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

2019
ANNUAL REPORT


CEC

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 *(re-designated from the Chairman to Co-chairman on 8 May 2020, and President)*
Mr. Xie Qinghua *(Co-chairman) (appointed on 8 May 2020)*
Mr. Hu Bin *(Executive President)*

Non-executive Directors

Ms. Wang Qiuju
Mr. Xiang Qunxiong *(resigned on 8 May 2020)*
Mr. Zhang Jie
Ms. Sun Ying

Independent Non-executive Directors

Mr. Qi Min
Mr. Leung Man Kit *(resigned on 8 May 2020)*
Mr. Qiu Hongsheng *(appointed on 10 March 2020)*
Ms. Zhang Shuqin *(resigned on 10 March 2020)*
Ms. Chan Ching Har Eliza *(appointed on 8 May 2020)*

AUTHORIZED REPRESENTATIVES

Mr. Huang Liping
Ms. Zhang Xuelian *(appointed on 12 December 2019)*
Ms. Leung Ching Ching *(resigned on 12 December 2019)*

AUDIT COMMITTEE

Mr. Qiu Hongsheng *(appointed as a member on 10 March 2020 and the chairman on 8 May 2020)*
Mr. Qi Min
Ms. Wang Qiuju
Mr. Leung Man Kit *(ceased to be the chairman on 8 May 2020)*

REMUNERATION COMMITTEE

Ms. Chan Ching Har Eliza *(appointed as the chairman on 8 May 2020)*
Mr. Qi Min *(re-designated from the chairman to a member on 8 May 2020)*
Mr. Hu Bin
Ms. Zhang Shuqin *(ceased to be a member on 10 March 2020)*
Mr. Leung Man Kit *(ceased to be a member on 8 May 2020)*

NOMINATION COMMITTEE

Mr. Huang Liping *(Chairman)*
Mr. Qi Min
Ms. Zhang Shuqin *(ceased to be a member on 10 March 2020)*
Mr. Qiu Hongsheng *(appointed as a member on 10 March 2020)*

FINANCIAL CONTROL COMMITTEE

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

COMPANY SECRETARY

Ms. Zhang Xuelian *(re-designated from a joint company secretary to the sole company secretary on 12 December 2019)*
Ms. Leung Ching Ching *(resigned as joint company secretary on 12 December 2019)*

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

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Wuhan, Hubei
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Central, Hong Kong

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Beijing, China

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited (formerly known as 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
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183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKS

Industrial and Commercial Bank of China
Bank of Communications
Industrial Bank

COMPANY WEBSITE

http://www.ceovu.com/

Financial Summary

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				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue from continuing operations	**3,376,865**	3,001,137	2,692,899	2,594,701	1,903,840
Gross profit	**1,075,283**	1,036,071	987,134	811,623	592,006
Profit before income tax	**956,735**	903,693	829,502	761,025	748,028
Profit attributable to owners of the Company	**569,272**	541,486	446,260	431,925	499,886
Profit attributable to non-controlling interests	**24,911**	49,430	39,427	37,570	4,704
Profit for the year	**594,183**	590,916	485,687	469,495	504,590

	As of 31 December				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Non-current assets	**6,388,670**	5,237,370	4,218,606	3,555,100	1,635,447
Current assets	**11,226,836**	9,943,224	9,149,471	8,023,019	7,257,981
Current liabilities	**7,438,297**	6,038,876	3,903,664	3,582,159	4,081,165
Net current assets	**3,788,539**	3,904,348	5,245,807	4,440,860	3,176,816
Total assets less current liabilities	**10,177,209**	9,141,718	9,464,413	7,995,960	4,812,263
Total equity	**7,592,291**	6,927,436	6,860,745	6,082,916	3,052,260
Non-current liabilities	**2,584,918**	2,214,282	2,603,668	1,913,044	1,760,003
Total equity and non-current liabilities	**10,177,209**	9,141,718	9,464,413	7,995,960	4,812,263

Dear Shareholders,

2019 is the first year for the implementation of CEOVU's "New Growth Period", and the operating income was RMB3,376.9 million, representing a year-on-year increase of 12.5%; the profit attributable to owners of the Company was RMB569.3 million, representing a year-on-year increase of 5.1%. It seems that there are no exciting news from these figures but only an impression of "progressing steadily". However, the cash back from sales of RMB3,570.3 million, representing a year-on-year increase of 35.2%, the value of new contracts amounting to RMB7,601.8 million, representing a year-on-year increase of 153.3%, a further increase in the proportion of income from industrial park operation services, industrial park leasing and others to 51.0%, as well as various schemes such as the continuous year-end dividend distribution of HK$2.5 cents, illustrated the notable results of the transformation and reformation of the Company these years, and the continuous improvement of the operation of the Company.

First of all, the cash flow has been optimized. During the Reporting Period, the net cash flow from operating activities increased from a net outflow of RMB354.1 million in 2018 to a net inflow of RMB389.7 million in 2019, illustrating that the Company does not only have the capability to reward Shareholders with appropriate dividends, but also the momentum to further accelerate its development.

Secondly, the robust growth of new contracts has laid a solid foundation for the Company to cope with the uncertain challenges in the market environment and maintain a sustained and rapid growth in income. In particular, some long-term service contracts are the guarantee of the Company's continuous growth.

Thirdly, the income structure was further enhanced, and the rental and sales businesses of the industrial parks were maintained steadily while the quality of which was improved simultaneously. The revenue from the industrial park operation services grew rapidly with great potential of further growth, indicating that the Company's sustained growth is promising.

Fourthly, with the success of Easylinkin Technology, CEC Energy Conservation, Huada Beidou and other companies, it shows that the Company can not only gain huge investment return from industrial investment, but can also form a new growth point of profit, creating a profounding significance for its ability to enhance the industrial resources integration capability.

It is even more delighted that since the Company has determined to set "constructing the Industrial Resource Sharing Platform" as its strategic goal, we have refined the "System Planning Methodology" and the "Comprehensive Operation Methodology" from our practice and experience in the industry in order to establish the social status of the Company and discovered a business model that provides effective solutions for regional industrial upgrade and new economic development by means of enterprise management.

CEOVU's Nationwide Industrial Park Layout

As at the end of reporting period, our industrial parks business covers 30 cities across the country with more than 40 projects. We have accumulated diversified industrial practice and experience in different cities, regions, resource endowments and functional characteristics, forming a systematic service pattern with digitalization-based empowerment integrated with operation capability and flexible portfolio, so that a systematic service is provided. Thus, we can start from specialized strategic planning for projects, regional planning consultation, and customized design and construction services for enterprises, which we can choose to commence with an integrated approach by unifying investment, development and operation, or to provide comprehensive operation services with merchants and industrial organization as a start for ongoing or completed investors' projects.

With clear focused main business, comprehensive business capability, and diversified service, CEOVU's business model is valuable to promoting the regional economic balance and high quality development of the industry.

In 2019, the Company officially issued its first Enterprise Social Value Report, which clearly created social value as the strategic value and ideal of the Company. Practice has proved that the development path of an enterprise with unique social values will certainly be further and wider.

The outbreak of the novel coronavirus pneumonia pandemic in early 2020 that spreads around the globe has not only brought significant impact on the economic and social development of the entire world, but also led to significant changes in the global structure. Our business is headquartered in Wuhan, where it was severely affected by the epidemic. As with other enterprises, operating losses are inevitable. During the days of the lockdown, we shared the same destiny with the city and the state, faced challenges through difficult times with our customers and partners, and actively undertook the social responsibility of an enterprise with integrity. We helped small and medium-sized enterprises in the parks through difficult times by reducing or exempting rent and service fees. Despite the decline in the Company's revenue in the short term, the recovery of economic order is not far ahead. I strongly believe that by standing firmly with our customers at all times, we will be able to own the future. As our nationwide layout and implementation of the transformation and reform strategy have achieved noticeable results, we are confident that we can reduce the losses caused by the pandemic to a manageable degree and we will continue to accomplish the high quality development goal of the "New Growth Period".

In 2020, our industrial parks in Qingdao, Hefei, Changsha, Shenyang, Xi'an, Wenzhou, Luoyang, Ezhou and other cities should have excellent performance; the new industrial park projects in Shanghai, Xianyang, Wuhan, Chongqing and other cities will contribute to the growth of the Company.

The "New Infrastructure" and "Urban Renewal" schemes implemented in various regions to hedge against the pandemic risks and the "suspension" losses reduction policy in Wuhan and Hubei province backed by the state have provided us with precious business opportunities. The "One Platform and Two Methodologies" strategy of the Company will highlight our outstanding corporate value in times of turning adversities to opportunities, as we will obtain more operating rights for integrated operation projects of industrial parks.

In 2020, we will seize the chance and initiate the continuous growth plan for "Digital Park System" as the second curve of growth for the sustainable development of integrated operation. Such strategic start also deserves our attention.

The time of a golden May quietly arrived. I will work hard with my fellow colleagues for every day in the future, exerting every effort and making innovations and progress in the hope of achieving a more desirable result in the coming year.

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

7 May 2020

OVERALL PERFORMANCE

- For the year ended 31 December 2019, the Group secured new annual contracts involving an amount of RMB7,601.8 million, among which, the amount contracted for industrial park operation services was RMB5,597.5 million, representing 73.6% of the total contracted amount; the amount contracted for sales of industrial parks was RMB2,004.3 million, representing 26.4% of the total contracted amount. The integrated operation achievement of the opening year of the new growth period was significant.

- For the year ended 31 December 2019, the total revenue of the Group was RMB3,376.9 million, increased by 12.5% as compared to 2018. Among which, the income from industrial park operation and leasing services to the total revenue increased from 44.6% in 2018 to 51.0%. The adjustment of income structure better reflected the objective of the new growth period strategic planning of the Group.

- For the year ended 31 December 2019, the net profit of the Group was RMB594.2 million, representing an increase of 0.6% as compared to the same period of 2018. Among which, profit attributable to owners of the Company was RMB569.3 million, representing an increase of 5.1% as compared to the same period of 2018.

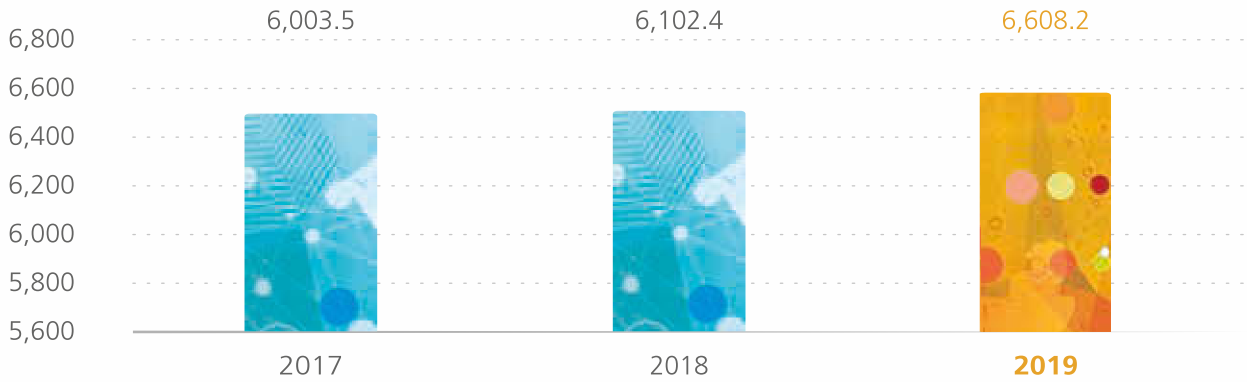
- As at 31 December 2019, the Group has high-quality land bank for industrial parks of approximately 5,965,000 sq.m. in various cities. The high-quality land for industrial parks is mainly located in cities such as Chengdu, Changsha, Shanghai, Ningbo and Luoyang.

- As of the end of 2019, total equity attributable to owners of the Company amounted to RMB6,608.2 million, representing an increase of 8.3% as compared to the same period of 2018.

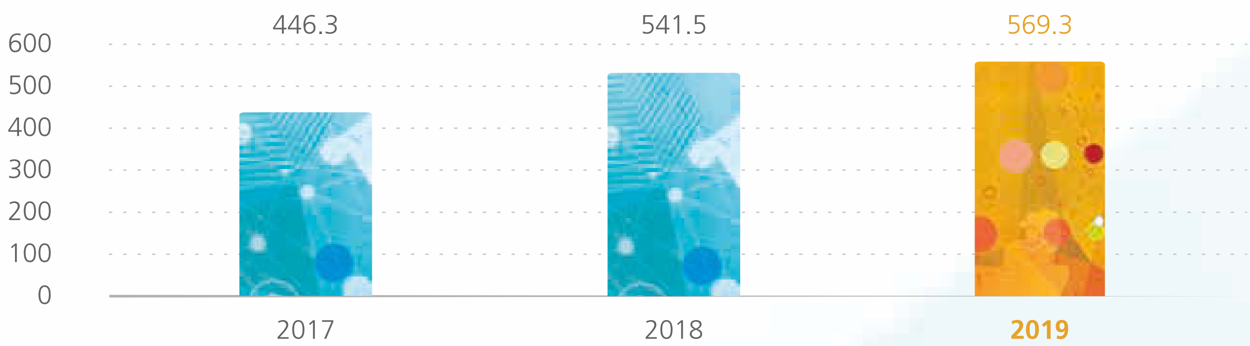
- In 2019, the Group's net cash inflow from operating activities was RMB389.7 million, as compared with the net cash outflow from operating activities of RMB354.1 million in the same period of 2018, demonstrating a significant improvement in our operating net cash flow.

- As at 31 December 2019, the total bank borrowings and bonds payables of the Group were RMB4,729.7 million, of which corporate bonds payable was approximately RMB1,280.2 million, accounting for 27.1% of the total bank borrowings and bonds payables. Benefiting from factors such as financing structure adjustment, the average borrowing costs decreased to 6.0% in 2019 as compared to 6.3% in 2018.

Growth in total equity attributable to owners of the Company for the years 2017 to 2019 (RMB million)



Growth in profit attributable to owners of the Company for the years 2017 to 2019 (RMB million)



BUSINESS REVIEW

The year of 2019 was the year for the Group to stride towards a new growth period. In accordance with the requirements of CEC and the deployment of the Board, and implementing the national innovation-driven and industrial upgrading strategies as the overall goal and constructing the "Industrial Resource Sharing Platform" as the strategic goal, the Group comprehensively implemented the "System Planning Methodology" and the "Comprehensive Operation Methodology" for enhancing organizational evolution, strengthened the functions of the headquarters, and increased authorization and empowerment of operating teams. Meanwhile, to cope with the impact on the Group's business caused by the uncertainty of economic development, and to seize the opportunities amid the uncertain development, in recent years, the Group has been committed to utilizing the digital park system as an entry point to promote the layout of the industrial park development business in a steady manner, and achieve constant expansion of the integrated operation business with multiple models. Through the collective efforts contributed by various business teams, the Group has achieved the main business indicators in all aspects for two consecutive years, and improved the Group's capability to develop its business sustainably.

The Group vigorously promoted the business integration of rental and sales of industrial parks, operation and industrial investment, striving to achieve self-transcendence. Not only has the main operating performance growth reached the expected goal, but more importantly, the business structure and asset structure have been continuously optimized and the marginal utility of the operating results has also been increased. In particular, the proportion of total amount contracted in respect of and total operating income for the integrated operation business continued to increase. For the year ended 31 December 2019, the amount contracted for industrial park operation services of the Group was RMB5,597.5 million, representing 73.6% of the total contracted amount and the industrial park operation and leasing services accounted for 51% of the operating income. In 2019, along with the successive opening of Shenzhen CEC i-Valley and Chongqing Wisdom Innovation Park, the commencement of the Xianyang Qidian Science and Technology City project, the launch of the Putian China Electronics Technological Innovation City project and the Chengdu Sunshine CEC i-Valley EPC+ Integrated Operation project, as well as the Group's winning of the bid for the integrated operation business of the Wuhan National Network Security Talents and Innovation Base indicated that the Group has steadily transformed into a leading industrial park integrated operation service provider in China.

OPERATING RESULTS

In 2019, the Group achieved a revenue of RMB3,376.9 million, representing an increase of 12.5% as compared to 2018, a profit before tax of RMB956.7 million and a net profit for the year of RMB594.2 million. Profit attributable to owners of the Company was approximately RMB569.3 million, representing an increase of 5.1% as compared to that in the same period of 2018. Equity attributable to owners of the Company increased by 8.3% to RMB6,608.2 million. Net asset value per share reached RMB0.87, representing an increase of 8.8% as compared to that in the same period of 2018. The Group's cash flow from operating activities was substantially converted to a positive position in 2019, generating in a net cash flow of RMB389.7 million.

BUSINESS SEGMENT ANALYSIS

As of 31 December 2019, the Group has established a business model based on industrial park rental and sales services, with industrial investment as an important means and comprehensive operation of parks as the operating advantage. The Group has the following three segments: (i) rental and sales of industrial parks (including sales and leasing services of industrial park space); (ii) industrial park operation services (including design and construction services, property management services, energy services, digital park services, incubator and office sharing services, industrial park financial services, group catering and hotel services, digital apartment services, long-term apartment leasing as well as recreation and entertainment); (iii) industrial investment (industry investments business in relation to the industries in various theme parks). The income structure and composition of profit in 2019 reflected the strategic effectiveness of transformation and reform.

REVENUE BY BUSINESS SEGMENTS

	For the year ended 31 December			
	2019		2018	
	Revenue (RMB'000)	% of total	Revenue (RMB'000)	% of total
Rental and sales of industrial parks	**1,881,151**	**55.7**	1,846,275	61.5
Sales of industrial parks	**1,656,060**	**49.0**	1,662,153	55.4
Park properties leasing	**206,071**	**6.1**	166,314	5.5
Sales of ancillary residentials	**19,020**	**0.6**	17,808	0.6
Industrial park operation services	**1,495,714**	**44.3**	1,154,862	38.5
Design and construction services	**681,066**	**20.2**	472,934	15.8
Property management services	**542,510**	**16.1**	448,360	14.9
Energy services	**96,231**	**2.8**	96,123	3.2
Group catering and hotel services	**63,953**	**1.9**	51,871	1.7
Industrial park financial services	**42,299**	**1.3**	26,304	0.9
Others	**69,655**	**2.0**	59,270	2.0
Total	**3,376,865**	**100.0**	3,001,137	100.0

RENTAL AND SALES OF INDUSTRIAL PARKS

In 2019, the revenue from the rental and sales of industrial parks of the Group was RMB1,881.2 million, representing an increase of 1.9% as compared to the revenue in 2018. Among which, the revenue from sales of industrial parks was RMB1,656.1 million, which remained steady as compared to the same period of 2018. The booked sales area was 275,000 sq.m. It is noteworthy that the revenue from the sales of industrial parks to the total revenue decreased from 55.4% in 2018 to 49.0% in 2019, representing a decrease of 6.4%, which reflects that the Group has been gradually reducing its over-reliance on the business of sales of industrial parks. The revenue from industrial park leasing amounted to RMB206.1 million, representing a growth of 23.9% as compared to the same period of 2018, with a self-owned property lease area of 305,000 sq.m. and occupancy rate of over 80%. The leasing of high quality properties steadily contributed to the revenue of the Company.

Sales of Industrial Park Business

Sales of Self-owned Industrial Parks

In 2019, the revenue from sales of industrial parks of the Group was mainly generated from Hefei, Changsha, Qingdao and others, among which, the sales revenue after tax from Heifei project reached RMB476.6 million, accounting for 28.8% of the revenue from the sales of industrial parks. The Group also introduced new customers such as Hangzhou Bank and Tongxing Environmental Protection. The Hefei Financial Harbour project not only achieved good operating results, but also set the benchmark for the integration of art and industry; 2019 was the first full sales year of the CEC Software Park Phase II project in Changsha. The project achieved sales revenue of RMB303.9 million, accounting for 18.4% of the revenue from sales of industrial parks, attracting a group of high-quality enterprises such as Hunan Tianrongxin Innovation Technology (湖南天融信創新科技) and Hunan Rongchuang Microelectronics to enter the park; the revenue from projects such as Qingdao Marine Information Harbour and the research and innovation center in Qingdao amounted to RMB251.1 million, accounting for 15.2% of the total revenue from sales of industrial parks. By the end of 2019, there were more than 1,000 enterprises in the Qingdao Park. In addition, the sales revenue of industrial park projects of various cities such as Chengdu Chip Valley, Shenyang CEC Information Harbour and Xi'an CEC Information Harbour reached more than RMB100 million. In 2019, excluding the projects in Wuhan, the sales revenue from projects in other cities accounted for 92.8% of the total sales revenue of industrial parks, representing a significant increase as compared to 22.0% at the beginning of the Company's listing in 2014. This demonstrated that the layout of the Group's self-owned industrial park business in other major cities across the country has been widely recognized by the market and our clients, the multi-zone park layout is conducive to lowering the risk of system and ensuring the achievement of annual target of the revenue from sales of industrial parks.

DEVELOPMENT AND PROGRESS OF INDUSTRIAL PARKS

Due to the in-depth adjustment of industrial structure in China, reasonable adjustments were made to the strategies and construction progress of different themed industrial parks in different cities, so as to facilitate the realization of the Group's new growth period strategic objectives step by step.

In 2019, the total area of construction newly commenced in industrial parks was 585,000 sq.m., increased by 61.2% as compared to that of 363,000 sq.m. in 2018. Completed construction area amounted to 355,000 sq.m., increased by 22.0% as compared to that of 291,000 sq.m. in 2018. As at the end of 2019, the total area under construction was 929,000 sq.m.

Completed Area in Major Cities throughout the Country

City	Project Name	Completed area in 2019 ('000 sq.m.)
Shenyang	Shenyang CEOVU Information Harbour	73.3
Ezhou	Ezhou Science and Technology City	16.0
Hefei	Hefei Financial Harbor	106.5
Xi'an	CEC Xi'an Industrial Park	17.1
Changsha	Changsha CEC Software Park	78.2
Qingdao	Qingdao Innocenter	41.6
Qingdao	Qingdao OVU International Marine Information Harbour	22.1
Total		354.8

Land Bank of Industrial Parks

During the Reporting Period, the Group has approximately 5,965,000 sq.m. of high quality land bank in various cities, including Wuhan, Shanghai, Qingdao, Changsha, Chengdu, Hefei, Shenyang, Luoyang, Xi'an, Wenzhou, Ezhou, Huangshi, Huanggang, Chengmai (Hainan), Zhuhai, and Ningbo.

