

Income Tax Expense

During 2017, income tax expense of the Group was RMB343.8 million, increasing by RMB52.3 million as compared to 2016, which was primarily due to: (i) an increase in PRC LAT expense of RMB25.0 million; (ii) an increase in PRC corporate income tax expense of RMB46.6 million; and (iii) a decrease in deferred tax expense of RMB19.3 million. Effective tax rates of the Group were 38.3% and 41.4% for the years of 2016 and 2017, respectively.

Profit Attributable to Owners of the Company and Core Net Profit

As a result of the foregoing, during the year, the profit attributable to owners of the Group was RMB446.3 million, increased by RMB14.3 million as compared to the same period of 2016. However, after deduction of the post-tax fair value gains on investment properties, the core net profit in 2017 was approximately RMB300.8 million, representing a decrease of 10.2% as compared to the same period of 2016.

Basic Earnings Per Share

The basic earnings per share decreased from RMB7.18 cents in 2016 to RMB5.74 cents in 2017, which was mainly attributable to the increase in the weighted average number of shares of the Company as compared to that in 2016 after the completion of reorganisation of the Group in 2016.

FINANCIAL POSITION

Properties under Development

As at 31 December 2017, the carrying amount of properties under development of the Group was RMB1,969.3 million, increasing by RMB486.0 million as compared to that as at 31 December 2016, primarily due to the addition of Xi'an Industrial Park Project and Wenzhou Industrial Park Project during the year.

Completed Properties Held for Sale

As at 31 December 2017, the carrying amount of completed properties held for sale of the Group was RMB2,296.8 million, decreasing by RMB638.8 million as compared to that as at 31 December 2016, the main reason for which is that the increase in the amount of completed projects of the Group during the year was lower than the cost of the properties sold during the year.

Trade and Other Receivables

As at 31 December 2017, the Group's trade and other receivables was RMB1,944.8 million, increasing by RMB279.9 million as compared to that as at 31 December 2016, primarily due to an increase in trade receivables from sale of properties. In accordance with the terms of the relevant sale and purchase agreements, the model of recovery from sale of properties can be classified into bank mortgage loans, one-off payment or installment payments.

Trade and Other Payables

As at 31 December 2017, the Group's trade and other payables was RMB2,213.2 million, increasing by RMB502.0 million as compared to that as at 31 December 2016, primarily due to the increase in the area of new development projects of the Group in 2017, which resulted in the increase of amounts payable for related contract work.

Liquidity and Capital Resources

The Group primarily uses cash to pay for construction costs, land costs, infrastructure costs and finance costs incurred in connection with its park developments, service its indebtedness, and fund its working capital and normal recurring expenses. The Group primarily has cash generated through pre-sale and sale of its properties, proceeds from bank loans and other borrowings and proceeds from the Company's issue of medium-term notes.

In 2017, the Group's net cash inflow from operating activities was RMB278.1 million, which was mainly cash inflow from sale of projects by the Group, such as Creative Capital, OVU Science and Technology City (Ezhou) project, Qingdao OVU International Marine Information Harbour, Qingdao Innocenter, Hefei Financial Harbour and OVU Science and Technology City (Shenyang) project.

In 2017, the Group's net cash inflow from financing activities was RMB652.7 million, which mainly came from the proceeds from the Company's issuance of medium-term notes and new bank borrowings drawn, partially offset by the repayment of bank borrowings, other borrowings, as well as the payment of interests and dividends.

KEY FINANCIAL RATIOS

Current Ratio

Current ratio of the Group, representing total current assets divided by total current liabilities, increased from 2.24 as at 31 December 2016 to 2.34 as at 31 December 2017, mainly attributable to the increase in revenue of the Group during the year, which in turn resulted in an increase in the trade and other receivables and bank deposits.

Net Gearing Ratio

Net gearing ratio of the Group, representing the ratio of interest bearing debts deducting total cash over total equity and multiplied by 100%, increased from 18.9% as at 31 December 2016 to 19.10% as at 31 December 2017, primarily because the increase of cash was higher than that of interest bearing debts at the end of the reporting period and the accumulated operating profit led to the increase of the total equity.

Indebtedness

As at 31 December 2017, the Group's total outstanding indebtedness was RMB3,976.3 million, which have increased by RMB746.4 million as compared to that as at 31 December 2016. Please refer to notes 27 and 28 on pages 184 to 188 and note 38 on pages 204 to 206 of this annual report for details.

As at 31 December 2017, the Group's unutilized banking facilities amounted to RMB580.0 million and unutilized other borrowings amounted to RMB1,610.0 million.

Contingent Liabilities

The Group provides guarantees for its customers' mortgage loans with PRC banks to facilitate their purchases of the Group's pre-sold properties. As at 31 December 2016 and 31 December 2017, the outstanding guarantees for mortgage loans granted to customers of its pre-sold properties were approximately RMB884.6 million and RMB770.6 million, respectively.

Net Current Assets

Current assets of the Group consisted primarily of properties under development, completed properties held for sale, trade and other receivables, inventories and contracted work-in progress, short-term deposits with original maturities over three months, restricted assets and cash and cash equivalents. Total current assets of the Group were approximately RMB9,149.5 million as at 31 December 2017, as compared to RMB7,994.8 million as at 31 December 2016. As at 31 December 2016 and 31 December 2017, aggregate cash and cash equivalents of the Group amounted to approximately RMB1,812.6 million and RMB2,133.6 million, respectively. The Group primarily financed its expenditures through internally-generated cash flows, being primarily cash generated through pre-sale and sale of its properties and cash from bank loans and other borrowings.

Current liabilities of the Group consist primarily of trade and other payables, loans and borrowings, the current portion of deferred income and current tax liabilities. Trade and other payables mainly represent costs related to its development activities. Total current liabilities of the Group were approximately RMB3,903.7 million as at 31 December 2017, as compared to RMB3,582.2 million as at 31 December 2016.

As at 31 December 2017, the Group had net current assets of approximately RMB5,245.8 million as compared to RMB4,440.8 million as at 31 December 2016. The increase in net current assets of the Group was primarily attributable to the increase in cash due to the Company's issuance of medium-term notes and the transactions with controlling interests and the increase in trade receivables and other receivables arising from the increase in sales.

Capital Expenditures and Capital Commitments

Capital expenditure of the Group decreased by RMB108.0 million from RMB145.0 million in 2016 to RMB37.0 million in 2017. Capital expenditures of the Group were primarily related to expenditure for purchases of property, plant and equipment and purchases of intangible assets.

As at 31 December 2016 and 31 December 2017, the Group's outstanding balances of its commitments related to property development expenditure and investment commitment were RMB807.4 million and RMB1,310.2 million, respectively.

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

Material Acquisitions

On 1 November 2017, the Company entered into a cooperation agreement with the Administrative Committee of Tianjin Binhai Hi-tech Industry Development Area Tanggu Marine Hi-tech Park* (天津濱海高新技術產業開發區塘沽海洋高新技術開發區管理委員會) ("Tanggu Marine"). Pursuant to the Cooperation Agreement, the Company and Tanggu Marine agreed to form a joint venture company ("JV Company"). The registered capital of the JV Company shall be RMB500.0 million (equivalent to approximately HK$588.0 million), which will be owned by the Subsidiary (a wholly-owned subsidiary of the Company) and a wholly-owned subsidiary of Tanggu Marine as to 60.0% and 40.0%, respectively.

Pursuant to the cooperation agreement, the Company and Tanggu Marine shall also establish a fund. The total contribution to the fund shall be RMB500.0 million (equivalent to approximately HK$588.0 million), of which the Group and Tanggu Marine shall each contribute 30.0%, being RMB150.0 million (equivalent to approximately HK$176.0 million), while the remaining 40.0%, being RMB200.0 million (equivalent to approximately HK$235.0 million), shall be sourced from social funds. The fund shall mainly invest in the quality technology enterprises within the business park to be developed by the JV Company.

There is no significant event affecting the Group after the year ended 31 December 2017.

Material Disposals

On 25 January 2017, the Company and China Electronics Optics Valley Union Company Limited, (formerly known as AAA Finance & Investment Limited) (as vendor) entered into an equity transfer agreement with the Excellence Real Estate Group Limited* (卓越置業集團有限公司) and CEC Technology, for the conditional sale and purchase of 50.0% of the equity interest in CEC Technology at a consideration of RMB350.0 million.

On 17 August 2017, the transaction was completed. Following the completion of the transaction, CEC Technology continues to be a subsidiary of the Company.

Employees

As at 31 December 2017, the Group had 6,360 full-time employees. The employment cost of the Group was approximately RMB380.7 million for the year ended 31 December 2017. The Group 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 salaries, allowances, bonuses and other employee benefits. The Group has implemented measures for assessing employee performance and promotion and the system of employee compensation and benefits. The remuneration packages of its employees include salaries and bonuses. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority.

Pursuant to the relevant labor rules and regulations in the PRC, the Group participates in statutory 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 18.0% to 20.0% 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 statutory 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 at 31 December 2017, the Group had pledged certain of its assets with a total net book value of RMB1,120.0 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 and property, plant and equipment and restricted cash.

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 an outstanding amount of RMB3,976.3 million as at 31 December 2017. 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 revenue, expenses, cash and deposits are denominated in Renminbi. The Group's exposure to currency exchange risks arises 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 exposure regularly and considers that the exposure on its foreign exchange risk is not significant.

Credit Risk

The Group is exposed to credit risk, primarily attributable to trade and other receivables. With respect to leasing income from its investment properties, we believe the Group 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 year.

EVENT AFTER BALANCE SHEET DATE

For the major events that occurred after the balance sheet date, please refer to note 39 to the Consolidated Financial Statements on page 206.

The Group maintained effective communication with Shareholders and investors as well as information transparency. Following its listing, the Group set up a special institution dedicated to establishing effective communication channels for Shareholders and investors. The Group also set up an information disclosure group that consists of responsible persons from the relevant departments, with an aim to better coordinate information disclosure and improve the transparency and standardization of information disclosure of the Group.

In addition to the publication of interim and annual results, regular analyst meetings and investors roadshows, the Group also makes use of other means, such as e-mail, telephone meetings, investors meetings and project on-site visits, to ensure that Shareholders and investors have access to the Group's latest information. In the meantime, we seek to obtain market feedback on the Group through communications with investors, which will enhance the Group's managerial decision-making process and allow us to provide better information services to investors.

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

EXECUTIVE DIRECTORS

Mr. Huang Liping (黃立平), aged 56, is the chairman of the Board, an executive Director, the president and chairman of the Nomination Committee and a member of the Financial Control Committee 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 of the Group. Mr. Huang has over 24 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. 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 also been the chairman of the board of Wuhan Optics Valley Union since June 2005.

Mr. Huang obtained 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 is qualified as a professor in economics management and as a real estate appraiser. Mr. Huang is the Vice President of Wuhan General Chamber of Commerce, Vice President of Wuhan Enterprises Association, and Vice President of Wuhan Real Estate Association, President of Art Gallery Association, Wuhan, China and President of Wuhan Cultural and Creative Industries Association. Mr. Huang has received various honors, awards and recognitions, including Award for Wuhan's Outstanding Entrepreneurial Youth in Technology* (武漢傑出科技青年創業獎), Top Ten Persons in Wuhan Real Estate Sector* (武漢地產十大風雲人物), Medal of May First 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 of the State Council, etc..

Mr. Hu Bin (胡斌), aged 49, is an executive Director and the executive president and member of the Remuneration Committee of the Company. 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 the overall business operation and management. He has been a vice general manager of Wuhan United Real Estate since 1997 and a director of Wuhan Optics Valley Union Group Company Limited since July 2005 (including serving as a vice chairman since May 2011). Mr. Hu has 20 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 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 obtained the qualification as a senior economist in real estate. Mr. Hu was awarded 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.

NON-EXECUTIVE DIRECTORS

Mr. Lu Jun (蘆俊), aged 57, is a non-executive Director of the Company appointed on 6 March 2014. Mr. Lu has 37 years of experience in business management. Mr. Lu joined the Group in September 2008 and has held various positions within the Group, including being the supervisor of Wuhan Optics Valley Union from September 2008 to October 2010 and director of Wuhan Optics Valley Union from October 2010 to August 2015 (including the vice chairman of its board from May 2011 to August 2015). Mr. Lu is the chairman of the board of Hubei Science & Technology Investment. Mr. Lu held senior positions with Changfa Group's Wuhan Company, Wuhan East Lake New Technology Development Zone Co., Ltd.* (武漢東湖新技術開發區發展總公司) and Wuhan Hi-Tech Holding Group Co., Ltd.* (武漢高科國有控股集團有限公司). He also served as vice director of Wuhan Municipal Bureau of Finance, the chief in Productivity Promotion Center of East Lake New Technology Development Zone and the chief of Land Reserve Center of East Lake Development Zone. Mr. Lu was recognized as an outstanding party affairs worker by the Wuhan Committee of the Communist Party of China in June 2011.

Mr. Lu has resigned as non-executive Director of the Company with effect from 22 March 2018.

Mr. Zhang Jie (張傑), aged 48, is a non-executive Director of the Company appointed on 12 June 2014. Mr. Zhang has over 22 years of experience in real estate management. Mr. Zhang is currently the general manager of the property construction and operation centre of Sunshine Insurance Group Corporation Limited* (陽光保險集團股份有限公司), the Chairman of Beijing Sunshine Ronghe Property Company Limited* (北京陽光融和置業有限公司), a shareholder of the Company, and the managing director of Hainan Sunshine Yihe Development Company Limited* (海南陽光頤和發展有限公司) and Hainan Sunshine Xinhai Development Company Limited* (海南陽光鑫海發展有限公司), both being subsidiaries of Sunshine Insurance Group Corporation Limited. Mr. Zhang worked with COFCO Corporation (中糧集團有限公司) from August 1993 to November 2011, during which he served as the assistant manager of three departments at COFCO Property Development Company Limited* (中糧置業發展有限公司), namely: the management department, the technology and equipment department and the director of engineering, assistant to the president and subsequently vice president of Sanya Yalong Development Company Limited* (三亞亞龍灣開發股份有限公司). Mr. Zhang was a committee member of the Sanya Municipal Committee of the Fifth Chinese People's Political Consultative Conference from January 2007 to January 2012 and a committee member of the Sanya Municipal Committee of the Sixth Chinese People's Political Consultative Conference from January 2012 to January 2017, and he has been a member of the Standing Committee of the Sanya Municipal Committee of the Seventh Chinese People's Political Consultative Conference since January 2017. Mr. Zhang has also been the vice president of the Sanya Real Estate Association since 2002. Mr. Zhang graduated from Tsinghua University with a bachelor's degree in engineering in June 1993, and obtained a master's degree in engineering majoring in real estate management from Tsinghua University in May 2004. Mr. Zhang obtained a certificate of national registered real estate appraiser issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China in May 1998, and a certificate of supervising engineer issued by the Beijing Municipal Commission of Housing and Urban-Rural Development in December 1998.

Ms. Wang Qiuju (王秋菊), aged 51, is a non-executive Director of the Company appointed on 29 December 2016. Ms. Wang is a member of the Audit Committee. Ms. Wang is currently the financial controller of CE Huada Technology (Hong Kong Stock Code: 00085) (the controlling shareholder of the Company), a director of Zhuhai Southern Software Park Development Co., Ltd.* (珠海南方軟件園發展有限公司), a subsidiary of China Electronics International Information Service Co., Ltd* (中國中電國際信息服務有限公司) (a subsidiary of CEC). Ms. Wang was previously the head of the finance department, financial controller, chief accountant and general manager of the finance department of China Electronics International Information Service Co., Ltd (an indirect subsidiary of CEC) and a member of the supervising committee of Shenzhen SED Industry Co., Ltd. (Shenzhen Stock Code: 000032) (an indirect subsidiary of CEC). Ms. Wang graduated from Hangzhou University of Electronics and Technology* (杭州電子工業學院) with a bachelor's degree in industrial financial accounting and from the School of Economics of Xiamen University with a master's degree in finance. Ms. Wang is also qualified as a senior accountant.

Mr. Xiang Qunxiong (向群雄), aged 53, is a non-executive Director of the Company appointed on 29 December 2016. Mr. Xiang is currently the secretary to the Board and the principal legal consultant of China Electronics International Information Service Co., Ltd, the vice general manager and the principal legal consultant of China Electronics Shenzhen Company Limited* (深圳中電投資股份有限公司) (an indirect subsidiary of CEC) and a consultant of CE Huada Technology. Mr. Xiang has held various positions in China Electronics Shenzhen Company Limited, including being the legal consultant, deputy director in charge of the legal affairs department, head of the general manager's office and head of legal affairs. Mr. Xiang was admitted to practise law in the People's Republic of China and is a registered corporate lawyer. He was granted the second class legal consultant title for state-owned companies of the People's Republic of China in January 2015 and was engaged as an arbitrator by the Shenzhen Arbitration Commission in June 2016. Mr. Xiang graduated from Zhongnan University of Economics and Law (formerly known as Zhongnan Institute of Politics and Law) with a master's degree in law in January 1993.

Ms. Sun Ying (孫穎), aged 35, is a non-executive Director of the Company appointed on 22 March 2018. Ms. Sun is currently the deputy general manager (副總經理) of Hubei Science & Technology Investment Group Co., Ltd* (湖北省科技投資集團有限公司), a shareholder of the Company. Ms. Sun previously worked at the deputy division level (副科級) and division level (正科級) of Wuhan East Lake High-tech Development Zone Development and Reform Bureau* (武漢東湖新技術開發區發展改革局) throughout April 2010 to September 2016. Ms. Sun is a member of China Zhi Gong Party* (致公黨黨員). Ms. Sun graduated from University of Freiburg (Albert-Ludwigs-Universität Freiburg im Breisgau) in 2009 with a master's degree in national economics and from Huazhong University of Science and Technology (華中科技大學) in 2015 with a PhD in western economics.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qi Min (齊民), aged 67, is an independent non-executive Director of the Company appointed on 28 March 2014. Mr. Qi is the chairman of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee of the Company. Mr. Qi previously worked in Hubei Provincial Bureau of Statistics, general office and research office of Hubei Provincial Government, and served as a director of 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), a director and a vice general manager of Wuhan Hi-Tech Holding Group Co., Ltd.* (武漢高科國有控股集團有限公司), the 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 (Shenzhen stock code: 002159) and a part-time professor of Huazhong University of Science and Technology (formerly known as Huazhong University of Science). Mr. Qi is also the vice president of Hubei Association of Economics, and a supervisor of Humanwell Healthcare Group Co., Ltd., a company listed on the Shanghai Stock Exchange (Shanghai stock code: 600079). Mr. Qi obtained his bachelor's degree in economics from Wuhan University (武漢大學) in August 1982 and obtained 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. Qi was granted the award China's Outstanding Entrepreneur in Technology Companies in November 2002.

Mr. Leung Man Kit (梁民傑), aged 64, is an independent non-executive Director of the Company appointed on 28 March 2014. Mr. Leung is also the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Leung is an executive director of Unitas Holdings Limited, a company listed on the Stock Exchange (Hong Kong 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 (Hong Kong stock code: 3398), Orange Sky Golden Harvest Entertainment (Holdings) Limited, a company listed on the Stock Exchange (Hong Kong stock code: 1132), China Huiyuan Juice Group Limited, a company listed on the Stock Exchange (Hong Kong stock code: 1886) and Luye Pharma Group Ltd., a company listed on the Stock Exchange (Hong Kong stock code: 2186).

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 (former Hong Kong stock code: 8077), Anhui Expressway Company Limited, a company listed on the Stock Exchange (Hong Kong stock code: 0995), and Junefield Department Store Group Limited, a company listed on the Stock Exchange (Hong Kong stock code: 0758). Mr. Leung has 15 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 obtained his bachelor's degree in social science from the University of Hong Kong in October 1977.

Ms. Zhang Shuqin (張樹勤), aged 64, is an independent non-executive Director of the Company appointed on 28 March 2014. Ms. Zhang is a member of the Remuneration Committee and the Nomination Committee of the Company. 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 1 July 2017 to 30 June 2018. As confirmed by Ms. Zhang, the legal fee received by Hubei Dasheng Law Firm from such subsidiary is insignificant as compared to the firm's total revenue. Ms. Zhang was engaged as an arbitrator by Wuhan Arbitration Commission in January 1997. Ms. Zhang ceased to be 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 (Shenzhen stock code: 002414), since April 2014. Ms. Zhang obtained her bachelor's degree in Chinese from Central China Normal University (華中師範大學) in January 1982. She holds the title of first grade lawyer. Ms. Zhang was awarded as one of the Outstanding Lawyers in 1987 and 1989 and one of the Capable Women in Wuhan* (武漢市女能人) in the Year of 1992 by Wuhan Federation of Trade Unions.

SENIOR MANAGEMENT

Ms. Chen Huifen (陳惠芬), aged 55, is the vice president of the Group and the president of the Central China region. Ms. Chen joined the Group in August 2005 and was appointed as an executive Director of the Company from 6 March 2014 to 29 December 2016. Ms. Chen is responsible for the project management center of the Group, the project department of Wuhan Hi-tech Medical Devices Business Park, Wuhan Future Technology City and Biolake Innovation Business Park. She is also responsible for the consultation and management business department and the works of Wuhan Ji Tian Construction Engineering Company Limited. She concurrently serves as the chairperson of many companies such as Wuhan branch of Wuhan Optics Valley Union, Hubei Technology Enterprise Accelerator Co., Ltd.* (湖北科技企業加速器有限公司), Huanggang Optics Valley Union Development Co Ltd.* (黃岡光谷聯合發展有限公司), Luoyang China Electronics Optics Valley Information Harbour Industry Co., Ltd.*(洛陽中電光谷信息港實業有限公司), Changsha China Electronics Industrial Park Development Co., Ltd.*(長沙中電產業園發展有限公司). Ms. Chen was the vice general manager of Wuhan Optics Valley Union from 2005 to March 2008 and had been the 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. Ms. Chen is qualified as a senior engineer, an international senior project manager, a registered property valuer and a senior engineer in cost engineering.

Mr. He Haihua (賀海華), aged 55, is the vice president of the Group. Mr. He joined the Group in September 2016 and is responsible for the work of Chengdu Xin Gu Industrial Park Development Company Limited. Mr. He graduated from the School of Economics and Management of Tsinghua University with a master's degree of business administration. He has held the positions of the director of Planning Department and secretary of the Discipline Inspection Committee of the Sixth Research Institute of Electronics Department (the Sixth Electronics Research Institute of the Ministry of Information Industry), the deputy director of the central research institute of Rainbow Group, the general manager of Hua Ke High Technology Company Limited, the general manager of Hua Bei Computer System Engineering Research Institute and the deputy general manager of CE Huada Technology (Hong Kong stock code: 00085) and the general manager of CEC Technology.

Ms. Shu Chunping (舒春萍), formerly known as Shu Ru (舒茹), aged 55, is the vice president of the Group and the president of the Southern region. Ms. Shu is also serving as the chairperson of Hengqin China Electronics Youpu Cloud Data Limited, the general manager of China Electronics Optics Valley (Shenzhen) Industrial Development Co., Ltd. *(中電光谷(深圳)產業發展有限公司) and the vice general manager of CEC Technology. She is responsible for the work of Shanghai Project Company, the planning and development center of the Group, China Electronics Optics Valley Architecture Design Institute (中電光谷建築設計院)、CEC Silicon Valley branch of the Group, CEC&CICC Industrial Fund (中電中金產業基金). Ms. Shu joined the Group in March 2005 and had been a joint director of Wuhan Optics Valley Union since then. She was an non-executive Director of the Company from 6 March 2014 to 29 December 2016. Ms. Shu previously held senior positions in 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 (Shenzhen 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), Wuhan East Lake High Technology and Hubei Science & Technology Investment. 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.

Mr. Wang Yuancheng (王元成), aged 53, is the vice president of the Group. Mr. Wang joined the Group in 1996 and is responsible for the management of Qingdao OVU Development, as well as the management of Qingdao OVU Fund and Investment Management Company, Hefei OVU Development, Wuhan Lido Technology, Wuhan Lido Curtain Wall Manufacture Co., Ltd., and Wuhan Qian Bao Design Project Co., Ltd.. He served as the manager of comprehensive technique department of Wuhan United Real Estate from 1996 to 2000, the general manager of Wuhan Lido Technology from 2000 to 2010 and has been 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 is qualified as an engineer. Mr. Wang was awarded the Excellent Enterprise Manager in Wuhan district.

Mr. Chen Tongju (陳同舉), aged 52, is the vice president of the Group and the general manager of human resources centre of the Group. He is responsible for the party-masses work and the safety and production work of the Group. He is also in charge of the work of the general office of the Group, the department of intelligent industrial parks, Wuhan Lido Property Management, Shenzhen Lanyu Intelligent Company Limited* (深圳藍域智能有限公司), Wuhan Quanpai Catering Management Co., Ltd., and Ziyuan Hotel. Mr. Chen joined the Group in 1996. He served as a director and supervisor of Wuhan United Real Estate from 1996 to 2011 and has been a director and a general manager of Wuhan Lido Property Management, Wuhan Quanpai Catering Management and Wuhan Ziyuan Hotel Management. 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. Mr. Chen was elected as the chairman of Hongshan Area Property Management Association and the vice chairman of Wuhan City Property Management Association in February 2006. Mr. Chen is qualified as a lecturer by Wuhan University and was awarded 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 honour of China Property Management Outstanding Contribution Entrepreneurs* (中國物業管理傑出貢獻企業家).

Ms. Yao Hua (姚華), aged 46, is the assistant president of the Group, the vice president of the Central China region and the general manager of Wuhan branch of Wuhan Optics Valley Union. Ms. Yao joined the Group in 1998 and is responsible for the daily operation of the marketing centre, Wuhan Military and Civil Innovation Center and Industrial Park and the implementation work of Optics Creative Valley Project. She is also in charge of the Group's research room and real estate business department, the work of Wuhan Qian Bao Advertising and Communication Company Limited, the work of the Publicity Department, United Art Museum and Wuhan OVU Technology Co., Ltd. Ms. Yao was the head of sales and marketing of Wuhan United Real Estate from 1998 to 2006, 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)) with a bachelor's degree of fashion design (a correspondence course) in June 2004 and is qualified as a senior economist. Ms. Yao was honored as the 16th Model Worker of Wuhan City (武漢市第十六屆勞動模範稱號) in April 2015, the Honorary Ambassador for Investment in Hongshan District, Wuhan City (武漢市洪山區招商大使稱號) in February 2017 and the Outstanding Young Entrepreneurial Entrepreneur of 2016 (2016年優秀青年民營企業家) and the Party building advanced figure supporting "two new" organization of Economic Development zone in Hongshan, Wuhan City (武漢洪山經濟開發區支援兩新組織黨建先進人物稱號) in June 2017, respectively.

Ms. Huang Min (黃敏), aged 43, is the chief financial officer, assistant president and the general manager of the finance center of the Group, responsible for the overall financial management and is also in charge of the work of the project management center of the Group, Wuhan Lingdu Capital Investment Company Limited, Hubei Hong Yun Project Cost Consultation Company Limited, and Growing Business Innovation and Guarantee Co., Ltd. (成長企業創新擔保有限公司). Ms. Huang joined the Group in 2002 and 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 auditing 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 business administration 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. Ms. Huang 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 47, is the assistant president of the Group and the vice president of the Southern region. Ms. Li joined the Group in 1996 and is responsible for the work of Hengqin Zhishuyun Computer Industry Research Institute Co., Ltd.* (橫琴智數雲計算產業研究院有限公司), Hengqin China Electronics Youpu Cloud Data Company Limited, and the preparation work of Guangzhou Project Company. 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 the general manager of China Electronics Wenzhou Industrial Park Development Company Limited from 2016 to 2017. Ms. Li received her college diploma in computer science from Hubei University (湖北大學) in July 1990 and is qualified as a senior operation manager.

Mr. Huang Yongping (黃永平), aged 45, is the assistant president of the Group and the vice president of the Northern region, responsible for the work of Tianjin projects. Mr. Huang joined the Group in 2000 and has held various positions within the Group, including the project manager of Lido Mason and Lido 2046, the manager of the residence department and the vice manager of the sales department and 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. Yong Hui (雍暉), aged 49, is the assistant president of the Group and the general manager of Hefei OVU Development. Ms. Yong joined the Group in 1996 and is responsible for the operation of Hefei OVU Development. 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 served as the general manager of Wuhan Lido Technology from October 2010 to January 2015, and has been the general manager of Wuhan Lido Curtain Wall Manufacture Company Limited* (武漢麗島幕牆製造有限公司) since January 2013. Before joining the Group, Ms. Yong worked at 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 and 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) and "Star of Top 100 China Architecture Entrepreneurs" (中國建築"百強之星"優秀企業家). She was elected as the representative of the 12th Women Representative Conferences of Hefei City in October 2017.

Mr. Peng Tao (彭濤), aged 49, is the assistant president of the Group. He is responsible for the work of Shanghai projects. Mr. Peng joined the Group in 2000. He served as the chief engineer and the manager in the engineering department of Wuhan Optics Valley Union from 2000 to 2008. Before joining the Group, Mr. Peng 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 is qualified as a senior engineer.

Mr. Yu Xuewen (余學文), aged 48,is the assistant president of the Group and the vice president of the Northern region, responsible for the work of Shenyang Optics Valley Union Development Co., Ltd. (瀋陽光谷聯合發展有限公司) and Xianyang China Electronics Western Zhigu Development Company Limited* (咸陽中電西部智谷發展有限公司). Mr. Yu was the technology manager of Wuhan Optics Valley Union Group from September 2010 to February 2012, the executive manager of the project department of Biolake from February 2012 to February 2013 and the executive general manager of projects of the Group from February 2013 to June 2014. Before joining the Group, Mr. Yu served as the deputy director of production division of Wuhan Mayinglong Pharmaceutical Co., Ltd.* (武漢馬應龍藥業股份有限公司), and the head of the Engineering Department of Wuhan Hongtaokai Pharmaceutical Co., Ltd.*(武漢紅桃開藥業股份有限公司). Mr. Yu obtained a bachelor's degree in mechanical manufacturing technology and equipment from Hubei Technology Institute (湖北工學院) in 1992.

Ms. Zhang Xuelian (張雪蓮), aged 42, is the secretary to the Board, 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, as well as the work of Hong Kong office. She held various positions within the Group, including the 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 solicitation 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 is qualified as a senior operation specialist, 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 listed companies and received the relevant qualifications by the Shanghai Stock Exchange in June 2001, May 2007 and April 2008, respectively.

JOINT COMPANY SECRETARIES

Ms. Zhang Xuelian (張雪蓮), aged 42, is the secretary to the Board and chief of the legal and compliance department of the Group. She is also one of the joint company secretaries of the Company. See the subsection headed "Senior Management" in this section for details of her biography.

Ms. Leung Ching Ching (梁晶晶), aged 37, 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. Ms. Leung also received a master of arts in professional accounting and information system from City University of Hong Kong in November 2006.

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2017.

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 a large-scale business park developer and operator primarily focusing on the development and operation of thematic business parks and an industry operation service provider committed to becoming the market leader and providing suitable industrial park space services, industrial park operation services, design and construction services and industrial investment services, which mainly include:

Industrial park space services: including sale of industrial park space services, sale of ancillary residentials and industrial park leasing;

Industrial park operation services: including property management service, energy services, intelligent park services, incubator and office sharing services, financial services in parks, group catering and hotel services, real estate marketing and agency, apartment leasing as well as recreation and entertainment;

Design and construction services: including governmental procurement services, PPP service, EPC integrated design and construction services, project management and consultation services;

Industrial investment: representing industrial-related strategic investments in various theme parks.

During the Reporting Period, the Group has developed and operated a number of multi-theme business parks in Wuhan, Qingdao, Hefei, Shenyang, Ezhou and Huangshi. Based on its existing customer base and industry knowledge, development capabilities and operational expertise accumulated over the years, the Group intends to replicate its mature development model in other cities and regions with voracious demand.

BUSINESS REVIEW

Details of the business review of the Company are set out in pages 9 to 26 of this annual report and form part of the Directors' report.

PRINCIPAL RISKS

Details of the principal risks and uncertainties faced by the Company are set out in pages 34 to 35 of this annual report and form part of the Directors' report.

FUTURE DEVELOPMENT

Details of the Company's likely future business development are set out in pages 26 to 27 of this annual report and form part of the Directors' report.

RESULTS AND FINAL DIVIDENDS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss in page 103 of this annual report.

The Board proposed to declare a final dividend of HKD2.00 cents (equivalent to approximately RMB1.67 cents) per Share, approximately HKD154.0 million in aggregate (equivalent to approximately RMB128.7 million) for the year ended 31 December 2017 on the basis of 7,700,080,000 shares in issue as at the Latest Practicable Date, which will be payable to Shareholders of the Company whose names appear on the register of members of the Company on 22 June 2018 (Friday), subject to Shareholders' approval at the forthcoming annual general meeting of the Company. The final dividend is expected to be paid on or before 4 July 2018 (Wednesday).

FINANCIAL SUMMARY AND FINANCIAL KEY PERFORMANCE INDICATORS

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

Details of the financial key performance indicators of the Company are set out in pages 27 to 34 of this annual report and form part of the Directors' report.

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 existing Shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the Group's property, plant and equipment during the year ended 31 December 2017 are set out in note 15 to the consolidated financial statements on pages 165 to 167 of this annual report.

SHARE CAPITAL AND SHARE AWARD SCHEME

Details of movements of the Company's share capital during the year ended 31 December 2017 are set out in note 31 to the consolidated financial statements on page 194 of this annual report and form part of the Directors' report.

On 22 December 2016, the Company adopted a share award scheme, pursuant to which the Company may grant existing Shares to selected participants (namely directors, officers and/or employees, whether full-time or part-time, of any member of the Group). The reason for adopting the share award scheme is to recognise the contributions by certain directors, officers and/or employees and to incentivise them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. No new Shares will be granted under the share award scheme. Details of the share award scheme are set out in the Company's announcement dated 22 December 2016.

During 2016, the trustee appointed by the Company for the purpose of the share award scheme purchased a total of 152,998,000 Shares at a total consideration of HK$122,928,380 (equivalent to RMB110,105,000) according to the share award scheme. As at 31 December 2017, none of the 152,998,000 Shares has been granted.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 299,920,000 Shares on the Stock Exchange at an aggregate consideration of HK$219,299,560. All of these repurchased Shares were subsequently cancelled [(1)].

Particulars of the repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per Share		Aggregate consideration
		Highest (HK$)	Lowest (HK$)	(HK$)
June, 2017	33,304,000	0.75	0.67	23,878,280
July, 2017	30,932,000	0.76	0.70	23,088,720
August, 2017	39,412,000	0.73	0.68	27,384,120
September, 2017	13,540,000	0.76	0.71	10,018,640
October, 2017	45,780,000	0.76	0.73	34,198,520
November, 2017	103,372,000	0.76	0.71	76,252,120
December, 2017	33,580,000	0.75	0.71	24,479,160
Total	299,920,000	0.76	0.67	219,299,560

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities as of 31 December 2017.

Notes:

(1) 64,236,000 Shares, 222,440,000 Shares and 13,244,000 Shares were cancelled on 26 July 2017, 29 December 2017 and 10 January 2018 respectively.

(2) 18,004,000 ordinary Shares have been repurchased and such Shares have not yet been cancelled as at the Latest Practicable Date.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 107 to 108 of this annual report.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution, calculated in accordance with Cayman Islands law, amounted to approximately RMB2,178.9 million as at 31 December 2017.

BANK LOANS AND OTHER BORROWINGS

Particulars of movements of the bank loans and other borrowings of the Company and the Group as at 31 December 2017 are set out in notes 27 and 28 to the consolidated financial statements on pages 184 to 188 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the percentage of turnover attributable to the Group's five largest customers from the sales of properties in their projects was approximately 15.1% of the Group's total sales, and the percentage of turnover attributable to its largest customer from the sales of properties in its projects was approximately 8.2% of the Group's total sales. The Group's five largest suppliers accounted for approximately 20.6% of the Group's total purchases for the year. None of the Directors, their close 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.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has compliance procedures in place to ensure its compliance with relevant laws, rules and regulations. During the Reporting Period, the Group has complied with relevant laws and regulations which have material influence on its operation.

MAJOR RELATIONSHIP BETWEEN THE GROUP AND ITS EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER PARTIES

The Group recognises the importance of employees, customers, suppliers and other parties to its sustainable development.

The Group strives to maintain a close relationship with its employees and to provide quality services to its customers, while enhancing co-operation with suppliers and other parties. Details of the Group's employees are set out in pages 34, 59, 152 to 153 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

A report that sets out the details of the Group's environmental policies and performance will be published separately.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year. According to Article 191 of the Articles of Association, each director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty. The Company has taken out the appropriate directors' and officers' liability insurance policy for the directors and officers of the Group as a means of security.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors for the year ended 31 December 2017 and up to the date of this annual report were:

Executive Directors

Mr. Huang Liping *(Chairman and President)*
Mr. Hu Bin *(Executive President)*

Non-Executive Directors

Mr. Lu Jun *(resigned on 22 March 2018)*
Mr. Zhang Jie
Ms. Wang Qiuju
Mr. Xiang Qunxiong
Ms. Sun Ying *(appointed on 22 March 2018)*

Independent Non-Executive Directors

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

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

Each Mr. Huang Liping and Mr. Hu Bin entered into a service contract with the Company for a term of three years to serve as the executive Directors of the Company, commencing from 11 March 2017 and may be terminated by not less than one month's notice in writing served by either party on the other. Mr. Zhang Jie entered into a letter of appointment with the Company for an initial term of three years to serve as a non-executive Director of the Company, commencing from 12 June 2017. Each of Ms. Wang Qiuju and Mr. Xiang Qunxiong has entered into a letter of appointment with the Company for an initial term of three years to serve as the non-executive Directors of the Company, commencing from 29 December 2016. Ms. Sun Ying entered into a letter of appointment with the Company for a term of three years to serve as a non-executive Director of the Company, commencing from 22 March 2018.

Each Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin entered into a letter of appointment with the Company for a term of three years to serve as the independent non-executive Directors of the Company, commencing from 11 March 2017.

Pursuant to Articles 112 of the Articles of Association, Ms. Sun Ying is required to retire at the forthcoming annual general meeting, and if eligible, will offer herself for re-election.

None of the Directors proposed for re-election at the forthcoming annual general meeting entered into any service contract with the Group which is not terminable 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 Reporting Period 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 2017.

NON-COMPETITION UNDERTAKINGS

Each of the Controlling Shareholders has confirmed with the Company that each of them has complied with the non-competition undertakings that were provided to the Company on 14 March 2014. Details of the deed of non-competition are disclosed 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 SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and senior management and the five highest paid individuals are set out in note 9 to the consolidated financial statements on pages 152 to 153 of this annual report.

Pursuant to code provision B.1.5 of the Corporate Governance Code, the remuneration payable to the members of senior management during the Reporting Period fell within the following bands.

Remuneration bands	Number of individuals
RMB3.0 million to 4.0 million	1
RMB2.0 million to 3.0 million	3
RMB1.0 million to 2.0 million	7
Below RMB1.0 million	4

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

As at 31 December 2017, 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 any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register kept by the Company pursuant to 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:

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

Name of Director	Nature of Interest	Number of Shares Held[(1)]	Approximate Percentage of Shareholding[(2)]
Mr. Huang Liping	Interest in controlled corporation	1,747,700,000[(3)]	22.66%
Mr. Hu Bin	Beneficial holder	70,320,000[(4)]	0.91%

Notes:

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

(2) The percentages disclosed were calculated based on the total number of issued Shares of the Company as at 31 December 2017, i.e. 7,713,324,000. A total number of 299,920,000 Shares were repurchased by the Company during June to December 2017. Those shares were cancelled on 26 July 2017, 29 December 2017 and 10 January 2018 respectively.

(3) 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 1,627,700,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao BVI.

(4) Mr. Hu Bin is a beneficiary of 70,320,000 Shares of a trust set up pursuant to a trust deed executed on 13 September 2013 with Hengxin Global (PTC) Limited as trustee. On 20 July 2015, 21 April 2016 and 28 April 2017, Hengxin Global (PTC) Limited (as trustee) transferred an aggregate 70,320,000 Shares to Mr. Hu Bin. Thus, Mr. Hu Bin is a beneficial holder of 70,320,000 Shares.

Save as disclosed above, as at 31 December 2017, 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 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 throughout the period from the Listing Date to 31 December 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, 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 Reporting Period.

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

As at 31 December 2017, 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(2)
CEC	Interest in controlled corporation	2,550,000,000(3)	33.06%
CE Huada Technology	Interest in controlled corporation	2,550,000,000(4)	33.06%
AAA Finance	Beneficial owner	1,627,700,000(5)	21.10%
Technology Investment HK	Beneficial owner	479,910,000	6.22%
Hubei Science & Technology Investment	Interest in controlled corporation	479,910,000(6)	6.22%

Notes:

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

(2) The percentages disclosed were calculated based on the total number of issued Shares of the Company as at 31 December 2017, i.e 7,713,324,000. A total number of 299,920,000 Shares were repurchased by the Company during June to December 2017. Those shares were cancelled on 26 July 2017, 29 December 2017 and 10 January 2018 respectively.

(3) These Shares are held by CEC Media. CEC Media is a wholly-owned subsidiary of CE Huada Technology. As CE Huada Technology is a subsidiary of CEC, CEC is deemed to be interested in all the Shares held by CEC Media under the SFO.

(4) These Shares are held by CEC Media. CEC Media is a wholly-owned subsidiary of CE Huada Technology. Under the SFO, CE Huada Technology is deemed to be interested in all the Shares held by CEC Media.

(5) AAA Finance is wholly owned by Mr. Huang Liping, the Chairman and President of the Company. Mr. Huang Liping's interests therein are set out in the section headed "Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures" in this report.

(6) 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.

Other than as disclosed above, as at 31 December 2017, the Company has not been notified by any person (not being a Director 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.

MATERIAL ACQUISITIONS

Material acquisitions of the Group are set out in page 33 of this annual report.

MATERIAL DISPOSALS

Material disposals of the Group are set out in page 34 of this annual report.

CONNECTED TRANSACTIONS

The details of the continuing connected transactions conducted by the Group for the year ended 31 December 2017 are as follows:

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

(i) On 27 September 2017, the Company entered into a financial services agreement with CEC Finance. Pursuant to the financial services agreement, CEC Finance has agreed to provide, inter alia, certain deposit services to the Group in accordance with the terms and conditions set out in the financial services agreement. CEC Finance is a non-banking financial institution established with the approval of the CBRC.

CEC Finance is a subsidiary of CEC Corporation, which, in turn, is the ultimate holding company of CECH, the controlling shareholder of the Company. Therefore, CEC Finance is a connected person of the Company under the Listing Rules. Accordingly, the financial services agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the maximum daily balance of the funds settlement balance (deposit amount) under the financial services agreement exceeds 0.1% but is less than 5%, the deposit services to be provided by CEC Finance to the Group are subject to the reporting, announcement and annual review requirements of Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirements under the Listing Rules.

(ii) On 22 December 2017, Wuhan Optics Valley Union, an indirect wholly-owned subsidiary of the Company, entered into o a JV agreement with Xianyang Hi-tech Industry Development Investment Company Limited ("Xianyang Investment") and IRICO Group Corporation ("IRICO Group") in relation to the formation of a joint venture to be established in the PRC (the "JV Company"). Details of the terms are set out in the announcement of the Company dated 22 December 2017.

The JV Company, being Xianyang China Electronics Western Zhigu Development Company Limited, shall undertake the project of an intellectual manufacturing business park in Xianyang High-Tech Industrial Development Zone, PRC.

The JV Company was established with an initial registered capital of RMB100 million, which was contributed in cash by Wuhan Optics Valley Union as to RMB50 million, by Xianyang Investment as to RMB30 million, and by IRICO Group as to RMB20 million. Upon completion of the aforesaid capital contribution, the JV Company is owned as to 50% by Wuhan Optics Valley Union, as to 30% by Xianyang Investment, and as to 20% by IRICO Group, respectively.

The Directors believe that the development of the project could help the Group make the most of Xianyang City's geographical advantages of locating in the starting point of the "One Belt, One Road" and the core economic development area of Xi'an, utilise the Group's advantages and experience in the construction and operation of business parks and speed up the Group's layout and resources integration in the intellectual manufacturing industry and the electronic information industry. It is expected that the implementation of the project will expand the Group's professional advantages in the construction of large-scale business parks, with the focus on electronic information industry services, intellectual manufacturing, innovative research and development offices, etc.