Table of Land bank of Industrial Parks

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%	34,988
2	Financial Harbor (Phase I) (金融港一期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	27,728
3	Financial Harbor (Phase II) (金融港二期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	29,492
4	Creative Capital (創意天地)	Wuhan	16 Yezhihu West Road, Hongshan District, Wuhan, Hubei Province	Commercial	100%	175,033
5	Wuhan Innocenter (武漢研創中心)	Wuhan	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	Industrial	100%	197,337
6	Lido 2046 (麗島2046)	Wuhan	175 Xiongchu Avenue, Wuhan, Hubei Province	Residential	100%	461
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%	291,354
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%	77,823
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, Hubei Province	Industrial	70%	131,657
12	Shenyang OVU Science and Technology City (瀋陽光谷聯合科技城)	Shenyang	Intersection of Shengjing Avenue and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	2,015
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%	94,727
14	Shenyang Maker Corporation (瀋陽創客公社)	Shenyang	Intersection of Qixing Street and Shenbei Road, Shenbei New District, Shenyang, Liaoning Province	Commercial	100%	36,716
15	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%	277,576

No.	Project	City	Location	Usage	Interest Attributed to the Group	Land Bank (sq.m.)
16	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%	174,685
17	Lido Top View (麗島半山華府)	Huangshi	76 Hangzhou West Road, Huangshi Development Zone, Hubei Province	Residential	100%	16,461
18	Hefei Financial Harbor (合肥金融港)	Hefei	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	Commercial	100%	379,733
19	Xi'an Industrial Park (西安產業園)	Xi'an	West of Caotan Tenth Road, North of Shangji Road, Xi'an, Shaanxi Province	Industrial	73.91%	215,094
20	Wenzhou Industrial Park (溫州產業園)	Wenzhou	Jinhai Park, Wenzhou Economic and Technological Development Zone, Wenzhou, Zhejiang Province	Industrial	95%	191,879
21	Shanghai Internet-of-Things Harbour (上海物聯港)	Shanghai	Lot 114/1, 101 Street, Songjiang Industrial Park, Songjiang District	Research	100%	235,400
22	Chengdu Chip Valley (成都芯谷)	Chengdu	No.1 Fengle District, Dongsheng street, No. 7 Guangrong District, Pengzhen	Research	80%	582,189
23	Ningbo Hangzhouwan Center (寧波杭州灣中心), Blue Coast (蔚藍海岸)	Ningbo	North of Binhai 6th Road, East of Zhongxing 1st Road, Hangzhouwan New Zone, Ningbo	Residential/ Industrial	31%	1,357,990
24	Civil-military Integration Industrial Development Acceleration Center, Luoyang (洛陽軍民融合產業發展加速中心)	Luoyang	Intersection of Guanlin Road and Longshan Line, Luolong District, Luoyang, Henan Province	Industrial/ Commercial	70%	76,569
25	Changsha CEC Software Park (長沙中電軟件園)	Changsha	Yuelu Avenue, High-tech Industrial Development Zone	Industrial	100%	394,380
26	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	30%	53,618
27	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	10%	697,983
	Total					5,964,550

Note: No. 26-27 are projects the Group invested in through a subsidiary CEC Technology.

Industrial Park Properties Leasing

During the Reporting Period, the revenue from industrial park leasing was RMB206.1 million, with a growth of 23.9% as compared to the same period of 2018. The area of the self-owned high-quality properties reached 305,000 sq.m., with an occupancy rate of over 80%. In 2019, such as the industrial parks such as those in Wuhan and Qingdao invited a number of large and medium-sized enterprises to enter the parks, such as Qingdao West Coast Medical Health Company and Zhongjian Fitness Group by way of leasing, and more than 100 small and medium-sized enterprises were introduced, which enriched the industrial ecology of the parks. The leasing of these self-owned high-quality properties also provided a stable and sustainable cash flow to the Group, which have continuously promoted the brand effectiveness.

INTRODUCTION OF MAJOR INDUSTRIAL PARK PROJECTS

Briefings on development progress of industrial park projects in 2019

Hefei Financial Harbour

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

Location:	Intersection of Huizhou Avenue and Nanjing Road in Binhu New District, Hefei.
Scale:	The project has a planned gross floor area ("GFA") of 640,000 sq.m.
Project positioning:	Specialised financial services district, financial middle and back office services district and headquarters, etc.
Details of the project:	Including high-rise commercial office buildings, separate multi-storey office buildings, OVU international service apartments, OVU Maker Star, Hilton Garden Hotel, specialised commercial streets. Among which, phase I with 320,000 sq.m. has been completed and put into operation in the year end of 2016. The construction of the phase II of the project commenced in July 2017, and it was completed and delivered in January 2020.

Target of the project: Based on the characteristics of regional industry and relying on the background of industrial upgrade and transformation, the project will focus on the introduction of regional headquarters of financial institutions, such as banks, insurance, and securities, and the upstream and downstream of the industry chain, such as back office, finance leases, internet finance, fintech, and financial services outsourcing, which will attract industrial enterprises to establish in the park and create the Hefei Binhu financial industrial ecosystem.

Latest status: As of 31 December 2019, a total of approximately 450 companies agreed and contracted to settle down. The tax revenue of enterprises in the industrial park exceeded RMB500 million in 2019, representing an increase of 11% as compared to the same period in 2018.

Qingdao Research and Innovation Center

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

Location: Jiangshan South Road in West Coast New District in Qingdao, which is a national new district.

Scale: The project has a planned site area and a planned GFA of approximately 62,000 sq.m. and 130,000 sq.m. respectively.

Project positioning: With high-end research and development and creative industries as the focus, such as artificial intelligence, IC design, research and development of smart manufacturing, and industrial internet, accompanied by human resources, education and training, fintech, new digital services and more, the project will build a new generation city-industry integration and street district with characteristics integrating various space formats, including research and development, creativity, new types of headquarters, shared offices, lohas commercial streets, and service apartments, and other services and functions. It targets to create a demonstration zone for high-end research and development and creative industries among the best in the country, and promote the transformation and upgrading of traditional manufacturing industry and the real economy.

Details of the project: Research and development, creativity, new types of headquarters, shared offices, lohas commercial streets and service apartments.

Target of the project: Led by leading enterprises in the industry and new types of headquarters, and relying on sharing and co-creation platform for specialized industrial resources, it will form a new generation city-industry integration that integrates multiple functions, such as research and development, creativity, new types of headquarters, shared offices, and service apartments at a fast pace, and create the core carrier and demonstration park for promoting the transformation and upgrading of traditional manufacturing industry in the new Qingdao West Coast Zone and the real economy. After the maturity period, it will be able to gather 200 enterprises and institutions of various research and development, creative and ancillary services, with an annual output of RMB3 billion to RMB5 billion, gathering approximately 10,000 talented people.

Latest status: As of March 2020, 130,000 sq.m. of various space carriers has been fully completed and delivered for use. Currently, over 100 leading enterprises and institutions have been attracted and agreed and contracted to settle down, such as the leading AI enterprise Iflytek (科大訊飛), the global Chinese online education platform Callnovo (全球中文在線教育平臺), the leading IC design enterprise Morningcore (辰芯科技), regional headquarter of China Water Resources and Hydropower No.1 Engineering Bureau (中國水電一局), headquarters of Datang West Coast Heating* (大唐熱力西海岸總部), Dongfang Haibo Wisdom Equipment* (東方海博智慧裝備), Haiyite Automation* (海億特自動化), Phoenix Island Finance* (鳳凰島金融), and Qingdao West Coast New Area Human Resources Industrial Park and Innovation Center.

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 of 416 mu and a GFA of approximately 850,000 sq.m., with 194 mu planned site area and a GFA of 450,000 sq.m. for the start-up area.
Project positioning:	The system has planned for the space for specialised industrial research and development, DHC, data center system and intelligent industrial platform. Adhering to the development concept of city-industry integration, civil-military integration as well as integration of science, technology and art, with information security and civil-military integration industries as the core, the project focuses on frontier technology field such as mobile internet, smart manufacturing, application of Beidou System and big data, deploying an industrial synergy innovation chain around the industrial value chain and creating a 4.0 upgraded version of high-tech industrial landmark.
Details of the project:	R&D, incubation, offices, staff apartments and business park facilities and related park supporting facilities.
Project status:	As of December 2019, an area of 205,000 sq.m. has been completed, and currently several multi-storey office buildings in the first batch in Zone A of the park have been delivered. Representative enterprises settling down include Topsec Group (天融信集團), eGova (數字政通), Chinasoft (中國軟件), CEC Electricity* (中電電力), www.caohua.com (草花互動), Smoore* (麥克韋爾), Leagsoft (聯軟科技), Runtronic* (融創微電子), Guaranteewise Technology (盛鼎科技), Lango Tech (朗國電子), and Cx.com* (智慧暢行).

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 100,000 sq.m. is taken up by phase I of the project.
Project positioning:	The principal industries consist of intelligent firefighting, machinery processing, seeds, construction materials, packaging and printing, medical equipment and green energy conservation.
Details of the project:	Plants, innovative business incubators and related commercial supporting facilities.
Project Status:	As of 31 December 2019, phase I of the project with an area of 100,000 sq.m. has been fully completed and obtained the registration certificate of completion; phase II of the project with an area of 80,000 sq.m. has been fully completed and obtained the registration certificate of completion.

Chengdu Chip Valley

Location:	Next to Huayuan Road and Jiancao South Road, Shuangliu District, Chengdu, Sichuan Province.
Scale:	The preliminary project plans to occupy a total site area of approximately 20,000,000 sq.m., of which divided into three phases, i.e. pilot area (approximately 2,000,000 sq.m.), manufacturing area (approximately 6,000,000 sq.m.) and development area (approximately 13,000,000 sq.m.). Site area of 30,000,000 sq.m. nearby the project has been reserved as the control area of the project planning.
Project positioning:	Led by IC design, research and development, with chip manufacturing, package and testing as the core and whole terminal manufacturing as support, it will focus on the development of segments, such as Beidou navigation, artificial intelligence, Internet-of-Things, 5G, and information security, creating an ecosystem of integrated circuit industry and promoting the development of integrated circuit industrial agglomeration. Over 30 enterprises agreed and contracted to settle down, such as CSMT (成都華微), Montage Technology (瀾起科技), Empyrean (華大九天), and CEC Jiutian (中電九天).
Details of the project:	Unfinished roads, state grids and relevant urban infrastructure within the abovementioned land of a site area of 20,000,000 sq.m.. Construction of standardized plants and customized plants, R&D and office properties, corporate headquarters, integrated circuit museum, open labs, scientific incubators, accelerators, practical training base, international innovation centers, apartments and commercial facilities within the park.

Project status: The project has already kicked start research and development of IC at the pilot area of Chengdu Chip Valley and phase I of property base project, and is also in the stage of accelerated construction. As of January 2020, 11 out of 13 industrial land plots in the pilot area of Chengdu Chip Valley have been acquired, and the construction area has reached 380,000 sq.m. Among which, Chengdu Chip Valley Exhibition Center was opened in October 2019, and as at the Latest Practicable Date, 57,000 sq.m. of plot 6# has been completed and filed.

Xi'an CEC Information Harbour

Location: No.1288, Caotan 10th Road, Caotan Eco-Industrial Park, Economic and Technological Development Zone, Xi'an, Shaanxi Province.

Scale: Industrial park occupies a total site area of approximately 460,000 sq.m., among which, site area of approximately 190,000 sq.m. has been completed and is under construction.

Project positioning: It focuses on the development of high-end intelligent manufacturing, software and service outsourcing, civil-military use, healthcare and financial services industries, and develops a system for smart industrial park management and production services.

Details of the project: Properties such as separate buildings for enterprises, customized plants, integrated office buildings, apartments with ancillary facilities and complex building for catering.

Project status:	As of 31 December 2019, approximately 160,000 sq.m. was completed and an area of 39,000 sq.m. was under construction with companies and organizations such as Xi'an research and development center of China National Software & Service Company Limited* (中國軟件與技術服務有限公司西安研發中心), BMW Xi'an training center* (寶馬西安培訓中心), Xi'an research and development center of Guizhou Zhenhua Qunying Electrical Appliance Co. Ltd.* (貴州振華群英電器有限公司西安研發中心), Xi'an research and development center of China Electronics Cyberspace Great Wall Co., Ltd.* (中電長城網際系統應用有限公司西安研發中心), Xi'an Nuclear Mechanical and Electrical System Engineering Co., Ltd.* (西安核發機電系統工程有限公司), Shaanxi Yuping Photoelectric Technology Co., Ltd.* (陝西桓平光電科技有限公司), Satpro Measurement and Control Technology Co., Ltd* (星展測控科技股份有限公司), and the design institute of China Railway Electrification Engineering Group Co., Ltd.* (中鐵電氣化局集團有限公司設計研究院) settling down.

Luoyang China Electronics Optics Valley Information Harbour

Location:	The intersection of Guanlin Road and Longshan Avenue, High-tech Industrial Development Zone, Luoyang, Henan Province.
Scale:	The project has a total planned site area of 150 mu and a total GFA of approximately 120,000 sq.m.
Project positioning:	Manufacturing of aerospace equipment, high-end electronic information, manufacturing of advanced equipment, new materials and new energy, military industry+, Internet+, big data cloud computing and other leading industries.
Details of the project:	Single-storey plants, two-storey plants, multi-storey plants and high-rise research and development office buildings and incubation, research and innovation working spaces for small and micro enterprises, headquarters economy, warehousing and logistics, basic ancillary facilities, etc.
Project status:	Single-storey plants and two-storey plants are expected to be delivered in May 2020.

BRIEFINGS ON STATUS OF OTHER PROJECTS UNDER DEVELOPMENT

Wuhan Creative Capital

As of 31 December 2019, the project was completed. More than 800 enterprises, institutions and artists, including Wuhan Dao Sen Media Company Limited* (武漢道森媒體股份有限公司) 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 2019, the completed area was 286,000 sq.m. and the area has been delivered, and the construction in progress involved an area of 58,000 sq.m. Till then, over 60 enterprises mainly engaged in new materials, manufacturing of high-end equipment, biological medicine and opto-electronic information have moved in.

INDUSTRIAL PARK OPERATION SERVICES

At the current stage, the Group has formed 15 types of integrated operation businesses, including digital park system, digital apartment system, strategic planning for projects, project planning, construction and design, general contracting work, decoration work, real estate agency, regional energy services, property management, shared offices, long-term apartments, and financial services in parks, catering and hotels. The Group has been equipped with eight types of combinations of integrated operation services that take consultation and planning, informatized technology and digital park (apartment) solutions, integrated operation life cycle services, Engineering Procurement Construction ("EPC"), smart facility equipment, investment promotion, dual-innovation services and regional energy management as the entry points.

In 2019, the design, procurement and construction integrated general contracting project (EPC) undertaken by Xianyang Qidian Science and Technology City, which was undertaken by the design institute of the Group as the consortium leader, was successfully implemented. The comprehensive operation business of the national cyber security talents and innovation base, which take digital park serves as the entry point and, with a service period of 12 years and a total service amount of RMB1,465.6 million has successfully won the bid. The Putian China Electronics Technological Innovation City and the Chengdu Sunshine CEC i-Valley EPC+ Integrated Operation projects were signed and commenced, and based on the capacity of building intelligent cites and intelligent industrial system, we achieved very encouraging breakthrough in the operation mode innovation of industrial parks that specialize in empowerment industry upgrading and innovative ecology service. As of 31 December 2019, the amount contracted for industrial park operation services of the Group was RMB5,597.5 million.

During the Reporting Period, the Group provided integrated operation services, such as planning and consultation, EPC, design and construction, property management, regional energy, park finance and other services, for key projects of local government platform companies or large enterprises, and offered a variety of one-stop park operation services to enterprises stationed in our industrial parks. The turnover of the industrial park operation services of the Group amounted to RMB1,495.7 million, representing an increase of RMB340.8 million or 29.5% as compared to the same period of 2018. Among which, design and construction services reached RMB681.1 million, property management services reached RMB542.5 million, and regional energy, park finance and other services reached RMB272.1 million. In terms of composition, the revenue from design and construction services and property management services accounted for 81.8% of the revenue from industrial park operation services, and is the major source of revenue of the industrial park operation services currently.

Design and Construction Services

Integrated Operation Service that Takes EPC as the Entry Point

EPC is a general contracting mode for engineering projects which enhances the synergistic efficiency of design, procurement and construction. As for the integrated operation under the EPC model, the customers of the services are mainly local government platform companies and large enterprises, and the service projects are the industrial park projects that such customers intend to invest in. The Group provides EPC integrated design and construction services, ranging from design, tender and procurement of construction, to the government, institutions and related enterprises through the process of optimizing and integrating the industrial chain of the Group's architectural design institutes, construction subsidiaries and etc. In the process of providing EPC services to customers, we focus on customer's comprehensive needs and "start" at the "end". We plan project operations comprehensively at the set up stage, give full play to the core advantages of "multi-regulation integration" formed by system planning methodology, emphasize the responsibility of the entire process, cooperate with customer continuously to form a comprehensive operational service integrating consultation and planning, EPC, business solicitation, and operation. This illustrates while helping customers to achieve industry introduction or other goals, the Company's comprehensive operation business scale could be expanded.

Integrated Operation Service that Takes Consultation and Planning as the Entry Point

In 2019, under the "one platform and two methodologies" strategic guidance, through fully utilizing its effect of industrial consultation and planning consultation, while consolidating conventional businesses, the Group developed consultation services such as strategic planning, industrial planning and comprehensive planning for a region, expanded emerging businesses and deepened the "consultation +" sustainable development model, dug deep into its integrated operation mode which takes consultation and planning as the entry point, continued to explore the long-tail profit mode, and unearthed deeply the industrial resources in places such as Chongqing, Yanan and Yinchuan, thereby enriching and substantiating the industrial resource sharing platforms of CEOVU.

During the Reporting Period, the Group's design and construction service income was RMB681.1 million, representing an increase of 44.0% as compared to the same period of 2018.

Property Management Services

During the Reporting Period, the income from the property management services of the Group was RMB542.5 million, representing an increase of 21.0% as compared to the same period of 2018. Among which, income from property management services provided to non-residential projects such as the industrial park amounted to RMB379.8 million, accounting for 70% of the total property management income. During the Reporting Period, the area covered by the property management service reached 20,630,000 sq.m., of which the area covered by non-residential property management services such as the industrial park accounted for 52.0%.

During the Reporting Period, the Group utilized the Internet-of-Things, BIM 3D visualization technology and mobile Internet technology to reform its existing property management model, and established an intelligent park and intelligent communities management model. Based on the efficient and visualized management model, the Group can meet customer needs in a better way and improve customer satisfaction by compressing staff costs and improving management efficiency. With the addition of 1.5 million sq.m. of property service area in 2019, we have successfully won the bid in providing property services to projects outside the office including government, schools, banks, office buildings of large corporates, rail transit, and multi-city mobile business offices. In the next three years, we will continue to promote the management model of intelligent parks and intelligent communities. At the same time, the revenue of property management services is expected to grow in a high speed.

Energy Services

During the Reporting Period, the income from energy services of the Group was RMB96.2 million, which remained stable as compared to 2018.

Through years of development and exploration, CEC Energy Conservation gradually established the energy service business system which adopted the intelligent control system ("DHC") as its core business with mechatronics engineering, EMC, and specialised pipelines as its feature. As of December 2019, CEC Energy Conservation had 25 utility models, 11 invention patents and 4 software copyrights relating to its self-developed energy-saving control system. Research and development for the CEC Energy Conservation's smart self-controlled energy-saving system was also fundamentally completed. In 2019, CEC Energy Conservation successfully signed contracts with Changsha CEC Software Park and Ningbo Information Harbour for energy station construction and operation service, and successfully won the bid for Wuhan Network Safety Base project of 580,000 sq.m for a total of 12 years and 480,000 sq.m. of China Construction Star complex for a total of 5 years of energy operation service contracts. The newly undertaken DHC project have an operating area of more than 1,600,000 sq.m. In order to facilitate the development of the project, three regional companies were established in Hefei, Chongqing and Shanghai. In the next two to three years, the accumulated operating service area is expected to exceed 10,000,000 sq.m.

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 businesses into the park and improving its comprehensive service ability. Since it was set up eight 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 28 market projects, among which five were new during the Reporting Period. During the Reporting Period, Quanpai Catering has won the bid for a canteen project for First Hospital of Wuhan in which it will, for a term of service of three years, provide breakfast, lunch and dinner meal services and provide corresponding independent consumption services such as cooked food, milk, fruits, beverages, rice and oil and non-staple food. Adhering to its positioning of an art boutique hotel, Ziyuan Hotel tapped the potential, lowered the cost and enhanced the efficiency under the premise of focusing on its brand effect.

In 2019, group catering and hotel services realized a revenue of RMB64.0 million.

Industrial Park Financial Services

For the year ended 31 December 2019, Lingdu Capital, a controlled subsidiary of the Group, was in full charge of operating and managing certain industrial investment funds initiated and established by the Group's OVU Fund and relevant government and institutions. As of 31 December 2019, the scale of industrial funds managed by Lingdu Capital exceeded RMB650.0 million. It mainly focused on investment directions, including smart cities, intelligent manufacturing, healthcare big data, civil-military use, integrated circuits and cultural and creative entertainment, and focused on the investment and financial services in the early stages and the early-to-mid stage. Meanwhile, in 2019, the Group also organized activities jointly with CEC, initiated and organized an entrepreneurship competition named "Yizhidu Show"* (億隻獨SHOW), the CEC Partner Conference* (中電合作夥伴大會) and the CEC i plus innovation and creativity competition* (中電i+創新創意大賽).

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 (深圳九明珠信息科技有限公司)	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	995.00	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 Dao Sen Media Co., Ltd. (武漢道森媒體股份有限公司)	1,980.00	1,980.00	5.43%
Wuhan Forworld Technology Limited (武漢市風奧科技股份有限公司)	540.00	540.00	30.00%
Wuhan Easylinkin Technology Co., Ltd. (武漢慧聯無限科技有限公司) (Note)	300.00	300.00	3.30%
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. (武漢球之道科技有限公司)	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 (武漢十一平米科技有限責任公司)	290.00	290.00	20.00%
Wuhan Shiyipingmi Investment Company Limited (武漢十一平米投資有限責任公司)	11.00	11.00	55.00%
Wuhan Xunniu Technology Company Limited (武漢迅牛科技有限公司)	600.00	600.00	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%

Full Name of Invested Companies	Intended total investment amount (RMB0'000)	Accumulated investment amount (RMB0'000)	Shareholdings
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%
Wuhan Shifei Technology Co., Ltd. (武漢視飛科技有限公司)	693.00	693.00	14.85%
Wuhan Lishicheng Robotic Technology Co., Ltd. (武漢理事誠機器人科技有限公司)	825.00	825.00	24.75%
Shanghai Jiayun Information Technology Co., Ltd. (上海嘉筠通信技術有限公司)	445.50	445.50	9.90%
Hunan Coollu Network Technology Co., Ltd. (湖南酷陸網絡科技有限公司)	896.40	896.40	24.90%
	16,005.40	16,005.40	

Note: Only refers to the investment of OVU Fund managed by Lingdu Capital.

The Group, together with Zhongjin Capital Operation Co., Ltd.* (中金資本運營有限公司) and others, established CEC & CICC (Xiamen) Electronic Industry Equity Investment Management Co., Ltd.* (中電中金(廈門)電子產業股權投資管理有限公司) which is responsible for the establishment and management of CEC & CICC (Xiamen) Intelligent Industry Equity Investment Fund ("CEC & CICC"). CEC & CICC, with a total fund scale amounting to RMB5.0 billion, focuses on the value chain of advanced manufacturing industries related to semiconductors and electronics, and is a complementary investment portfolio to small and medium-sized innovative technology companies.

CEC & CICC and fund managed by Lingdu Capital are the Group's key players in providing financial investment services to its customers. At the same time, they are the carrier of the Group in achieving the industrial investment strategies. Major achievements in the field of industrial investment in 2019 are detailed in the section on industrial investment.