IRICO Group is a wholly-owned subsidiary of China Electronics Corporation Limited while China Electronics Corporation Limited is indirectly interested in 32.13% of the issued share capital of the Company. Therefore, China Electronics Corporation Limited is a substantial shareholder of the Company, and IRICO Group, being China Electronics Corporation Limited's associate, is a connected person of the Company under the Listing Rules, and the transaction under the JV agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios under the Listing Rules in respect of the formation of the JV Company are more than 0.1% but less than 5%, the transaction contemplated under the JV agreement constitutes a connected transaction of the Company which is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the continuing connected transactions set out above and confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Company, (ii) on normal commercial terms and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to Hong Kong Stock Exchange.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the aforesaid continuing connected transactions and connected transactions.

RELATED PARTY TRANSACTIONS

During the Reporting Period, the Group conducted certain transactions with parties deemed as "related parties" under the applicable accounting standard. The details of these transactions are set out in note 38 to the consolidated financial statements on pages 204 to 206 of this annual report. The transactions mentioned in such note are "continuing connecting transactions" defined in the Listing Rules.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2017, the Group had in total 6,360 employees in Hong Kong and the PRC. During the Reporting Period, the staff cost of the Group was approximately RMB380.7 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 salaries, allowances, 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 increments, bonuses and promotion.

The Remuneration Committee was set up to develop the Group's emolument policy and remuneration structure 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 2017 are set out in the section headed "Management Discussion and Analysis — Event after Balance Sheet Date" and note 39 to the consolidated financial statements on page 206 of this annual report.

CORPORATE GOVERNANCE

During the Reporting Period, save for Mr. Huang Liping being both the chairman of the Board and president of the Company, the Company has been in compliance with all code provisions set forth in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 62 to 79 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, 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 11 June 2018 (Monday) to 14 June 2018 (Thursday) (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 in Hong Kong, 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 8 June 2018 (Friday).

For the purpose of determining the Shareholders' entitlement to the final dividend, the register of members of the Company will also be closed from 21 June 2018 (Thursday) to 22 June 2018 (Friday) (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 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 in Hong Kong, 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 20 June 2018 (Wednesday).

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 2017.

AUDITORS

On 16 June 2016, KPMG resigned as the auditors of the Company. On the same day, our Shareholders resolved to appoint PricewaterhouseCoopers as the auditors of the Company. Details of the change of auditors are set out in the Company's announcement dated 21 April 2016.

The consolidated financial statements for the year ended 31 December 2017 have been audited by PricewaterhouseCoopers. A resolution for the reappointment of PricewaterhouseCoopers as the Company's auditors is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
China Electronics Optics Valley Union Holding Company Limited
Huang Liping
Chairman

Hong Kong, 22 March 2018

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 the 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. During the Reporting Period, the Company has complied with all code provisions of the CG Code, with the exception that the roles of Chairman of the Board and President are both vested in Mr. Huang Liping, details of which are disclosed in the section 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' and relevant employees' dealings in the securities.

The Company, after making specific inquiries to all Directors and relevant employees, confirmed that all of them have complied with the required standards in the Model Code during the Reporting Period.

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 results, approving annual budgets, monitoring and reviewing internal control and risk management systems, assuming responsibility for the corporate governance system of the Company, and upholding the core values of the Company. All Directors (including the non-executive Directors and independent non-executive Directors) possess extensive and valuable business experience, knowledge and high level of professionalism, which facilitate the effective and efficient operation of the Board.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to 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 which meets the needs of the Company's business. The Board currently consists of nine members, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors as set out below.

Executive Directors
Mr. Huang Liping *(Chairman and President) (equivalent to the chairman and chief executive as stated in the CG Code)*
Mr. Hu Bin *(Executive President)*

Non-executive Directors
Mr. Lu Jun *(resigned on 22 March 2018)*
Mr. Zhang Jie
Ms. Wang Qiuju
Mr. Xiang Qunxiong
Ms. Sun Ying *(appointed on 22 March 2018)*

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

Further description of the biography 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

Mr. Zhang Jie has entered into a letter of appointment with the Company for an initial term of three years commencing from 12 June 2017. Each of Ms. Wang Qiuju and Mr. Xiang Qunxiong has entered into a letter of appointment with the Company for an initial term of three years commencing from 29 December 2016. Ms. Sun Ying has entered into a letter of appointment with the Company for a term of three years commencing from 22 March 2018. Under the Articles of Association, every Director, including those appointed for a specific term, shall 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 they retire.

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 course of performance. During the Reporting Period, 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 Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin has entered into a letter of appointment with the Company to serve as independent non-executive Directors for an initial term of three years commencing from 11 March 2017.

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 according to the criteria set out in Rule 3.13 of the Listing Rules.

The Board will review and evaluate whether there are circumstances that are likely to affect the independence of the independent non-executive Directors on an ongoing basis.

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 Company and enables more effective and efficient overall strategic planning for the Company. 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 Company, 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 and 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 provides 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/her 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 annual general meeting of the Company and shall then be eligible for re-election.

Every Director, including those appointed for a specific term, shall 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.

In accordance with Article 108(A) of the Articles of Association, Mr. Zhang Jie will retire as Director at the annual general meeting. In addition, in accordance with Article 112 of the Articles of Association, Ms. Sun Ying was appointed as the non-executive Director by the Board on 22 March 2018 to fill the vacancy following the resignation of Mr. Lu Jun, and to hold office only until the annual general meeting. All aforesaid retiring Directors are eligible and will offer themselves for re-election at the annual general meeting of the Company to be held in 2018. At the annual general meeting of the Company held on 24 May 2017, Mr. Huang Liping and Mr. Hu Bin were re-elected as executive directors, Mr. Lu Jun, Ms. Wang Qiuju and Mr. Xiang Qunxiong were re-elected as non-executive directors, and Mr. Leung Man Kit, Mr. Qi Min and Ms. Zhang Shuqin were re-elected as independent non-executive 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. All Directors are encouraged to attend relevant training courses at the Company's expense.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of his/her responsibilities and obligations under the Listing Rules.

The Company provided training through external expert lectures in order to develop and update the Directors' knowledge and skills. The Company also provided all Directors with the latest information and relevant materials regarding the Listing Rules and other applicable regulatory requirements to ensure compliance with good corporate governance practices and enhance their awareness in this regard.

For the year ended 31 December 2017, all of the Directors have received relevant trainings on corporate governance and the relevant training records are as follows:

Name of Director	Corporate Governance/Updates on Relevant Laws, Rules and Regulations		Accounting/Finance/Management or Other Professional Skills	
	Studied Materials	Attended Seminars/ Briefings	Studied Materials	Attended Seminars/ Briefings
Executive Directors:				
Mr. Huang Liping	✓	✓	✓	✓
Mr. Hu Bin	✓	✓	✓	✓
Non-executive Directors:				
Mr. Lu Jun	✓	✓	✓	✓
Mr. Zhang Jie	✓	✓	✓	✓
Ms. Wang Qiuju	✓	✓	✓	✓
Mr. Xiang Qunxiong	✓	✓	✓	✓
Independent non-executive Directors:				
Mr. Qi Min	✓	✓	✓	✓
Mr. Leung Man Kit	✓	✓	✓	✓
Ms. Zhang Shuqin	✓	✓	✓	✓

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.

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

INSURANCE FOR DIRECTORS AND SENIOR MANAGEMENT

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

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 the committees. 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 Mr. Qi Min (independent non-executive Director) and Ms. Wang Qiuju (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 engagement of external auditors;
- 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 the relevant reporting obligations before the audit commences;
- developing and implementing policy on engaging external auditors to provide non-audit services;
- monitoring the integrity of the Company's financial statements and annual report and accounts and half-yearly reports, and to review significant financial reporting opinions contained in such statements and reports;
- 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 establish an effective internal control system;
- considering major investigation findings on internal control matters on the Audit Committee's own initiative or as delegated by the Board, as well as management's response to these findings; and
- reviewing the Group's financial and accounting policies and practices.

The 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 held two meetings during the year ended 31 December 2017 to review the annual results and report for the year ended 31 December 2016 as well as the interim results and report for the six months ended 30 June 2017, and review the effectiveness of the financial control, internal control and risk management systems of the Company, and discuss material risks under concern in the audit work and appointment of external auditors.

During the Reporting Period, the Audit Committee held two meetings with external auditors.

Remuneration Committee

The Remuneration Committee comprises four 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) and Mr. Leung Man Kit (independent 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 remuneration policy and structure for all Directors and senior management and on the establishment of a formal and transparent procedure for formulating remuneration policy;

- reviewing and approving the management's remuneration proposals with reference to corporate goals and objectives set by the Board;

- 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 Director and senior management;

- making recommendations to the Board on the remuneration of non-executive Directors; and

- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The 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 held one meeting during the Reporting Period to review the remuneration policies and structures of the Company, the remuneration packages for executive Directors and senior management as well as other relevant matters, assessing the performance of executive Directors, approving the terms of executive Directors' service contracts and make recommendations to the Board in such regard.

Details of the remuneration of the senior management by band are set out in note 40 (c) in the Notes to the Audited Financial Statement for the year ended 31 December 2017.

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 to the Board by the candidate.

The 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 held one meeting during the Reporting Period to review the structure, size and composition of the Board, and provide opinions on the nomination of relevant persons to be Directors to the Board, and review the independence of independent non-executive Directors.

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). The Financial Control Committee is chaired by Mr. Huang Liping. The establishment of the committee is one of the internal measures adopted for further reducing the Company's potential risk in relation to the minimum tax guarantee under the relevant contracts for 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, further discuss 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.

The Financial Control Committee held one meeting during the Reporting Period to discuss the potential liabilities and risks in relation to the abovementioned minimum tax guarantee.

ATTENDANCE RECORD OF THE DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings of the Company as well as the annual general meeting of the Company held during the Reporting Period is as follows:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting(1)
Executive Directors:					
Mr. Huang Liping	9/9	–	–	1/1(C)	1/1
Mr. Hu Bin	9/9	–	1/1(M)	–	1/1
Non-executive Directors:					
Mr. Lu Jun	9/9	–	–	–	1/1
Mr. Zhang Jie	9/9	–	–	–	1/1
Ms. Wang Qiuju	9/9	2/2(M)	–	–	1/1
Mr. Xiang Qunxiong	9/9	–	–	–	1/1
Independent non-executive Directors:					
Mr. Qi Min	9/9	2/2(M)	1/1(C)	1/1(M)	1/1
Mr. Leung Man Kit	9/9	2/2(C)	1/1(M)	–	1/1
Ms. Zhang Shuqin	9/9	–	1/1(M)	1/1(M)	1/1

Notes:

(1) The annual general meeting of the Company was held on 24 May 2017.

(2) (C) — Chairman of the committee; (M) — Committee member

During the Reporting Period, the chairman of the Board convened one meeting among non-executive Directors (including non-executive Directors and independent non-executive Directors) without the presence of executive Directors.

CORPORATE GOVERNANCE FUNCTIONS

The corporate governance functions are performed by 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.

RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of the Company is continuously endeavoring to improve risk management and internal control systems to manage risks in order to safeguard the shareholders' investment and the asset appreciation of the Group.

The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving its objectives, and supervising the management in establishing and maintaining appropriate and effective risk management and internal control systems. The management is responsible for establishing and maintaining effective risk management and internal control systems, and reporting to the Board in respect of the effectiveness of relevant systems.

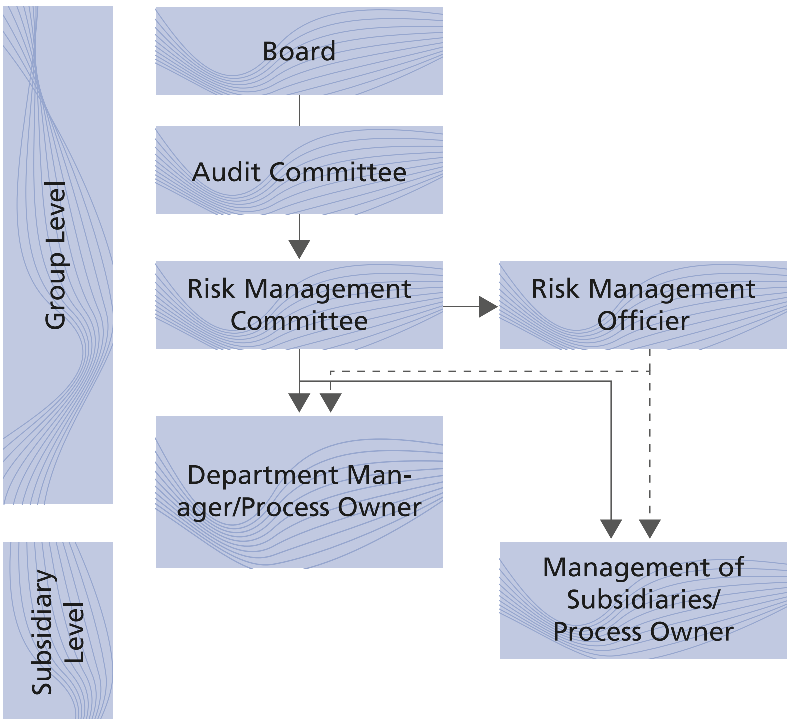
The related risk management system and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management

The risk management system of the Group consists of the following key elements: objectives and strategies of risk management, risk management policy, risk management structure and responsibilities of each level of management, risk management procedures, nurturing culture of risk management as well as the internal control procedures.

Risk Management Structure and Responsibilities of Each Level of Management

Risk Management Structure:



Responsibilities of Each Level of Management:

Roles	Main Responsibilities
Board	• determines the general objectives of risk management, risk appetite and risk tolerance • approves the risk management policy • approves risk management recommendations and reports • carries out risk management of material decisions and approves risk management reports of material decisions • strengthens nurturing the culture of corporate risk management
Audit Committee	• reviews the establishment of risk management structure and its roles & responsibilities • authorized by the Board to supervise the implementation of risk management and internal control systems • reviews the effectiveness of the Company's risk management and internal control systems regularly
Risk Management Committee	• promotes the establishment of risk management system, establishes risk management system and defines its roles & responsibilities • reviews and supervises the implementation of relevant risk management policies and procedures of the Company • provides comments from risk management perspective regarding material decisions, reviews and submits risk management reports on material decisions and provides recommendations on risk responses • monitors nurturing the culture of overall risk management • regularly reports to the Audit Committee on risk management works
Risk Management Officer	• organizes and coordinates with various functional departments to carry out material risks identification and assessment works on business level, prepares management reports on material risks on business level and various risk management reports, and reports to the Risk Management Committee • organizes and coordinates with the Risk Management Committee and senior management to identify and assess risks on company level as well as formulates and submits relevant measures to manage material risks on company level • assists, reviews and supervises the risk management works and results carried out by risk management officers • provides relevant training and guidance on risk management
Department Manager/ Process owner/ Management of subsidiaries	• responsible for coordinating with the Risk Management Committee and the risk management officer to carry out specific risk management works • updates the list of risks and carries out risk management related works on a regular basis • assesses risks from the two dimensions: potential impact and likelihood of occurrence • prepares the relevant risk response for the business risks, implements the risk response, and be responsible to push forward specific risk management measures • monitors various risks and timely reports to the risk management officers on risk information

Risk Management Procedure

Three Steps for Risk Management Procedure:

Step 1: Risk Identification:

- Define the matrix for measuring risks (define the risk ranking in accordance with the potential impact and the likelihood of occurrence);

- Conduct interviews with senior management and process owners to identify the existing risks on company level and business level. Currently, the risks of the Group are categorized into strategic risk, market risk, operational risk, financial risk and legal risk.

Step 2: Risk Analysis and Responses:

- Analyze risks and assess the risk ranking based on two dimensions, namely: the potential impact and the likelihood of occurrence;

- Identify and assess the current risk responses;

- Analyze and determine if it is necessary to formulate additional risk management measures to manage risks at acceptable level.

Step 3: Risk Report:

- Summarize the result of the risk management analysis, formulate a plan of action and report to the Risk Management Committee;

- Prepare a Risk Management Report, which should include a summary of the results of risk assessment, the highlights on significant risks, and the action plans, etc.;

- Submit the Risk Management Report to the Board for its approval.

Internal Control

The Group establishes the internal control system in referencing with the 3 lines of defense model.

3 Lines of Defense

- First Defense Line: the management formulates appropriate polices and procedures and internal control measures for daily business operation

- Second Defense Line: the risk management, compliance departments and other departments responsible for policy formulation monitor the first defense line on a daily basis, and conduct regular reviews on risk and compliance

- Third Defense Line: the internal audit department carries out reviews and audits with an independent view from the management on a continuous basis

Internal Audit

The Group established an Internal Audit Department and reviewed the effectiveness of its internal audit function through five key factors e.g. strategy, structure, staffing, process and technology, including review the resources for internal audit function, the qualification and experience of the staff and the training courses that the staff attends and the adequacy of its related budgets.

The Internal Audit Department carries out continuous special internal audits in accordance with the annual audit plan approved by the Audit Committee. For the internal control deficiency identified, the Company will address it by communicating with management and ordering the remediation to be taken. Any material deficiency identified in controls or procedures will be directly reported to the Board for communication and discussion.

Anti-Fraud

Through setting up related policies, the Group established a channel for group staff and the external third parties to report any fraud or breach of ethical conduct, established a separate mechanism for monitoring and reporting to make sure all the investigations and processing results are in strict confidentiality, and enhanced the publicity and training for anti-fraud, integrity and ethical value. All the measures above are to form a good ambience against corruption, uphold integrity for the Group and reduce the risk of fraud.

Management of Inside Information

The Secretariat of the Board is responsible for liaising with the lawyer of the Company. It will discuss the likelihood of any unexpected and significant events that may have an impact on the price and trading volume of Shares and decides whether the relevant information shall be considered as inside information and disclosed as soon as reasonably practicable pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO. A written recommendation will be formulated and submitted to the Board for consideration. The Chairman of the Board is also responsible for approving certain announcements and/or circulars issued by the Company under the authorization of the Board from time to time.

THE EFFECTIVENESS OF THE RISK MANAGEMENT AND THE INTERNAL CONTROL SYSTEMS FOR YEAR 2017

The Board acknowledges that it is responsible for the risk management and internal control systems, and also responsible for conducting an overall review annually on the effectiveness of the risk management and internal control systems of the Group.

In 2017, the Group continued to improve the risk management and internal control systems through performing annual risk assessment, reviewing the internal audit functions, and carrying out special internal audits in order to further enhance the company's risk management standards and risk defense capabilities.

Through the review of the effectiveness of the risk management and the internal control systems in 2017, the Board is of the opinion that the risk management and internal control systems are effective for the year ended 31 December 2017. The Board and the Audit Committee also reviewed the resources for accounting, internal audit and financial reporting functions, the qualification and experience of the staff and the training courses that the staff takes and its related budgets, and they are of the opinion that the above functions are adequate.

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 Reporting Period, presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects, and ensuring that the financial reports 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 on 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, PricewaterhouseCoopers, on its reporting responsibilities in respect of the consolidated financial statements of the Group during the Reporting Period is set out on pages 97 and 102 of this annual report.

Auditor's Remuneration

For the year ended 31 December 2017, the remuneration payable to PricewaterhouseCoopers by the Company is set out below:

Services provided by the auditor	**Remuneration** (RMB'000)
Audit services	2,000
Non-audit services	960
– Interim Review	800
– Others	160
Total	2,960

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 the Board's 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 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, 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 may request the Board to convene an extraordinary general meeting. Such requisition shall be made in writing to the Board or the company secretary 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 to convene extraordinary general meeting shall be reimbursed to the requisitionist(s) by the Company.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, no amendment was made to the constitutional documents of the Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board recognizes that it is accountable to its stakeholders, and values the importance of communication with Shareholders. The Company is dedicated to maintaining an open dialogue with its Shareholders, and it will continually improve its communication 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. Shareholders can obtain access to 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 on the website.

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

China Electronics Optics Valley Union Holding Company Limited
Unit 1916, 19/F
Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong
Attention: Ms. Zhang Xuelian
Email: ovuIR@ovuni.com

The Company will not normally deal with verbal or anonymous enquiries.

The following table sets forth an overview of the business park projects and residential projects held by the Group and its joint ventures as of 31 December 2017.