The controlled subsidiary of the Group, Hubei Zhongchuang Financing Guarantee Co., Ltd.* (湖北中創融資擔保有限公司) 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, and established inclusive financial cooperation with various financial institutions such as the ICBC and the Industrial Bank. In 2019, we entered into 30 new financing service transactions of an aggregate amount of RMB260.8 million and generated an income of RMB22.4 million. Various businesses achieved zero overdue and zero risk throughout the year.

Other Industrial Park Operation Services

Digital Park (Apartment) Services

During the Reporting Period, the Group made a historical move in the construction of the industrial resource sharing platform with digital park system as its focus, industrial park application scenarios as its motive and objective, key technology as the point to break through and intelligent city construction as its general goal, and formed a "Digital Park System" based on PK system to promote the application in smart city demonstration zones and modernization of urban governance, providing application scenarios for the innovation of electronic network and information industry in ChinaTaking the digital park system as a tool, the Group actively carried out all-round cooperation with CEC's related enterprises, and jointly developed and explored the intelligent building system based on domestic PLC with The 6th Research Institute of CEC. Together with China Information Security Institute Co., Ltd.* (中國信息安全研究院有限公司), CEC Industrial Internet, CECIS* (深圳中電國際信息科技有限公司), the Group jointly established the demonstration center for dual innovation of CEC, which has been fully affirmed by the National Development and Reform Commission. The digital park system also participated in important national internet exhibition, such as the China Electronics Industry Expo in Shenzhen, the 2nd Digital China (Fuzhou) Summit, the Smart China Expo in Chongqing, the China International Digital Economy Expo in Shijiazhuang, the World Internet Conference in Wuzhen, and the Cyber Security & Intelligent Manufacturing Conference, Changsha, Hunan. The Group vigorously promote the construction of an informatized and intelligent system of the industrial resources sharing platform, and was enlisted as a typical case of corporate cloud by Ministry of Industry and Information Technology in February 2019.

During the Reporting Period, based on its experience in constructing and operating long-term ancillary apartment in industrial parks in the past ten years, the Group has finished constructing a complete set of digital apartment system, including a digital apartment software platform and an operation service system. The digital apartment platform utilized various advanced Internet-of-Things equipment and technological achievements flexibly, and has built a digital apartment platform with low power consumption, high sensitivity, business agility and operational convenience. It integrates multiple smart subsystems with functions such as lease management, property management, leasing finance, group and community and smart equipment included. Currently, the number of apartments operated by the platform has reached nearly 10,000. Apart from being applied to "Vanjian Apartment" (梵間公寓) and "OVU Apartment", long-term rental apartment brands of the Group, the platform has also achieved breakthroughs and market recognition in respect of external user projects in Hefei and Wuhan, helping partner enterprises to achieve smart digital apartment management and operation.

Incubator and Office Sharing Services

During the Reporting Period, OVU Technology, a controlled subsidiary of the Group, was fully responsible for the operation of OVU Maker Star. During the Reporting Period, the operating income was RMB69.8 million.

OVU Maker Star is an innovative start-up service platform under the Group, which is a cross- regional and comprehensive super incubator with 38 sites in 19 cities across the country. The qualifications received include 5 incubators, 7 co-working spaces and 1 advertising incubating platform of national standard; 6 incubators and 9 co-working spaces of provincial standard and 2 incubators and 3 co-working spaces of municipal standard, together with more than 40 other types of qualifications.

OVU Maker Star adheres to the principle of "bridging all resources for entrepreneurs", and strives to create a super-innovative value-sharing ecosystem. It builds an area of innovative business with a total area of 413,000 sq.m., and serves more than 1,000 innovative business teams with more than 80,000 innovators, and has become the largest shared office brand in Central China, enhancing the industrial agglomeration of various industrial parks, and truly forming an industrial development ecology driven by the central enterprises and the innovation of large, medium, small and micro-sized enterprises.

INDUSTRIAL INVESTMENT

Easylinkin Technology , a company jointly invested by Wuhan OVU and OVU Fund, is the leading low-power integrated service provider of wide-area Internet of Things, forming the most influential low-power wide-area Internet industry chain in China. The company now focuses on vertical industries including intelligent and safe community, intelligent community, intelligent building and meter reading, and are replicating widely. In 2017, Easylinkin Technology obtained the A-round financing led by IDG where its post-investment valuation was approximately RMB480.0 million, finished the B-round financing led by China Growth Capital in 2018 where its post-investment valuation was approximately RMB830.0 million. During the Reporting Period, Easylinkin Technology has completed the C-round financing led by Beijing Megvii Co., Ltd.* (北京曠視科技有限公司) where its post- investment valuation was approximately RMB1,295.0 million. During the Reporting Period, operating income of Easylinkin Technology amounted to over RMB306.1 million, representing an increase of 53.7% as compared to the same period of last year, demonstrating a rapid business growth. At the same time, according to this valuation, the management recognized the increase in fair value of investment on Easylinkin Technology amounted to approximately RMB82.2 million during the Reporting Period.

Huada Beidou, a company invested by CEC Optics Valley (Shenzhen) Industry Development Co., Ltd.* (中電光谷(深圳)產業發展有限公司), is mainly engaged in the design, integration, production, testing, sales and related businesses of chips, algorithm, module and end products. Huada Beidou conducted research and developed the first SOC chip in the world with multiple systems, multiple frequencies and high precision that supports the Beidou No. 3 signal system, and proposed the first "Beidou Chips Open Platform" concept among industries of the world. The performance index of its mass-produced 40nm processed RF baseband integrated navigation chip has met an advanced level internationally and a leading standard domestically and has received wide market attention. During the Reporting Period, Huada Beidou's operating income was close to RMB200.0 million and completed A-round financing with a post-investment valuation of RMB895.0 million.

Invested by CEC & CICC, Shenzhen JPT Opto-electronics Co., Ltd. ("JPT")* (深圳市傑普特光電股份有限公司) is a state-level high and new technological enterprise that was established by returned overseas students focusing on the research and development, manufacturing and sales of laser light source, laser intelligent equipment and fiber optics components. It is the first manufacturer of commercial Master Oscillator Power Amplifier Fiber Laser (MOPA Pulsed Fiber Lasers) and leading provider of photoelectric precision detection and laser processing intelligent equipment in China. On 31 October 2019, JPT has successfully listed on the Shanghai Stock Exchange Science and Technology Board.

Effective industrial investment has not only broadened the Group's access to industrial resources, but also strengthened its ability to integrate industrial resources and has gradually become an important part of building an industry-wide resource sharing platform.

PROSPECT FOR 2020

2020 is a critical year for the implementation of CEOVU's new long-term plan. The Group will aim at building an "industrial resource sharing platform" and implement in-depth the new long-term strategy. The novel coronavirus epidemic affected the Group's business in Hubei Province and Wuhan to a certain extent, but in response to the uncertainties in the economic development, in recent years the Group has been improving its capability for sustainable development and carried out multi-project business layout planning in multiple cities. On this basis and guided by the national strategy implemented by CEC, the Group will take the initiative to turn adversities into opportunities, seize the new round of opportunities to invest in industries and infrastructure after the epidemic, and promote the upgrade of district industries in the new era. Using Digital Park System as the entry point of the upgrade of industry, we will vigorously promote the business synergy of the rental and sales, operation and industrial investment of the industrial parks, sparing no effort to enhance the full life-cycle construction and operation quality of the industrial parks, deepen the organizational reform, make further improvement in the development of the corporate governance system, enhance the governance capability in all aspects, and strive to achieve a growth in the 2020 key operating indicator on the basis of that in 2019.

STRATEGIES OF THE GROUP

Establishing a Cross-regional Investment Cooperation System to Consolidate the Foundation of the Rental and Sales of the Industrial Parks

In 2020, rental and sales of industrial parks remains to be the cornerstone of the Group. We will establish a cross-regional industrial business promotion cooperation center based in Wuhan, Shenzhen, Shanghai and other cities, build and fully promote the online business promotion and operation platform for information sharing and full promotional effort, making use of the multiplier effect. With the breakthrough of forming a regional industrial network system and driven by big data, we will create new ways for industrial organizational coordination and new modes for promoting cross-regional business. We will utilize the important role of cities such as Qingdao, Hefei, Changsha, Wuhan, Ezhou and Shenyang in rental and sales of industrial parks, support cities such as Chengdu, Xi'an, Xianyang, Shanghai, Ningbo and Wenzhou to become new pivot cities for industrial business promotion, pay close attention to the layout of the new park projects according to the plan. Such a combination of measures ensures the rental and sales business of industrial parks to reach its annual target.

Improving the Service Capabilities in Providing Services for the Government, Enterprises, and Capital and Expanding the Scale of Integrated Operation Business

The goal of the Group's strategic transformation is to maintain the rental and sales business of industrial parks while expanding the scale of their integrated operation business, hence these two business segments could complement each other and grow in tandem. In 2020, the Group will adopt a new business mindset while striving to maintain its current industrial park operations services, in order to provide service to government platform companies and large enterprises, as well as to attempt to engage in capital cooperation with relevant funds and provide services for capital to adapt to the integrated and differentiated needs of customers. The Group will take the end as a new beginning, and step up its effort in comprehensively expanding its integrated operation business through various models: a model which benefits the expansion of business scale in Xianyang and Putian; a model which facilitates business extension on Shenzhen and Chongqing; the network safety base model which is both integrated and vibrant, and the comprehensive operational reform model focusing on regional integration in Ezhou. In a nutshell, the Group will further enhance the proportion of its integrated operation business to its total income with the policy of "strengthened stability, comprehensive enhancement, and proactive promotion".

Optimizing Organizational Structure, Enhancing New Talent Training, Proactively Collaborating with CEC

In 2020, the Group will make greater efforts to enhance the adaptivity of organizational change, such as the proactive transformation of the Group's leadership from control mode to empowerment mode; better utilize the intelligent management and control of various functional departments to further improve the efficiency of various processes, and ensure the implementation of ideas and measures to improve quality and efficiency. The Group will strengthen and improve cross-regional overall coordination mechanisms, so as to proactively promote the innovation of talent training modes which match the strategic goals, and provide a better space for the development of the excellent operational and management talents who are ambitious and capable. On this basis, the Group will cooperate fully with CEC to implement the concrete plans and deployments of national strategies, proactively prepare the industrial parks with suitable conditions in cities such as Chengdu, Shanghai, Wuhan, Changsha, Tianjin, Qingdao, Hefei and Xi'an, comprehensively enhance and test the Group's digitalization capabilities and actively make great progress in the construction of new generation network information system industry.

After years of practice, the Group firmly believes in the decisive effects of the implementation of systematic planning on solving regional coordination problems, the decisive effects of the transformation of the industry organization mode on the high-quality development of industry clusters, the decisive effect of the industrial ecological level on the sustainable development of industrial parks, and the decisive effect of the comprehensive operational capabilities of the industrial park based on "Digital Park System" on industrial upgrading and cultivation of new industries. In 2020, by virtue of our unique experience, the Group will firmly implement the concept of "One City One Measure", and engage in the deep exploration and implementation of industrial upgrade and new industry development in different areas.

In 2020, the Group will target in a spirit of synergy and diversification, turn risks into opportunities, and contribute wisdom and strength to the upgrading of industries and the stability of new industries.

FINANCIAL REVIEW

Revenue

The revenue of the Group is generated from the income from industrial park space rental and sales services and industrial park operation services. During 2019, the revenue of the Group was RMB3,376.9 million during the year, increasing by RMB375.7 million or 12.5% as compared to the same period of 2018.

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

	For the year ended 31 December			
	2019		2018	
	Revenue (RMB'000)	**% of total**	Revenue (RMB'000)	% of total
Rental and sales of industrial parks	**1,881,151**	**55.7**	1,846,275	61.5
Sales of industrial park	**1,656,060**	**49.0**	1,662,153	55.4
Park properties leasing	**206,071**	**6.1**	166,314	5.5
Sales of ancillary residentials	**19,020**	**0.6**	17,808	0.6
Industrial park operation services	**1,495,714**	**44.3**	1,154,862	38.5
Design and construction services	**681,066**	**20.2**	472,934	15.8
Property management services	**542,510**	**16.1**	448,360	14.9
Energy services	**96,231**	**2.8**	96,123	3.2
Group catering and hotel services	**63,953**	**1.9**	51,871	1.7
Industrial park financial services	**42,299**	**1.3**	26,304	0.9
Others	**69,655**	**2.0**	59,270	2.0
Total	**3,376,865**	**100.0**	3,001,137	100.0

Rental and Sales of Industrial Parks

In 2019, the revenue from the rental and sales of industrial park business of the Group was RMB1,881.2 million, representing an increase of 1.9% as compared to the revenue in 2018. Among which, the revenue from sales of industrial parks was RMB1,656.1 million, which remained steady as compared to the same period of 2018. The booked sales was 275,000 sq.m. It is noteworthy that the proportion of income from sales of industrial park to total revenue decreased from 55.4% in 2018 to 49.0% in 2019, representing a decrease of 6.4%, and the Group has been gradually reducing its over-reliance on the sales business of the industrial park. The revenue from industrial park leasing amounted to RMB206.1 million, representing a growth of 23.9% as compared to the same period of 2018, with a self-owned property lease area of 305,000 sq.m and occupancy rate of over 80%. The leasing of high quality properties steadily contributed to the revenue of the Company.

Industrial Park Operation Services

In 2019, the Group provided integrated operation services, such as planning and consultation, EPC, design and construction, property management, regional energy, park finance and other services, for key projects of local government platform companies or large enterprises, and offered a variety of one-stop park operation services to enterprises stationed in our industrial parks. The turnover of the industrial park operation services of the Group amounted to RMB1,495.7 million, representing an increase of RMB340.8 million or 29.5% as compared to the same period of 2018. The income from industrial park operation services accounted for 44.3% of the total revenue in 2019. Among which, design and construction services reached RMB681.1 million, property management services reached RMB542.5 million, and energy services, park finance and other services reached RMB272.1 million. In terms of composition, the income from design and construction services and property management services accounted for 81.8% of the income from industrial park operation services, and is the major source of income of the industrial park operation services currently.

COST OF SALES

Overview

Cost of sales primarily consisted of (i) cost of properties sold in respect of the Group's rental and sales of industrial parks (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 and (iii) cost of industrial park operation services.

During 2019, cost of sales of the Group was RMB2,301.6 million, increased by RMB336.5 million as compared to the same period of 2018. For the years ended 31 December 2018 and 2019, cost of sales of the Group accounted for approximately 65.5% and 68.2% 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 2019, the cost of properties sold of the Group was RMB957.5 million, decreased by RMB126.6 million as compared to the same period of 2018. For the years ended 31 December 2018 and 2019, cost of properties sold of the Group accounted for 55.2% and 41.6% of its total cost of sales, respectively.

Gross Profit and Gross Profit Margin

As a result of the foregoing, during 2019, overall gross profit of the Group was RMB1,075.3 million, increased by RMB39.2 million as compared to the same period of 2018. Overall gross profit margin was 31.8%, decreased by 2.7% as compared to 34.5% of last year.

Other Income and Gains/(Losses) — Net

During 2019, other income and gains of the Group was RMB275.2 million, representing an increase of RMB51.3 million as compared to the same period of 2018, primarily due to the recognition of an appreciation in fair value of RMB82.2 million on the Group's investment in Easylink Technology, the Group's financial assets at fair value through profit or loss, as a result of the increase in its valuation after completion of the new round of financing; and also the revenue amounting to RMB112.5 million from the disposal of some investment properties.

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 2019, selling and distribution expenses of the Group was RMB116.9 million, which have increased by RMB30.8 million as compared to the same period of 2018. For the years ended 31 December 2018 and 2019, selling and distribution expenses of the Group accounted for approximately 2.9% and 3.5% 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 2019, administrative expenses of the Group was RMB335.2 million, increasing by RMB39.9 million as compared to the same period of 2018, 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 2019. For the years ended 31 December 2018 and 2019, administrative expenses of the Group accounted for approximately 9.8% and 9.9% of the Group's revenue, respectively, which remained basically stable.

Fair Value Gains on Investment Properties

During 2019, gains from changes in fair value on the Group's investment properties were RMB155.7 million, increasing by RMB98.3 million as compared to the same period of 2018, primarily due to an increase in the area of investment properties newly added by the Group during the year as compared to the same period of last year.

Finance Income

During 2019, finance income of the Group was RMB101.5 million, increased by RMB33.9 million as compared to the same period of 2018, primarily due to an increase of gains from interest income as the Group enhanced the management of idle funds.

Finance Costs

During 2019, finance costs of the Group was RMB262.7 million, increased by RMB85.1 million as compared to the same period of 2018, primarily due to the increase of the Group's average interest-bearing liabilities during the year and the inability to capitalize certain equity investment funds as well as the impact from the adoption of IFRS 16.

Share of Profits of Associates

During 2019, the profits of associates shared by the Group was RMB45.3 million, representing a decrease of RMB19.0 million as compared to the same period of 2018, primarily consisted of the Group's share of profits from its associates, Hainan Software Community.

Share of Profits of Joint Ventures

The Group had a share of profits of joint ventures of RMB42.5 million for the year ended 31 December 2019, which primarily consisted of the Group's share of profits from Ningbo Excellence Optics Valley Real Estate Co., Ltd.* (寧波卓越光谷置業有限公司).

Income Tax Expense

During 2019, the Group's income tax expense was RMB362.6 million, representing an increase of RMB49.8 million over the same period of 2018, mainly due to an increase of RMB54.7 million in the expenditure of Land Appreciation Tax, where the effective tax rates of the Group were 34.6% and 37.9% in 2018 and 2019, respectively.

Profit Attributable to Owners of the Company and Core Net Profit

As a result of the foregoing, the profit attributable to owners of the Company for the year was RMB569.3 million, representing an increase of RMB27.8 million over the same period of 2018. However, after deducting the after-tax fair value gains from the investment property and property investment business, the core net profit was approximately RMB413.0 million in 2019, which was 8.4% lower than that in the same period of 2018.

Basic Earnings Per Share

The basic earnings per share increased from RMB7.07 cents in 2018 to RMB7.44 cents in 2019.

FINANCIAL POSITION

Properties under Development

As at 31 December 2019, the carrying amount of the Group's properties under development was RMB2,509.0 million, which has increased by RMB152.2 million as compared to that as at 31 December 2018.

Completed Properties Held for Sale

As at 31 December 2019, the carrying amount of completed properties held for sale of the Group was RMB3,066.5 million, increased by RMB667.2 million as compared to that as at 31 December 2018, the main reason for which is that the increase in the amount of completed projects of the Group during the year was higher than the operating costs carried forward of the properties sold during the year.

Trade and Other Receivables

As at 31 December 2019, the Group's trade and other receivables was RMB1,939.4 million, decreased by RMB213.4 million as compared to that as at 31 December 2018, primarily due to the good cash back from sales during the year and the significant improvement in cash flow from operating activities. 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 2019, the Group's trade and other payables was RMB3,462.8 million, increased by RMB1,094.4 million as compared to that as at 31 December 2018, primarily due to the increase in the area of work-in-progress of the Group in 2019, 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 2019, the Group's net cash inflow from operating activities was RMB389.7 million, which was mainly due to the good cash back from sales during the year and the significant improvement in cash flow from operating activities.

In 2019, the Group's net cash outflow from financing activities was RMB707.6 million, which was mainly from the proceeds from the Company's issuance of medium-term notes and new bank borrowings drawn, of which the cash outflow comprises 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, decreased from 1.65 as at 31 December 2018 to 1.51 as at 31 December 2019. It was primarily due to the increase in the area of work-in-progress of the Group in 2019, and the significance increase in trade and construction payables for related contract work. As a result, growth rate of current liabilities were greater than that of current assets.

Net Gearing Ratio

The net gearing ratio of the Group, that is, interest-bearing debt less total cash to total equity ratio multiplied by 100%, decreased from 28.1% on 31 December 2018 to 27.1% on 31 December 2019, mainly due to the increase in equity.

Indebtedness

As at 31 December 2019, the Group's total outstanding indebtedness was RMB4,729.7 million, which have decreased by RMB61.8 million as compared to that as at 31 December 2018.

As at 31 December 2019, the Group's unutilized banking facilities amounted to RMB715.0 million and unutilized other borrowings amounted to RMB1,500.0 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 2018 and 31 December 2019, the outstanding guarantees for mortgage loans granted to customers of its pre-sold properties were approximately RMB675.3 million and RMB527.0 million, respectively.

Net Current Assets

Current assets of the Group consist primarily of properties under development, completed properties held for sale, trade and other receivables, inventories and 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 RMB11,226.8 million as at 31 December 2019, as compared to RMB9,943.2 million as at 31 December 2018. As at 31 December 2018 and 31 December 2019, aggregate cash and cash equivalents of the Group amounted to approximately RMB1,927.2 million and RMB1,653.5 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 RMB7,438.3 million as at 31 December 2019, as compared to RMB6,038.9 million as at 31 December 2018.

As at 31 December 2019, the Group had net current assets of approximately RMB3,788.5 million as compared to RMB3,904.3 million as at 31 December 2018. The net current assets of the Group decreased mainly due to the increase in the area of construction in progress of the Group in 2019 and the significant increase in trade and construction payables, resulting in the increase in current liabilities being larger than that in current assets.

Capital Expenditures and Capital Commitments

Capital expenditure of the Group increased by RMB217.3 million from RMB166.9 million in 2018 to RMB384.2 million in 2019. 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 2018 and 31 December 2019, the Group's outstanding balances of its commitments related to property development expenditure and investment were RMB911.1 million and RMB1,079.8 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

During the year ended 31 December 2019, the Group did not have any material acquisition of subsidiaries, associates and joint ventures.

Material Disposals

During the year ended 31 December 2019, the Group did not have any material disposal of subsidiaries, associates and joint ventures.

Significant Events After the End of the Year

Since the beginning of 2020, the 2019 novel coronavirus (COVID-19) that has ravaged the world affects the operating business of the Group to a certain extent in the short run. However, the Group is confident that the impact will be brought under control within a limited range within the year.

The Board has assessed the potential impacts of the COVID-19 outbreak on the operation of the Group as follows:

1 Domestic and foreign enterprises are more cautious in office relocation and expansion, which would possibly affect the signing of new contracts for the rental and sales of industrial parks in the first half of the year;

2 With respect to investment properties and financial assets measured at fair value of the Group, their fair values will be affected during the year.

After years of transformation, reform and industrial upgrade, the Group has accumulated experience in dealing with uncertainties and increased capability for sustainable development based on the nationwide business layout and business structure optimisation achieved by the industrial park digital business, which provided a solid foundation for the Group to respond to the COVID-19 outbreak, and enabled the Group to take the initiative to turn crises into opportunities, launch new businesses and expand new models. The three aspects are as follows:

1 The execution of the contracts which were entered into in 2019 will not be significantly affected by the epidemic from 2020 onwards and will continue to contribute to income and profit for 2020 and the years onwards steadily.

2 In response to the impact of epidemic and the downward pressure on the economy, the central government has clearly defined economic and industrial policies to cultivate new production capacity and enhance industrial upgrade, and local governments have successively issued large-scale investment plans for new infrastructure projects, which are generally more beneficially to the development of industrial parks business. The Group will make full use of these policies and spare no effort in seizing the opportunities of business expansion to promote and transform such opportunities into a new wave of new contracts for integrated operation business.

3 The Group will fully cooperate with the group of CEC in implementing the specific plan and deployment of the national strategy, speed up the business promotion of CEOVU digital park system based on CEC PK system and domestic PLC systems, fully demonstrate the basic and exemplary role of digital park in driving regional industrial development and urban regional governance, and give full play to the advantages of industrial resource sharing platform in promoting cross-regional industrial cooperation. The digital capability is used to enable the industrial upgrade and new industry cultivation of local governments, and the business development of the digital park is regarded as the new performance growth point of the Group in business development.

As at the Latest Practicable Date, the Group has not been able to reliably estimate the overall financial impact because of the outbreak. The Group will continue to assess the impact of the COVID-19 outbreak on the Group's financial position, result of operations and cash flow.

Employees

As at 31 December 2019, the Group had 6,035 full-time employees. The employment cost of the Group was approximately RMB529.8 million for the year ended 31 December 2019. The Group entered 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. The remuneration package of the employees includes basic salaries, allowances, bonuses and other employee benefits. The Group has implemented measures for assessing employees' performance and promotion and a system of employee compensation and benefits.

The remuneration packages of 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 China, 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 16% to 20% of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension 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 2019, the Group had pledged certain of its assets with a total net book value of RMB2,145.6 million for the purpose of securing outstanding bank borrowings and corporate bonds, including investment properties, properties under development for sale, completed properties held for sale 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 RMB4,729.7 million as at 31 December 2019. 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, the Group believes the deposits held is sufficient 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 minimise 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 40 to the Consolidated Financial Statements on page 220.

Investor Relations

The Group maintained effective communication with Shareholders and investors as well as information transparency. To enhance communication between investors, 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 of the Group, with an aim to better strengthen the leadership in information disclosure and improve the transparency and standardization of information disclosure of the Group.

In addition to the publication of interim and annual results, the Group also makes use of other means, such as e-mails, telephone meetings, investor 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 feedbacks 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 Latest Practicable Date, the Board consists of nine Directors, including three executive Directors, three non–executive Directors and three independent non-executive Directors.

The following sets forth the profile of the Directors and senior management of the Company during the Reporting Period and up to the Latest Practicable Date:

EXECUTIVE DIRECTORS

Mr. Huang Liping (黃立平), aged 58, a co-chairman of the Board, an executive Director, the president, the 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 25 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 OVU from September 1998 to December 2002 and has been the chairman of the board of OVU since December 2002. He has also been the chairman of the board of Wuhan OVU 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 a real estate appraiser. Mr. Huang is the President of Art Gallery Association, Wuhan 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), 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), and expert with special allowance of the State Council.

Mr. Xie Qinghua (謝慶華), aged 53, is a co-chairman and an executive Director of the Company appointed on 8 May 2020. Mr. Xie currently holds a number of positions within the Group, including the chairman of the board of directors of CEC Technology and the chief executive officer of China Electronics Optics Valley Union Company Limited. He is also the chairman of the board of directors of a number of associated companies of CEC Technology, including Hainan Resort Software Community Group Co., Ltd.* (海南生態軟件園集團有限公司) and China Electronics Wenzhou Industrial Park Development Co. Ltd* (中國電子溫州產業園發展有限公司). Mr. Xie currently serves as a director of Shenzhen SED Industry Co., Ltd. (深圳市桑達實業股份有限公司) (a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000032)) and a director and the chairman of board of directors of Shanghai Pudong Software Park Co., Ltd.* (上海浦東軟件園股份有限公司) (a PRC state-owned enterprise).

Mr. Xie was an executive director and the managing director of CE Huada Technology (a company listed on the Main Board of the Stock Exchange) from August 2012 to January 2016; CE Huada Technology has been a substantial Shareholder of the Company since 30 June 2016. Mr. Xie was in charge of the Overseas Cooperation Department of CEC and was the secretary to the board of directors of Shenzhen Kaifa Technology Co., Ltd. (深圳長城開發科技股份有限公司) (a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000021)), the general manager of the Strategic Planning Department of China Great Wall Computer (Group) Corporation* (中國長城計算機集團公司), an assistant to general manager and the secretary to the board of directors of Great Wall Broadband Network Service Co., Ltd.* (長城寬帶網絡服務有限公司), the general manager of Beijing Branch of Great Wall Broadband Network Service Co., Ltd* (長城寬帶網絡服務有限公司北京分公司), the general manager of Shenzhen Great Wall Broadband Network Service Co., Ltd* (深圳市長城寬帶網絡服務有限公司), an assistant to general manager of Aerostrong Technology Co., Ltd* (航天四創科技有限公司), and person in charge of the general manager office and the project manager of the Communication Network Department of Jitong Communications Limited* (吉通通信有限公司).

Mr. Xie graduated from the School of Economics and Management of Beijing Institute of Technology and holds a master degree in Business and Administration. He further obtained a doctor's degree in Management Science and Engineering from the Northwestern Polytechnical University in June 2018. He was also accredited as "National Model Worker", "Model Worker of Guangxi Zhuang Autonomous Region", "2010 Outstanding China Economic Personage" and "Outstanding Developer of Guangxi Industrial Parks".

The China Securities Regulatory Commission (the "CSRC") conducted an investigation into the stock trading prior to the restructuring of 中電廣通股份有限公司("ZDGT", CEC Corecast Corporation Limited, a company whose shares were then listed on the Shanghai Stock Exchange) in 2014. Mr. Xie was then the managing director of CE Huada Technology, the holding company of which was China Electronics Corporation ("CEC", 中國電子信息產業集團有限公司, a PRC Government Central Level state-owned enterprise). CEC was also a holding company of ZDGT at that time. Due to the existence of communications between Mr. Xie and the relevant personnel of CEC and ZDGT, and the timing of the communications coinciding with the time of restructuring of ZDGT, it was considered that Mr. Xie was aware of the potential transactions of ZDGT. On 21 March 2016, an administrative penalty decision (the "CSRC Decision") was issued against Mr. Xie, stating that Mr. Xie was in breach of the Securities Law of the PRC; penalties were imposed against Mr. Xie, which included confiscation of gains in respect of the trading of securities in the amount of RMB64,140.28 and a fine in the amount of RMB64,140.28; the matter was concluded that year.

On the same day of the CSRC Decision, CEC made an official submission (the "CEC Submission") to the CSRC, stating that, having conducted an in-depth evaluation of and an investigation on the matter, CEC considered that Mr. Xie did not violate the management rules of listed companies or the insider trading management regulations of the CEC, and that Mr. Xie's communications (as abovementioned) with the relevant personnel of CEC and ZDGT were for work purposes, legitimate and coincidental; CEC further stated that Mr. Xie worked diligently and possessed qualities of sincerity and excellent moral character. CEC also urged the CSRC to further investigate the matter. Mr. Xie has confirmed that he was not in possession of any of the alleged inside information at the relevant time and that the said communications were purely co-incidental and related to ordinary work events and duties.

Although Mr. Xie was subject to the administrative penalties imposed by the CSRC, having considered the factual background surrounding the CSRC Decision and the basis of the CRSC Decision, the advice and analysis of the PRC legal advisers engaged by the Company, Mr. Xie's credentials and experience throughout the years as detailed in his biography as disclosed above, and taking into account the confirmations from Mr. Xie, the CEC Submission and the analysis of the nomination committee (the "Nomination Committee") of the Company and Board as detailed below, the Nomination Committee and the Board have both reached the conclusion that Mr. Xie possesses the suitable character, experience and integrity to act as a director of the Company as required under Rule 3.09 of the Listing Rules and will be able to discharge his duties as a director in accordance with the Listing Rules, the articles of association of the Company as well as other applicable laws and regulations:

(1) Based on the information provided by Mr. Xie, the CEC Submission as referred to above, and the advice and analysis of the PRC legal advisers engaged by the Company, the Nomination Committee and the Board accepted Mr. Xie's confirmation that he did not possess any relevant inside information at the material time, and are of the opinion that the CSRC Decision was erroneous. As per the advice and analysis of the Company's PRC legal advisers, the CSRC Decision was unfounded in that it said that due to the existence of certain telephone calls and short messages between Mr. Xie and the relevant personnel, and their proximity in time with the relevant dealings in shares, the share dealing actions were unusual and the desire to deal was strong, and then stated that Mr. Xie was in breach of the Securities Law of the PRC and constituted insider dealing; the PRC legal advisers are of the opinion that the mere existence of such telephone calls and short messages cannot demonstrate or even in any way mean that inside information was communicated, and could not have led to the conclusion that Mr. Xie was in possession of inside information.

(2) The Company's PRC legal advisers have advised that the CSRC Decision was administrative (as opposed to being judicial) in nature. The Nomination Committee and the Board have accepted Mr. Xie's explanation that no legal action was brought to challenge the CSRC Decision because Mr. Xie was at the relevant time serving in a state-owned enterprise and bringing actions against a state administrative organisation was not appropriate.

(3) No order was made by the CSRC that prohibits Mr. Xie from acting as a director of listed companies. In fact, Mr. Xie has been appointed as a director of Shenzhen SED Industry Co., Ltd. (深圳市桑達實業股份有限公司) (a company whose shares are listed on the Shenzhen Stock Exchange, stock code: 000032) with effect from 20 April 2020, and as a director and chairman of the board of Shanghai Pudong Software Park Co., Ltd.* (上海浦東軟件園股份有限公司) (a PRC state-owned company) with effect from 21 April 2020, which indicated that despite the CSRC Decision, Mr. Xie remains recognised as having the appropriate character, experience and integrity to act as a director for PRC listed companies and state-owned enterprises.

(4) Mr. Xie has confirmed that the fine imposed under the CSRC Decision was duly paid in full and on time.

(5) Mr. Xie has also confirmed that, other than the CSRC Decision, he has never been adjudged by any courts or competent authorities in violation of any securities or financial markets laws, rules or regulations including any rules and regulations of any securities regulatory authority, stock exchange or futures exchange at any time.

(6) Mr. Xie has extensive experience in working as a secretary to the board of directors, the managing director of certain listed companies, and the departmental head at the headquarters of CEC. In view of his work, Mr. Xie was awarded with various outstanding awards and accreditations, including the accreditation as a model worker nationwide by the People's Republic of China State Council. These awards are evidence of the Chinese government and the awarding units' recognition of Mr. Xie's enthusiasm and integrity at work.

In view of Mr. Xie's experience as well as the breadth and depth of his business relationships and connections established over his years of service within CEC, the appointment of Mr. Xie as an executive Director and co-chairman of the Company is expected to facilitate and further enhance strategic cooperation between the Group and CE Huada Technology, which would be invaluable to the further development of the Group's business.

Mr. Hu Bin (胡斌), aged 51, is an executive Director, 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 OVU since 1997 and a director of Wuhan OVU since July 2005 (including serving as a vice chairman since May 2011). Mr. Hu has 21 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. Zhang Jie (張傑), aged 50, is a non-executive Director of the Company appointed on 12 June 2014. Mr. Zhang has over 23 years of experience in real estate management. Mr. Zhang is currently the vice general manager of the pension and property centre of Sunshine Insurance Group Corporation Limited* (陽光保險集團股份有限公司), a shareholder of the Company, the chairman of Beijing Sunshine Ronghe Property Company Limited* (北京陽光融和置業有限公司), and the director and general manager 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 member of the Standing Committee 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 committee member 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 ceased to be the general manager of the property construction and operation centre of Sunshine Insurance Group Corporation Limited* on 30 September 2019. 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 53, 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 substantial shareholder of the Company), and 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 (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 (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 55, was a non-executive Director of the Company appointed on 29 December 2016. Mr. Xiang is currently the principal legal consultant of China Electronics International Information Service, the vice general manager 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 department, supervisor of the Company and vice general manager of the Company. Mr. Xiang ceased to be the secretary to the board of directors of China Electronics International Information Service since 11 November 2019. 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 appointed as an arbitrator of Shenzhen Court of International Arbitration (also known as the "Shenzhen Arbitration Commission" and the "South China International Economic and Trade Arbitration Commission") by Shenzhen Court of International Arbitration in November 2018. 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.

Mr. Xiang has resigned as a non-executive Director of the Company with effect from 8 May 2020.

Ms. Sun Ying (孫穎), aged 37, 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, 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) from 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-Universitat 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 doctor's degree in western economics.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qi Min (齊民), aged 69, is an independent non-executive Director of the Company appointed on 28 March 2014. Mr. Qi is currently a member of the remuneration committee, the audit committee and the nomination committee of the Company. Mr. Qi previously worked in Hubei Provincial Bureau of Statistics, general office, research office of Hubei Provincial Government, and served as a director of fiscal office of CPC Hubei Province. 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 the 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 directors 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 director of Hubei Taizi Mountain Hunting Culture Co., Ltd* (湖北太子山狩獵文化股份有限公司) (NEEQ: 870746). He was formerly a part-time professor of Huazhong University of Science and Technology* (華中科技大學) (formerly known as Huazhong Univesity of Science* (華中理工大學)). 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 66, was an independent non-executive Director of the Company appointed on 28 March 2014. Mr. Leung was also the chairman of the audit committee and a member of the remuneration committee of the Company. Mr. Leung is 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), and Luye Pharma Group Ltd, a company listed on the Stock Exchange (Hong Kong stock code: 2186). Mr. Leung was appointed as the responsible officer for Type 6 regulated activity of Grand Moore Capital Limited* (中毅資本有限公司).

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 executive director of Unitas Holdings Limited, a company listed on the Stock Exchange (Hong Kong stock code: 8020), 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), Junefield Department Store Group Limited, a company listed on the Stock Exchange (Hong Kong stock code: 0758) and China Huiyuan Juice Group Limited, a company listed on the Stock Exchange (Hong Kong stock code: 1886). Mr. Leung has 16 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.

Mr. Leung has resigned as an independent non-executive Director with effect from 8 May 2020.

Ms. Zhang Shuqin (張樹勤), aged 66, was an independent non-executive Director of the Company appointed on 28 March 2014. Ms. Zhang was 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 OVU 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 2018 to 30 June 2019. 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.

Ms. Zhang has resigned as an independent non-executive Director with effect from 10 March 2020.

Mr. Qiu Hongsheng (邱洪生) (former name: Qiu Hongbin (邱洪賓), aged 55, is an independent non-executive Director of the Company appointed on 10 March 2020. Mr. Qiu is currently the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Qiu is an executive director and the general manager of China Consultants of Advisory and Finance Management Co., Ltd (中華財務諮詢有限公司) and a visiting professor of Tianjin University of Finance and Economics (天津財經大學). Mr. Qiu worked in 710 Research Institute of the Ministry of Aerospace Industry of China as an economic analyst for a number of years. Mr. Qiu joined China Consultants of Advisory and Finance Management Co., Ltd, a company directly managed by the Ministry of Finance of the PRC, in 1994 and focuses on management consulting and corporation restructuring transactions. Mr. Qiu possesses a wealth of professional knowledge and practical experiences in corporate finance, mergers and acquisitions, strategic integration, meticulous management, etc. Mr. Qiu is currently an independent non-executive director of CE Huada Technology (stock code: 85), and is also an independent director of China National Software & Service Co., Ltd (中國軟件與技術服務股份有限公司), AVIC Heavy Machinery Co., Ltd (中航重機股份有限公司), and GRINM Advanced Materials Co., Ltd (有研新材股份有限公司) (all being companies listed on the Shanghai Stock Exchange with stock codes 600536, 600765 and 600206 respectively). Mr. Qiu was an independent director of Henan Kedi Dairy Co., Ltd (a company with its shares listed on the Shenzhen Stock Exchange, Shenzhen stock code: 002770). Mr. Qiu was an independent director of Henan Kedi Dairy Co., Ltd (a company with its shares listed on the Shenzhen Stock Exchange, Shenzhen stock code: 002770). Mr. Qiu graduated from the Harbin Institute of Technology (哈爾濱工業大學) with a bachelor's degree in automation control and a master's degree in systems analysis. He is a Certified Public Valuer in the PRC, an Certified Senior Risk Manager, a Certified M&A Dealmaker, a senior economist and a fund management intermediary.

Ms. Chan Ching Har Eliza (陳清霞), aged 63, JP, SBS, LL.D. (Hon), is an independent non-executive Director and the chairman of the remuneration committee of the Company appointed on 8 May 2020. Ms. Chan is presently a Senior Consultant (Founder) of Yang Chan & Jamison and a Senior Advisor of Deloitte China, and a member of the National Committee of the CPPCC, and a Standing Member of the CPPCC Tianjin Committee. Ms. Chan is the Foreign Economic Affairs Legal Counsel to the Tianjin Municipal People's Government, an arbitrator of China International Economic and Trade Arbitration Commission, legal advisor to the Hong Kong Chinese Enterprises Association, and China-Appointed Attesting Officer appointed by Ministry of Justice of the PRC. Ms. Chan was previously the Chairman of the Hong Kong CPPCC (Provincial) Members Association and now serves as its Honorary Chairman.

Ms. Chan was a member of the Selection Committee for the selection of the First Chief Executive of the Hong Kong SAR and a member of the Election Committee for the selection of the Chief Executive of the Hong Kong SAR and the Hong Kong SAR delegates to the National People's Congress. Ms. Chan has held a number of Hong Kong Government appointed positions notably as a member of the Board of Hong Kong Hospital Authority, committee member of Hong Kong Public Service Commission, member of the Board of Education of Hong Kong, member of Hong Kong Examinations and Assessment Authority, Chairman of Hong Kong Kowloon Hospital, Chairman of Hong Kong Eye Hospital, Chairman of Tseung Kwan O Hospital, member of the Medical Council of Hong Kong, Chairman of Pensions Appeal Panel, member of Administrative Appeals Board, an adjudicator of the Hong Kong Immigration Tribunal and a member of the Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants. She has also served as Council Member of The Hong Kong University of Science and Technology and a Board member of Hong Kong Science and Technology Parks Corporation. Ms. Chan was also formerly Chairman and President of The Canadian Chamber of Commerce in Hong Kong.

Ms. Chan was previously a non-executive director of Tianjin Development Holdings Limited (Stock Code: 882) and is currently an independent non-executive director of Bank of Communications (Hong Kong) Limited, Cathay International Holdings Limited, whose shares are listed on the London Stock Exchange and Tong Ren Tang Technologies Co., Ltd. (Stock Code: 1666).

SENIOR MANAGEMENT

Ms. Chen Huifen (陳惠芬), aged 57, is the vice president of the Group and is responsible for coordination in 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 construction in Research Innovation Center (Phase III), Wuhan Hi-tech Medical Devices Business Park, Wuhan Future Technology City and Biolake Innovation Business Park finishing work. She concurrently serves as the chairman of Wuhan Jitian Construction Engineering Company Limited, 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) and the executive director of Changsha CEC. Ms. Chen was the vice general manager of Wuhan OVU from 2005 to March 2008 and had been the vice president of Wuhan OVU 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 57, is the vice president of the Group. Mr. He joined the Group in September 2016 and has been the general manager of Chengdu Chip Valley Industrial Park Development Co. Ltd., and is responsible for the work of Chengdu Branch of Wuhan Jitian Construction Engineering Company Limited. Mr. He graduated from the School of Economics and Management of Tsinghua University with a master's degree in 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 57, is the vice president of the Group, and is also serving as the executive director of Shanghai Huayue Investment and Development Co. Ltd., the chairman of the board of directors of CEC & CICC (Xiamen) Electronic Industry Equity Investment Management Co., Ltd.* (中電中金(廈門)電子產業股權投資管理有限公司), the chairman of the board of directors of Hengqin China Electronics Youpu Cloud Data Limited, the general manager of CEC Optics Valley (Shenzhen) Industry Development Co., Ltd. and the vice general manager of CEC Technology. Ms. Shu joined the Group in March 2005 and has been a director of Wuhan OVU since then. She was an non-executive Director of the Company from 6 March 2014 to 29 December 2016. Ms. Shu previously held senior management 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 55, is the vice president of the Group. Mr. Wang joined the Group in 1996 and serves as the general manager of Qingdao OVU and the executive director of Hefei OVU and Wuhan Lidao Technology. He served as the manager of comprehensive technique department of OVU from 1996 to 2000, the general manager of Wuhan Lidao Technology from 2000 to 2010 and has been the director of Wuhan Lidao 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 54, is the vice president of the Group and the general manager of human resources centre of the Group. He is responsible for the administrative personal 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 and the department of digital industrial parks and so forth. He is also serving as an executive director of Zhongdian (Wuhan) Network Security Base Operation Co., Ltd.,* (中電(武漢)網安基地運營有限公司), Wuhan Lidao Property Management, Shenzhen Lanyu Intelligent Technology Company Limited* (深圳藍域智能科技有限公司), Wuhan Quanpai Catering Management Co., Ltd., Wuhan Ziyuan Hotel Management Co., Ltd.* (武漢紫緣酒店管理有限公司), and Wuhan Chuwei Defense Security Service Co., Ltd.* (武漢楚衛防線保安服務有限公司). Mr. Chen joined the Group in 1996. He served as a director and supervisor of OVU from 1996 to 2011 and has been an executive director of Wuhan Lidao Property Management and Wuhan Quanpai Catering Management, and an executive director and a general manager of 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 48, is the assistant president of the Group and the general manager of Huanggang Optics Valley Union Development Co Ltd. Ms. Yao joined the Group in 1998. Ms. Yao was the head of sales and marketing of OVU 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 OVU 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 45, 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 serves as the general manager of project management center, and the director of Hubei Zhongchuang Financing Guarantee Co., Ltd.* (湖北中創融資擔保有限公司). 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 49, is the assistant president of the Group. Ms. Li joined the Group in 1996 and serves as the director of Hengqin China Electronics Youpu Cloud Data Company Limited, responsible for expanding the key projects of the Group and the implementation of strategic cooperation with Sunshine Insurance Group as well as the related projects. Ms. Li was the manager of the development department of OVU from 1996 to 2008, the deputy head of the development center of Wuhan OVU 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 47, is the assistant president of the Group and the general manager of Tianjin China Electronics Optics Valley Development Co., Ltd.* (天津中電光谷發展有限公司). 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 OVU 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. Mr. Huang 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 51, is the assistant president of the Group and the general manager of Hefei OVU. Ms. Yong joined the Group in 1996 and is responsible for the operation of Hefei OVU. Ms. Yong worked at comprehensive technique department of OVU from November 1996 to December 2000 and Wuhan Lidao Technology from January 2001 to October 2010. She served as the general manager of Wuhan Lidao Technology from October 2010 to January 2015, and has been the general manager of Wuhan Lidao 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 is 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 51, is the assistant president of the Group and the general manager of Shanghai Huayue Investment and Development Co., Ltd. He is responsible for the industrial collaborative managerial work of Excellence Ningbo Optics Valley Real Estate Co., Ltd. Mr. Peng joined the Group in 2000. He served as the chief engineer and the manager in the engineering department of Wuhan OVU 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 50, is the assistant president of the Group and is responsible for the coordination of the Northern region. Mr. Yu also serves as the general manager of Xianyang China Electronics Western Zhigu Industrial Co., Ltd* (咸陽中電西部智谷實業有限公司), the chairman of China Electronics Xi'an Industrial Park Development Co., Ltd.* (中國電子西安產業園發展有限公司), Yinchuan China Electronics Optics Valley Technology Industry Development Co., Ltd.* (銀川中電光谷科技產業發展有限公司), and Xianyang Branch of Wuhan OVU. Mr. Yu was the technology manager of Wuhan OVU 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.