#	Project	Project Company	Location	Interest Attributed to the Group	A Total GFA [2] (square meters)
I.	**Completed Properties**				
	Business Parks				
1	Optics Valley Software Park (Phase I–IV) (光谷軟件園一至四期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei	100%	508,826
2	Optics Valley Software Park (Phase V) (光谷軟件園五期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei	100%	238,893
3	Optics Valley Software Park (Phase VI) (光谷軟件園六期)	Wuhan Optics Valley Software Park	1 Guanshan Avenue, Wuhan, Hubei	100%	100,106
4	Optics Valley Software Park Exhibition Center (Phase I) (光谷軟件園展示一期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei	100%	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	100%	26,319
6	Optics Valley Financial Harbor (Phase I) (金融港一期)	OV Financial Harbour Development	77 Guanggu Avenue, Wuhan, Hubei	100%	275,913
7	Financial Harbor (Phase II) (金融港二期)	Wuhan Optics Valley Union	77 Guanggu Avenue, Wuhan, Hubei	100%	512,367
8	Creative Capital (創意天地)	Wuhan Optics Valley Union	16 Ye Zhi Hu West Road, Hongshan District, Wuhan, Hubei	100%	386,956
9	Wuhan Research Innovation Center (Phase I) — Minghong (武漢研創中心一期 — 鳴鴻)	Wuhan Minghong	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	43,326
	Wuhan Research Innovation Center (Phase I) — Huishen (武漢研創中心一期 — 匯盛)	Hubei Huisheng	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	18,091

B		C	D	G		E		F
						Salable GFA[6]		
GFA with Land Use Rights Obtained (square meters)	GFA Completed [3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA[4] (square meters)	GFA Underground [3][9] (square meters)	GFA Sold[5] (square meters)	GFA Presold[5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	Leasable GFA [5][6] (square meters)
457,360	508,826	—	1,495	51,466	435,888	—	541	19,437
183,098	238,893	—	3,421	55,794	174,913	—	—	4,765
80,290	100,106	—	19,225	19,817	61,065	—	—	—
1,570	1,570	—	—	—	—	—	1,570	—
20,717	26,319	165	—	5,602	—	—	5,047	15,506
256,098	275,913	9,879	4,104	19,815	224,266	—	4,748	13,102
397,557	517,573	—	11,096	114,810	381,267	—	2,344	2,850
308,686	384,532	—	8,731	78,270	137,910	8,462	98,773	54,809
41,350	43,326	—	753	1,887	16,883	4,218	19,585	—
17,681	18,091	—	548	410	8,358	1,178	7,597	—

A

#	Project	Project Company	Location	Interest Attributed to the Group	Total GFA (2) (square meters)
10	Wuhan Research and Innovation Center (Phase II) — Huisheng (武漢研創中心二期 — 匯盛)	Hubei Huisheng	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	53,353
11	Qingdao OVU International Marine Information Harbour (1.1 Area, 1.3 Area, 1.4 Area to1.6 Area) (青島光谷國際海洋信息港1.1區、1.3區、1.4區–1.6區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong Province	100%	278,628
12	Shenyang Science and Technology City (Phase 1.1) (瀋陽聯合科技城1.1期)	Shenyang OVU Development	Intersection of Sheng Jing Avenue and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	100%	67,343
13	Ezhou Optics Valley Science and Technology Union City (鄂州光谷聯合科技城一期D2–D3, D5–D9, C1-3, C7–9, C6–1)	Hubei Technology Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	80%	223,242
14	Hefei Financial Harbor (合肥金融港)	Hefei OVU Development	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	100%	319,496
15	Huangshi Science Technology Union City (Phase I) (黃石聯合科技城一期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	58,672
16	Qingdao Innocenter (2-4#, 6-9#) (青島研創中心 (2-4#、6-9#))	Qingdao OVU Development	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	100%	61,165
17	Qingdao Innocenter Public Housing (青島研創公租房)	Qingdao OVU Development	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	100%	25,656

B		C	D	G	E			F
					Salable GFA(6)			
GFA with Land Use Rights Obtained (square meters)	GFA Completed (3) (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA(4) (square meters)	GFA Underground (3)(9) (square meters)	GFA Sold(5) (square meters)	GFA Presold(5)(8) (square meters)	GFA Available for Sale(5)(7) (square meters)	Leasable GFA (5)(6) (square meters)
43,316	53,353	3,058	—	10,036	—	—	29,908	10,351
219,584	278,628	—	1,940	59,044	121,731	—	54,017	41,896
66,481	67,343	—	1,799	862	64,682	—	—	—
222,434	223,242	—	413	808	180,534	7,957	33,530	—
244,223	319,496	—	2,842	75,273	169,877	9,813	43,498	18,193
58,672	58,672	—	—	—	8,759	—	45,572	4,340
53,527	61,165	—	—	7,638	8,330	—	45,197	—
22,099	25,656	—	—	3,557	—	—	—	22,099

#	Project	Project Company	Location	Interest Attributed to the Group	A Total GFA (2) (square meters)
18	Shenyang Science and Technology City (Phase 1.2) (瀋陽聯合科技城1.2期)	Shenyang OVU Development	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	100%	11,696
19	Huanggang OVU Science and Technology City (Phase 1.1) (黃岡光谷聯合科技城1.1期)	Huanggang OVU Development	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	70%	43,530
20	Xi'an Industrial Park (西安產業園)	China Electronics Xi'an Industrial Park Development Co., Ltd. 中國電子西安產業園發展有限公司*	West of Cao Tan Tenth Road, North of Shang Ji Road, Xi'an, Shaanxi	73.91%	51,281
	Subtotal				**3,306,429**
	Residential Properties				
21	Romantic Town (麗島漫城)	Wuhan Xuefu	46 Guanggu Avenue, Wuhan, Hubei Province	51%	158,876
22	Lido Top View (麗島半山華府)	Huangshi OVU Development	No. 76 Hangzhou West Road, Huangshi Development Zone, Hubei Province	100%	148,271
23	Lido 2046 (麗島2046)	Wuhan Optics Valley Union	175 Xiongchu Avenue, Wuhan, Hubei Province	100%	126,629
	Subtotal				**433,776**

B		C	D	G		E Salable GFA[6]		F
GFA with Land Use Rights Obtained (square meters)	GFA Completed [3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA[4] (square meters)	GFA Underground [3][9] (square meters)	GFA Sold[5] (square meters)	GFA Presold[5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	Leasable GFA [5][6] (square meters)
11,696	11,696	—	—	—	10,273	—	1,423	—
43,530	43,530	274	1,131	—	13,492	13,981	2,261	12,392
38,984	51,281	—	—	12,297	10,744	5,195	15,222	7,823
2,788,952	**3,309,209**	**13,375**	**57,497**	**517,386**	**2,028,970**	**50,803**	**410,834**	**227,562**
144,473	158,876	—	1027.5	14,403	143,445	—	—	—
148,271	148,271	—	1,189	—	130,620	163.56	542.55	15,755
114,860	125,510	—	1,444	11,769	111,083	—	2,333	—
407,604	**432,657**	**—**	**3,661**	**26,172**	**385,149**	**164**	**2,876**	**15,755**

#	Project	Project Company	Location	Interest Attributed to the Group	A Total GFA[2] (square meters)
	Investment Properties				
24	Lido Garden (麗島花園)	United Real Estate	1 Luoshi Road, Wuhan, Hubei Province	100%	198,119
25	North Harbour Industrial Park (Lido Property) (北港工業園（麗島物業）)	United Real Estate	38 Shucheng Road, Wuhan, Hubei Province	100%	3,546
26	Lido Garden (Lido Property) (麗島花園（麗島物業）)	United Real Estate	1 Luoshi Road, Wuhan, Hubei Province	100%	1,122
27	North Harbour Industrial Park (Lido Technology) (北港工業園（麗島科技）)	United Real Estate	38 Shucheng Road, Wuhan, Hubei Province	100%	3,683
	Subtotal				**206,270**
	Subtotal				**3,946,675**
28[13]	Beihai Project Phase I (Old Project) (北海項目一期(老項目))	CEC Beihai Industrial Park	West of Beihai Avenue, South of Ke Fu Road, Beihai, Guangxi	30%	192,639
29[11]	Hainan Ecosystem Software Park (A, B, E, D, C land plots (Phase I)) (海南生態軟件園(A、B、E、D、C 地塊一期))	Hainan Resort Software Community	Southern section situated at 0.7 km of the Eastern Extension of Nan Yi Ring Road, Chengmai County Old Town Economic Development Zone, Hainan Province	20%	590,854
30[12]	Up Mason (麗島美生)	Wuhan Mason	No. 318 Minzu Avenue, Wuhan, Hubei Province	50%	153,437

B		C	D	G	E			F
					Salable GFA[6]			
GFA with Land Use Rights Obtained (square meters)	GFA Completed [3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA[4] (square meters)	GFA Underground [3][9] (square meters)	GFA Sold[5] (square meters)	GFA Presold[5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	Leasable GFA [5][6] (square meters)
198,119	198,119	—	—	—	191,197	—	—	6,922
3,546	3,546	—	—	—	—	—	—	3,546[10]
1,122	1,122	—	—	—	—	—	1,122	—
3,683	3,683	661	—	—	—	—	—	3,022
206,470	**206,470**	**661**	**—**	**—**	**191,197**	**—**	**1,122**	**13,490**
3,403,026	**3,948,336**	**14,036**	**61,158**	**543,557**	**2,605,315**	**50,967**	**414,832**	**256,807**
192,434	192,434	5,227	343	205				186,864
590,854	590,854	16,172	—	—	217,811	—	244,392	112,479
130,260	151,090	—	1363	23,177	128,897	—	—	—

#	Project	Project Company	Location	Interest Attributed to the Group	Actual/ Estimated Completion Date (2) (month/ year)
II	**Projects under Development**				
	Business Parks				
1	Ezhou Optics Valley Science and Technology Union City (Phase I C6-2) (鄂州光谷聯合科技城一期C6-2)	Hubei Technology Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	80%	1 Sep 2018
2	Huangshi Science Technology Union City (Phase I) (黃石聯合科技城一期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	1 Dec 2018
3	Shenyang Science and Technology City (Phase 1.1) (瀋陽聯合科技城1.1期)	Shenyang OVU Development	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	100%	1 Nov 2018
4	Hefei Financial Harbour (合肥金融港)	Heifei OVU Development	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	100%	30 Dec 2019
5	Huanggang OVU Science and Technology City (黃岡光谷聯合科技城)	Huanggang OVU Development	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	70%	1 Dec 2017

A	B		C	D	G	E			F
						Salable GFA(6)			
Total GFA (3) (square meters)	GFA with Land Use Rights Obtained (square meters)	GFA Completed (3) (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA (4) (square meters)	GFA Underground (3)(9) (square meters)	GFA Sold (5) (square meters)	GFA Presold (5)(8) (square meters)	GFA Available for Sale (5)(7) (square meters)	Leasable GFA (5)(6) (square meters)
10,306	10,306	—	—	—	—	—	10,103	203	—
38,404	37,710	—	—	—	694	—	—	37,710	—
1,715	1,715	—	1,715	—	—	—	—	—	—
327,255	229,316	—	8,399	2,278	97,938	—	—	200,835	17,805
28,764	28,764	—	—	—	—	—	12,806	15,958	—

#	Project	Project Company	Location	Interest Attributed to the Group	Actual/ Estimated Completion Date [2] (month/ year)
6	Qingdao Innocenter (1#, 5#) (青島研創中心 (1#、5#))	Qingdao OVU Development	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	100%	1 Oct 2018
7	Qingdao Innocenter (2-4#, 6-9#) (青島研創中心 (2-4#、6-9#))	Qingdao OVU Development	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	100%	1 Oct 2018
8	China Electronics Xi'an Industrial Park (中國電子西安產業園)	CEC Xi'an Industrial Park	West of Cao Tan Tenth Road, North of Shang Ji Road, Xi'an, Shaanxi	73.91%	1 Dec 2018
9	Shenyang CEOVU Information Harbour (瀋陽中電光谷信息港)	Shenyang OVU Development	Intersection of Qixing Street and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province Subtotal	100%	1 July 2018
	Subtotal				
10 [13]	Beihai Information Harbor (北海信息港)	CEC Beihai Industrial Park	West of Beihai Avenue, South of Ke Fu Road, Beiha, Guangxi Province	30%	1 Dec 2018
11 [11]	Hotel and Car Park of Phase V Project situated at land plot C of Hainan Ecosystem Software Park (海南生態軟件園C地塊五期酒店和停車場)	Hainan Investment	Southern section situated at 0.7 km of the Eastern Extension of Nan Yi Ring Road, Chengmai County Old Town Economic Development Zone, Hainan Province	20%	1 Mar 2018

A	B		C	D	G	E			F
						Salable GFA[6]			
Total GFA [3] (square meters)	GFA with Land Use Rights Obtained (square meters)	GFA Completed [3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA [4] (square meters)	GFA Underground [3][9] (square meters)	GFA Sold [5] (square meters)	GFA Presold [5][8] (square meters)	GFA Available for Sale [5][7] (square meters)	Leasable GFA [5][6] (square meters)
41,455	33,459	—	—	—	7,996	—	—	33,459	—
60,839	53,527	—	—	—	7,312	—	—	53,527	—
84,329	66,329	—	3,000	—	18,000	—	5,195	63,329	—
92,754	91,735	—	—	1,384	1,019	—	31,833	58,518	—
685,822	**552,863**	**—**	**13,114**	**3,662**	**132,959**	**—**	**59,938**	**463,540**	**17,805**
53,715	52,696	—	—	—	1,019	—	—	52,696	—
53,534	45,492	—	—	—	8,042	—	—	45,492	—

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

#	Project	Project Company	Location	Interest Attributed to the Group	Actual/ Estimated Completion Date (2) (month/ year)
III	**Projects Planned for Future Development**				
	Business Parks				
1	Wuhan Research and Innovation Center (Phase III) — Minghong (武漢研創中心三期) — 鳴鴻	Wuhan Minghong	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	1 May 2019
2	Wuhan Research and Innovation Center (Phase III) — Huisheng (武漢研創中心三期) — 匯盛	Hubei Huisheng	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	1 May 2019
3	Qingdao Optics Valley Software Park Zones 1.2 and 1.7 area (青島光谷軟件園1.2、1.7區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong Province	100%	1 Dec 2019
4	Qingdao Ocean Science and Technology Park (Phase I) (青島海洋科技園一期)	Qingdao OVU Development	South of Changjiang West Road, West of Jiangshan South Road, North of Binhai Avenue, Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province	100%	1 Dec 2019
5	Ezhou Optics Valley Science and Technology Union City (Phase I) (鄂州光谷聯合科技城一期)	Hubei Technology Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	80%	1 Sep 2018
6	Huangshi Science Technology Union City (Phase I) (黃石聯合科技城一期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	1 Dec 2018

A	B		C	D	G	E			F
						Salable GFA[6]			
Total GFA [2] (square meters)	GFA with Land Use Rights Obtained (square meters)	GFA Completed [3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA [4] (square meters)	GFA Underground [3][9] (square meters)	GFA Sold [5] (square meters)	GFA Presold [5][8] (square meters)	GFA Available for Sale [5][7] (square meters)	Leasable GFA [5][6] (square meters)
57,113	50,003	—	—	200	7,110	—	—	49,803	—
57,155	50,003	—	—	200	7,152	—	—	49,803	—
167,216	140,738	—	2,922	—	26,477	—	—	137,816	—
197,050	167,050	—	6,800	—	30,000	—	—	160,250	—
140,575	104,030	—	—	—	36,545	—	—	104,030	—
93,524	93,524	—	—	—	—	—	—	93,524	—

#	Project	Project Company	Location	Interest Attributed to the Group	Actual/ Estimated Completion Date [(2)] (month/ year)
7	Huanggang OVU Science and Technology City (黃岡光谷聯合科技城)	Huanggang OVU Development	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	70%	1 Dec 2017
8	Wenzhou Industrial Park （溫州產業園）	CEC Wenzhou Industrial Park	Jinhai Park, Wenzhou Economic and Technological Development Zone, Wenzhou City, Zhejiang Province	60%	1 Apr 2021
9	Xi'an Industrial Park （西安產業園）	CEC Xi'an Industrial Park	West of Cao Tan Tenth Road, North of Shang Ji Road, Xi'an, Shaanxi	73.91%	1 Dec 2018
	Subtotal				
10 [(13)]	Beihai Information Harbor (北海信息港)	CEC Beihai Industrial Park	West of Beihai Avenue, South of Ke Fu Road, Beihai, Guangxi Province	30%	30 Dec 2020
11 [(11)]	Hainan Ecosystem Software Industrial Park (Land Plots A, C, E and G) (海南生態軟件業園 (A、C、E、G地塊)	Hainan Resort Software Community	Southern section situated at 0.7 km of the Eastern Extension of Nan Yi Ring Road, Chengmai County Old Town Economic Development Zone, Hainan Province	20%	1 Oct 2020
	I to III Total				

A	B		C	D	G		E		F
							Salable GFA[6]		
Total GFA [2] (square meters)	GFA with Land Use Rights Obtained (square meters)	GFA Completed [3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA [4] (square meters)	GFA Underground [3][9] (square meters)	GFA Sold [5] (square meters)	GFA Presold [5][8] (square meters)	GFA Available for Sale [5][7] (square meters)	Leasable GFA [5][6] (square meters)
45,414	45,414	—	—	—	—	—	—	45,414	—
399,927	369,027	—	—	—	30,900	—	—	369,027	—
116,790	116,790	—	—	—	—	—	—	116,790	—
1,274,264	**1,136,579**	**—**	**9,722**	**400**	**138,184**	**—**	**—**	**1,126,457**	**—**
196,375	172,432	—	—	—	23,943	—	—	172,432	—
480,592	480,592	—	—	—	—	—	—	480,592	—
7,628,405	**6,757,229**	**4,882,713**	**58,271**	**66,926**	**871,087**	**2,952,023**	**110,904**	**3,000,435**	**573,955**

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

Notes:

(1) The estimated completion date of a project reflects the Group's best estimate based on its current development plan for the projects.

(2) "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.

(3) "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.

(4) "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.

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

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

(7) "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.

(8) 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.

(9) "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.

(10) 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..

(11) During the Reporting Period, as the Group only holds a 20% equity interest in the project company, the project company's financial information was not included in the Group's consolidated financial statements.

(12) 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.

(13) During the Reporting Period, as the Group only holds a 30% equity interest in the project company, the project company's financial information was not included in the Group's consolidated financial statements.

pwc

羅兵咸永道

To the Shareholders of China Electronics Optics Valley Union Holding Company Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of China Electronics Optics Valley Union Holding Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 97 to 211, which comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is summarised as follows:

- Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to Note 4 "Critical accounting estimates and assumptions" and Note 16 "Investment properties" to the consolidated financial statements. The Group's investment properties are measured at fair value model and carried at approximately RMB2,318 million as at 31 December 2017 and fair value gains of approximately RMB247 million were recognised for the year then ended. The fair values of investment properties are determined by the Group based on the valuations performed by external valuers engaged by the Group. The Group's investment property portfolio includes completed investment properties and investment properties under construction.	Our audit procedures included: (i) We assessed the competence, capabilities and objectivity of the external valuers engaged by the Group. (ii) We obtained the valuation report of each property and assessed the appropriateness of the valuation methods applied. (iii) We assessed the reasonableness of relevant key assumptions used in the valuations including term yield, reversionary yield, market rental rate, estimated price per square meter and developer's profit margin of the selected properties by independently gathering and analysing the data of comparable properties in the market with similar characteristics such as location and property size.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
• For completed investment properties: the valuations of these properties are derived at the average of the investment approach and the direct comparison method. For the investment approach, the relevant key assumptions include term yield, reversionary yield and market monthly rental rate. For the direct comparison method, the relevant key assumption is estimated price per square meter, with reference to recent transactions of comparable properties and adjusting for differences in key attributes such as but not limited to location and property size. • For investment properties under construction: the valuations of these properties are derived using the residual method. The relevant key assumptions include term yield, reversionary yield, market monthly rental rate, and estimated price per square meter, development costs to completion and developer's profit margin. All the relevant key assumptions are influenced by the prevailing market conditions and the characteristics of each property of the Group. We focus on this area due to the financial significance of investment properties to the consolidated financial statements and the relevant key assumptions applied in valuation involving significant judgements and estimates.	(iv) We checked the key assumption, estimated development costs to completion, of the selected investment properties under construction with the approved budget, of which the reasonableness was assessed by comparison with the actual costs of completed investment properties of the Group. In light of the above, we found the significant judgements and estimates made by management on relevant key assumptions were supportable by available evidences.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael W.H. Chan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2018

Consolidated Statement of Profit or Loss

	Note	2017 RMB'000	2016 RMB'000
		Year ended 31 December	
Revenue	5	**2,692,899**	2,594,701
Cost of sales	8	**(1,705,765)**	(1,783,078)
Gross profit		**987,134**	811,623
Other income and (losses)/gains – net	7	**(22,271)**	214,246
Selling and distribution expenses	8	**(81,311)**	(84,517)
Administrative expenses	8	**(258,376)**	(251,985)
Fair value gains on investment properties	16	**246,581**	179,589
Operating profit		**871,757**	868,956
Finance income	10	**50,187**	46,810
Finance costs	10	**(117,691)**	(118,110)
Net finance costs		**(67,504)**	(71,300)
Share of profits/(losses) of associates	11(b)	**22,436**	(37,045)
Share of profits of joint ventures	11(b)	**2,813**	414
Profit before income tax		**829,502**	761,025
Income tax expense	12	**(343,815)**	(291,530)
Profit for the year		**485,687**	469,495
Profit for the year attributable to:			
– Owners of the Company		**446,260**	431,925
– Non-controlling interests		**39,427**	37,570
Profit for the year		**485,687**	469,495
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and diluted (RMB cents)	13	**5.74**	7.18

The notes on pages 111 to 211 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Profit for the year	**485,687**	469,495
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
– Revaluation of property, plant and equipment upon transfer to investment properties, net of tax	**2,918**	14,051
Items that may be reclassified to profit or loss:		
– Currency translation differences	**176,864**	34,679
Other comprehensive income for the year, net of tax	**179,782**	48,730
Total comprehensive income for the year	**665,469**	518,225
Total comprehensive income for the year is attributable to:		
Owners of the Company	**626,042**	480,655
Non-controlling interests	**39,427**	37,570
Total comprehensive income for the year	**665,469**	518,225

The notes on pages 111 to 211 are an integral part of these consolidated financial statements.

	Note	At 31 December 2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment	15	354,267	407,575
Investment properties	16	2,317,890	2,220,540
Land use rights	14	3,464	2,207
Intangible assets	17	6,297	4,515
Investments in associates	11(b)	1,267,909	444,715
Investments in joint ventures	11(b)	143,431	168,153
Available-for-sale financial assets	19	12,000	10,000
Trade and other receivables	23	75,833	252,318
Deferred income tax assets	29	37,515	45,077
		4,218,606	3,555,100
Current assets			
Properties under development	20	1,969,272	1,483,295
Completed properties held for sale	21	2,296,780	2,935,645
Inventories and contracting work-in-progress	22	308,844	130,429
Trade and other receivables	23	1,868,990	1,412,645
Current income tax assets		11,132	5,318
Available-for-sale financial assets	19	180,000	6,000
Deposits in banks with original maturities over three months		72,228	–
Restricted cash	24	308,628	208,904
Cash and cash equivalents	25	2,133,597	1,812,583
		9,149,471	7,994,819
Non-current assets classified as held for sale		–	28,200
		9,149,471	8,023,019
Current liabilities			
Trade and other payables	26	2,213,237	1,711,231
Corporate bonds	27	26,368	7,350
Bank and other borrowings	28	1,357,880	1,588,180
Current income tax liabilities		300,614	271,068
Current portion of deferred income	30	5,565	4,330
		3,903,664	3,582,159
Net current assets		5,245,807	4,440,860
Total assets less current liabilities		9,464,413	7,995,960

	Note	At 31 December 2017 RMB'000	2016 RMB'000
Non-current liabilities			
Corporate bonds	27	**1,372,780**	569,573
Bank and other borrowings	28	**911,623**	1,064,820
Deferred income tax liabilities	29	**269,184**	239,682
Non-current portion of deferred income	30	**50,081**	38,969
		2,603,668	1,913,044
Net assets		**6,860,745**	6,082,916
Equity			
Share capital	31	**634,716**	658,680
Treasury shares	31	**(122,469)**	(110,105)
Reserves	32	**3,390,702**	3,448,902
Retained earnings	33	**2,100,562**	1,693,875
Total equity attributable to owners of the Company		**6,003,511**	5,691,352
Non-controlling interests		**857,234**	391,564
Total equity		**6,860,745**	6,082,916
Total equity and non-current liabilities		**9,464,413**	7,995,960

The notes on pages 111 to 211 are an integral part of these consolidated financial statements.

The financial statements on pages 103 to 110 were approved by the Board of Directors on 22 March 2018 and were signed on its behalf.

Huang Liping
Director

Hu Bin
Director

	Note	Attributable to owners of the Company											
		Share capital	Treasury shares	Share premium	Exchange reserve	Property Revaluation reserve	Statutory reserve	Other reserves	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017		658,680	(110,105)	2,497,414	35,941	31,976	299,616	583,955	3,448,902	1,693,875	5,691,352	391,564	6,082,916
Total comprehensive income for the year		–	–	–	176,864	2,918	–	–	179,782	446,260	626,042	39,427	665,469
Transactions with owners, recognised directly in equity													
Appropriation to statutory reserve		–	–	–	–	–	39,573	–	39,573	(39,573)	–	–	–
Non-controlling interests arising on business combination	6	–	–	–	–	–	–	–	–	–	–	53,130	53,130
Capital injection from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	143,777	143,777
Transaction with non-controlling interests		–	–	–	–	–	–	18,934	18,934	–	18,934	234,236	253,170
Dividends	34	–	–	(143,122)	–	–	–	–	(143,122)	–	(143,122)	(4,900)	(148,022)
Repurchase of shares	31	–	(189,695)	–	–	–	–	–	–	–	(189,695)	–	(189,695)
Cancellation of shares	31	(23,964)	177,331	(153,367)	–	–	–	–	(153,367)	–	–	–	–
Total transactions with owners, recognised directly in equity		(23,964)	(12,364)	(296,489)	–	–	39,573	18,934	(237,982)	(39,573)	(313,883)	426,243	112,360
Balance at 31 December 2017		634,716	(122,469)	2,200,925	212,805	34,894	339,189	602,889	3,390,702	2,100,562	6,003,511	857,234	6,860,745

		Attributable to owners of the Company											
	Note	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Property Revaluation reserve RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Total reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016		316,800	–	284,062	1,262	17,925	263,064	584,021	1,150,334	1,298,502	2,765,636	286,624	3,052,260
Total comprehensive income for the year		–	–	–	34,679	14,051	–	–	48,730	431,925	480,655	37,570	518,225
Transactions with owners, recognised directly in equity													
Appropriation to statutory reserve		–	–	–	–	–	36,552	–	36,552	(36,552)	–	–	–
Non-controlling interests arising on business combination		–	–	–	–	–	–	–	–	–	–	96,811	96,811
Issue of new shares		341,880	–	2,419,080	–	–	–	–	2,419,080	–	2,760,960	–	2,760,960
Capital injection from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	135,595	135,595
Partial capital reduction by non-controlling interests		–	–	–	–	–	–	–	–	–	–	(35,280)	(35,280)
Transaction with non-controlling interests		–	–	–	–	–	–	(66)	(66)	–	(66)	475	409
Dividends	34	–	–	(205,728)	–	–	–	–	(205,728)	–	(205,728)	(10,290)	(216,018)
Shares purchased for a share award scheme	31	–	(110,105)	–	–	–	–	–	–	–	(110,105)	–	(110,105)
Disposal of subsidiaries		–	–	–	–	–	–	–	–	–	–	(119,941)	(119,941)
Total transactions with owners, recognised directly in equity		341,880	(110,105)	2,213,352	–	–	36,552	(66)	2,249,838	(36,552)	2,445,061	67,370	2,512,431
Balance at 31 December 2016		658,680	(110,105)	2,497,414	35,941	31,976	299,616	583,955	3,448,902	1,693,875	5,691,352	391,564	6,082,916

The notes on pages 111 to 211 are an integral part of these consolidated financial statements.

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Cash flows from operating activities			
Cash generated from operations	35	**558,249**	1,031,268
Income tax paid		**(280,136)**	(144,190)
Cash flows generated from operating activities		**278,113**	887,078
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash (paid)/received	6	**(34,632)**	81,292
Proceeds from disposal of a subsidiary, net of cash received		**84,793**	187,432
Interest received		**51,332**	39,242
Proceeds from disposal of investment properties		**81,767**	65,165
Proceeds from disposal of property, plant and equipment		**19,753**	329
Proceeds from disposal of available-for-sale financial assets	19	**6,000**	44,500
Investments in associates		**(279,083)**	(32,543)
Investments in joint ventures	11(b)	**(103,888)**	(10)
Proceeds from disposal of a joint venture	7(a)	**40,000**	–
Withdraw of prepayments for acquisition of certain equity interests in property development companies		**70,000**	–
Withdraw of prepayment for acquisition of certain properties		**44,000**	–
Purchase of property, plant and equipment	15	**(16,202)**	(97,815)
Purchase of investment properties	16	**(20,028)**	(46,155)
Prepayments for acquisition of certain equity interests	23	**–**	(208,318)
Prepayments for acquisition of certain properties	23	**(58,300)**	(44,000)
Purchase of intangible assets	17	**(802)**	(1,017)
Purchase of available-for-sale financial assets	19	**(182,000)**	–
Increase in deposits in banks with original maturities over three months		**(72,228)**	–
Loans to related parties and third parties		**(493,159)**	–
Loans repaid from related parties		**289,800**	–
Increased in restricted cash		**(5,010)**	–
Cash flows used in investing activities		**(577,887)**	(11,898)

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Cash flows from financing activities			
Proceeds from issue of new shares	6	–	1,991,944
Proceeds from bank and other borrowings	28	1,959,683	1,847,000
Proceeds from issue of corporate bonds	27	792,445	–
(Increase)/decrease in restricted cash		(87,009)	8,664
Repayment of corporate bonds	27	–	(500,000)
Repayment of bank and other borrowings	28	(2,191,736)	(2,822,636)
Proceeds from loans due to related parties and a third party		513,669	–
Repayment of loans due to related parties and a third party		(206,000)	–
Payments for repurchase of shares	31	(189,695)	(110,105)
Interest paid		(187,631)	(286,838)
Dividends paid to the owners of the Company		(143,122)	(205,728)
Dividends paid to non-controlling interests		(4,900)	(10,290)
Capital injection by non-controlling interests		145,217	135,595
Consideration paid for acquisition further equity interests in subsidiaries from non-controlling interests	32(c)(ii)	(98,270)	–
Proceeds from partially disposal of a subsidiary without change of control	32(c)(i)	350,000	409
Partial capital reduction by non-controlling interests		–	(35,280)
Cash flows generated from financing activities		652,651	12,735
Net increase in cash and cash equivalents		352,877	887,915
Cash and cash equivalents at beginning of the year		1,812,583	901,472
Effect of foreign exchange rate changes		(31,863)	23,196
Cash and cash equivalents at end of the year		2,133,597	1,812,583

The notes on pages 111 to 211 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

China Electronics Optics Valley Union Holding Company Limited (the "Company", formerly known as "Optics Valley Union Holding Company Limited") and its subsidiaries (together, the "Group") are principally engaged in development of theme industrial parks and related businesses, provision of business operation services to park customers and leasing business of investment properties. The Group has operations mainly in the mainland China.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 22 March 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Compliance with IFRS and HKCO

The consolidated financial statements of the Group has been prepared in accordance with International Financial Reporting Standards ("IFRS") and requirements of the Hong Kong Companies Ordinance Cap. 622.

2.1.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

2.1.3 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

Amendments to International Accounting Standards ("IAS") 12	Income taxes
Amendments to IAS 7	Statement of cash flows
Amendment to IFRS 12	Disclosure of interest in other entities

The adoption of these amendments did not have any impact on the amounts recognised in prior years. Most of the amendments will also not affect the current or future years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.4 New standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective on 1 January 2017 and not been early adopted by the Group in preparing the consolidated financial statements, are as follows:

		Effective for annual periods beginning on or after
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 2 (Amendments)	Classification and Measurement of Share-Based Payment Transactions	1 January 2018
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15 (Amendments)	Clarifications to IFRS 15	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 40 (Amendments)	Transfer of Investment Property	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

The Group is in the process of making an assessment of the impact of these new and revised IFRS upon initial application. So far the Group has identified some aspects of the new and revised standards and interpretations that are expected to have an impact on the Group's accounting policies and are discussed below, which mainly include IFRS 9, IFRS 15 and IFRS 16. There are no other new standards and amendments to standards and interpretations that are not yet effective that would be expected to have a material impact on the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.4 New standards and interpretations not yet adopted (continued)

(i) IFRS 9, "Financial Instruments"

Nature of change

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The financial assets held by the Group include equity investments currently measured at fair value through profit or loss which would likely continue to be measured on the same basis under IFRS 9.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, by considering the recent track record of play, credit history and subsequent settlement by the individual player, the Group does not expect material change to the impairment provision for the Group's receivables.

The Group has assessed that its financial assets currently measured at amortised cost or fair value through profit or loss will continue with their respective classification and measurements upon the adoption of IFRS 9.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.4 New standards and interpretations not yet adopted (continued)

(i) IFRS 9, "Financial Instruments" (continued)

Date of adoption by Group

IFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparative figures for 2017 will not be restated.

(ii) IFRS 15, "Revenue from contracts with customers"

IFRS15 will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has accessed the effects of applying the new standard on the Group's consolidated financial statements and has identified the following areas that are likely to be affected:

- Revenue from services — the application of IFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. The Group recognises revenue when (or as) a performance obligation is satisfied, that is, when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Based on the assessments undertaken to date, by considering the recent contract terms and applicable laws, the Group does not expect that the adoption of IFRS 15 will have a material impact to the timing of the recognition of revenue based on the current business model of the Group as at 31 December 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.4 New standards and interpretations not yet adopted (continued)

(ii) IFRS 15, "Revenue from contracts with customers" (continued)

- Revenue from sales of completed properties held for sale are recognised when (or as) the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Based on the assessments undertaken to date, by considering the recent contract terms and applicable laws, the Group does not expect that the adoption of IFRS 15 will have a material impact as the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

- Accounting for certain costs incurred in fulfilling a contract — certain costs which are currently expensed may need to be recognised as an asset under IFRS 15. The Group has assessed that these costs are not likely to be significant to the contract.

Date of adoption by Group

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.4 New standards and interpretations not yet adopted (continued)

(iii) IFRS 16, "Leases"

IFRS 16 will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB6,674,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

Date of adoption by Group

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations. According to the preliminary assessment, other than the assessment results of IFRS 9, 15 and 16 stated above, none of other new standards, new interpretations and amendments to standards and interpretation is expected to have a significant effect on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 2.2.4 below), after initially being recognised at cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

2.2.3 Joint arrangements

Under IFRS 11 "Joint Arrangements", investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures.

Interests in joint ventures are accounted for using the equity method (see Note 2.2.4 below), after initially being recognised at cost in the consolidated balance sheet.

2.2.4 Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

2.2.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Business combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's most senior executive management that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional currency is Hong Kong Dollar ("HK$"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. The Group determine to present its financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within 'finance income or expenses'. All other foreign exchange gains and losses are presented in statement of profit or loss within 'other income and (losses)/gains – net'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Changes in the fair value of debt securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- All resulting currency translation differences are recognised in other comprehensive income.Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20-30 years
Machines	3-10 years
Motor vehicles	5-10 years
Furniture, office equipment and others	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Construction in progress represents the direct costs of construction incurred in property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time that the relevant assets are completed and available for use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recorded in the statement of profit or loss as part of a valuation gain or loss in 'fair value gains on investment properties'. If an item of properties under development or completed properties held for sale becomes an investment property because its use has changed, any difference between the fair value of the property at that date and its previous carrying amount is recognised in statement of profit or loss as part of a valuation gain or loss in 'fair value gains on investment properties'.

2.9 Intangible assets

2.9.1 Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Intangible assets (continued)

2.9.2 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which is 3-10 years.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 *Non-current assets (or disposal groups) held for sale and discontinued operations (continued)*

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.12 *Investments and other financial assets*

2.12.1 Classification

The Group classifies its financial assets in the following categories:

- loans and receivables, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting period. See Note 3 for details about each type of financial asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 *Investments and other financial assets (continued)*

2.12.1 *Classification (continued)*

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise of trade and other receivables and cash and cash equivalents.

(b) Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

2.12.2 *Reclassification*

The Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2.12.3 *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 *Investments and other financial assets (continued)*

2.12.4 *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income.

- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Group's right to receive payments is established.

Interest on available-for-sale securities and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of interest income.

Details on how the fair value of financial instruments is determined are disclosed in Note 3.3(a).

2.13 *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 *Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

2.14.1 *Assets carried at amortised cost*

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in Note 23.

2.14.2 *Assets classified as available-for-sale*

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 *Properties under development*

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.16 *Completed properties held for sale*

Completed properties remaining unsold at year ended are stated at the lower of cost and net realisable value. Cost comprises costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.17 *Inventories and contracting work-in-progress*

(a) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Inventories and contracting work-in-progress (continued)

(b) Contracting work-in-progress

Construction contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognised to date less progress billings and recognised losses.

In the statement of financial position, construction contracts in progress for which costs incurred plus recognised profits exceed progress billings and recognised losses are presented as inventories and contracting work-in-progress. Contracts for which progress billings and recognised losses exceed costs incurred plus recognised profits are presented as trade and other payables. Advances received from customers are presented as trade and other payables.

2.18 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 2.12.2 for further information about the Group's accounting for trade receivables and Note 2.14 for a description of the Group's impairment policies.

2.19 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.20 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Treasury shares

The consideration paid by the Company for repurchasing the its shares from the market for cancellation purpose, including any directly attributable incremental cost, is presented as "treasury shares" and deducted from total equity.

The Company also set up a share scheme trust ("Share Scheme Trust") for the purpose of purchasing the Company's shares from the market and awarding to employee in the future ("Share award scheme"). The consideration paid by the Share Scheme Trust for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Treasury Shares" and deducted from total equity.

2.22 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.23 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.25 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 *Current and deferred income tax (continued)*

(b) Deferred income tax (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.26 *Employee benefits*

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For the defined contribution plan, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Employee benefits (continued)

(b) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.27 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for properties and services in the ordinary course of the Group's activities, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(a) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured.

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

(b) Rental income

Rental income from investment property is recognised in the statement of profit or loss on a straight-line basis over the term of the lease.

(c) Energy supply initial fee

Fees received for energy supply initial fee are deferred and recognised over the expected service period.

(d) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Revenue recognition (continued)

(e) Construction contracts

Revenue arising from construction services is recognised in the accounting period in which the services is rendered, by reference to completion of the specific transaction assessed on the basis of the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

2.28 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.29 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.30 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

2.31 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.32 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of assets are deducted from costs of the assets and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management of the Group, which includes the executive directors of the Group.

(a) Market risk

(i) Foreign exchange risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. As at 31 December 2017 and 2016, the group companies had no significant foreign currency denominated monetary assets and monetary liabilities with respect to their respective functional currencies, therefore the directors of the Company consider that the Group has no significant exposure to foreign exchange risk.

(ii) Interest rate risk

The Group's interest rate risk arises from cash and cash equivalents, restricted cash, deposits in banks with original maturities over three months, investments in wealth management products recorded in available-for-sale financial assets and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents, restricted cash, deposits in banks with original maturities over three months and investments in wealth management products recorded in available-for-sale financial assets because the interest rates of these assets 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 28. The Group does not carry out any hedging activities to manage its interest rate exposure.

At 31 December 2017, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been RMB3,887,000 (2016: RMB5,374,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. The sensitivity analysis has not excluded the financial impact of capitalised interest expense.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 *Financial risk factors (continued)*

(b) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, restricted cash, deposits in banks with original maturities over three months and investments in wealth management products recorded in available-for-sale financial assets 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.

The Group expects that there is no significant credit risk associated with cash and cash equivalents, restricted cash, deposits in banks with original maturity over three months and investment in wealth management products recorded in available-for-sale financial asset since they are substantially deposited at state-owned banks and other medium or large size listed financial institutions. Management does not expect that there will be any significant losses from non-performance by these counterparties.

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.

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 36, 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 36.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 23.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

For the year ended 31 December 2017

	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
Bank and other borrowings	2,269,503	2,424,238	1,450,303	521,547	427,250	25,138
Corporate bonds	1,399,148	1,641,320	95,140	695,140	851,040	–
Trade and other payables (excluded receipts in advance and payroll)	1,909,725	1,920,791	1,920,791	–	–	–
	5,578,376	5,986,349	3,466,234	1,216,687	1,278,290	25,138

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

For the year ended 31 December 2016

	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
Bank and other borrowings	2,653,000	2,891,113	1,728,189	612,635	550,289	–
Corporate bonds	576,923	732,300	44,100	44,100	644,100	–
Trade and other payables (excluded receipts in advance and payroll)	1,328,224	1,328,224	1,328,224	–	–	–
	4,558,147	4,951,637	3,100,513	656,735	1,194,389	–

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' and 'corporate bonds' as shown in the consolidated statement of financial position), "loans due to related parties" and "loans to a third party" as well as "interests payable" shown in "trade and other payables" in the consolidated statement of financial position, less cash and cash equivalents and restricted cash used for financing purpose. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital management *(continued)*

The gearing ratios at 31 December 2017 and 2016 were as follows:

	2017 RMB'000	2016 RMB'000
Net debt (Note 35(c))	**1,619,844**	1,275,538
Total equity	**6,860,745**	6,082,916
Total capital	**8,480,589**	7,358,454
Gearing ratio	**19.10%**	17.33%

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2017 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

See Note 16 for disclosures of the investment properties that are measured at fair value.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2017:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale financial assets				
– Equity securities	–	–	12,000	12,000
– Wealth management products	–	–	180,000	180,000
	–	–	192,000	192,000

The following table presents the Group's financial assets that are measured at fair value at 31 December 2016:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale financial assets				
– Equity securities	–	–	10,000	10,000
– Wealth management products	–	–	6,000	6,000
	–	–	16,000	16,000

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the years ended 31 December 2017 and 2016:

	Available-for-sale financial assets	
	2017 RMB'000	2016 RMB'000
Opening balance at 1 January	**16,000**	13,000
Addition from acquisition of a subsidiary	**–**	50,500
Other additions	**182,000**	–
Transfer to an associate	**–**	(3,000)
Disposals	**(6,000)**	(44,500)
Closing balance at 31 December	**192,000**	16,000
Recognised gains for the year included in "other income and (losses)/gains - net"	**–**	–

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. The relevant key assumptions applied in valuation involves significant judgement and estimates. Details of the judgements and assumptions have been disclosed in Note 16.

(b) Write-down of inventories for property development

As explained in Note 2.15 and 2.16, the Group's 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 realisable value, provision for completed properties held for sale and properties 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.

Based on management's best estimates, there was no impairment for completed properties held for sale and properties under development as at 31 December 2017 and 2016.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 *Critical accounting estimates and assumptions (continued)*

(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.

(d) Provision for PRC land appreciation tax ("LAT")

As explained in Note 12, 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) Income tax

The Group is subject to income tax in different jurisdictions. Estimation and judgment is required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

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 tax rate of 5%. During the year, the directors reassessed the cash requirements of the Group and the dividend policies of its major subsidiaries established in the PRC, based on the Group's current business plan and financial position, the directors considered that the retained earnings of the PRC subsidiaries as at 31 December 2017 would not be distributed to their overseas holding companies in the foreseeable future and thus no deferred tax liability was provided accordingly.

5 SEGMENT INFORMATION

At 31 December 2017, the Group has the following four segments:

- Industrial park space services: this segment develops and sells industrial parks and ancillary residential properties. It also includes leasing self-owned park properties to generate rental income and capital gains from the appreciation in the properties' values in the long term.

- Industrial park operation services: this segment provides property management service, energy service, financing service and other services for industrial parks.

- Design and construction services: this segment provides services relating to the construction 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. It also provides project management and consultation service for the certain projects under construction.

- Industrial investment: this segment represents the Group's industrial-related strategic investments in certain start-up companies. Management consider this segment not reportable as at 31 December 2017 as its revenue, profit or loss and assets are all less than 10% of those of the Group.

(a) Segment results

The measure used for assessing the performance of the operating segments is operating profit as adjusted by excluding fair value gains on investment properties. The Group's most senior executive management does not assess the assets and liabilities of the operating segments.

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 years ended 31 December 2017 and 2016 is set out below.

5 SEGMENT INFORMATION (continued)

(a) Segment results (continued)

For the year ended 31 December 2017

	Industrial park space services RMB'000	Industrial park operation services RMB'000	Design and construction services RMB'000	Total RMB'000
Segment revenue	**1,900,582**	**498,605**	**497,498**	**2,896,685**
Inter-segment revenue	**(38,610)**	**(47,174)**	**(118,002)**	**(203,786)**
Revenue from external customers	**1,861,972**	**451,431**	**379,496**	**2,692,899**
Segment results	**542,008**	**31,074**	**52,094**	**625,176**
Depreciation and amortisation	**(20,437)**	**(14,164)**	**(626)**	**(35,227)**

For the year ended 31 December 2016

	Industrial park space services RMB'000	Industrial park operation services RMB'000	Design and construction services RMB'000	Total RMB'000
Segment revenue	2,074,935	393,112	375,863	2,843,910
Inter-segment revenue	(20,990)	(21,824)	(206,395)	(249,209)
Revenue from external customers	2,053,945	371,288	169,468	2,594,701
Segment results	647,714	36,095	5,558	689,367
Depreciation and amortisation	(19,589)	(4,694)	(11,779)	(36,062)

5 SEGMENT INFORMATION (continued)

(b) Reconciliation of segment results to profit for the year

	2017 RMB'000	2016 RMB'000
Segment results	**625,176**	689,367
Fair value gains on investment properties	**246,581**	179,589
Share of profits/(losses) of associates	**22,436**	(37,045)
Share of profits of joint ventures	**2,813**	414
Finance income	**59,387**	46,810
Finance costs	**(126,891)**	(118,110)
Income tax expense	**(343,815)**	(291,530)
Profit for the year	**485,687**	469,495

(c) Information regarding the Group's revenue by nature:

	2017 RMB'000	2016 RMB'000
Industrial park space services		
Sales of industrial park	**1,721,922**	1,463,163
Sales of ancillary residentials	**31,995**	507,011
Self-owned park leasing	**108,055**	83,771
	1,861,972	2,053,945
Industrial park operation services		
Property management service	**291,711**	239,478
Energy services	**72,542**	53,668
Others	**87,178**	78,142
	451,431	371,288
Design and construction services		
Construction contract	**345,264**	156,056
Consultation management services	**34,232**	13,412
	379,496	169,468
Total	**2,692,899**	2,594,701

The Group's entire revenue is attributable to the market in Mainland China and over 99% of the Group's non-current assets other than financial instruments and deferred income tax assets are located in Mainland China. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

6 BUSINESS COMBINATIONS

(a) Acquisition of Growing Business Innovation and Guarantee. Co, Ltd ("GBIG Company")

On 5 May 2017, the Group acquired 60% equity interest in GBIG Company, a company which is engaged as a financing guarantee provider, for consideration of RMB60 million. Accordingly, GBIG Company become a subsidiary of the Company. The acquisition is expected to broaden the Group's comprehensive services to the industrial park operating services.