Mr. Yin Bitao (尹碧濤), aged 39, is the assistant president of the Group, and is responsible for the Group's planning and development work. He also serves as the chairman and general manger of China Electronics Optics Valley Architecture Design Institute* (中電光谷建築設計院). Mr. Yin was the department manager and the head of the Development Center of Wuhan OVU from May 2010 to August 2013. From September 2013 to February 2017, he served as the director of engineering and the director of operations of Hefei OVU Development; he has served as general manager of Planning and Development Center of Wuhan OVU, general manager of China Electronics Optics Valley Architecture Design Institute, and vice president of China Electronics Optics Valley Industry Research Institute since February 2017. Before joining the Group, Mr. Yin served as project manager of Wuhan Property Development Group Co., Ltd. from August 2006 to April 2010. Mr. Yin obtained his undergraduate diploma and bachelor's degree in engineering management from Huazhong University of Science and Technology in July 2004. In December 2006, he obtained a master's degree in technical economics and management from Huazhong University of Science and Technology.

Mr. Li Minghui (李明輝), aged 34, is the assistant president of the Group, and is responsible for the coordination of the Southern region. Mr. Li also serves as the general manager of Changsha CEC, and the general manager of Chongqing China Electronics Optics Valley Industry Development Co., Ltd. (重慶中電光谷科技產業發展有限公司). Mr. Li joined the Group in 2012 and led the industry cooperation center to work in the development and operation of the themed business parks for a long time. He has extensive experience and resources in the fields of urban economic industry research, regional city-industry development planning, park development and operation, and served as Secretary General and Legal Representative of Chongqing College Town Industrial Technology Innovation Strategic Alliance. Mr. Li obtained his bachelor's degree in engineering from Huazhong University of Science and Technology in June 2008.

Ms. Zhang Xuelian (張雪蓮), aged 44, is the secretary to the Board, chief of the legal and compliance department of the Group. Ms. Zhang had been a joint company secretary of the Company since 6 March 2014 and became the sole company secretary and authorized representative of the Company on 12 December 2019. 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 Co., Ltd. (武漢金融港開發有限公司), 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.

COMPANY SECRETARY

Ms. Zhang Xuelian (張雪蓮), aged 44, is the secretary to the Board and chief of the legal and compliance department of the Group. Ms. Zhang had been a joint company secretary of the Company since 6 March 2014 and became the sole company secretary and authorized representative of the Company on 12 December 2019. See the subsection headed "Senior Management" in this section for details of her biography.

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

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 committed to construct the leading platform for sharing industrial resources in China, providing appropriate and overall solutions covering technology industrial park investment, development, business solicitation and operation, as well as providing ideal office, research, production sites and services to various kind of innovative enterprises, using entire life cycle of park zone intelligence management system as a foundation. It mainly includes:

Rental and sales of industrial parks: including sale and leasing of industrial park space;

Industrial park operation services: including design and construction services, 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;

Industrial investment: any equity investment business relevant to industrial thematic park.

As of 31 December 2019, the Group developed or operated various industrial parks in 30 cities, including Wuhan, Qingdao, Hefei, Shenyang, Xi'an, Chengdu, Shanghai, Tianjin, Shenzhen, Chongqing, Wenzhou, Ezhou, Huangshi, Huanggang, Chengmai (Hainan), Dongying, Luoyang, Changsha and Xianyang.

BUSINESS REVIEW

Details of the business review of the Company are set out in pages 10 to 30 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 42 to 43 of this annual report and form part of this Director's Report.

FUTURE DEVELOPMENT

Details of the Company's future business development are set out in pages 31 to 32 of this annual report and form part of this Director's Report.

RESULTS AND FINAL DIVIDENDS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss in page 122 of this annual report.

According to the calculation based on the 7,574,352,000 issued shares as of the Latest Practicable Date, the Board proposed to declare a final dividend of HK$2.5 cents (equivalent to approximately RMB2.28 cents) per Share, approximately HK$189.4 million in aggregate (equivalent to approximately RMB172.5 million) for the year ended 31 December 2019, which will be payable to Shareholders of the Company whose names appear on the register of members of the Company on 5 August 2020 (Wednesday), subject to Shareholders'approval at the forthcoming annual general meeting of the Company. The final dividend is expected to be paid on or before 31 August 2020 (Monday).

DIVIDEND POLICY

The Company has adopted a dividend policy on 13 December 2018. The Company shall maintain sufficient cash reserves to meet its funding needs, future growth and the value of its equity when it proposes or declares dividends. The Company has no pre-determined dividend payout ratio. The Board has the right to declare and distribute dividends to Shareholders of the Company in accordance with the Articles of Association, all applicable regulations and various factors.

The Board should also consider the following factors related to the Group when considering the declaration of dividends, including financial results, cash flow positions, business positions and strategies, future operation and revenue, capital requirements and plans for expenses, Shareholders' interests, any restrictions on the declaration of dividends and any other factors that the Board may consider relevant. Depending on the financial positions of the Group and the aforementioned conditions and factors, dividends may be proposed and/or declared by the Board for a financial year or period, and any final dividend will be subject to Shareholders' approval. The Board will review the dividend policy when necessary.

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 32 to 39 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 changes in the Group's property, plant and equipment during the year ended 31 December 2019 are set out in note 15 to the consolidated financial statements on pages 186 to 187 of this annual report.

SHARE CAPITAL AND SHARE AWARD SCHEME

Details of changes in the Company's share capital during the year ended 31 December 2019 are set out in note 32 to the consolidated financial statements on page 209 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, senior 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, senior 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 2019, none of the 152,998,000 Shares has been granted.

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

During the Reporting Period, with a view to enhance the net assets value per share of the Company, the Company repurchased a total of 12,024,000 Shares on the Stock Exchange at an aggregate consideration of HK$4,999,360. On 24 January 2019, the Company cancelled 43,860,000 Shares repurchased, being Shares repurchased during the period between 5 December 2018 and 11 January 2019.

Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase price per share		Aggregate consideration
		Highest	Lowest	
		(HK$)	(HK$)	(HK$)
January 2019	12,024,000	0.455	0.4	4,999,360
	12,024,000			4,999,360

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2019.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in note 33 to the consolidated financial statements on pages 210 to 211 of this annual report.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution, calculated in accordance with Cayman Islands law, amounted to approximately RMB1,837.4 million as of 31 December 2019.

BANK LOANS AND OTHER BORROWINGS

Particulars of movements of the bank loans and other borrowings of the Company and the Group as of 31 December 2019 are set out in notes 28 and 29 to the consolidated financial statements on pages 201 to 204 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 14.2%, and the percentage of turnover attributable to its largest customer from the sales of properties in its projects was approximately 4.2%. The Group's five largest suppliers accounted for less than 17.5% 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

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 page 41 to page 42 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the Company'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, their 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 senior officers' liability insurance policy for the directors and senior officers of the Group as a means of security.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors for the year ended 31 December 2019 and up to the Latest Practicable Date were:

Executive Directors

Mr. Huang Liping *(re-designated from the Chairman to Co-chairman on 8 May 2020, and President)*
Mr. Xie Qinghua *(Co-chairman) (appointed on 8 May 2020)*
Mr. Hu Bin *(Executive President)*

Non-Executive Directors

Mr. Zhang Jie
Ms. Wang Qiuju
Mr. Xiang Qunxiong *(resigned on 8 May 2020)*
Ms. Sun Ying

Independent Non-Executive Directors

Mr. Qi Min
Mr. Leung Man Kit *(resigned on 8 May 2020)*
Ms. Zhang Shuqin *(resigned on 10 March 2020)*
Mr. Qiu Hongsheng *(appointed on 10 March 2020)*
Ms. Chan Ching Har Eliza *(appointed on 8 May 2020)*

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

None of the Directors of the Company 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 2019.

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 42 to the consolidated financial statements on pages 223 to 225 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	5
RMB1.0 million to 2.0 million	9

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

As at 31 December 2019, 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:

Name of Director	Nature of Interest	Number of Shares Held (1)	Approximate Percentage of Shareholding (2)
Mr. Huang Liping	Interest in controlled corporation	1,872,492,000 (3)	24.72%
Mr. Hu Bin	Beneficial owner	70,320,000	0.93%
Mr. Leung Man Kit	Beneficial owner	1,328,000	0.02%

Notes:

(1) All the above Shares were 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 2019, i.e. 7,574,352,000.

(3) Mr. Huang Liping held 100% equity interests in each of AAA Finance and Lidao BVI. Under the SFO, Mr. Huang Liping is deemed to be interested in 1,752,492,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao BVI.

Save as disclosed above, as at 31 December 2019, 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 2019.

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 or any of its subsidiaries during the Reporting Period.

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

As at 31 December 2019, 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)]	33.67%
CE Huada Technology	Interest in controlled corporation	2,550,000,000 [(4)]	33.67%
AAA Finance	Beneficial owner	1,752,492,000 [(5)]	23.14%
Haitong International Securities Company Limited	Person having a security interest in shares	505,888,000 [(6)]	6.68%
Haitong International Securities Group Limited	Interest in controlled corporation	505,888,000 [(7)]	6.68%
Haitong International Holdings Limited	Interest in controlled corporation	505,888,000 [(8)]	6.68%
Haitong Securities Co., Ltd.	Interest in controlled corporation	505,888,000 [(9)]	6.68%
Technology Investment HK	Beneficial owner	479,910,000	6.34%
Hubei Science & Technology Investment	Interest in controlled corporation	479,910,000 [(10)]	6.34%
China International Capital Corporation Hong Kong Securities Limited	Person having a security interest in shares	382,518,000	5.05%
China International Capital Corporation (Hong Kong) Limited	Interest in controlled corporation	382,518,000 [(11)]	5.05%
China International Capital Corporation Limited	Interest in controlled corporation	382,518,000 [(12)]	5.05%

Notes:

(1) All the above Shares were 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 2019, i.e., 7,574,352,000.

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

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

(5) AAA Finance was 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 Positions in Shares, Underlying Shares and Debentures" in this report.

(6) Haitong International Securities Company Limited owned security interest in 505,888,000 Shares, of which its interest in 375,000,000 Shares were jointly held with Haitong International Financial Solutions Limited and Haitong International Products & Solutions Limited.

(7) Haitong International Securities Group Limited indirectly held 100% interest in the issued share capital of each of Haitong International Securities Company Limited, Haitong International Financial Solutions Limited and Haitong International Products & Solutions Limited. Under the SFO, Haitong International Securities Group Limited was deemed to be interested in the security interest of Shares held by each of Haitong International Securities Company Limited, Haitong International Financial Solutions Limited and Haitong International Products & Solutions Limited.

(8) Haitong International Holdings Limited held 63.08% interest in the issued share capital of Haitong International Securities Group Limited. Under the SFO, Haitong International Holdings Limited was deemed to be interested in the security interest of Shares held by each of Haitong International Securities Company Limited, Haitong International Financial Solutions Limited and Haitong International Products & Solutions Limited.

(9) Haitong Securities Co., Ltd. held 100% interest in the issued share capital of Haitong International Holdings Limited, which in turn held 63.08% interest in the issued share capital of Haitong International Securities Group Limited. Under the SFO, Haitong Securities Co., Ltd. was deemed to be interested in the security interest of Shares held by each of Haitong International Securities Company Limited, Haitong International Financial Solutions Limited and Haitong International Products & Solutions Limited.

(10) These Shares were held by Technology Investment HK. Hubei Science & Technology Investment held 100% equity interest in Technology Investment HK. Under the SFO, Hubei Science & Technology Investment was deemed to be interested in all the Shares held by Technology Investment HK.

(11) China International Capital Corporation Hong Kong Securities Limited owned security interest in such shares. China International Capital Corporation (Hong Kong) Limited holds 100% equity interest in China International Capital Corporation Hong Kong Securities Limited. Under the SFO, China International Capital Corporation (Hong Kong) Limited was deemed to be interested in the security interest of Shares held by China International Capital Corporation Hong Kong Securities Limited.

(12) China International Capital Corporation Limited holds 100% equity interest in China International Capital Corporation (Hong Kong) Limited, which in turn holds 100% equity interest in China International Capital Corporation Hong Kong Securities Limited. Under the SFO, China International Capital Corporation Limited was deemed to be interested in the security interest of Shares held by China International Capital Corporation Hong Kong Securities Limited.

Save as disclosed above, as at 31 December 2019, the Company has not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions of 5% or more 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

The Group does not have any material acquisitions of subsidiaries, associates and joint ventures for the year ended 31 December 2019.

MATERIAL DISPOSALS

The Group does not have any material disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2019.

CONNECTED TRANSACTIONS

The details of the connected transactions conducted by the Group for the year ended 31 December 2019 are as follows:

CONNECTED TRANSACTION SUBJECT TO THE REPORTING, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

On 21 March 2019, Jitian Construction, an indirectly wholly-owned subsidiary of the Company, entered into the engineering, procurement and construction contract (the "EPC Contract") with Chengdu Jiuxin Micro, the Design Institute and the Geotechnical Investigation Institute in relation to the development of the Jiuxin Micro Project, being a technology research and development base located in the Shuangliu District in Chengdu, the PRC. Pursuant to the EPC Contract, Chengdu Jiuxin Micro appointed Jitian Construction as the main contractor, being responsible for the overall engineering, procurement and construction works of the Jiuxin Micro Project, at an estimated consideration of approximately RMB219,410,000.

CEC is a controlling shareholder of the Company indirectly interested in approximately 33.67% of the issued share capital of the Company. CEC is also indirectly interested in approximately 33.45% of the equity interest of Chengdu Jiuxin Micro. Therefore, Chengdu Jiuxin Micro, being CEC's associate, is a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the EPC Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio under the Listing Rules in respect of the EPC Arrangement is more than 5%, the transaction contemplated under the EPC Contract is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

(1) On 8 November 2018, Shenzhen i-Valley (a subsidiary in which the Company indirectly holds 60% equity interest) entered into a lease agreement (the "Lease Agreement") with CEIS in respect of certain properties (the "Properties") situated at Futian District, Shenzhen City, the PRC. The annual caps under the lease agreement are: (i) RMB15,600,000 for the period from 11 November 2018 to 10 November 2019; (ii) RMB17,500,000 for the period from 11 November 2019 to 10 November 2020; and (iii) RMB12,700,000 for the period from 11 November 2020 to 25 July 2021, respectively.

    In view of the historical friendly relationship between CEIS and the Group, and the location of the abovementioned properties of CEIS being in line with the expansion in the operation and business of the Group, the Directors (including the independent non-executive Directors) consider that leasing the abovementioned properties from CEIS under Lease Agreement could expedite the development of the Group's value-innovation business through the renovation of old properties, and in turn establish a benchmark for quality project operations, which is expected to bring a positive impact on the Group's development of cross-regional projects in the future, increase in income from the provision of various services, and promotion of the sustainable development of the Group.

    CEIS is an indirect wholly-owned subsidiary of CEC which is a controlling Shareholder of the Company. Accordingly, CEIS is a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

On 27 May 2019, Shenzhen i-Valley entered into two supplemental agreements to the Lease Agreement (the "Supplemental Agreements") with CEIS pursuant to which the term of the Lease Agreement shall be extended to 10 November 2023.

Pursuant to "Huaqiang Shangbu District Industrial Space Supply-side Reform Specific Policy"* (《華强上步片區產業空間供給側改革專項政策》), the Shenzhen Futian government shall grant subsidy to any qualified operating units of the properties located in applicable regions, provided that, among other things, such properties are leased for no less than five years. Shenzhen i-Valley, being the operating unit of the Properties (which are within the applicable regions), will become a qualified operating unit if the period for leasing of the Properties is not less than five years. In light of the aforesaid and in line with the development progress and operating needs for the relevant projects of the Group, Shenzhen i-Valley and CEIS entered into the Supplemental Agreements to extend the term of the Lease Agreement.

In respect of the lease under the Lease Agreement (prior to the entering into of the Supplemental Agreements) for the period from 11 November 2018 to 25 July 2021 (being a continuing connected transaction), the relevant annual caps shall continue to apply for the said period. Since one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the said annual caps exceed 0.1% but are less than 5%, such continuing connected transaction for the said period will continue to be subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The IFRSs applicable to the Group include IFRS 16 "Leases" (which has come into effect on 1 January 2019), pursuant to which the Group (as lessee) shall recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of the financial position of the Group. Accordingly, under the application of IFRS 16, with respect to the lease under the Lease Agreement (as supplemented by the Supplemental Agreements) for the extended term from 26 July 2021 to 10 November 2023, such transaction for the said period constitutes a connected transaction (instead of a continuing connected transaction) of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Lease Agreement (as supplemented by the Supplemental Agreements) on the basis of the estimated value of right-of-use asset exceed 0.1% but do not exceed 5%, the transactions contemplated under the Lease Agreement (as supplemented by the Supplemental Agreements) are subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(2) On 18 October 2019, Western Zhigu, a subsidiary of the Company, entered into the a sale and purchase agreement (the "Xianyang Sale and Purchase Agreement") with Cailian Metal, pursuant to which Cailian Metal agreed to purchase, and Western Zhigu agreed to sell, the certain industrial buildings according to the design plans agreed between the parties at the aggregated consideration of RMB19,877,120 (the "Xianyang Sale and Purchase"). The said industrial buildings comprise of Block A10 and Block A15 of the Western Zhigu Park Project with estimated total gross floor areas of 1,574.28 square metres and 3,395 square metres, respectively. Western Zhigu Park Project is an industrial park of the Group located on the land lot east to Gaoke San Lu (高科三路), south to Wei Er Lu (緯二路), west to Gaoke Er Lu (高科二路) and north to Xinghuo Avenue (星火大道) in Xianyang High-Tech Industrial Development Zone, Xianyang City, Shaanxi Province, the PRC. The Group intends to develop Western Zhigu Park Project (one of the Group's ongoing development projects) into an industrial park that caters the research and development of emerging industries, especially the electronic information industry. Completion of the sale and purchase of the said industrial buildings is expected to take place on or before 30 June 2020.

The Directors are of the view that as the principal business of Western Zhigu is to engage in the park development and to provide equal housing customization services for entities with qualifications to sell buildings (whether or not connected with the Group), therefore, the transactions under the Xianyang Sale and Purchase Agreement are ordinary courses of businesses of the Group and are fair and reasonable. The transactions were entered into on normal commercial or better terms and in the ordinary course of business of the Group, which are in the interests of the Company and its Shareholders as a whole.

Cailian Metal is wholly-owned by Xianyang Cailian Packing Materials Co. Limited* (咸陽彩聯包裝材料有限公司), which is in turn held as to 30% by Caihong Group Co. Limited* (彩虹集團有限公司), an indirect wholly-owned subsidiary of CEC; while CEC indirectly holds 2,550,000,000 Shares of the Company (representing approximately 33.67% of the issued share capital of the Company). Therefore, CEC is a controlling shareholder of the Company, and Cailian Metal, being CEC's associate, is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Xianyang Sale and Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the connected transaction (3) in this section in relation to the Changsha Sale and Purchase (as defined below). As the Changsha Sale and Purchase Agreement and the Xianyang Sale and Purchase Agreement were entered into by the Group with associates of CEC within a 12-month period, the Changsha Sale and Purchase and the Xianyang Sale and Purchase are required to be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the Xianyang Sale and Purchase Agreement, when aggregated with the Changsha Sale and Purchase, is more than 0.1% but all of the ratios are less than 5%, the transactions contemplated under the Xianyang Sale and Purchase Agreement are therefore subject to the reporting and announcement requirements under the Listing Rules but are exempted from the independent shareholders' approval requirements.

(3) On 18 October 2019, Changsha CEC (an indirect wholly-owned subsidiary of the Company) entered into a sale and purchase agreement (the "Changsha Sale and Purchase Agreement") and a supplemental agreement (the "Changsha Supplemental Agreement") to the Changsha Sale and Purchase Agreement with CET, pursuant to which CET agreed to purchase, and Changsha CEC agreed to design and sell, a customised building according to the design plans approved by CET, tailored to CET's user and functioning requirements (the "Changsha Sale and Purchase"). The said customised building will be used as CET's office and is situated at Block C8 on Phase II, Changsha CEC Software Park Project, Changsha High-Tech Industrial Development Zone, Yuelu Avenue (長沙高新區岳麓大道長沙中電軟件園項目二期), the PRC, which is currently under construction with an estimated total gross floor area of 2,404.38 square metres. Completion of the sale and purchase of the said customised building is expected to take place on or before 31 March 2021.

CET is held as to 49% by Shenzhen CEC, an indirect non wholly-owned subsidiary of CEC, while CEC indirectly holds 2,550,000,000 Shares of the Company (representing approximately 33.67% of the issued share capital of the Company). Therefore, CEC is a substantial shareholder of the Company, and CET, being CEC's associate, is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the transactions contemplated under the Changsha Sale and Purchase Agreement (as supplemented by the Changsha Supplemental Agreement) constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the connected transaction (2) above in this section in respect of the Xianyang Sale and Purchase. As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the Changsha Sale and Purchase, when aggregated with the Xianyang Sale and Purchase, is more than 0.1% but all of the ratios are less than 5%, the transactions contemplated under the Changsha Sale and Purchase Agreement (as supplemented by the Changsha Supplemental Agreement) are therefore subject to the reporting and announcement requirements under the Listing Rules but are exempted from the independent shareholders' approval requirements.

(4) On 27 September 2017, the Company entered into a financial services agreement (the "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 China Banking Regulatory Commission. The annual caps (the "Existing Caps") under the Financial Services Agreement are: (i) RMB120,000,000 for the period from 27 September 2017 to 26 September 2018; (ii) RMB120,000,000 for the period from 27 September 2018 to 26 September 2019; and (iii) RMB120,000,000 for the period from 27 September 2019 to 26 September 2020, respectively.

On 13 November 2019, the Company has entered into a supplemental agreement to the Financial Services Agreement (the "Supplemental Agreement") with CEC Finance to revise the Existing Caps. In view of the development of the Group's business and the expected increase of idle cash and cash balances within the Group, the Directors estimate that the Existing Caps, being the maximum daily balance of funds settlement balance under the Financial Services Agreement will no longer be sufficient to meet the Group's increasing need for deposit services for the relevant period. Pursuant to the Supplemental Agreement, the parties have agreed to revise the Existing Caps as set out in the Financial Services Agreement, such that the maximum daily balance of the funds settlement balance (deposit amount) shall be adjusted from RMB120 million to RMB160 million for the period from 27 September 2019 to 26 September 2020.

CEC Finance is a subsidiary of CEC, while CEC indirectly holds 2,550,000,000 Shares of the Company (representing approximately 33.67% of the issued share capital of the Company). Therefore, CEC is a substantial shareholder of the Company and CEC Finance is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the Financial Services Agreement (as supplemented by the Supplement 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 (as supplemented by the Supplement 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 under the Listing Rules.