The following table summarises the consideration for the acquisition of GBIG Company and the amounts of the identifiable assets acquired and liabilities assumed recognised at the acquisition date.

	RMB'000
Purchase consideration	
– Cash consideration	60,000

The fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

	RMB'000
Cash and cash equivalents	24,456
Property, plant and equipment	178
Trade and other receivables	76,690
Trade and other payables	(1,472)
Total identifiable net assets	99,852
Non-controlling interests	(39,941)
Goodwill	89
Cash outflow on acquisition	35,544

Had GBIG Company been consolidated from 1 January 2017, the consolidated statement of profit or loss of the Group would show pro-forma revenue of approximately RMB2,704,428,000 and pro-forma profit for the year of approximately RMB485,351,000.

6 BUSINESS COMBINATIONS (continued)

(b) Acquisition of Hubei Han Bo Yuan Thermal Equipment Company Limited ("Hubei HBY Company")

On 30 June 2017, Hubei HBY Company, a company which is engaged as a thermal equipment provider, enlarged its registered capital from RMB11 million to RMB22.45 million. On the same date, the Group contributed RMB15,457,500 to acquire all new registered capital and obtained 51% equity interest in Hubei HBY Company. Accordingly, Hubei HBY Company become a subsidiary of the Company. The acquisition is expected to broaden the Group's comprehensive services to the industrial park operating services.

The following table summarises the consideration for the acquisition of Hubei HBY Company and the amounts of the identifiable assets acquired and liabilities assumed recognised at the acquisition date.

	RMB'000
Purchase consideration	
– Cash consideration	15,458

The fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

	RMB'000
Cash and cash equivalents	8,912
Property, plant and equipment	11,298
Land use right	3,520
Inventories	64
Trade and other receivables	13,734
Trade and other payables	(10,610)
Total identifiable net assets	26,918
Non-controlling interests	(13,190)
Goodwill	1,730
Cash inflow on acquisition	912

Had Hubei HBY Company been consolidated from 1 January 2017, the consolidated statement of profit or loss of the Group would show pro-forma revenue of approximately RMB2,713,030,000 and pro-forma profit for the year of approximately RMB487,049,000.

7 OTHER INCOME AND (LOSSES)/GAINS – NET

	2017 RMB'000	2016 RMB'000
Loss on disposal of a joint venture (a)	**(91,423)**	–
Gains from deemed partially disposal (b)	**29,474**	–
(Loss)/gain on disposal of subsidiaries (c)	**(8,118)**	128,559
Gain/(loss) on disposal of investment properties	**22,761**	(1,535)
Net gains on disposal of property, plant and equipment	**7,253**	70
Government subsidies	**17,529**	86,119
Compensation income	**–**	489
Others	**253**	544
	(22,271)	214,246

(a) On 30 June 2017, the Group disposed of all of its equity interests in Guangxi CEC Future Investment Land Co., Ltd ("Guangxi Future Land"), a joint venture, which was engaged in property development business in the PRC, for a cash consideration of RMB40, 000,000, which resulted in a loss on disposal amounting to of RMB91, 423,000.

(b) On 24 January 2017, Hainan Resort Software Community Group Co., Ltd ("Hainan Software Community"), an associate of the Group, enlarged its registered capital from RMB160 million to RMB1,600 million. Out of the new registered capital of Hainan Software Community amounting to RMB1,440 million, RMB256 million was contributed by the Group through capitalising a receivable from Hainan Software Community amounting to RMB0.4 billion, while the remaining new registered capital of Hainan Software Community amounting to RMB1,184 million was contributed by certain independent investors by injecting a business with fair value of RMB2.1 billion and cash of RMB0.6 billion. Upon the completion of this transaction, the Group's equity interest in Hainan Software Community was diluted from 40% to 20%, while the Group still retain significant influence in Hainan Software Community. A dilution gain arising on the reduced equity interest in Hainan Software Community amounting to RMB29,474,000 was therefore recognised by the Group.

(c) On 18 January 2017, the Group disposed of 70% equity interest in China Electronics Corporation Beihai Industry Park Development Co., Ltd ("CEC Beihai"), a wholly-owned subsidiary, which is engaged in property development business in the PRC, for a cash consideration of RMB196 million, which resulted in a loss in disposal amounting to RMB8,118,000, while the remailing 30% equity interest in CEC Beihai was reclassified as the Group's investment in a associate as the Group can exercise significant influence over CEC Beihai.

8 EXPENSES BY NATURE

	2017 RMB'000	2016 RMB'000
Depreciation (Note 15)	**34,332**	35,249
Amortisation (Note 14 and 17)	**895**	813
Employee benefit expenses (Note 9)	**380,745**	324,853
Cost of properties sold	**1,054,607**	1,361,929
Cost of construction services	**290,455**	75,953
Outsourcing costs for property management	**133,261**	125,107
Operating lease payments	**843**	1,468
Auditors' remuneration		
– Audit services	**2,000**	1,800
– Non-audit services	**960**	939
Other professional service fees	**15,319**	15,177
Advertising costs	**21,349**	24,866
Other expenses	**110,686**	151,426
Total cost of sales, selling and distribution expenses and administrative expenses	**2,045,452**	2,119,580

9 EMPLOYEE BENEFIT EXPENSE

	2017 RMB'000	2016 RMB'000
Salaries, wages and other benefits	**357,340**	304,032
Contributions to defined contribution retirement schemes	**23,405**	20,821
	380,745	324,853

(a) Defined contribution retirement schemes

As stipulated by the Government regulations in the PRC, the Group is required to contribute to the state-sponsored retirement scheme for all of its employees in the PRC at 18% to 20% (2016: 18% to 20%) of the eligible salary of its employees on a monthly basis. The state-sponsored retirement scheme is responsible for the entire pension obligations payable to all retired employees and the Group has no further obligations for the actual pension payments or post-retirement benefits.

Forfeited contributions is nil (2016: nil) were utilised during the year.

9 EMPLOYEE BENEFIT EXPENSE (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2016: two) directors whose emoluments are reflected in the analysis shown in Note 42. The emoluments payable to the remaining three (2016: three) individuals during the year are as follows:

	2017 RMB'000	2016 RMB'000
Salaries and other emoluments	7,434	4,877
Retirement schemes contribution	57	50
	7,491	4,927

The emoluments of these three individuals with the highest emoluments fell within the following bands:

	2017	2016
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	–	1
HK$2,000,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$3,000,000	2	–
HK$3,500,001 to HK$4,000,000	1	–
	3	3

10 FINANCE INCOME AND COSTS

	2017 RMB'000	2016 RMB'000
Interest expenses	**(221,411)**	(271,783)
Capitalised interest expenses	**101,801**	154,127
Net foreign exchange gains/(losses)	**1,919**	(454)
Finance costs	**(117,691)**	(118,110)
Interest income from loans provided to related parties (Note 38(a))	**26,335**	18,760
Interest income from deposits	**17,404**	28,016
Income from available-for-sale financial assets	**6,448**	34
Finance income	**50,187**	46,810
Net finance costs	**(67,504)**	(71,300)

Borrowing costs arising on financing specifically arranged for the construction of properties were capitalised using the rates ranged from 5.23% to 5.70% (2016: 4.75% to 7.07%) per annum, and other borrowing costs were capitalised using an average interest rate of 6.65% (2016: 7.55%) per annum.

11 (A) SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2017:

Name of company	Place of incorporation and kind of legal entity	Paid-in/registered capital	Effective interest held by the Company: Direct	Effective interest held by the Company: Indirect	Principal activities and place of operation
United Real Estate (Wuhan) Co., Ltd. ("Wuhan United Real Estate") 聯合置業(武漢)有限公司*	The PRC Limited liability company	RMB1,450,000,000/ RMB2,150,000,000	–	100%	Property development in the PRC
China Electronics Technology Development Co., Ltd. ("CEC Technology") 中國電子科技開發有限公司*	The PRC Limited liability company	RMB100,000,000	–	50%	Investment holding in the PRC
Wuhan Optics Valley Union Group Co., Ltd. ("Wuhan Optics Valley Union") 武漢光谷聯合集團有限公司*	The PRC Limited liability company	RMB1,830,000,000/ RMB2,000,000,000	–	100%	Property development in the PRC
Huangshi Optics Valley Union Development Co., Ltd. ("Huangshi OVU Development") 黃石光谷聯合發展有限公司*	The PRC Limited liability company	RMB100,000,000	–	100%	Property development in the PRC
Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development") 青島光谷聯合發展有限公司*	The PRC Limited liability company	RMB200,000,000	–	100%	Property development in the PRC
Wuhan Xuefu Property Co., Ltd. ("Wuhan Xuefu") 武漢學府房地產有限公司*	The PRC Limited liability company	RMB80,000,000	–	51%	Property development in the PRC
Hubei Huisheng Technology Development Co., Ltd. ("Hubei Huisheng") 湖北匯盛科技發展有限公司*	The PRC Limited liability company	RMB21,000,000	–	100%	Property development in the PRC

11 (A) SUBSIDIARIES (continued)

Name of company	Place of incorporation and kind of legal entity	Paid-in/registered capital	Effective interest held by the Company: Direct	Effective interest held by the Company: Indirect	Principal activities and place of operation
Wuhan Minghong Technology Development Co., Ltd. ("Wuhan Minghong") 武漢鳴鴻科技發展有限公司*	The PRC Limited liability company	RMB30,000,000	–	100%	Property development in the PRC
Wuhan Lido Technology Company Limited ("Wuhan Lido Technology") 武漢麗島科技有限公司*	The PRC Limited liability company	RMB190,000,000	–	100%	Construction services in the PRC
Wuhan Jitian Construction Co., Ltd. ("Wuhan Jitian Construction") 武漢吉天建設工程有限公司*	The PRC Limited liability company	RMB210,000,000	–	100%	Construction services in the PRC
Wuhan CEC Energy Conservation Co., Ltd. ("CEC Energy Conservation") 武漢中電節能有限公司*	The PRC Limited liability company	RMB64,200,000/ RMB66,000,000	–	81%	Energy-saving technique development in the PRC
Wuhan Lido Property Management Co., Ltd. ("Wuhan Lido Property Management") 武漢麗島物業管理有限公司*	The PRC Limited liability company	RMB210,000,000	–	100%	Property management services in the PRC
Shenyang Optics Valley Union Development Co., Ltd. ("Shenyang OVU Development") 瀋陽光谷聯合發展有限公司*	The PRC Limited liability company	RMB100,000,000	–	100%	Property development in the PRC
Hubei Technology Enterprise Accelerator Co., Ltd. 湖北科技企業加速器有限公司*	The PRC Limited liability company	RMB150,000,000	–	80%	Property development in the PRC
Hefei Optics Valley Union Development Co., Ltd ("Hefei Optics Valley Union") 合肥光谷聯合發展有限公司*	The PRC Limited liability company	RMB100,000,000	–	100%	Property development in the PRC

11 (A) SUBSIDIARIES (continued)

Name of company	Place of incorporation and kind of legal entity	Paid-in/registered capital	Effective interest held by the Company: Direct	Effective interest held by the Company: Indirect	Principal activities and place of operation
Huanggang Optics Valley Union Development Co Ltd. (Huanggang Optics Valley Union) 黃岡光谷聯合發展有限公司*	The PRC Limited liability company	RMB200,000,000	–	70%	Property development in the PRC
Wuhan Ziyuantang Art Co., Ltd 武漢紫緣堂藝術品有限公司*	The PRC Limited liability company	RMB31,200,000/ RMB100,000,000	–	100%	Exhibition related service in the PRC
Wuhan Qing Mu Idea Technology Company Limited 武漢擎木創意科技有限公司*	The PRC Limited liability company	RMB21,715,004/ RMB40,000,000	–	100%	House furnishing services in the PRC
Wuhan Optics Valley Union Properties Investment Fund Limited Partnership 武漢光谷聯合產業投資基金合夥企業(有限合夥)*	The PRC Limited Partnership	RMB73,310,000/ RMB100,000,000	–	99%	Investment fund in the PRC
China Electronics Wenzhou Industrial Park Development Co., Ltd. 中國電子溫州產業園發展有限公司*	The PRC Limited liability company	RMB500,000,000/ RMB500,000,000	–	60%	Property development in the PRC
China Electronics Xi'an Industrial Park Development Co., Ltd. 中國電子西安產業園發展有限公司*	The PRC Limited liability company	RMB103,500,000/ RMB103,500,000	–	73.91%	Property development in the PRC
Wenzhou China Electronics United municipal infrastructure Co., Ltd. 溫州中電聯合市政基礎設施有限公司*	The PRC Limited liability company	RMB55,000,000/ RMB100,000,000	–	100%	Construction services in the PRC
Wuhan Yudatong Venture Investment Fund Limited Partnership 武漢譽達通創業投資基金合夥企業(有限合夥)*	The PRC Limited Partnership	RMB100,000,000	–	60%	Investment fund in the PRC
CEC Optics Valley Architecture Design Institute Co., Ltd. 中電光谷建設設計院有限公司*	The PRC Limited liability company	RMB50,000,000	–	100%	Property management services in the PRC

11 (A) SUBSIDIARIES (continued)

Name of company	Place of incorporation and kind of legal entity	Paid-in/registered capital	Effective interest held by the Company: Direct	Effective interest held by the Company: Indirect	Principal activities and place of operation
CEC Optics Valley (Shenzhen) Industry Development Co., Ltd. 中電光谷(深圳)產業發展有限公司*	The PRC Limited liability company	RMB613,450,000/ RMB1,000,000,000	–	100%	Property management services in the PRC
Heng Qin Zhi Shu Cloud Computing Industry Research Institute Co., Ltd. 橫琴智數雲計算產業研究院有限公司*	The PRC Limited liability company	RMB99,000,000/ RMB100,000,000	–	60%	Property management services in the PRC
Luoyang CEC Optical Valley Information Port Industrial Co., Ltd. 洛陽中電光谷信息港實業有限公司*	The PRC Limited liability company	RMB100,000,000/ RMB100,000,000	–	70%	Property management services in the PRC
HBY Company 湖北瀚博源熱力設備有限公司*	The PRC Limited liability company	RMB22,450,000/ RMB22,450,000	–	51%	Construction services in the PRC
GBIG Company 成長企業創新擔保有限公司*	The PRC Limited liability company	RMB100,000,000/ RMB100,000,000	–	60%	Property management services in the PRC
Shenzhen Jia Xin Growth Investment Co., Ltd. 深圳嘉信成長投資有限公司*	The PRC Limited liability company	RMB20,000,000/ RMB20,000,000	–	100%	Property management services in the PRC
Changsha CEC Industrial Park Development Co., Ltd. 長沙中電產業園發展有限公司*	The PRC Limited liability company	RMB70,000,000/ RMB300,000,000	–	100%	Property management services in the PRC

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

As at 31 December 2017 and 2016, none of the non-controlling interest of the non-wholly owned subsidiaries was material to the Group.

11 (B) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated statements of financial position are as follows:

	2017 RMB'000	2016 RMB'000
Associates	**1,267,909**	444,715
Joint ventures	**143,431**	168,153
At 31 December	**1,411,340**	612,868

The amounts recognised in the consolidated statement of profits or losses as share of profits/(losses) are as follows:

	2017 RMB'000	2016 RMB'000
Associates	**22,436**	(37,045)
Joint ventures	**2,813**	414
For the year ended 31 December	**25,249**	(36,631)

Investments in associates

	2017 RMB'000	2016 RMB'000
At 1 January	**444,715**	13,215
Addition from acquisition of a subsidiary	**–**	433,002
Transfer from investment in a subsidiary (Note 7)	**85,511**	–
Other additions	**685,773**	32,543
Share of profits/(losses)	**22,436**	(37,045)
Gain from deemed partially disposal (Note 7)	**29,474**	–
Transfer from available-for-sale financial assets	**–**	3,000
At 31 December	**1,267,909**	444,715

11 (B) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Investment in associates (continued)

List of principal associates as at 31 December 2017 is as follows:

Name	Place of establishment and type of legal entity	Principal place of operation and activities	Registered and paid-in capital	Interest held
Hainan Software Community	PRC, limited liability company	PRC, development and management of electronic information technology industrial parks	RMB1,600,000,000	20.00%
Wuhan Easylinkin Technology Co., Ltd. ("Easylinkin Technology")	PRC, limited liability company	PRC, development of computer software	RMB2,645,500	31.47%
Shenzhen Huada Beidou Technology Company Limited ("Huada Beidou")	PRC, limited liability company	PRC, development and manufacturing of chips	RMB40,000,000	37.50%
CEC Beihai	PRC, limited liability company	PRC, property development	RMB200,000,000	30.00%
Excellence Ningbo Optics Valley Real Estate Co., Ltd.	PRC, limited liability company	PRC, property development	RMB100,000,000	31.00%

In the opinion of the directors, Hainan Software Community is a material associate to the Group. Hainan Software Community is a private company and there is no quoted market price available for its shares. The financial information of Hainan Software Community, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements, which is accounted for using the equity method, is shown as below:

11 (B) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Investment in associates (continued)

	As at 31 December 2017 RMB'000	At at 31 December 2016 RMB'000
Identifiable current assets and liabilities assumed		
Assets	8,654,225	1,930,129
Liabilities	(1,800,121)	(1,403,474)
Identifiable net current assets	6,854,104	526,655
Identifiable non-current assets and liabilities assumed		
Assets	834,035	945,139
Liabilities	(3,271,800)	(484,406)
Identifiable net non-current assets	(2,437,765)	460,733
Identifiable net assets	4,416,339	987,388
Identifiable net assets attributable to owners of the associate	4,416,339	987,388
Interest held by the Group	20%	40%
Carrying amount	883,268	394,955

	2017 RMB'000	2016 RMB'000
Revenue	434,060	89,260
Profit/(loss) after income tax	123,944	(95,118)
Total comprehensive income	123,944	(95,118)

11 (B) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Investment in joint ventures

	2017 RMB'000	2016 RMB'000
At 1 January	168,153	36,051
Addition from acquisition of a subsidiary	–	131,927
Other additions	103,888	10
Share of profits	2,813	414
Transfer to subsidiary	–	(249)
Disposals (Note 7)	(131,423)	–
At 31 December	143,431	168,153

In the opinion of the directors, none of the joint ventures is material to the Group.

12 INCOME TAX EXPENSE

	2017 RMB'000	2016 RMB'000
Current tax:		
PRC Corporate Income Tax ("CIT")	168,283	121,718
LAT	135,585	110,605
Total current tax	303,868	232,323
Deferred tax (Note 29):		
Origination and reversal of temporary differences	39,947	59,207
Income tax expense	343,815	291,530

12 INCOME TAX EXPENSE (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2017 RMB'000	2016 RMB'000
Profit before tax	829,502	761,025
Tax calculated at domestic statutory tax rate of 25% (Note (i) to (iii))	207,376	190,256
Tax effects of:		
– Share of results of associates and joint ventures	(6,312)	9,158
– Expenses not deductible for tax purposes	36,161	3,363
– Adopting prescribed tax calculation method by PRC subsidiaries (Note (iii))	(5,509)	(468)
– Tax losses for which no deferred income tax asset was recognised (Note 29)	10,410	7,782
– Different tax rates applicable to different subsidiaries of the Group	–	3,302
– Reversal of PRC dividend withholding tax	–	(4,817)
LAT in relation to completed properties sold (Note (iv))	135,585	110,605
Tax effects of LAT	(33,896)	(27,651)
Income tax expense	343,815	291,530

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

(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 for 2017.

(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 approvals from the local tax authorities, the assessable profits of certain subsidiaries of the Group were calculated based on 8% to 11% of their respective gross revenues for the year.

(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).

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares repurchased by the Group (Note 31).

	2017	2016
Profit attributable to owners of the Company (RMB'000)	**446,260**	431,925
Weighted average number of ordinary shares in issue (thousands)	**7,773,336**	6,015,326
Basic earnings per share (RMB cents)	**5.74**	7.18

There were no potential dilutive ordinary shares in 2017 and 2016, diluted earnings per share therefore equals to basic earnings per share.

14 LAND USE RIGHTS

Interests in land use rights for its own use represent the prepaid operating lease payments. The net book value of the land use rights is analysed as follows:

	2017 RMB'000	2016 RMB'000
At 1 January	**2,207**	–
Addition from acquisition of a subsidiary (Note 6)	**3,520**	2,264
Amortisation	**(56)**	(57)
Disposal of a subsidiary	**(2,207)**	–
At 31 December	**3,464**	2,207

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machines RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2017						
Opening net book amount	217,481	98,355	6,737	31,321	53,681	407,575
Transfer from construction in progress	1,349	5,455	–	2,830	(9,634)	–
Transfer from completed properties held for sale	12,892	–	–	–	–	12,892
Transfer from investment properties	9,200	–	–	–	–	9,200
Additions from acquisition of subsidiaries (Note 6)	–	1,108	–	306	10,062	11,476
Revaluation of buildings reclassified to investment properties	3,891	–	–	–	–	3,891
Other additions	1,815	1,013	4,202	87	9,085	16,202
Transfer to investment properties (Note 16)	(4,723)	–	–	–	–	(4,723)
Depreciation charges (Note 8)	(9,047)	(13,025)	(2,280)	(9,980)	–	(34,332)
Disposal of a subsidiary	(1,064)	(161)	(515)	(849)	(52,825)	(55,414)
Disposals	(10,667)	(1,372)	–	(461)	–	(12,500)
Closing net book amount	221,127	91,373	8,144	23,254	10,369	354,267
At 31 December 2017						
Cost	253,938	139,830	39,771	59,412	10,369	503,320
Accumulated depreciation	(32,811)	(48,457)	(31,627)	(36,158)	–	(149,053)
Net book amount	221,127	91,373	8,144	23,254	10,369	354,267

15 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Machines RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2016						
Opening net book amount	160,086	74,516	6,815	29,281	4,217	274,915
Transfer from construction in progress	3,574	26,603	–	107	(30,284)	–
Transfer from completed properties held for sale	71,832	–	–	–	–	71,832
Additions from acquisition of a subsidiary	36,820	1,995	2,958	989	11,506	54,268
Revaluation of buildings reclassified to investment properties	18,734	–	–	–	–	18,734
Other additions	13,545	5,298	544	10,186	68,242	97,815
Transfer to investment properties (Note 16)	(74,481)	–	–	–	–	(74,481)
Depreciation charges (Note 8)	(12,629)	(10,051)	(3,401)	(9,168)	–	(35,249)
Disposals	–	(6)	(179)	(74)	–	(259)
Closing net book amount	217,481	98,355	6,737	31,321	53,681	407,575
At 31 December 2016						
Cost	241,245	133,787	36,084	57,499	53,681	522,296
Accumulated depreciation	(23,764)	(35,432)	(29,347)	(26,178)	–	(114,721)
Net book amount	217,481	98,355	6,737	31,321	53,681	407,575

15 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment with an aggregate carrying value of RMB7,765,000 (2016: RMB28,030,000) as at 31 December 2017 were pledged for certain bank loans granted to the Group (Note 28).

Depreciation charges were included in the following categories in the profit or loss:

	2017 RMB'000	2016 RMB'000
Selling and distribution expenses	**1,573**	1,133
Cost of sales	**23,812**	18,238
Administrative expenses	**8,947**	15,878
	34,332	35,249

16 INVESTMENT PROPERTIES

	2017 RMB'000	2016 RMB'000
At fair value		
Opening balance at 1 January	**2,220,540**	1,225,700
Addition from acquisition of a subsidiary	**–**	552,620
Transfer from property, plant and equipment	**4,723**	74,481
Transfer from completed properties held for sale	**247,525**	387,895
Other additions	**20,028**	46,155
Net gains from fair value adjustment	**246,581**	179,589
Transfer to property, plant and equipment	**(9,200)**	–
Transfer to properties under development	**–**	(170,000)
Transfer to non-current assets classified as held for sale	**–**	(28,200)
Disposal of subsidiaries	**(381,501)**	–
Other disposals	**(30,806)**	(47,700)
Closing balance at 31 December	**2,317,890**	2,220,540

16 INVESTMENT PROPERTIES (continued)

(a) Amounts recognised in profit and loss for investment properties

	2017 RMB'000	2016 RMB'000
Rental income	**97,555**	53,527
Direct operating expenses from property that generated rental income	**19,261**	4,356

As at 31 December 2017, the Group had no contractual obligations for future repairs and maintenance (2016: nil).

Certain bank loans granted to the Group were jointly secured by certain investment properties with an aggregate fair value of RMB257,394,000 (2016: RMB416,090,000) as at 31 December 2017 (Note 28).

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 years to 17 years.

The Group's investment properties carried at fair value were revalued as at 31 December 2017 mainly by Cushman & Wakefield International Properties Advisers ("C&W"), an independent firm of surveyors. During 2017, a total gain of RMB246,581,000 (2016: RMB179,589,000), and deferred tax thereon of RMB61,645,000 (2016: RMB46,530,000), were recognised in the consolidated statement of profit or loss.

As at 31 December 2017, certain investment properties of the Group with carrying value of RMB1,553,500,000 (2016: RMB1,082,220,000), were without building ownership certificate. The Group was in progress of obtaining the relevant building ownership certificate.

16 INVESTMENT PROPERTIES (continued)

All investment properties are categorised within level 3 of fair value hierarchy as at 31 December 2017 and 2016.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

Fair value measurements using significant unobservable inputs (Level 3)

	Investment properties	
	2017	2016
	RMB'000	RMB'000
At fair value		
Opening balance at 1 January	**2,220,540**	1,225,700
Addition from acquisition of a subsidiary	**–**	552,620
Transfer from property, plant and equipment	**4,723**	74,481
Transfer from completed properties held for sale	**247,525**	387,895
Other additions	**20,028**	46,155
Net gains from fair value adjustment	**246,581**	179,589
Transfer to property, plant and equipment	**(9,200)**	–
Transfer to properties under development	**–**	(170,000)
Transfer to non-current assets classified as held for sale	**–**	(28,200)
Disposal of a subsidiary	**(381,501)**	–
Other disposals	**(30,806)**	(47,700)
Closing balance at 31 December	**2,317,890**	2,220,540
Total gains for the year included in profit or loss for assets held at the end of the year, under "fair value gains on investment properties"	**246,581**	179,589
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	**246,581**	179,589

16 INVESTMENT PROPERTIES (continued)

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2017 and 2016 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's management will review the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the management and valuers at least on a semi-annual basis, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation reports;
- Assess property valuations movements when compared to the prior year valuation reports;
- Holds discussions with the independent valuers.

Valuation techniques

Valuations are based on:

(i) Direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations and property size; and/or

(ii) Investment approach taking into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property; or

(iii) Residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred, anticipated developer's profits, as well as land acquisition costs, interest payment and profit on land.

16 INVESTMENT PROPERTIES (continued)

There were no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs (level 3):

Description	Fair value at 31 Dec 2017 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties	2,273,890	Direct comparison	Adjusted market price (RMB/sq.m)	4,250-32,500	The higher the direct comparison price, the higher the fair value.
		Investment approach	Market monthly rental rate (RMB/sq.m)	22.40 – 146.26	The higher the market monthly rental rate, the higher the fair value.
			Term yield	3.25% – 7.00%	The higher the term yield, the lower the fair value.
			Reversionary rate	3.75% – 7.50%	The higher the term yield, the lower the fair value.
Investment properties under construction	44,000	Residual method	Budgeted construction costs to be (RMB'000)	104,909	The higher the budgeted construction cost, the higher the fair value.
			Remaining percentage to completion	74.37%	The higher the remaining percentage to completion, the lower the fair value.
			Anticipated developer's profit margin	18.00%	The higher the anticipated developer's profit, the higher the fair value.

16 INVESTMENT PROPERTIES (continued)

Description	Fair value at 31 Dec 2016 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties	2,158,440	Direct comparison	Adjusted market price (RMB/sq.m)	4,200-32,000	The higher the direct comparison price, the higher the fair value.
		Investment approach	Market monthly rental rate (RMB/sq.m)	17.2 – 166.67	The higher the market monthly rental rate, the higher the fair value.
			Term yield	3.75% – 7.0%	The higher the term yield, the lower the fair value.
			Reversionary rate	3.75% – 7.0%	The higher the term yield, the lower the fair value.
Investment properties under construction	62,100	Residual method	Budgeted construction costs to be (RMB'000)	26,374-54,021	The higher the budgeted construction cost, the higher the fair value.
			Remaining percentage to completion	23.7%-66.4%	The higher the remaining percentage to completion, the lower the fair value.
			Anticipated developer's profit margin	10%-15%	The higher the anticipated developer's profit, the higher the fair value.

There were no significant inter-relationships between unobservable inputs that materially affect fair values, except for those stated in these financial statements.

17 INTANGIBLE ASSETS

	Software RMB'000
At 1 January 2016	
Cost	7,238
Accumulated amortisation and impairment	(2,990)
Net book amount	4,248
Year ended 31 December 2016	
Opening net book amount	4,248
Additions	1,017
Addition from acquisition of a subsidiary	6
Amortisation charge	(756)
Closing net book amount	4,515
At 31 December 2016	
Cost	8,262
Accumulated amortisation and impairment	(3,747)
Net book amount	4,515

17 INTANGIBLE ASSETS (continued)

	Goodwill RMB'000	Software RMB'000	Total RMB'000
Year ended 31 December 2017			
Opening net book amount	–	4,515	4,515
Additions	–	802	802
Goodwill arising from acquisition of a subsidiary (Note 6)	1,819	–	1,819
Amortisation charge	–	(839)	(839)
Closing net book amount	1,819	4,478	6,297
At 31 December 2017			
Cost	1,819	9,064	10,883
Accumulated amortisation and impairment	–	(4,586)	(4,586)
Net book amount	1,819	4,478	6,297

Amortisation of RMB839,000 (2016: RMB756,000) is included in the 'administrative expenses' the consolidated statement of profit or loss.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Assets			
At 31 December 2017			
Available-for-sale financial assets	–	192,000	192,000
Trade and other receivables excluding prepayments	1,755,169	–	1,755,169
Deposits in banks with original maturities over three months	72,228	–	72,228
Restricted cash	308,628	–	308,628
Cash and cash equivalents	2,133,597	–	2,133,597
Total	4,269,622	192,000	4,461,622
Assets			
At 31 December 2016			
Available-for-sale financial assets	–	16,000	16,000
Trade and other receivables excluding prepayments	1,260,498	–	1,260,498
Restricted cash	208,904	–	208,904
Cash and cash equivalents	1,812,583	–	1,812,583
Total	3,281,985	16,000	3,297,985

18 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	Financial liabilities stated at amortised cost RMB'000
Liabilities	
At 31 December 2017	
Trade and other payables excluding non-financial liabilities	1,909,725
Corporate bonds	1,399,148
Bank and other borrowings	2,269,503
Total	5,578,376
Liabilities	
At 31 December 2016	
Trade and other payables excluding non-financial liabilities	1,793,625
Corporate bonds	1,091,978
Bank and other borrowings	2,283,316
Total	5,168,919

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 RMB'000	2016 RMB'000
At 1 January	**16,000**	13,000
Addition from acquisition of a subsidiary	**–**	50,500
Other additions	**182,000**	–
Transfer to associate	**–**	(3,000)
Disposal	**(6,000)**	(44,500)
At 31 December	**192,000**	16,000
Less: non-current portion	**(12,000)**	(10,000)
Current portion	**180,000**	6,000

Available-for-sale financial assets include the following:

	2017 RMB'000	2016 RMB'000
Unlisted securities – PRC	**12,000**	10,000
Wealth management products (a)	**180,000**	6,000
	192,000	16,000

(a) As at 31 December 2017, these wealth management products were issued by banks in the PRC with expected annual return at 3.05%~4.03% (2016: 2.40%~3.80%). The returns on all of these products are not guaranteed, therefore the Group designated them as available-for-sales financial assets. The fair values are determined based on cash flow discounted using the expected return based on management's judgment and are within level 3 of the fair value hierarchy.

The maximum exposure to credit risk at the reporting date is the carrying value.

None of these financial assets is either past due or impaired.

20 PROPERTIES UNDER DEVELOPMENT

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

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Expected to be completed for sale within one year		
Properties under development for sale	**699,427**	551,566
Expected to be completed for sale after more than one year		
Properties under development for sale	**1,269,845**	931,729
	1,969,272	1,483,295

Note: As at 31 December 2017, there was no government grants relating to properties under development for sale (2016: RMB4,620,000). Pursuant to the agreements between the Group's subsidiaries and local governments, such grants are for subsidising the infrastructure construction of certain projects.

Properties under development with an aggregate carrying value of RMB55,465,000 (2016: RMB609,022,000) as at 31 December 2017 were pledged for certain bank loans granted to the Group (Note 28).

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

	At 31 December	
	2017	2016
	RMB'000	RMB'000
In the PRC, with lease term of 40 years or more	**841,667**	670,898

21 COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC are stated at the lower of cost and net realisable value.

Completed properties held for sale with an aggregate carrying value of RMB1,119,404,000 (2016: RMB1,903,198,000) as at 31 December 2017 were pledged for certain bank loans granted to the Group (Note 28).

22 INVENTORIES AND CONTRACTING WORKING-IN-PROGRESS

	At 31 December	
	2017 **RMB'000**	2016 RMB'000
Gross amounts due from customers for contract work (Note (i))	**275,694**	108,023
Work in progress	**9,813**	8,340
Finished goods	**21,994**	12,943
Raw materials	**1,343**	1,123
	308,844	130,429

(i) Gross amounts due from customers for contract work

	At 31 December	
	2017 **RMB'000**	2016 RMB'000
Cost plus attributable profit less foreseeable losses	**611,816**	303,210
Progress billings issued	**(336,122)**	(195,187)
Contracting work-in-progress	**275,694**	108,023
Representing:		
Gross amounts due from customers for contract work included in inventories and contracting work-in-progress	**275,694**	108,023

23 TRADE AND OTHER RECEIVABLES

	At 31 December	
	2017 RMB'000	2016 RMB'000
Current portion		
Trade and bill receivables (a)	546,019	539,330
Deposits receivable	189,998	15,000
Consideration receivable on disposal of prepayments for acquisition of certain equity interests	131,628	–
Loans to related parties (Note 38 (b))	165,866	–
Interest receivables from loans to related parties (Note 38 (b))	6,423	7,568
Other amounts due from related parties (Note 38 (b))	80,970	442,156
Loans to third parties	308,070	–
Prepayments for construction cost and raw materials	100,153	152,804
Prepaid turnover tax and other taxes	31,201	6,911
Others	308,662	248,876
	1,868,990	1,412,645
Non-current portion		
Prepayments for acquisition of certain properties	58,300	44,000
Trade receivables	17,533	–
Prepayments for acquisition of certain equity interests	–	208,318
	75,833	252,318
Total	1,944,823	1,664,963

23 TRADE AND OTHER RECEIVABLES (continued)

(a) Trade debtors and bills receivable are due within 3 months to 12 months from the date of billing. As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable, based on the invoice date (or date of revenue recognition, if earlier), is as follows:

	At 31 December	
	2017 RMB'000	2016 RMB'000
Within 1 month	147,354	134,433
1 to 3 months	68,831	71,051
3 to 6 months	22,929	78,384
Over 6 months	306,905	255,462
	546,019	539,330

Trade receivables are primarily related to the sale of properties. Proceeds from the sale of properties are made in one-off payments upfront or paid by instalments in accordance with the terms of the corresponding sale and purchase agreements. If payment is made in one-off payment upfront, settlement is normally required by date of signing the sales contract. If payments are made in instalments, settlement is in accordance with the contract terms.

As of 31 December 2017, trade receivables of RMB87,480,000 (2016: RMB111,612,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	At 31 December	
	2017 RMB'000	2016 RMB'000
Less than 1 month past due	46,259	5,842
Over 1 month and within 3 months past due	69	16,080
Over 3 months and within 6 months past due	6,641	40
Over 6 months past due	34,511	89,650
	87,480	111,612

23 TRADE AND OTHER RECEIVABLES (continued)

(a) (continued)

As at 31 December 2017, the directors were of the view that all trade receivables are neither individually nor collectively considered to be impaired (2016: the same).

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

24 RESTRICTED CASH

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Pledged for:		
– Interest-bearing loans deposits	**81,843**	100,239
– Letter of guarantee	**85,073**	–
– Mortgage deposits	**61,562**	20,014
– Supervised accounts for construction of pre-sale properties	**74,807**	67,102
– Supervised account for certain equity investments	**5,010**	–
– Commercial acceptance notes	**–**	20,000
– Others	**333**	1,549
Total	**308,628**	208,904

25 CASH AND CASH EQUIVALENTS

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Cash in hand	**220**	163
Cash at bank	**2,017,944**	1,812,420
Other cash deposited in a related party's financial institute (Note 38 (b))	**115,433**	–
Cash and cash equivalents	**2,133,597**	1,812,583

26 TRADE AND OTHER PAYABLES

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Trade creditors and bills payable	**1,074,880**	990,100
Receipts in advance	**266,138**	348,881
Loans due to a third party	**207,669**	–
Loans due to a related party (Note 38)	**100,000**	–
Other amounts due to related parties (Note 38)	**71,895**	42,813
Construction guaranteed deposits payable	**67,859**	–
Accrued payroll	**37,374**	34,126
Interests payable	**5,932**	–
Other payables and accruals	**381,490**	295,311
Total	**2,213,237**	1,711,231

26 TRADE AND OTHER PAYABLES (continued)

As at 31 December 2017, the ageing analysis of trade creditors and bills payables, based on the invoice date, is as follows:

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Within 1 month	**513,531**	491,727
1 to 12 months	**154,698**	282,088
Over 12 months	**406,651**	216,285
	1,074,880	990,100

27 CORPORATE BONDS

	2017	2016
	RMB'000	RMB'000
As at 1 January	**576,923**	1,091,978
Net proceeds from bonds issued	**792,445**	–
Interest expenses	**73,880**	68,845
Coupon interest paid	**(44,100)**	(83,900)
Principal paid	**–**	(500,000)
As at 31 December	**1,399,148**	576,923
Representing:		
Current portion	**26,368**	7,350
Non-current portion	**1,372,780**	569,573
	1,399,148	576,923

In October 2013, the Group issued a long-term corporate bond with maturity of 6 years with face value of RMB600,000,000 bearing annual interest rate of 7.35%. The actual proceed received by the Group was approximately RMB543,527,000. This bond is denominated in RMB and issued at par. Interest is payable yearly while principal will be repaid when the bond falls due. The annual effective interest rate of this bond is 9.48%. As at 31 December 2017, interest payable for this bond amounted to approximately RMB7,350,000 (2016: RMB7,350,000).

27 CORPORATE BONDS (continued)

In August 2017, the Group issued medium-term notes with maturity of 3 years with face value of RMB800,000,000 bearing annual interest rate of 6.38%. The actual proceed received by the Group was approximately RMB792,445,000. This note is denominated in RMB and issued at par. Interest was payable yearly while principal was repaid when the notes fell due. The annual effective interest rates of this note is 6.74%. As at 31 December 2017, interest payable for this note amounted to approximately RMB19,018,000 (2016: nil).

The carrying amounts and fair value of non-current portion of the corporate bonds are as follows:

	Carrying amount		Fair Value	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Corporate bond	**1,372,780**	569,573	**1,372,780**	569,573

The fair value of current corporate bond approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 6.74%~9.48% (2016: 9.48%) and are within level 2 of the fair value hierarchy.

28 BANK AND OTHER BORROWINGS

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Current		
Secured		
– Bank borrowings	**250,000**	325,000
– Current portion of non-current bank borrowings	**422,880**	432,180
	672,880	757,180
Unsecured		
– Bank borrowings	**685,000**	830,000
– Current portion of non-current bank borrowings	**–**	1,000
	685,000	831,000
	1,357,880	1,588,180

28 BANK AND OTHER BORROWINGS (continued)

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Non-current		
Secured		
– Bank borrowings	**1,012,820**	1,398,000
Less: Current portion of non-current bank borrowings	**(422,880)**	(432,180)
	589,940	965,820
Unsecured		
– Bank borrowings	**321,683**	100,000
Less: Current portion of non-current bank borrowings	**–**	(1,000)
	321,683	99,000
	911,623	1,064,820

Movements in borrowings are analysed as follows:

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Opening amount	**2,653,000**	2,283,316
Addition from acquisition of a subsidiary	**–**	1,345,320
Proceeds from borrowings	**1,959,683**	1,847,000
Repayments of borrowings	**(2,191,736)**	(2,822,636)
Disposal of a subsidiary	**(150,000)**	–
Exchange differences	**(1,444)**	–
Closing amount	**2,269,503**	2,653,000

The bank and other borrowings bear interest ranging from 2.15% to 6.90% per annum for year ended 31 December 2017 (2016: from 4.32% to 6.90%).

28 BANK AND OTHER BORROWINGS (continued)

The Group's borrowings were repayable as follows:

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Within 1 year or on demand	**1,357,880**	1,588,180
After 1 year but within 2 years	**486,490**	554,880
After 2 years but within 5 years	**402,859**	509,940
After 5 years	**22,274**	–
	2,269,503	2,653,000

No share-pledged borrowings as at 31 December 2017 (2016: nil).

The bank loans were secured by the following assets with book values of:

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Completed properties held for sale (Note 21)	**1,199,404**	1,903,198
Properties under development (Note 20)	**55,465**	609,022
Investment properties (Note 16)	**257,394**	416,090
Restricted cash (Note 24)	**81,843**	100,239
Property, plant and equipment (Note 15)	**7,765**	28,030
	1,601,871	3,056,579

28 BANK AND OTHER BORROWINGS (continued)

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair Value	
	2017 RMB'000	2016 RMB'000	**2017 RMB'000**	2016 RMB'000
Bank borrowings	**911,623**	1,064,820	**911,623**	1,064,820

The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.34% (2016: 6.04%) and are within level 2 of the fair value hierarchy.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At 31 December	
	2017 RMB'000	2016 RMB'000
RMB	**2,047,820**	2,653,000
HK$	**221,683**	–
	2,269,503	2,653,000

All of the Group's banking facilities are subject to the fulfilment 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. As at 31 December 2017, none of the covenants relating to drawn down facilities had been breached (2016: nil).

29 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	**1,675**	19,861
– Deferred tax assets to be recovered within 12 months	**35,840**	25,216
	37,515	45,077
Deferred tax liabilities:		
– Deferred tax liabilities to be settled after more than 12 months	**(269,184)**	(239,682)
	(269,184)	(239,682)
Deferred tax liabilities – net	**(231,669)**	(194,605)

The gross movement on the deferred income tax account is as follows:

	2017	2016
	RMB'000	RMB'000
At 1 January	**(194,605)**	(103,358)
Addition from acquisition of a subsidiary	**–**	(27,357)
Charge to statement of profit or loss (Note 12)	**(39,947)**	(59,207)
Tax charge relating to components of other comprehensive income	**(972)**	(4,683)
Disposal of a subsidiary	**3,855**	–
At 31 December	**(231,669)**	(194,605)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

29 DEFERRED INCOME TAX (continued)

Deferred income tax assets

	Temporary differences arising from LAT provision	Unused tax losses	Unrealised profit resulting from inter-group transactions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	14,151	14,389	31,712	8,066	68,318
Addition from acquisition of a subsidiary	–	25,904	–	–	25,904
Recognised in profit or loss	(10,316)	(12,173)	(7,199)	11,840	(17,848)
At 31 December 2016	3,835	28,120	24,513	19,906	76,374
Disposal of a subsidiary	**–**	**(8,858)**	**–**	**(6,899)**	**(15,757)**
Recognised in profit or loss	**31,280**	**(2,304)**	**(537)**	**(3,689)**	**24,750**
At 31 December 2017	**35,115**	**16,958**	**23,976**	**9,318**	**85,367**

Note: In assessing the realisability of deferred tax assets in respect of the Group's subsidiaries which suffered tax 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 RMB16,958,000 (2016: RMB28,120,000) as at 31 December 2017 as the Group estimates that these subsidiaries have properties development projects which are probable to generate sufficient future taxable profits to support their utilisation.

29 DEFERRED INCOME TAX (continued)

Deferred income tax assets (continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB20,788,000 (2016: RMB10,937,000) in respect of losses amounting to RMB83,151,000 (2016: RMB43,747,000) that can be carried forward against future taxable income.