(5) On 22 November 2019, Changsha CEC (an indirect wholly-owned subsidiary of the Company) entered into a provisional agreement (the "Hunan Provisional Agreement") with Hunan ChinaSoft, pursuant to which Hunan ChinaSoft agreed to purchase, and Changsha CEC agreed to sell, an industrial building at the aggregated consideration of RMB36,080,132. The said industrial building is situated at Block C12 of Phase II of the Changsha CEC Software Park Project with an estimated total gross floor area of 4,923.33 square metres. As engaging in property development and design for sale is a principal business of Changsha CEC, and the Group provides fair building sales services for entities with qualifications to sell buildings (whether or not they are connected with the Group), the transactions contemplated under the Hunan Provisional Agreement is in the ordinary course of business of the Group.

The aggregated consideration of RMB36,080,132 shall be payable by Hunan ChinaSoft to Changsha CEC in the following manner:

(1) RMB7,220,000 (being approximately 20% of the aggregated consideration) shall be paid by Hunan ChinaSoft as deposit within 10 business days after the signing of the Hunan Provisional Agreement;

(2) RMB10,860,132 (being approximately 30% of the aggregated consideration) shall be paid upon the signing of the formal agreement; and

(3) the remaining balance of RMB18,000,000 (being approximately 50% of the aggregated consideration) shall be paid on or before 30 June 2020.

Hunan ChinaSoft is wholly-owned by China National Software, which is in turn directly and indirectly held as to 42.13% and 0.25% by CEC respectively, while CEC indirectly holds 2,550,000,000 Shares of the Company (representing approximately 33.67% of the issued share capital of the Company). Therefore, CEC is a substantial shareholder of the Company, and Hunan ChinaSoft, being CEC's associate, is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the transactions contemplated under the Hunan Provisional Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the connected transactions (2) and (3) above in this section in relation to the Changsha Sale and Purchase and Xianyang Sale and Purchase. As the Changsha Sale and Purchase, the Xianyang Sale and Purchase and the transactions contemplated under the Hunan Provisional Agreement were entered into by the Group with associates of CEC within a 12-month period, the Changsha Sale and Purchase, the Xianyang Sale and Purchase and the transactions contemplated under the Hunan Provisional Agreement are required to be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the Hunan Provisional Agreement, when aggregated with the Changsha Sale and Purchase and the Xianyang Sale and Purchase, is more than 0.1% but all of the ratios are less than 5%, the transactions contemplated under the Hunan Provisional Agreement are therefore subject to the reporting and announcement requirements under the Listing Rules but are exempted from the independent shareholders' approval requirements.

The independent non-executive Directors have reviewed the continuing connected transactions set out above in this section 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 its unqualified letter containing its 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 the 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 39 to the consolidated financial statements on pages 217 to 219 of this annual report. Apart from the connected transaction and the continuing connected transactions disclosed above, the related party transactions as disclosed in note 39 to the consolidated financial statements are either connected transactions under Chapter 14A of the Listing Rules that are exempt from reporting, annual review, announcement and independent shareholders' approval requirement or do not constitute connected transactions under Chapter 14A of the Listing Rules.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2019, the Group had in total 6,035 employees in Hong Kong and the PRC. During the Reporting Period, the staff cost of the Group was approximately RMB529.8 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 2019 are set out in the section headed "Management Discussion and Analysis – Event after Balance Sheet Date" and note 40 to the consolidated financial statements on page 220 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 78 to 99 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 existing independent non-executive Directors, namely, Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin to be independent during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

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

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 19 June 2020 (Friday) to 24 June 2020 (Wednesday) (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 18 June 2020 (Thursday).

For the purpose of determining the Shareholders' entitlement to the final dividend, the register of members of the Company will also be closed from 4 August 2020 (Tuesday) to 5 August 2020 (Wednesday) (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 3 August 2020 (Monday).

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 2019.

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 2019 have been audited by PricewaterhouseCoopers.

A resolution will be submitted to the forthcoming AGM of the Company to re-appoint PricewaterhouseCoopers as auditors of the Company.

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

Hong Kong, 7 May 2020

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, as at the Latest Practicable Date, consists of nine members, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors as set out below.

Executive Directors

Mr. Huang Liping *(re-designated from the Chairman to Co-chairman on 8 May 2020, and President) (equivalent to the chairman and chief executive as stated in the CG Code)*
Mr. Xie Qinghua *(Co-chairman) (appointed on 8 May 2020)*
Mr. Hu Bin *(Executive President)*

Non-Executive Directors

Mr. Zhang Jie
Ms. Wang Qiuju
Mr. Xiang Qunxiong *(resigned on 8 May 2020)*
Ms. Sun Ying

Independent Non-Executive Directors

Ms. Zhang Shuqin *(resigned on 10 March 2020)*
Mr. Qi Min
Mr. Leung Man Kit *(resigned on 8 May 2020)*
Mr. Qiu Hongsheng *(appointed on 10 March 2020)*
Ms. Chan Ching Har Eliza *(appointed on 8 May 2020)*

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. Ms. Sun Ying has entered into a letter of appointment with the Company for an initial term of three years commencing from 22 March 2018. Each of Ms. Wang Qiuju and Mr. Xiang Qunxiong has renewed his or her letter of appointment with the Company for an initial term of three years commencing from 29 December 2019.

Mr. Xiang Qunxiong has resigned as a non-executive Director with effect from 8 May 2020.

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.

Mr. Qi Min has entered into a letter of appointment with the Company for a term of three years commencing from 11 March 2020. Mr. Qiu Hongsheng has entered into a letter of appointment with the Company to serve as an independent non-executive Director for an initial term of three years commencing from 10 March 2020. Ms. Chan Ching Har Eliza has entered into a letter of appointment with the Company to serve as an independent non-executive Director for an initial term of three years commencing from 8 May 2020.

Ms. Zhang Shuqin has entered into a letter of appointment with the Company to serve as an independent non-executive Director for a term of three years commencing from 11 March 2017. Ms. Zhang Shuqin has resigned as an independent non-executive Director with effect from 10 March 2020.

Mr. Leung Man Kit has entered into a letter of appointment (as supplemented) with the Company, pursuant to which his term of service shall be from 11 March 2017 to the second working day after the publication of the annual report of the Company for the year of 2019. Mr. Leung Man Kit has resigned as an independent non-executive Director with effect from 8 May 2020.

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 did not have a separate chairman and president and Mr. Huang Liping performed 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 a co-chairman (re-designated from the chairman to a co-chairman on 8 May 2020) , 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 provide that any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/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. Huang Liping, Mr. Hu Bin, Ms. Wang Qiuju, and Mr. Qi Min will retire as Directors at the annual general meeting. In addition, in accordance with Article 112 of the Articles of Association, Mr. Qiu Hongsheng , Mr. Xie Qinghua and Ms. Chan Ching Har Eliza were appointed as Directors by the Board on 10 March 2020, 8 May 2020 and 8 May 2020 respectively to fill the vacancies after the resignation of Ms. Zhang Shuqin, Mr. Leung Man Kit and Mr. Xiang Qunxiong, and to hold office only until the next general meeting of the Company. 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 2020.

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 2019, all of the Directors have received relevant trainings on corporate governance and the relevant training records are as follows:

	Corporate Governance/Updates on Relevant Laws, Rules and Regulations		**Accounting/Finance/Management or Other Professional Skills**	
Name of Director	**Studied Materials**	**Attended Seminars/ Briefings**	**Studied Materials**	**Attended Seminars/ Briefings**
Executive Directors:				
Mr. Huang Liping	✓	✓	✓	
Mr. Hu Bin	✓	✓	✓	
Non-executive Directors:				
Ms. Wang Qiuju	✓		✓	
Mr. Xiang Qunxiong	✓		✓	
Mr. Zhang Jie	✓		✓	
Ms. Sun Ying	✓		✓	
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 Board 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

During the Reporting Period, the Audit Committee comprised three members. It was chaired by Mr. Leung Man Kit (independent non-executive Director), and its other members were Mr. Qi Min (independent non-executive Director) and Ms. Wang Qiuju (non-executive Director). There was 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 reviewing 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 4 meetings during the year ended 31 December 2019 to review the annual results and report for the year ended 31 December 2018 as well as the interim results and report for the six months ended 30 June 2019, and review the effectiveness of the financial control, internal control, risk management system and internal audit function 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 3 meetings with external auditors.

Remuneration Committee

During the Reporting Period, the Remuneration Committee comprised four members. It was chaired by Mr. Qi Min (independent non-executive Director), and its other members were Mr. Hu Bin (executive Director), Ms. Zhang Shuqin (independent non-executive Director) and Mr. Leung Man Kit (independent non-executive Director). It had 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 1 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 42 in the Notes to the Audited Financial Statement for the year ended 31 December 2019.

Nomination Committee

During the Reporting Period, the Nomination Committee comprised three members. It was chaired by Mr. Huang Liping (executive Director), and its other members were Mr. Qi Min (independent non-executive Director) and Ms. Zhang Shuqin (independent non-executive Director). It had 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 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 1 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.

Nomination Policy

The Company has adopted a nomination policy on 13 December 2018. The content of the nomination policy includes selection criteria, nomination procedures, confidentiality clauses, monitoring and reporting as well as policy review sections.

The Nomination Committee shall nominate suitable candidate(s) to the Board for it to consider and make recommendations to Shareholders in respect of the candidates for election as Director(s) at general meetings or appointment as Director(s) to fill casual vacancies. The Nomination Committee would take into account the following factors when evaluating the candidates:

- reputation;
- relevant accomplishment and experience in the fields of rental and sales and operation of industrial thematic parks and industrial investment;
- the available time and interests of relevant sectors;
- board diversity in various aspects including but not limited to gender, age (aged 18 or above), cultural and educational background, ethnicity, professional expertise, skills, knowledge and length of service;

The above factors are for reference only. They are not intended to cover all factors and are not decisive. The Nomination Committee may decide to nominate any person that it considers appropriate.

The summary of the Directors' nomination procedures is as follows:

- The Secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members (if any) for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also nominate candidates who have not been nominated by Board members through various channels such as professional headhunting companies, Shareholders, management recommendation or internal promotion.
- For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.
- Until the issue of the Shareholder circular in physical form, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.
- The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to Shareholders.

- A Shareholder can serve a notice to the Company Secretary within the lodgement period of its intention to propose a resolution to elect a certain person as an nominated director, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the Shareholder circular. The particulars of the candidates so proposed will be sent to all Shareholders for information by a supplementary circular.

- Shareholders nominating candidates should take various factors into account such as Shareholders' shareholding ratio, history of the Company and the agreement related to bilateral or multilateral agreements, and there should be an employee representative candidate.

- A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the Company Secretary ("Company Secretary").

- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

Board Diversity Policy

The Company has adopted its board diversity policy on 6 March 2013, and amended it on 13 December 2018. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. In reviewing and assessing the composition of the Board and nominating Directors, it will consider various factors for the board diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and industry and regional experience. The Nomination Committee will discuss and agree on other measurable objectives for achieving diversity of the Board and make relevant recommendations to the Board. Diversity factors and measurable objectives may be adopted and/or amended by the Board at any time necessary for the requirements of the business of the Company as well as the succession plan of the Board. The Nomination Committee will review the structure, size and composition of the Board annually and make recommendations when appropriate on any proposed changes to the Board to complement the Company's corporate strategy.

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 1 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]	Extraordinary General Meeting
Executive Directors:						
Mr. Huang Liping	4/4	–	–	1/1[(C)]	1/1	1/1
Mr. Hu Bin	4/4	–	1/1[(M)]	–	1/1	1/1
Non-executive Directors:						
Mr. Zhang Jie	4/4	–	–	–	1/1	1/1
Ms. Wang Qiuju	4/4	4/4[(M)]	–	–	1/1	–[(3)]
Mr. Xiang Qunxiong	4/4	–	–	–	1/1	–[(3)]
Ms. Sun Ying	4/4	–	–	–	1/1	1/1
Independent non-executive Directors:						
Mr. Qi Min	4/4	4/4[(M)]	1/1[(C)]	1/1[(M)]	1/1	1/1
Mr. Leung Man Kit	4/4	4/4[(C)]	1/1[(M)]	–	1/1	1/1
Ms. Zhang Shuqin	4/4	–	1/1[(M)]	1/1[(M)]	1/1	1/1

Notes:

(1) The annual general meeting of the Company was held on 13 June 2019.

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

(3) Abstained from voting.

During the Reporting Period, the chairman of the Board convened 1 meeting among independent non-executive Directors without the presence of other 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

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 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.

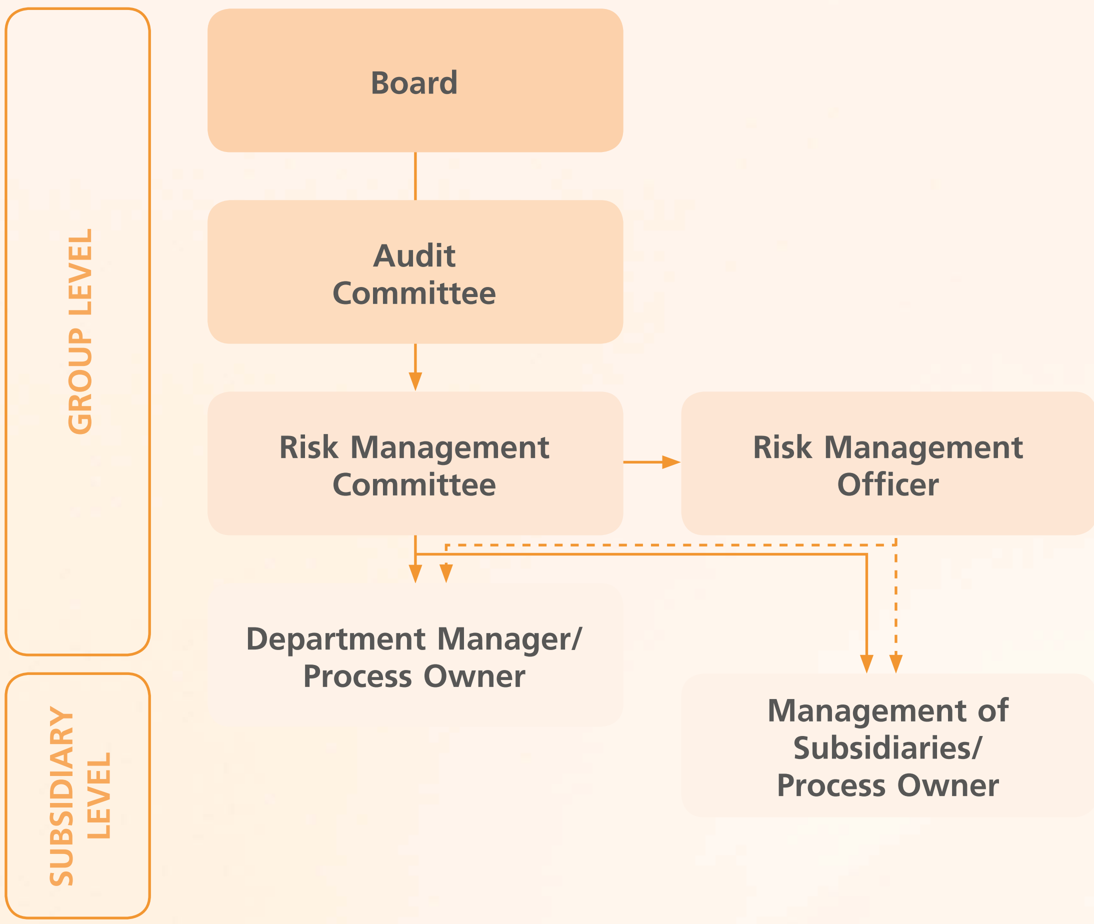
The related risk management system and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management

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

RISK MANAGEMENT STRUCTURE AND RESPONSIBILITIES OF EACH LEVEL OF MANAGEMENT

Risk Management Structure:



Duties of Each Level of Management:

Roles	Main Duties
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 and 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 regularly • 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

Roles	Main Duties
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: likelihood of occurrence and potential impact • 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:

- Identify the matrix for measuring risks (to be defined in accordance with different level of the impact and the possibility of occurrence);
- Conduct interviews with senior management and persons-in-charge of business procedures to identify the current risk exposure on company level and business level. Currently, the major risks of the Group can be categorized into strategic risk, operational risk, financial risk and compliance risk.

Step 2: Risk Analysis and Countermeasure:

- Analyze risks and assess the level of risk based on two criteria, namely: the potential impact and the possibility of occurrence;
- Identify and assess the current risk responses and comment the current risk management measures;
- Analyze and determine if it is necessary to formulate additional risk management measures to manage risks at an 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.

STRUCTURE AND DUTIES OF THE 3 LINES OF DEFENSE

- First Defense Line: the management formulates appropriate policies 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

In 2019, the Group established a three-in-one internal control and supervision system based on compliance management, Party committee discipline supervision and internal audit of enterprise operation of listed companies, and clarified the internal control responsibility system of the Audit Committee under the leadership of the Board: the Audit Office of the Company was renamed as the Audit and Supervision Office, with its audit supervision function strengthened, and specifically implemented the Group's internal audit under the leadership of the Audit Committee of the Company.

The Audit and Supervision Office carries out continuous special internal audits in accordance with the annual audit plan approved by the Audit Committee every year. 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

In 2019, through setting up related policies under the guidance of the three-in-one work system, 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. On the other hand, under the leadership of the Party Committee, the Discipline Inspection Committee of the Group has continuously strengthened the work on Party conduct and Party discipline in the Company, focused on commencement of the publicity and training for anti-fraud, integrity and ethical value and strictly required compliance with discipline and laws by the Company's Party members and officers. 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 Group formulated information disclosure policies such as "Information Disclosure System" and "Measures for the Administration on Inside Information Disclosure", to provide general guidelines for Directors and senior management of the Company in handling the inside information disclosure, in accordance with the Listing Rules and the SFO. The Directors and senior management of the Group have been provided the brief introduction and information relevant to information disclosure system.

THE EFFECTIVENESS OF THE RISK MANAGEMENT AND THE INTERNAL CONTROL SYSTEMS FOR YEAR 2019

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 2019, 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 2019, the Board is of the opinion that the risk management and internal control systems of the Group are effective for the year ended 31 December 2019. 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 115 to 121 of this annual report.

Auditor's Remuneration

For the year ended 31 December 2019, the remuneration payable to PricewaterhouseCoopers by the Company (excluding tax) is set out below:

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

COMPANY SECRETARY

Ms. Zhang Xuelian, the company secretary, 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 practice and to ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. Leung Ching Ching, senior 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, acted as joint company secretaries of the Company.

Ms. Leung Ching Ching resigned as a joint company secretary of the Company with effect from 12 December 2019. Following the resignation of Ms. Leung Ching Ching, Ms. Zhang Xuelian, the other joint company secretary of the Company who meets the requirements of a company secretary under Rule 3.28 of the Listing Rules, remains in office and acts as the sole company secretary 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 Shareholders, and values the importance of communications with Shareholders. The Company is dedicated to maintaining an open dialogue with its Shareholders, and it will continually improve its communications with Shareholders to obtain their feedback.

The Company has established a shareholder communication policy to ensure effective communication with its Shareholders. The Company's corporate website also serves as a channel for Shareholders to access information about the Group. 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.

Major Properties Information

The following table sets forth an overview of the business park projects and residential projects held by the Group and its joint venture companies as of 31 December 2019.

					A
#	Project	Project Company	Location	Interest Attributed to the Group	Total GFA(2) (sq.m.)
I.	**Completed Properties**				
	Industrial Parks				
1	Optics Valley Software Park (Phase I–IV) (光谷軟件園一至四期)	Wuhan OVU	1 Guanshan Avenue, Wuhan, Hubei Province	100%	508,826
2	Optics Valley Software Park (Phase V) (光谷軟件園五期)	Wuhan OVU	1 Guanshan Avenue, Wuhan, Hubei Province	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 Province	100%	100,106
4	Optics Valley Software Park Exhibition Center (Phase I) (光谷軟件園展示中心一期)	Wuhan OVU	1 Guanshan Avenue, Wuhan, Hubei Province	100%	1,570
5	Optics Valley Software Park Exhibition Center (Phase II) (光谷軟件園展示中心二期)	Wuhan OVU	1 Guanshan Avenue, Wuhan, Hubei Province	100%	26,319
6	Financial Harbour (Phase I)	OV Financial Harbour Development	77 Guanggu Avenue, Wuhan, Hubei Province	100%	275,913
7	Financial Harbour (Phase II)	Wuhan OVU	77 Guanggu Avenue, Wuhan, Hubei Province	100%	512,367
8	Creative Capital	Wuhan OVU	16 Yezhihu West Road, Hongshan District, Wuhan, Hubei Province	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%	42,740
10	Wuhan Research Innovation Center (Phase I) — Huisheng (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
11	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%	52,625
12	Qingdao OVU International Marine Information Harbour (1.1 Area, 1.3 Area, 1.4 Area to 1.6 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	396 Emeishan Road, Qingdao, Shandong Province	100%	278,628

B		C	D	G	E			F
					GFA Available for Sale[6]			
GFA with Land Use Rights Obtained (sq.m.)	GFA Completed[3] (sq.m.)	GFA Held for Group's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[4] (sq.m.)	GFA Underground[3][9] (sq.m.)	GFA Sold[5] (sq.m.)	GFA Pre-sold[5][8] (sq.m.)	GFA Available for Sale[5][7] (sq.m.)	Leasable GFA[5][6] (sq.m.)
457,360	508,826		1,495	51,466	455,324		541	
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				20,552
256,098	275,913	9,879	4,104	19,815	224,266		2,705	15,145
397,557	517,573		11,096	114,810	380,240		2,897	3,324
308,686	384,532	15,620	8,731	78,270	171,755		58,410	54,169
40,854	42,740		753	1,887	17,470		11,362	11,268
17,681	18,091		548	410	9,536		4,558	3,039
42,592	52,625	3,035		10,033	1,516	11,683	2,803	23,555
219,584	278,628		1,940	59,044	144,207		28,486	44,951

#	Project	Project Company	Location	Interest Attributed to the Group	A Total GFA(2) (sq.m.)
13	Shenyang Science and Technology City (Phase 1.1) (瀋陽聯合科技城1.1期)	Shenyang OVU	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	100%	69,058
14	Ezhou Optics Valley Science and Technology Union City (D2–D3, D5–D9, C1–C3, C7C9, C6–1) (鄂州光谷聯合科技城一期D2–D3，D5–D9，C1–C3，C7–C9，C6–1)	Hubei Technology Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	80%	270,432
15	Ezhou Optics Valley Science and Technology Union City (Phase I D1-1) (鄂州光谷聯合科技城一期D1-1)	Hubei Technology Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	80%	15,963
16	Hefei Financial Harbour	Heifei OVU	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	100%	477,226
17	Huangshi Science Technology Union City (Phase I) (黃石聯合科技城一期)	Huangshi OVU	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	58,672
18	Qingdao Research and Innovation Center (2-4#, 6-9#) (青島研創中心 (2-4#、6-9#))	Qingdao OVU	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	100%	61,165
19	Qingdao Research and Innovation Center (1#, 5#) (青島研創中心 (1#、5#))	Qingdao OVU	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	100%	41,555
20	Qingdao Innocenter Public Housing (青島研創公租房)	Qingdao OVU	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	100%	25,656
21	Shenyang Science and Technology City (Phase 1.2) (瀋陽聯合科技城1.2期)	Shenyang OVU	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	100%	11,696
22	Huanggang OVU Science and Technology City (Phase 1.1) (黃岡光谷聯合科技城1.1期)	Huanggang OVU	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	70%	43,530