The unrecognised tax losses will expire in the following years:

	At 31 December	
	2017	2016
	RMB'000	RMB'000
2017	**–**	2,236
2018	**1,010**	1,010
2019	**796**	796
2020	**8,580**	8,580
2021	**31,125**	31,125
2022	**41,640**	–
	83,151	43,747

29 DEFERRED INCOME TAX (continued)

Deferred income tax liabilities

	Revaluation of investment properties	Revaluation arising from business combination	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	(165,868)	(991)	(4,817)	(171,676)
Acquisition of a subsidiary	(37,354)	(15,907)	–	(53,261)
Recognised in profit or loss	(46,530)	354	4,817	(41,359)
Recognised in other comprehensive income	(4,683)	–	–	(4,683)
At 31 December 2016	(254,435)	(16,544)	–	(270,979)
Disposal of a subsidiary	**19,612**	**–**	**–**	**19,612**
Recognised in profit or loss	**(61,858)**	**4,529**	**(7,368)**	**(64,697)**
Recognised in other comprehensive income	**(972)**	**–**	**–**	**(972)**
At 31 December 2017	**(297,653)**	**(12,015)**	**(7,368)**	**(317,036)**

29 DEFERRED INCOME TAX (continued)

Deferred income tax liabilities (continued)

Certain owner-occupied buildings were transferred to investment properties (see Note 15) in 2017 and 2016, the Group remeasured the properties to fair value and recognised a revaluation gain of RMB3,889,000 (2016: RMB18,734,000) and related tax RMB972,000 (2016: RMB4,683,000) in other comprehensive income.

At 31 December 2017, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB1,028,309,000 (2016: RMB938,301,000). Deferred tax liabilities of RMB51,415,000 (2016: RMB46,915,000) 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 these profits will not be distributed in the foreseeable future.

30 DEFERRED INCOME

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Service fees received in advance	**55,646**	43,299
Less: Amount included under current liabilities	**(5,565)**	(4,330)
Amount included under non-current liabilities	**50,081**	38,969

The deferred income primarily represents the prepaid service fees from customers for energy supply service in the industrial parks.

31 SHARE CAPITAL AND TREASURY SHARES

The Company was incorporated on 15 July 2013 with authorised capital of 100,000 shares at HK$0.10 per share. As part of the reorganization during the year ended 31 December 2016, the authorised capital of the Company was increased to HK$1,000,000,000 divided into 10,000,000,000 shares of HK$0.10 each.

Movements of the Company's ordinary shares are set out below:

	At 31 December 2017			At 31 December 2016		
	No. of Shares ('000)	Share capital RMB'000	Treasury shares RMB'000	No. of Shares ('000)	Share capital RMB'000	Treasury shares RMB'000
Ordinary shares, issued and fully paid:						
At 1 January	**8,000,000**	**658,680**	**(110,105)**	4,000,000	316,800	–
Issue of new shares	**–**	**–**	**–**	4,000,000	341,880	–
Shares repurchased for cancellation purpose (a)	**–**	**–**	**(189,695)**	–	–	–
Shares cancelled (a)	**(286,676)**	**(23,964)**	**177,331**	–	–	–
Shares purchased for the share award scheme (b)	**–**	**–**	**–**	–	–	(110,105)
At the end of the year	**7,713,324**	**634,716**	**(122,469)**	8,000,000	658,680	(110,105)

(a) During the year ended 31 December 2017, the Company repurchased a total of 299,920,000 shares at a total consideration of HK$219,299,560 (equivalent to RMB189,695,000) for cancellation purpose, out of which 64,236,000 shares and 222,440,000 shares were cancelled on 26 July 2017 and 29 December 2017 respectively. The excess of repurchasing consideration over the nominal amount of the canceled shares, amounting to RMB153,367,000, were deducted from share premium account.

(b) A share award scheme was adopted by the Company on 22 December 2016 (the "Share Award Scheme"). During 2016, a trustee appointed by the Company for the purpose of the Share Award Scheme purchased a total of 152,998,000 shares at a total consideration of HK$122,928,380 (equivalent to RMB110,105,000) according to the Share Award Scheme. As at 31 December 2017, none of the 152,998,000 shares has been granted.

32 RESERVES

	Share premium RMB'000	Exchange reserve RMB'000	Property Revaluation reserve RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Total RMB'000
Balance at 1 January 2017	**2,497,414**	**35,941**	**31,976**	**299,616**	**583,955**	**3,448,902**
Appropriation from retained earnings	**–**	**–**	**–**	**39,573**	**–**	**39,573**
Currency translation differences	**–**	**176,864**	**–**	**–**	**–**	**176,864**
Revaluation of property, plant and equipment upon transfer from investment property (Note 29)	**–**	**–**	**2,918**	**–**	**–**	**2,918**
Dividends paid (Note 34)	**(143,122)**	**–**	**–**	**–**	**–**	**(143,122)**
Cancellation of shares (Note 32 (a))	**(153,367)**	**–**	**–**	**–**	**–**	**(153,367)**
Transactions with non-controlling interests (c)	**–**	**–**	**–**	**–**	**18,934**	**18,934**
Balance at 31 December 2017	**2,200,925**	**212,805**	**34,894**	**339,189**	**602,889**	**3,390,702**
Balance at 1 January 2016	284,062	1,262	17,925	263,064	584,021	1,150,334
Appropriation from retained earnings	–	–	–	36,552	–	36,552
Currency translation differences	–	34,679	–	–	–	34,679
Revaluation of property, plant and equipment upon transfer from investment property	–	–	14,051	–	–	14,051
Issuance of new shares	2,419,080	–	–	–	–	2,419,080
Dividends paid	(205,728)	–	–	–	–	(205,728)
Transaction with non-controlling interests	–	–	–	–	(66)	(66)
Balance at 31 December 2016	2,497,414	35,941	31,976	299,616	583,955	3,448,902

32 RESERVES (continued)

(a) 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.

(b) 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 2.6.

(c) Other reserves

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

Transactions with non-controlling interests during the year ended 31 December 2017 mainly included:

(i) On 25 January 2017, the Company and China Electronics Optics Valley Union Company Limited (the "Vendor"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the "Equity Transfer Agreement") with a third party purchaser and CEC Technology, pursuant to which the vendor has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase, the 50% of the equity interest in CEC Technology, for a consideration of RMB350 million. Pursuant to Equity Transfer Agreement, CEC Technology will continue to be a subsidiary of the Company upon completion of the transaction. This transaction is treated as a changes in ownership interests in a subsidiary without change of control. This transaction was completed on 17 August 2017, the excess of the consideration over the 50% of the equity interest in CEC Technology disposed by the Group, amounting to RMB33,038,000, was credited to capital reserves.

(ii) On 24 January 2017, the Group acquired further 20% equity interests in Hefei Optics Valley Union, a partially-owned subsidiary. Upon completion of this transactions, the Group held 100% equity interests in Hefei Optics Valley Union. The excess of consideration amounting to RMB98,270,000 over the carrying amount of the acquired 20% equity interests on 24 January 2017, amounting to RMB18,146,000, was debited to capital reserves.

33 RETAINED EARNINGS

	2017 RMB'000	2016 RMB'000
At 1 January	**1,693,875**	1,298,502
Profit for the year	**446,260**	431,925
Transfer to statutory reserve	**(39,573)**	(36,552)
At 31 December	**2,100,562**	1,693,875

34 DIVIDENDS

The dividends paid in 2017 and 2016 were RMB143,122,000 (HK$2.00 cents per share) and RMB205,728,000 (HK$3.00 cents per share) respectively. The Board has resolved on 22 March 2018 to recommend for declaration and payment of a final dividend of HK$2.00 cent per share (equivalent to RMB1.67 cent per share), amounting to a total dividend of HK$154,002,000 (equivalent to RMB128,732,000), out of the share premium account of the Company. These financial statements do not reflect this dividend payable.

	2017 RMB'000	2016 RMB'000
Special dividend paid (2016: HK$3.00 cents per ordinary share)	**–**	205,728
Proposed final dividend of HK$2.00 cents (2016: HK$2.00 cents) per ordinary share	**128,732**	143,122

35 CASH FLOW INFORMATION

(a) Cash generated from operations

	2017 RMB'000	2016 RMB'000
Profit before income tax	**829,502**	761,025
Adjustments for:		
Depreciation (Note 8)	**34,332**	35,249
Amortisation (Note 8)	**895**	813
(Gain)/loss on disposals of investment properties (Note 7)	**(22,761)**	1,535
Gains from deemed partially disposal (Note 7)	**(29,474)**	–
Gains on disposals of property, plant and equipment (Note 7)	**(7,253)**	(70)
Finance income (Note 10)	**(50,187)**	(46,810)
Finance costs (Note 10)	**119,610**	117,656
Loss/(gains) on disposal of a subsidiary (Note 7)	**8,118**	(128,559)
Loss on disposal of a joint venture (Note 7)	**91,423**	–
Fair value gains on investment properties (Note 16)	**(246,581)**	(179,589)
Share of (profits)/losses of associates (Note 11 (b))	**(22,436)**	37,045
Share of profits of joint ventures (Note 11 (b))	**(2,813)**	(414)
Changes in working capital (excluding the effects of acquisition and currency translation differences on subsidiaries):		
Increase in restricted cash	**(7,705)**	(67,102)
(Increase)/decrease in properties under development, completed properties held for sale and inventories and contracting work-in-progress	**(184,079)**	640,299
Increase in trade and other receivables	**(59,191)**	(27,779)
Increase/(decrease) in trade and other payables	**106,849**	(112,031)
Cash generated from operations	**558,249**	1,031,268

35 CASH FLOW INFORMATION (continued)

(b) Non-cash investing and financing activities

	2017 RMB'000	2016 RMB'000
Capitalisation of a receivable from Hainan Software Community (Note 7 (b))	**400,000**	–
Issue new shares as the consideration for a business acquisition	**–**	769,017

(c) Net debt reconciliation

	2017 RMB'000	2016 RMB'000
Cash and cash equivalents	**2,133,597**	1,812,583
Restricted cash	**228,811**	141,802
Loans due to a third party	**(207,669)**	–
Loans due to a related party	**(100,000)**	–
Interests payable	**(5,932)**	–
Corporate bonds	**(1,399,148)**	(576,923)
Bank and other borrowings	**(2,269,503)**	(2,653,000)
Net debt	**(1,619,844)**	(1,275,538)
Cash and cash equivalents and restricted cash	**2,362,408**	1,954,385
Gross debt – fixed interest rates	**(2,744,749)**	(1,848,923)
Gross debt – variable interest rates	**(1,237,503)**	(1,381,000)
Net debt	**(1,619,844)**	(1,275,538)

35 CASH FLOW INFORMATION (continued)

(c) Net debt reconciliation (continued)

	Other assets		Liabilities from financing activities					
	Cash and cash equivalents	Restricted cash	Loans due to a related party	Loans due to a third party	Interests payable	Corporate bonds	Bank and other borrowings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 1 January 2016	901,472	–	–	–	–	(1,091,978)	(2,283,316)	(2,473,822)
Cash flows	887,915	141,802	–	–	286,838	515,055	975,636	2,807,246
Foreign exchanges adjustments	23,196	–	–	–	–	–	–	23,196
Obtaining control of subsidiaries	–	–	–	–	–	–	(1,345,320)	(1,345,320)
Others	–	–	–	–	(286,838)	–	–	(286,838)
Net debt as at 31 December 2016	**1,812,583**	**141,802**	**–**	**–**	**–**	**(576,923)**	**(2,653,000)**	**(1,275,538)**
Cash flows	352,877	87,009	(100,000)	(207,669)	187,631	(792,445)	232,053	(240,544)
Foreign exchanges adjustments	(31,863)	–	–	–	–	–	1,444	(30,419)
Losing control of a subsidiary	–	–	–	–	–	–	150,000	150,000
Others	–	–	–	–	(193,563)	(29,780)	–	(223,343)
Net debt as at 31 December 2017	**2,133,597**	**228,811**	**(100,000)**	**(207,669)**	**(5,932)**	**(1,399,148)**	**(2,269,503)**	**(1,619,844)**

36 CONTINGENCIES

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 or 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:

	At 31 December	
	2017 **RMB'000**	2016 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**770,591**	884,645

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.

37 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted but not provided for mainly represents properties development at the end of the year but not yet incurred is as follows:

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Contracted but not provided for		
– Properties development expenditure	**1,310,239**	773,611
– Investment commitment	**–**	33,753
	1,310,239	807,364

(b) Operating lease commitments – Group as lessor

The Group leases out a number of building facilities under non-cancellable operating lease agreements. The lease terms are between 1 and 17 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	At 31 December	
	2017	2016
	RMB'000	RMB'000
No later than 1 year	**91,582**	95,262
Later than 1 year and no later than 5 years	**193,895**	193,869
Later than 5 years	**74,520**	77,915
	359,997	367,046

37 COMMITMENTS (continued)

(c) Operating lease commitments – Group as lessee

The Group leases a number of building facilities under non-cancellable operating lease agreements. The lease terms are between 1 and 4 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At 31 December	
	2017	2016
	RMB'000	RMB'000
No later than 1 year	**1,504**	1,983
Later than 1 year and no later than 5 years	**5,170**	2,537
	6,674	4,520

38 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

	2017 RMB'000	2016 RMB'000
Joint ventures		
Construction contract revenue	–	2,100
Industrial park operation services	712	220
	712	2,320
Associates		
Interest income from loans provided	26,335	18,760
Interest expenses	4,064	–
Payment of employee benefits on behalf of an associate	1,925	–
Construction contract revenue	2,549	–
Industrial park operation services	184	–
	35,057	18,760
Major shareholder		
Cash deposited in major shareholder's financial institution (i)	115,433	–
Sales of properties	46,197	–
Interest income	647	–
Industrial park operation services	34	–
Interest expense	–	41,627
	162,311	41,627

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

38 RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

	At 31 December	
	2017	2016
	RMB'000	RMB'000
Joint ventures		
Loans receivable (ii)	**31,750**	–
Other amounts receivable (iv)	**1,442**	6,747
Interests receivable	**259**	–
Other amounts payable (iv)	**25,519**	23,500
Associates		
Loans receivable (iii)	**134,116**	–
Loans payable (iv)	**100,000**	–
Other amounts receivables (v)	**59,858**	442,929
Interests receivable	**6,164**	–
Other amounts payable (v)	**599**	1,516
Major shareholder		
Cash deposited in major shareholder's financial institution (i)	**115,433**	–
Other amounts receivable (v)	**19,670**	48
Amounts payable (v)	**45,777**	17,797

(i) On 27 September 2017, the Group entered into a financial services agreement with China Electronics Financial Co., Ltd. ("CEC Finance"), a non-banking financial institute controlled by China Electronics Corporation Limited, the Major Shareholder of the Company, pursuant to which the Group deposited certain funds in CEC Finance. The interest rate for the deposit of the Group's funds with CEC Finance are subject to the compliance of the relevant requirements of the People's Bank of China, be no less than interest rate for the same type of deposit offered by the major commercial banks in the PRC for the same duration.

(ii) Loans due from joint venture as at 31 December 2017 mainly consisted of loans due from Hengqin China Electronics Youpu Cloud Data Company Limited, amounting to RMB31,750,000 at interest rate of 6.52% per annum, and expected to be recovered within one year.

38 RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties (continued)

(iii) Loans due from associates as at 31 December 2017 mainly consisted of loans due from CEC Beihai, Wuhan Hui Lian Wu Xian Technology Company Limited and Huada Beidou amounting to RMB52,480,000, RMB48,209,000, and RMB33,436,000, respectively, at interest rate of 7.00%, 7.35% and 3.50% per annum, respectively, and expected to be recovered within one year.

(iv) Loans due to an associate amount to RMB100,000,000 as at 31 December 2017 represented loans due to Huada Beidou at an interest of 5.50% per annum, and expected to be repaid within one year.

(v) The amounts due from/to related parties as at 31 December 2017 were interest-free, unsecured and expected to be recovered/repaid within one year.

(c) Key management compensation

Key management 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. The compensation paid or payable to key management for employee services is shown below:

	2017 RMB'000	2016 RMB'000
Wages, salaries and other benefits	**25,187**	18,310
Retirement scheme contributions	**266**	237
	25,453	18,547

The above compensation to key management personnel is included in "staff costs" (Note 9).

39 EVENTS AFTER THE REPORTING PERIOD

(a) On 10 January 2018, 13,244,000 treasury shares repurchased by the Company during the year ended 31 December 2017 were further cancelled. As at the Latest Practicable Date, the Company repurchased 18,004,000 ordinary shares, which have not yet been cancelled as at the date of approving these financial statements.

(b) Please refer to Note 34 for the final dividend recommended by the directors, which is expected to be paid on or before 4 July 2018.

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	At 31 December 2017 RMB'000	2016 RMB'000
Assets			
Property, plant and equipment		24	566
Investments in subsidiaries		3,193,680	3,433,022
		3,193,704	3,433,588
Current assets			
Cash and cash equivalents		274,866	37,565
Deposits in banks with original maturities over three months		41,796	–
Trade and other receivables		267,268	166,461
		583,930	204,026
Current liabilities			
Payables to a subsidiary		606,456	–
Net current (liabilities)/assets		(22,526)	204,026
Total assets less current liabilities		3,171,178	3,637,614
Non-current liabilities			
Bank borrowings		221,683	–
Net assets		2,949,495	3,637,614
Equity			
Capital and reserves			
Share capital	31	512,247	658,680
Reserves	(a)	2,479,774	3,003,846
Accumulated losses	(b)	(42,526)	(24,912)
Total equity		2,949,495	3,637,614

The balance sheet of the Company was approved by the Board of Directors on 22 March 2018 and was signed on its behalf:

Huang Liping
(Director)

Hu Bin
(Director)

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

Note:

(a) Reserve movement of the Company

	Share premium RMB'000	Exchange reserve RMB'000	Total RMB'000
Balance at 1 January 2017	**2,497,414**	**506,432**	**3,003,846**
Currency translation differences	**–**	**(227,583)**	**(227,583)**
Dividends paid	**(143,122)**	**–**	**(143,122)**
Cancellation of shares	**(153,367)**	**–**	**(153,367)**
Balance at 31 December 2017	**2,200,925**	**278,849**	**2,479,774**
Balance at 1 January 2016	284,062	315,356	599,418
Currency translation differences	–	191,076	191,076
Issuance of new shares	2,419,080	–	2,419,080
Dividends paid	(205,728)	–	(205,728)
Balance at 31 December 2016	2,497,414	506,432	3,003,846

(b) Accumulated losses movement of the Company

	2017 RMB'000	2016 RMB'000
At 1 January	**(24,912)**	(9,755)
Losses for the year	**(17,614)**	(15,157)
At 31 December	**(42,526)**	(24,912)

41 BENEFITS AND INTERESTS OF DIRECTORS

(A) Directors and chief executive's emoluments

For the year ended 31 December 2017:

Name	Fees RMB'000	Salaries, allowances and welfare benefits RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
Chairman and chief executive:					
Huang Liping	–	513	1,364	21	1,898
Executive directors:					
Hu Bin	–	513	2,333	21	2,867
Non-executive directors:					
Lu Jun	–	–	–	–	–
Zhang Jie	–	–	–	–	–
Wang Qiuju (Note (b))	–	–	–	–	–
Xiang Qunxiong (Note (c))	–	–	–	–	–
Independent non-executive directors:					
Qi Min	–	200	–	–	200
Leung Man Kit	–	251	–	–	251
Zhang Shuqin	–	200	–	–	200
Total	–	1,677	3,697	42	5,416

41 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(A) Directors and chief executive's emoluments (continued)

For the year ended 31 December 2016:

Name	Fees RMB'000	Salaries, allowances and welfare benefits RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
Chairman and chief executive:					
Huang Liping	–	479	1,524	17	2,020
Executive directors:					
Hu Bin	–	479	1,929	17	2,425
Chen Huifen (Note (a))	–	356	1,536	17	1,909
Non-executive directors:	–	–	–	–	
Lu Jun	–	–	–	–	–
Zhang Jie	–	–	–	–	–
Wang Qiuju (Note (b))	–	–	–	–	–
Xiang Qunxiong (Note (c))	–	–	–	–	–
Shu Chunping (Note (d))	–	–	–	–	–
Independent non-executive directors:					
Qi Min	–	200	–	–	200
Leung Man Kit	–	268	–	–	268
Zhang Shuqin	–	200	–	–	200
Total	–	1,982	4,989	51	7,022

Notes:

(a) Resigned on 29 December 2016.
(b) Appointed on 29 December 2016.
(c) Appointed on 29 December 2016.
(d) Resigned on 29 December 2016.

41 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(A) Directors and chief executive's emoluments (continued)

No emoluments was paid or receivable in respect of directors' other services in connection with the management of the Company or its subsidiaries undertaking during the year.

During the years ended 31 December 2017 and 2016, no director waived any emoluments. Neither incentive payment for joining the Group nor compensation for loss of office was paid or payable to any directors during the years ended 31 December 2017 and 2016.

(B) Directors' retirement benefits

No retirement benefits was paid to or receivable by directors during the year by defined benefit pension plans operated by the Group.

(C) Directors' termination benefits

No director's termination benefit subsisted at the end of the year or at any time during the year.

(D) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available directors' services subsisted at the end of the year or at any time during the year.

(E) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year.

(F) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the ends of the year or at any time during the year.

"Latest Practicable Date"	12 April 2018, being the latest practicable date prior to the printing of this report for ascertaining certain information in this report
"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 the Company's substantial Shareholders
"Articles of Association"	the amended and restated articles of association of the Company
"associates" or "close 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
"CEC"	China Electronics Corporation Limited* (中國電子信息產業集團有限公司), a state-owned company established under the laws of the PRC and the ultimate controlling shareholder of CE Huada Technology
"CEC Technology"	China Electronics Technology Development Co., Ltd* (中國電子科技開發有限公司), a company established under the laws of the PRC and a non wholly-owned subsidiary of the Company
"CE Huada Technology"	China Electronics Huada Technology Company Limited (中國電子華大科技有限公司), formerly known as China Electronics Corporation Holdings Company Limited*(中國電子集團控股有限公司), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability
"CEC Media"	CEC Media Holdings Limited, an immediate wholly-owned subsidiary of CE Huada Technology
"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"	China Electronics Optics Valley Union Holding Company Limited (中電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

"Director(s)"	director(s) of the Company
"Financial Control Committee"	the financial control committee of the Company
"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 wholly-owned subsidiary of Wuhan Optics Valley Union
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"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 as at 30 June 2016
"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, which is wholly-owned by Mr. Huang Liping, one of the Company's substantial Shareholders
"Listing"	listing of the Shares on the Main Board of 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 as set out in Appendix 10 to the Listing Rules
"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
"Qianbao BVI"	Qianbao Investment Limited, a limited liability company incorporated in the BVI on 10 July 2013 and a Shareholder of the Company
"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 2017 to 31 December 2017
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of our Share(s) from time to time
"Shares"	ordinary shares of HKD0.10 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

"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
"O2O"	Online To Offline, a linkage between online and offline business opportunities
"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 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 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.

中电光谷

CEC OPTICS VALLEY

中電光谷聯合控股有限公司

China Electronics Optics Valley Union Holding Company Limited