B		C	D	G	E			F
					GFA Available for Sale[6]			
GFA with Land Use Rights Obtained (sq.m.)	GFA Completed[3] (sq.m.)	GFA Held for Group's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[4] (sq.m.)	GFA Underground[3][9] (sq.m.)	GFA Sold[5] (sq.m.)	GFA Pre-sold[5][8] (sq.m.)	GFA Available for Sale[5][7] (sq.m.)	Leasable GFA[5][6] (sq.m.)
68,196	69,058	1,715	2,660	862	63,821			
269,623	270,432			808	237,356		32,267	
15,963	15,963				5,143		10,820	
401,953	477,226		2,842	75,273	258,513		117,098	23,500
58,672	58,672				15,221		36,587	6,864
53,527	61,165			7,638	47,288		3,757	2,482
33,459	41,555			8,096	4,041		29,418	
22,099	25,655			3,557				22,099
11,696	11,696				11,696			
43,530	43,530	274	1,131		30,856		1,139	10,131

#	Project	Project Company	Location	Interest Attributed to the Group	A Total GFA(2) (sq.m.)
23	Xi'an Industrial Park	CEC Xi'an Industrial Park Development Co., Ltd.	West of Caotanshi Road, North of Shangji Road, Xi'an, Shaanxi Province	74%	152,688
24	Shenyang CEOVU Information Harbour (Phase 1.1) (瀋陽中電光谷信息港1.1期)	Shenyang OVU	Intersection of Qixing Street and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	100%	92,754
25	Shenyang CEOVU Information Harbour (Phase 2.1) (瀋陽中電光谷信息港2.1期)	Shenyang OVU	Intersection of Qixing Street and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	100%	73,325
26	Changsha CEC Software Park (Area A)	Changsha CEC Industrial Park Development Co., Ltd.	Yuelu Avenue in High-tech Industrial Development Zone, Changsha, Hunan Province	100%	78,269
27	Huanggang OVU Science and Technology City (Phase 2.1) (黃岡光谷聯合科技城2.1期)	Huanggang OVU	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	70%	28,764
28	Qingdao OVU International Marine Information Harbour Zone 1.2 (39#-41#) (青島光谷國際海洋信息港1.2區 (39#-41#))	Qingdao OVU	396 Emeishan Road, Qingdao, Shandong Province	100%	22,075
	Sub-total				**3,965,862**

B		C	D	G	E			F
					GFA Available for Sale[6]			
GFA with Land Use Rights Obtained (sq.m.)	GFA Completed[3] (sq.m.)	GFA Held for Group's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[4] (sq.m.)	GFA Underground[3][9] (sq.m.)	GFA Sold[5] (sq.m.)	GFA Pre-sold[5][8] (sq.m.)	GFA Available for Sale[5][7] (sq.m.)	Leasable GFA[5][6] (sq.m.)
122,391	152,688	3,000		30,297	51,866		37,464	30,060
91,735	92,754	1,224	160	1,019	64,093		26,259	
73,325	73,325				28,562		44,763	
51,805	78,269	578		26,464	51,227			
28,764	28,764				24,024		4,740	
16,132	22,075			5,943	15,497	636		
3,388,958	**3,968,643**	**35,490**	**58,107**	**576,904**	**2,549,496**	**12,318**	**457,643**	**275,904**

#	Project	Project Company	Location	Interest Attributed to the Group	A Total GFA(2) (sq.m.)
	Residential Properties				
29	Lido Top View	Huangshi OVU Development	76 Hangzhou West Road, Huangshi Development Zone, Hubei Province	100%	148,271
30	Lido 2046	Wuhan OVU	175 Xiongchu Avenue, Wuhan, Hubei Province	100%	126,629
31	Up Mason (麗島美生)	Wuhan Mason	No. 318 Minzu Avenue, Wuhan, Hubei Province	100%	153,437
	Sub-total				**428,336**
	Investment properties				
32	Lido Garden (麗島花園)	OVU	1 Luoshi Road, Wuhan, Hubei Province	100%	198,119
33	North Harbour Industrial Park (Lido Property) (北港工業園(麗島物業))	OVU	38 Shucheng Road, Wuhan, Hubei Province	100%	3,546
34	Lido Garden (Lido Property) (麗島花園(麗島物業))	OVU	1 Luoshi Road, Wuhan, Hubei Province	100%	1,122
35	North Harbour Industrial Park (Lido Technology) (北港工業園(麗島科技))	OVU	38 Shucheng Road, Wuhan, Hubei Province	100%	3,683
	Sub-total				**206,471**
	Sub-total				**4,600,669**
36(11)	Hainan Resort Software Community (Land Plots A, B, E, D and C) (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 0.7km of the Eastern Extension of Nan Yi Ring Road, Chengmai County Old Town Economic Development Zone, Hainan Province	10%	590,854
37(11)	Hotel and Car Park of Phase V Project situated at land plot C of Hainan Resort Software Community (海南生態軟件園C地塊五期酒店和停車樓)	Hainan Resort Software Community	Southern section situated 0.7km of the Eastern Extension of Nan Yi Ring Road, Chengmai County Old Town Economic Development Zone, Hainan Province	10%	61,622

B		C	D	G	E			F
					GFA Available for Sale[6]			
GFA with Land Use Rights Obtained (sq.m.)	GFA Completed[3] (sq.m.)	GFA Held for Group's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[4] (sq.m.)	GFA Underground[3][9] (sq.m.)	GFA Sold[5] (sq.m.)	GFA Pre-sold[5][8] (sq.m.)	GFA Available for Sale[5][7] (sq.m.)	Leasable GFA[5][6] (sq.m.)
148,271	148,271		1,189		130,620	164	543	15,755
114,860	125,510		1,444	11,769	112,956		461	
130,260	151,090		1,363	23,177	128,896			
393,390	**424,870**		**3,997**	**34,946**	**372,472**	**164**	**1,004**	**15,755**
198,119	198,119				191,197			6,922
3,546	3,546							3,546
1,122	1,122						1,122	
3,683	3,683				784			2,899
206,471	**206,471**	**–**	**–**	**–**	**191,982**	**–**	**1,122**	**13,367**
3,988,819	**4,599,984**	**35,490**	**62,103**	**611,850**	**3,113,949**	**12,482**	**459,769**	**305,025**
590,854	590,854	32,686			385,519	–	64,250	108,399
53,581	53,581	53,581		8,042				

#	Project	Project Company	Location	Interest Attributed to the Group	Actual/ Estimated Completion Date[2] (month/year)
II	**Projects under Development**				
	Industrial Parks				
1	Huangshi Science Technology Union City (Phase I) (黃石聯合科技城一期)	Huangshi OVU	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	1 June 2020
2	Hefei Financial Harbour	Heifei OVU	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	100%	30 June 2020
3	Qingdao OVU International Marine Information Harbour Zone 1.2 (青島光谷國際海洋信息港1.2區)	Qingdao OVU	396 Emeishan Road, Qingdao, Shandong Province	100%	1 May 2020
4	Ezhou Optics Valley Science and Technology Union City (B9B10) (鄂州光谷聯合科技城一期B9B10)	Hubei Technology Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	80%	1 September 2020
5	Xi'an Industrial Park	CEC Xi'an Industrial Park	West of Caotanshi Road, North of Shangji Road, Xi'an, Shaanxi Province	74%	1 July 2020
6	Changsha CEC Software Park (Area B/C/D)	Changsha CEC Industrial Park Development Co., Ltd.	Yuelu Avenue in High-tech Industrial Development Zone, Changsha, Hunan Province	100%	1 September 2020
7	Chengdu Chip Valley	Chengdu Chip Valley Industrial Park Development Co. Ltd.	No.1 Fengle District, Dongsheng street, Chengdu, Sichuan Province No. 1. No. 7 Guangrong District, Pengzhen	80%	30 November 2020
8	Civil-military Integration Industrial Development Acceleration Center, Luoyang (洛陽軍民融合產業發展加速中心)	Luoyang CEC Optical Valley Information Port Industrial Co., Ltd.	The intersection of Guanlin Road and Longshan Line, Luolong District, Luoyang, Henan Province	70%	30 July 2020
9	Wenzhou Industrial Park	China Electronics Wenzhou Industrial Park	Jinhai Park, Wenzhou Economic and Technological Development Zone, Wenzhou, Zhejiang Province	95%	1 December 2020
10	Shenyang Maker Corporation (瀋陽創客公社)	Shenyang OVU	Intersection of Qixing Street and Shenbei Road, Shenbei New District, Shenyang, Liaoning Province	100%	1 June 2020
	Sub-total				
11	Ningbo Hangzhouwan Blue Coast (寧波杭州灣蔚藍海岸)	Excellence Ningbo Optics Valley Real Estate Co., Ltd.	Zhejiang Province	31%	30 August 2021

Relationship among marked columns:

(A)=(C)+(D)+(E)+(F)+(G)

(B)=(C)+(D)+(E)+(F)

A	B		C	D	G		E GFA Available for Sale[6]		F
Total GFA[3] (sq.m.)	GFA with Land Use Rights Obtained (sq.m.)	GFA Completed[3] (sq.m.)	GFA Held for Group's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[4] (sq.m.)	GFA Underground[3][9] (sq.m.)	GFA Sold[5] (sq.m.)	GFA Pre-sold[5][8] (sq.m.)	GFA Available for Sale[5][7] (sq.m.)	Leasable GFA[5][6] (sq.m.)
38,404	37,710				694			37,710	
169,525	71,587		8,399	2,278	97,938			43,106	17,805
16,506	16,506		16,506						
33,065	33,065							33,065	
39,157	39,157							39,157	
254,608	206,133				48,475	12,223		193,910	
56,905	45,753				11,152	12,314		33,439	
55,380	55,380					14,938		40,442	
275,559	270,971		3,671		4,588	83,680		183,620	
47,295	36,717		10,573		10,578			26,144	
986,404	**812,979**	**–**	**39,150**	**2,278**	**173,425**	**123,155**	**–**	**630,593**	**17,805**
755,889	602,831			37,282	153,058	64,210	179,311	322,027	

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** ***Industrial Parks***				
1	Wuhan Research 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 2020
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 2020
3	Qingdao Optics Valley Software Park Zones 1.7 area (青島光谷軟件園1.7區)	Qingdao OVU	396 Emeishan Road, Qingdao, Shandong Province	100%	1 May 2020
4	Qingdao Ocean Science and Technology Park (Phase I) (青島海洋科技園一期)	Qingdao OVU	South of Changjiang West Road, West of Jiangshan South Road, North of Binhai Avenue, Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province	100%	1 December 2020
5	Ezhou Optics Valley Science and Technology Union City (Phase I land plot B) (鄂州光谷聯合科技城一期B地塊)	Hubei Technology Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	80%	1 September 2020
6	Huangshi Science Technology Union City (Phase I) (黃石聯合科技城一期)	Huangshi OVU	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	1 December 2020
7	Huanggang OVU Science and Technology City	Huanggang OVU	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	70%	1 June 2020
8	Xi'an Industrial Park	CEC Xi'an Industrial Park	West of Caotanshi Road, North of Shangji Road, Xi'an, Shaanxi Province	74%	1 December 2020
9	Changsha CEC Software Park	Changsha CEC Industrial Park Development Co., Ltd.	Yuelu Avenue in High-tech Industrial Development Zone, Changsha	100%	30 June 2020
10	Shanghai Logistic Enterprise Community	Shanghai huayue investment and development co. LTD	114/1 Hill, 101 Street, Songjiang Industrial Park, Songjiang District	100%	1 January 2020

A	B		C	D	G	E			F
						GFA Available for Sale[6]			
Total GFA[2] (sq.m.)	GFA with Land Use Rights Obtained (sq.m.)	GFA Completed[3] (sq.m.)	GFA Held for Group's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[4] (sq.m.)	GFA Underground [3][9] (sq.m.)	GFA Sold[5] (sq.m.)	GFA Pre-sold[5][8] (sq.m.)	GFA Available for Sale[5][7] (sq.m.)	Leasable GFA[5][6] (sq.m.)
57,113	50,003			200	7,110			49,803	
57,155	50,003			200	7,152			49,803	
184,395	130,244			9,712	54,151			120,532	
197,050	167,050		6,800		30,000			160,250	
201,422	195,994				5,428			195,994	
93,524	93,524							93,524	
69,775	69,775							69,775	
60,555	60,555							60,555	
124,954	104,258		4,595		20,696			73,396	26,267
276,354	207,300				69,054			207,300	

#	Project	Project Company	Location	Interest Attributed to the Group	Actual/ Estimated Completion Date[2] (month/year)
11	Chengdu Chip Valley	Chengdu Chip Valley Industrial Park Development Co. Ltd.	No.1 Fengle District, Dongsheng street, Chengdu, Sichuan Province No. 1. No. 7 Guangrong District, Pengzhen	80%	30 November 2020
12	Civil-military Integration Industrial Development Acceleration Center, Luoyang (洛陽軍民融合產業發展加速中心)	Luoyang CEC Optical Valley Information Port Industrial Co., Ltd.	The intersection of Guanlin Road and Longshan Line, Luolong District, Luoyang, Henan Province	70%	31 December 2020
	Sub-total				
13[11]	Hainan Ecosystem Software Community (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 0.7km of the Eastern Extension of Nan Yi Ring Road, Chengmai County Old Town Economic Development Zone, Hainan Province	10%	1 October 2020
14	Ningbo Hangzhouwan Blue Coast (寧波杭州灣蔚藍海岸)	Excellence Ningbo Optics Valley Real Estate Co., Ltd.	North of Binhai sixth Road and East of Zhong Xing First Road, Hangzhou Bay New District	31%	10 January 2023
	I to III Total				

A	B		C	D	G	E			F
						GFA Available for Sale[6]			
Total GFA[2] (sq.m.)	GFA with Land Use Rights Obtained (sq.m.)	GFA Completed[3] (sq.m.)	GFA Held for Group's Own Use (sq.m.)	Non-Saleable and Non-Leasable GFA[4] (sq.m.)	GFA Underground[(3)(9)] (sq.m.)	GFA Sold[5] (sq.m.)	GFA Pre-sold[(5)(8)] (sq.m.)	GFA Available for Sale[(5)(7)] (sq.m.)	Leasable GFA[(5)(6)] (sq.m.)
537,597	415,600				121,997			373,579	42,021
42,657	36,127		8,887	7,176	6,530			20,064	
1,902,551	**1,580,432**	**–**	**20,282**	**17,288**	**322,119**	**–**	**–**	**1,474,574**	**68,289**
439,067	439,067							439,067	
670,553	426,290			19,864	244,263			406,425	
10,007,610	**8,494,853**	**5,244,419**	**181,189**	**138,816**	**1,512,757**	**3,686,834**	**191,793**	**3,796,704**	**499,518**

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 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 As at 31 December 2019, 10% of the equity interest was attributed to owner of the Company.

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 122 to 225, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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.

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 matters identified in our audit are summarised as follows:

- Recognition of revenue from sales of properties over time
- Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of revenue from sales of properties over time Refer to Note 4 'Critical accounting estimates and judgments' and Note 5 'Revenue and segment information' to the consolidated financial statements. Revenue from sales of properties is recognised over time when the Group's performance under a sales contract provides all of the benefits received and consumed simultaneously by the customer, or creates and enhances an asset that the customer controls as the Group performs, or does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the buyer obtains control of the completed property. For the year ended 31 December 2019, revenue of the Group from sales of properties was RMB1,675.1 million, of which RMB390.4 million was recognised over time.	To address this key audit matter, we performed audit procedures as follows: In assessing the appropriateness of management's judgments as to whether the Group has the enforceable right to payment in those sales contracts recognised over time, we have: (i) Understood and evaluated management's procedures in identifying and classifying sales contracts with or without right to payment. (ii) Reviewed the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms. (iii) Obtained and reviewed the opinion of the Group's internal lawyer, in particular, the internal lawyer's interpretation of the applicable laws and its implication on the assessment of the enforceability of the right to payment. (iv) Compared to the industry practices.

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. Management uses judgments, based on its internal lawyer's interpretation and making reference to industry practices, to classify sales contracts into those with right to payment and those without the right. For the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on type of properties, gross and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Given the involvement of significant judgments and estimations, recognition of revenue from sales of properties over time is considered a key audit matter.	In respect of the completeness of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation, we have: (i) Compared the actual development costs of completed projects to management's prior estimations of total development costs to assess management's experience and capability on making cost estimates. (ii) Understood, evaluated and validated the internal controls over the generation of cost data of the property unit. (iii) Assessed the reasonableness of the basis for cost allocation. (iv) Tested the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date, by performing procedures below on a sample basis: • Compared the estimated total development costs of the project and property unit to the budget approved by management. • Tested the development costs incurred by tracing to the supporting documents and the reports from external supervising engineers, where applicable. • Checked the mathematical accuracy of the computation of cost allocation and progress of the property unit. We found that the significant judgments and estimations used in determining whether the Group has the enforceable right to payment, and the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date were supportable by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties Refer to Note 4 "Critical accounting estimates and judgment" and Note 17 "Investment properties" to the consolidated financial statements. The Group's investment properties are measured at fair value model and carried at approximately RMB3,651.3 million as at 31 December 2019 and fair value gains of approximately RMB155.7 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 an external valuer engaged by the Group. The Group's investment property portfolio includes completed investment properties, investment properties under construction and the associated right-of-use assets for property leases which had been or planned to be operatingly subleased out. • 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. • For the associated right-of-use assets for property leases which had been or planned to be operatingly subleased out: the valuations of these properties are derived using the income approach. For the income approach, the relevant key assumptions include term yield, reversionary yield and market monthly rental rate. 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 judgments and estimates.	Our audit procedures included: (i) We assessed the competence, capabilities and objectivity of the external valuer 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. (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 judgments 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 IFRSs 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 Pang Ho Yin.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 7 May 2020

Consolidated Statement of Profit or Loss

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Revenue	5	3,376,865	3,001,137
Cost of sales	9	(2,301,582)	(1,965,066)
Gross profit		1,075,283	1,036,071
Other income and gains – net	8	275,181	223,890
Selling and distribution expenses	9	(116,908)	(86,107)
Administrative expenses	9	(335,194)	(295,294)
Net impairment losses on financial and contract assets	9	(23,903)	(3,480)
Fair value gains on investment properties	17	155,677	57,411
Operating profit		1,030,136	932,491
Finance income	11	101,538	67,680
Finance costs	11	(262,710)	(177,591)
Net finance costs		(161,172)	(109,911)
Share of profits of associates	12(b)	45,297	64,336
Share of profits of joint ventures	12(b)	42,474	16,777
Profit before income tax		956,735	903,693
Income tax expense	13	(362,552)	(312,777)
Profit for the year		594,183	590,916
Profit for the year attributable to:			
– Owners of the Company		569,272	541,486
– Non-controlling interests		24,911	49,430
Profit for the year		594,183	590,916
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and diluted (RMB cents)	14	7.44	7.07

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit for the year	**594,183**	590,916
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	**–**	14,878
Items that may be reclassified to profit or loss:		
– Currency translation differences	**5,648**	(177,136)
Other comprehensive income for the year, net of tax	**5,648**	(162,258)
Total comprehensive income for the year	**599,831**	428,658
Total comprehensive income for the year is attributable to:		
– Owners of the Company	**574,920**	379,228
– Non-controlling interests	**24,911**	49,430
Total comprehensive income for the year	**599,831**	428,658

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Note	At 31 December 2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment	15	440,962	454,026
Right-of-use assets	16	73,850	–
Investment properties	17	3,651,261	2,566,060
Land use rights		–	3,394
Intangible assets	18	35,834	6,475
Investments in associates	12(b)	1,554,483	1,517,876
Investments in joint ventures	12(b)	182,591	190,117
Financial assets at fair value through profit or loss	20	307,926	235,127
Trade and other receivables	24	82,367	231,581
Deferred income tax assets	30	59,396	32,714
		6,388,670	5,237,370
Current assets			
Properties under development	21	2,508,986	2,356,821
Completed properties held for sale	22	3,066,529	2,399,282
Inventories and contracting work-in-progress	23	70,020	72,832
Trade and other receivables	24	1,857,070	1,921,211
Current income tax assets		–	15,406
Financial assets at fair value through profit or loss	20	75,000	30,500
Contract assets	5(d)	1,605,396	785,452
Deposits in banks with original maturities over three months	19	41,226	15,637
Restricted cash	25	349,146	418,883
Cash and cash equivalents	26	1,653,463	1,927,200
		11,226,836	9,943,224
Current liabilities			
Contract liabilities	5(d)	337,243	366,293
Trade and other payables	27	3,462,790	2,368,346
Corporate bonds	28	1,280,239	1,069,185
Bank and other borrowings	29	1,911,461	1,878,085
Lease liabilities	16	69,692	–
Current income tax liabilities		364,928	352,261
Current portion of deferred income	31	11,944	4,706
		7,438,297	6,038,876
Net current assets		3,788,539	3,904,348
Total assets less current liabilities		10,177,209	9,141,718

		At 31 December	
	Note	2019 RMB'000	2018 RMB'000
Non-current liabilities			
Corporate bonds	28	–	795,739
Bank and other borrowings	29	1,538,039	1,048,543
Lease liabilities	16	496,976	–
Deferred income tax liabilities	30	442,412	327,645
Non-current portion of deferred income	31	107,491	42,355
		2,584,918	2,214,282
Net assets		7,592,291	6,927,436
Equity			
Share capital	32	623,048	626,839
Treasury shares	32	(121,056)	(132,417)
Reserves	33	2,897,733	3,051,428
Retained earnings	34	3,208,519	2,556,537
Total equity attributable to owners of the Company		6,608,244	6,102,387
Non-controlling interests		984,047	825,049
Total equity		7,592,291	6,927,436
Total equity and non-current liabilities		10,177,209	9,141,718

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 122 to 129 were approved by the Board of Directors on 24 March 2020 and were signed on its behalf.

Mr. Huang Liping
Director

Mr. Hu Bin
Director

Consolidated Statement of Changes in Equity

	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
		Attributable to owners of the Company											
Balance at 1 January 2019 as original presented		626,839	(132,417)	2,034,552	35,669	49,772	384,456	546,979	3,051,428	2,556,537	6,102,387	825,049	6,927,436
Adjustment of adoption of IFRS 16, net of tax	2.2	–	–	–	–	–	–	–	–	111,686	111,686	21,948	133,634
Restated total equity as at 1 January 2019		626,839	(132,417)	2,034,552	35,669	49,772	384,456	546,979	3,051,428	2,668,223	6,214,073	846,997	7,061,070
Total comprehensive income for the year		–	–	–	5,648	–	–	–	5,648	569,272	574,920	24,911	599,831
Transactions with owners, recognised directly in equity													
Appropriation to statutory reserve		–	–	–	–	–	28,976	–	28,976	(28,976)	–	–	–
Non-controlling interests arising on business combination	6	–	–	–	–	–	–	–	–	–	–	50,000	50,000
Capital injection from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	69,058	69,058
Transaction with non-controlling interests	33(c)	–	–	–	–	–	–	(8,079)	(8,079)	–	(8,079)	(1,721)	(9,800)
Dividends	35	–	–	(166,640)	–	–	–	–	(166,640)	–	(166,640)	(3,290)	(169,930)
Repurchase of shares	32	–	(4,400)	–	–	–	–	–	–	–	(4,400)	–	(4,400)
Cancellation of shares	32	(3,791)	15,761	(11,970)	–	–	–	–	(11,970)	–	–	–	–
Liquidation of subsidiaries		–	–	–	–	–	–	(1,630)	(1,630)	–	(1,630)	(1,908)	(3,538)
Total transactions with owners, recognised directly in equity		(3,791)	11,361	(178,610)	–	–	28,976	(9,709)	(159,343)	(28,976)	(180,749)	112,139	(68,610)
Balance at 31 December 2019		623,048	(121,056)	1,855,942	41,317	49,772	413,432	537,270	2,897,733	3,208,519	6,608,244	984,047	7,592,291

	Note	Attributable to owners of the Company											
		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 2018		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
Adjustment of adoption of IFRS 9, net of tax		–	–	–	–	–	–	–	–	(47,147)	(47,147)	(2,631)	(49,778)
Adjustment of adoption of IFRS 15, net of tax		–	–	–	–	–	–	–	–	7,335	7,335	2,295	9,630
At 1 January 2018 (restated)		634,716	(122,469)	2,200,925	212,805	34,894	339,189	602,889	3,390,702	2,060,750	5,963,699	856,898	6,820,597
Total comprehensive income for the year		–	–	–	(177,136)	14,878	–	–	(162,258)	541,486	379,228	49,430	428,658
Transactions with owners, recognised directly in equity													
Appropriation to statutory reserve		–	–	–	–	–	45,699	–	45,699	(45,699)	–	–	–
Non-controlling interests arising on business combination		–	–	–	–	–	–	–	–	–	–	40,789	40,789
Capital injection from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	68,496	68,496
Partially capital reduction from a non-controlling shareholder		–	–	–	–	–	–	–	–	–	–	(3,022)	(3,022)
Transaction with non-controlling interests		–	–	–	–	–	–	(53,074)	(53,074)	–	(53,074)	(180,426)	(233,500)
Dividends	35	–	–	(129,370)	–	–	–	–	(129,370)	–	(129,370)	(7,200)	(136,570)
Repurchase of shares		–	(54,828)	–	–	–	–	–	–	–	(54,828)	–	(54,828)
Cancellation of shares		(7,877)	44,880	(37,003)	–	–	–	–	(37,003)	–	–	–	–
Disposal of a subsidiary		–	–	–	–	–	(432)	(2,836)	(3,268)	–	(3,268)	84	(3,184)
Total transactions with owners, recognised directly in equity		(7,877)	(9,948)	(166,373)	–	–	45,267	(55,910)	(177,016)	(45,699)	(240,540)	(81,279)	(321,819)
Balance at 31 December 2018		626,839	(132,417)	2,034,552	35,669	49,772	384,456	546,979	3,051,428	2,556,537	6,102,387	825,049	6,927,436

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

		Year ended 31 December	
	Note	2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Cash generated/(used in) from operations	36	662,801	(155,570)
Income tax paid		(273,099)	(198,568)
Cash flows generated from/(used in) operating activities		389,702	(354,138)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash received	6	22,324	34,066
Proceeds from disposal of a subsidiary, net of cash received	7	81,654	7,466
Interest received		101,538	74,103
Proceeds from disposal of investment properties		157,168	103,420
Proceeds from disposal of property, plant and equipment		7,492	811
Proceeds from disposal of financial assets at fair value through profit or loss	20	97,501	695,420
Purchase of financial assets at fair value through profit or loss	20	(132,643)	(545,921)
Investments in associates		(99,545)	(289,744)
Investments in joint ventures		–	(364,018)
Dividends received		20,000	44,903
Proceeds from disposal of an associate		45,460	–
Proceeds from disposal of certain equity interests		–	7,200
Proceeds from capital deduction of a joint venture		–	29,346
Purchase of property, plant and equipment	15	(76,976)	(69,719)
Purchase of investment properties	17	(275,957)	(95,869)
Proceeds from disposal of prepayments for acquisition of certain equity interests		–	81,628
Prepayments for acquisition of certain equity interests		–	(600)
Prepayments for acquisition of certain properties		–	(67,895)
Purchase of intangible assets	18	(31,285)	(1,323)
(Increase)/decrease in deposits in banks with original maturities over three months		(25,589)	56,591
Loans to related parties and third parties		(160,422)	(1,048,557)
Loans repaid from related parties and third parties		306,731	645,823
Decrease in restricted cash		–	5,010
Cash flows used in investing activities		37,451	(697,859)

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Cash flows from financing activities			
Proceeds from bank and other borrowings		2,562,700	2,554,380
Proceeds from issue of corporate bonds	28	450,000	440,000
(Increase)/decrease in restricted cash		(85,689)	33,553
Repayment of corporate bonds		(1,100,000)	–
Repayment of bank and other borrowings		(2,045,021)	(1,907,940)
Proceeds from loans due to related parties and third parties		–	365,295
Repayment of loans due to related parties and third parties		–	(80,501)
Payments for repurchase of shares	32	(4,400)	(54,828)
Interest paid		(335,101)	(218,424)
Dividends paid to the owners of the Company	35	(166,640)	(129,370)
Dividends paid to non-controlling interests		(3,290)	(7,200)
Capital injection by non-controlling interests		69,058	68,496
Consideration paid for acquisition further equity interests in subsidiaries from non-controlling interests	33(c)	(9,800)	(233,500)
Partial capital reduction by non-controlling interests		–	(3,022)
Principal elements of lease payments		(39,396)	–
Cash flows (used in)/generated from financing activities		(707,579)	826,939
Net decrease in cash and cash equivalents		(280,426)	(225,058)
Cash and cash equivalents at beginning of the year		1,927,200	2,133,597
Effect of foreign exchange rate changes		6,689	18,661
Cash and cash equivalents at end of the year		1,653,463	1,927,200

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

China Electronics Optics Valley Union Holding Company Limited (the "Company") 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 24 March 2020.

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 ("IFRSs") 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 financial assets at fair value through profit or loss 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 2019:

- IFRS 16, Leases
- Annual improvements to 2015-2017 cycle
- Plan amendment, curtailment or settlement – Amendments to IFRS 19
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Prepayment features with negative compensation – Amendments to IAS 9
- IFRIC 23, Uncertainty over income tax treatments

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 *Basis of preparation (continued)*

2.1.3 *New and amended standards adopted by the Group (continued)*

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS 16. The impact of the adoption of IFRS 16 is disclosed in Note 2.2 below. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1.4 *New and amended standards and interpretations not yet adopted*

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
IFRS 3 (amendments)	Definition of business	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
IFRS 17	Insurance contracts	1 January 2021
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 *Change in accounting policy*

As indicated in Note 2.1.3 above, the Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2.29.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.36%.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 *Change in accounting policy (continued)*

2.2.1 *Practical expedients applied*

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

2.2.2 *Measurement of lease liabilities*

The lease liability recognised at 1 January 2019 upon initial adoption are arrived as below.

	2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	636,880
Discounted using the lessee's incremental borrowing rate of at the date of initial application	462,488
Lease liability recognised as at 1 January 2019	462,488
Of which are:	
– Current lease liabilities	46,840
– Non-current lease liabilities	415,648

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Change in accounting policy (continued)

2.2.3 Measurement of right-of-use assets

The associated right-of-use assets for property leases, which had been or were planned to be operatingly subleased out, were recognised as investment properties and measured at fair value on a retrospective basis as if the new rules had always been applied. The associated right-of-use assets for property leases, which had been financingly subleased out, were recognised as receivables and measured at the amount equal to the net investment calculated with the implicited interest rates in the financing leases on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 RMB'000	1 January 2019 RMB'000
Land use rights (reclassified from the financial statement line item "Land use rights")	3,324	3,394
Properties	683,379	565,168
	686,703	568,562

2.2.4 Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by RMB103,309,000
- Land use rights – decrease by RMB3,394,000
- Investment properties – increase by RMB465,253,000
- Receivables – increase by RMB75,498,000
- Lease liabilities – increase by RMB462,488,000
- Deferred tax liabilities – increase by RMB44,544,000

The net impact on retained earnings on 1 January 2019 was an increase of RMB111,686,000.

2.2.5 Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Principles of consolidation and equity accounting*

2.3.1 *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.

2.3.2 *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 2.3.4 below), after initially being recognised at cost.

2.3.3 *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 2.3.4 below), after initially being recognised at cost in the consolidated balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Principles of consolidation and equity accounting (continued)*

2.3.4 *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 2.11.

2.3.5 *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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 *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.

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)

2.5 *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.

2.6 *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.

2.7 *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 gains/(losses) – net'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 *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)

2.8 *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 2.11).

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)

2.9 *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'.

2.10 *Intangible assets*

2.10.1 *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)

2.10 Intangible assets (continued)

2.10.2 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.

2.11 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.

2.12 Investments and other financial assets

2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Investments and other financial assets (continued)

2.12.2 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.

2.12.3 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Loss allowances are presented as separate line item in the statement of profit or loss.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 *Investments and other financial assets (continued)*

2.12.3 *Measurement (continued)*

Debt instruments (continued)

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the statement of profit or loss as applicable. Loss allowances (and reversal of loss allowances) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.12.4 *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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 *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.

2.15 *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.

2.16 *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.

2.17 *Trade receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 3 to 12 months and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 24 for further information about the Group's accounting for trade receivables and Note 4.1 for a description of the Group's impairment policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the constumer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs incurred to obtain contracts with a customer as contract acquisition cost within contract assets if the Group expects to recover those costs.

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 financial position.

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.

2.21 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.24 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 *Current and deferred income tax (continued)*

(b) Deferred income tax (continued)

Outside basis differences (continued)

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.

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 *Revenue recognition*

(1) Sales of properties and construction services

Revenues 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 transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which 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.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Revenue recognition (continued)

(2) Rental income

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms.

(3) Energy supply initial fee

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

(4) Service fee income

Service fee income in relation to design and development management services, property management service, advertising service and other ancillary services is recognised in the accounting period in which the services are rendered.

2.28 Dividend income

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

2.29 Leases

As explained in Note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.2.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset (for self-occupation), an investment property (for operatingly subleased-out), a receivable (for financingly subleased-out) and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Leases (continued)

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 *Leases (continued)*

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.30 *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.

2.31 *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.

2.32 *Earnings per share*

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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 2019 and 2018, 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 financial assets at fair value through profit or loss 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 financial assets at fair value through profit or loss 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 29. The Group does not carry out any hedging activities to manage its interest rate exposure.

At 31 December 2019, 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 RMB4,507,915 (2018: RMB46,073,000) 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)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The exposure of the Group's total borrowings (Note 28 and Note 29) to interest rate changes and the contractual maturity dates of the total borrowings at the end of the year are as follows:

	2019 RMB'000	2018 RMB'000
Variable rate borrowings	2,208,761	1,895,128
Other borrowings – maturity dates:		
1 year or less	2,022,839	1,979,667
1 – 2 years	–	916,757
2 – 5 years	90,000	–
Over 5 years	408,139	–
	4,729,739	4,791,552

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, deposits in banks with original maturities over three months, investments in wealth management products recorded in financial assets at fair value through profit or loss, contract assets and trade and other receivables. The carrying amounts of the above assets represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, cash and cash equivalents, restricted cash, deposits in banks with original maturities over three months and investments in wealth management products recorded in financial assets at fair value through profit or loss 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.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Impairment losses on trade receivables, contract assets and other receivables are presented as "net impairment losses on financial and contract assets" within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) *Trade receivables and contract assets*

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance was determined as follows for trade receivables.

RMB'000	Up to 3 months	3 to 6 months	6 to 9 months	9 months to 1 year	over 1 year	Total
At 31 December 2019						
Expected loss rate	–	1.50%	3.00%	4.50%	10.00%	
Gross carrying amount	377,649	26,214	38,977	66,319	173,087	682,246
Loss allowance provision	–	394	1,169	2,984	17,309	21,856

RMB'000	Up to 3 months	3 to 6 months	6 to 9 months	9 months to 1 year	over 1 year	Total
At 31 December 2018						
Expected loss rate	–	1.50%	3.00%	4.50%	10.00%	
Gross carrying amount	377,530	116,899	3,097	5,934	218,591	722,051
Loss allowance provision	–	1,753	93	267	21,859	23,972

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Expected loss rate of contract assets is assessed to be 3.20% and 3.32% as at 31 December 2019 and 2018, and the loss of allowance provision of contract assets amounted to RMB53,130,000 and RMB26,973,000 as at 31 December 2019 and 2018, respectively.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Other financial assets carried at amortised cost

Other financial assets at amortised cost mainly include loans to third parties, loans to related parties and other receivables (excluding prepayments).

The loss allowance decreased by RMB138,000 to RMB15,239,000 for other receivables during the current reporting period.

(iii) Loss allowance movement during the year

The loss allowance for financial assets as at 31 December 2019 are analysed as follows:

	Contract assets RMB'000	Trade receivables RMB'000	Other receivables RMB'000	Total RMB'000
At 1 January	26,973	23,972	15,377	66,322
Increase/(reverse) in loss allowance recognised in profit or loss during the year	26,157	(2,116)	(138)	23,903
At 31 December	53,130	21,856	15,239	90,225

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 2019

	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	3,449,500	3,820,799	2,070,938	992,321	524,836	232,704
Corporate bonds	1,280,239	1,316,977	1,316,977	–	–	–
Lease liabilities	566,668	1,025,559	100,877	101,233	325,846	497,603
Trade and other payables (excluded payroll)	3,403,261	3,421,828	3,421,828	–	–	–
	8,699,668	9,585,163	6,910,620	1,093,554	850,682	730,307

For the year ended 31 December 2018

	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	2,926,628	2,424,300	1,223,036	750,895	442,306	8,063
Corporate bonds	1,864,924	1,992,172	1,164,463	827,709	–	–
Trade and other payables (excluded payroll)	2,307,158	2,325,725	2,325,725	–	–	–
	7,098,710	6,742,197	4,713,224	1,578,604	442,306	8,063

3 FINANCIAL RISK MANAGEMENT (continued)

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), "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.

The gearing ratios at 31 December 2019 and 2018 were as follows:

	2019 RMB'000	2018 RMB'000
Net debt (Note 36(b))	2,828,503	2,710,852
Total equity	7,592,291	6,927,436
Total capital	10,420,794	9,638,288
Gearing ratio	27.14%	28.13%

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2019 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 17 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 2019:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
– Equity securities	–	–	307,926	307,926
– Wealth management products	–	–	75,000	75,000
	–	–	382,926	382,926

The following table presents the Group's financial assets that are measured at fair value at 31 December 2018:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
– Equity securities	–	–	235,127	235,127
– Wealth management products	–	–	30,500	30,500
	–	–	265,627	265,627

(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.

Valuation techniques used to derive level 2 fair values

For Level 2 financial assets at fair value through profit or loss, fair values are generally obtained through the use of valuation methodologies with observable market inputs or by reference to recent completed transaction prices.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the years ended 31 December 2019 and 2018:

	Financial assets at fair value through profit or loss	
	2019 RMB'000	2018 RMB'000
Opening balance at 1 January	265,627	192,000
Transfer from investment in associates	–	94,063
Net gain from transfer from investment in associates	–	129,063
Fair value changes	82,157	–
Other additions	132,643	545,921
Disposals	(97,501)	(695,420)
Closing balance at 31 December	382,926	265,627
Recognised gains for the year included in "other income and gains-net"	82,157	129,063

As at 31 December 2019, the fair values of level 3 financial assets at fair value through profit or loss are determined based on cash flow discounted using the expected return based on management's judgment.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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) Revenue recognition from sales of properties

Revenue from sales of properties in the PRC is recognised over time when the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group cannot change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. Management uses judgments, based on its internal lawyer's interpretation and making reference to industry practice, to classify sales contracts into those with right to payment and those without the right. Management will reassess their judgments on a regular basis to identify and evaluate the existence of any circumstances that could affect the Group's enforceable right to payment and the implication on the accounting for sales contracts.

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group allocates common costs based on type of properties, gross and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

4.1 *Critical accounting estimates and assumptions (continued)*

(b) Reveune recognition for construction design and management contracts

Pursuant to construction design and management arrangements signed between the Group and the third party customers, the Group's responsibilities in design and managing projects vary for each contracts. The determination of whether to record these revenues using gross or net basis is based on an assessment of various factors, including but not limited to whether the Group (i) is the primary obligor to the customers in the arrangements; (ii) has latitude in establishing the contract price; (iii) changes the products or performs part of the services; (iv) has involvement in the determination of product and service specifications; and (v) has the rights to directs other party(ies) to provide the specified service to the customer.

The Group recognises construction design and management revenue according to the progress towards complete satisfaction of performance obligation of the individual contract of construction design and management works. The progress is determined by the entity's efforts or inputs to the satisfaction of performance obligations (for example, resources consumed, labour hours expended and cost incurred) relative to the total expected inputs to the satisfaction of that performance obligation. Management's estimation of the cost incurred to date and the budgeted cost is primarily based on construction design and management budget and actual cost report prepared by internal quantity surveyors, where applicable. Corresponding revenue from contract work is also estimated by management based on the progress and budgeted revenue. The Group regularly reviews and revises the estimation of both construction design and management revenue and cost in the budget prepared for each construction design and management contract as the contract progresses.

(c) Classification of investments

The Group made certain investments that involved in different forms of financial instruments. Judgment is required in determining the appropriate classification for these investments including assessing the relevant activities of the investee companies and its decisions making process on those activities that involving the Group, if any and its other investors, the rights and power of the Group and other investors on the investee companies, any other arrangements or transactions among the Group, its other investors and/or the investee companies, and the Group's returns from the investments.

Different conclusions around these judgments may materially impact how these investments presented and measured in the consolidated statement of financial position of the Group.

(d) Classification of sublease

The Group subleased certain properties that involved in different nature, that is, as finance lease or as operating lease. Judgment is required in determining the appropriate classification for these subleases at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date, including whether the sublease period constituted the major part of the Group's remaining contractual period of the head lease. Different conclusions around these judgments may materially impact how these subleases presented and measured in the consolidated statement of financial position of the Group.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

(e) Expected credit loss for receivables

The loss allowance provisions for trade and other receivables and contract assets are based on assumptions about the expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 3.1(b). Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statements of profit or loss.

(f) 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 judgment and estimates. Details of the judgments and assumptions have been disclosed in Note 17.

(g) Write-down of inventories for property development

As explained in Note 2.14 and 2.15, 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 2019 and 2018.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

4.1 *Critical accounting estimates and assumptions (continued)*

(h) 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.

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

As explained in Note 13, 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.

(j) 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 except for the dividends amounting to RMB177,600,000 which were expected to be distributed from United Real Estate (Wuhan) Co., Ltd., a PRC subsidiary of the Company, to its its immediate holding company in Hong Kong, the rest retained earnings of the PRC subsidiaries as at 31 December 2019 would not be distributed to their overseas holding companies in the foreseeable future and thus no deferred tax liability was provided accordingly.

5 REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by business lines (products and services). The Group had identified three segments, namely rental and sales of industrial parks, industrial park operation services and industrial investment. At 31 December 2019, the Group has the following three segments:

- Rental and sales of industrial parks (formally named as "Industrial park space services"): this segment develops and sells industrial parks and ancillary residential properties. It also includes leasing 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 services relating to the construction of a number of office and residential buildings for some of the Group's customers, design and construction service for the certain projects under construction, property management service, energy service, financing service and other services for industrial parks.

- Industrial investment: this segment represents the Group's industrial-related strategic investments in certain start-up companies. Management considers this segment not reportable for the year ended 31 December 2019 according to IFRS 8.

5 REVENUE AND SEGMENT INFORMATION (continued)

(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 period is set out below.

For the year ended 31 December 2019

	Rental and sales of industrial parks RMB'000	Industrial park operation services RMB'000	Industrial investment RMB'000	Total RMB'000
Segment revenue	1,895,371	2,216,807	–	4,112,178
– Recognition at point in time	1,304,493	97,859	–	1,402,352
– Recognition over time	590,878	2,118,948	–	2,709,826
Inter-segment revenue	(14,220)	(721,093)	–	(735,313)
Revenue from external customers	1,881,151	1,495,714	–	3,376,865
Segment results	753,431	159,897	75,292	988,620
Depreciation and amortisation	(50,537)	(63,366)	(258)	(114,161)

5 REVENUE AND SEGMENT INFORMATION (continued)

(a) Segment results (continued)

For the year ended 31 December 2018

	Rental and sales of industrial parks RMB'000	Industrial park operation services RMB'000	Industrial investment RMB'000	Total RMB'000
Segment revenue	1,912,725	1,439,306	–	3,352,031
– Recognition at point in time	1,246,400	77,145	–	1,323,545
– Recognition over time	666,325	1,362,161	–	2,028,486
Inter-segment revenue	(66,450)	(284,444)	–	(350,894)
Revenue from external customers	1,846,275	1,154,862	–	3,001,137
Segment results	636,567	185,341	121,907	943,815
Depreciation and amortisation	(21,365)	(47,237)	(133)	(68,735)

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

	2019 RMB'000	2018 RMB'000
Segment results	**988,620**	943,815
Fair value gains on investment properties	**155,677**	57,411
Share of profits of associates	**45,297**	64,336
Share of profits of joint ventures	**42,474**	16,777
Finance income	**101,538**	67,680
Finance costs	**(262,710)**	(177,591)
Depreciation and amortisation	**(114,161)**	(68,735)
Income tax expense	**(362,552)**	(312,777)
Profit for the year	**594,183**	590,916

5 REVENUE AND SEGMENT INFORMATION (continued)

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

	2019 RMB'000	2018 RMB'000
Rental and sales of industrial parks		
Sales of industrial park	1,656,060	1,662,153
Sales of ancillary residential properties	19,020	17,808
Park properties leasing	206,071	166,314
	1,881,151	1,846,275
Industrial park operation services		
Design and construction services	681,066	472,934
Property management services	542,510	448,360
Energy services	96,231	96,123
Group catering and hotel services	63,953	51,871
Industrial financial services	42,299	26,304
Others	69,655	59,270
	1,495,714	1,154,862
Total	3,376,865	3,001,137

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.

5 REVENUE AND SEGMENT INFORMATION (continued)

(d) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	Notes	31 December 2019 RMB'000	31 December 2018 RMB'000
Current contract assets relating to sales of properties		438,144	213,491
Current contract assets relating to construction services		1,219,512	598,156
Current asset recognised for costs incurred to obtain contracts		870	778
Loss allowance	3.1(b)	(53,130)	(26,973)
Total contract assets		1,605,396	785,452
Contract liabilities relating to sales of properties		337,243	366,293

(e) Contract liabilities

As at 31 December 2019, the Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

Out of the contract liabilities amounting to RMB366,293,000 (2018: RMB235,694,000) at the beginning of the year of 2019, RMB217,567,000 (2018: RMB165,180,000) was recognised as revenue in the current reporting period relates to carried-forward contract liabilities.

Unsatisfied contracts related to sales of properties are analysed as following:

	31 December 2019 RMB'000	31 December 2018 RMB'000
Revenue expected to be recognised within one year	240,949	252,945
Revenue expected to be recognised after one year	96,294	113,348
Total transaction price allocated to the unsatisfied contracts	337,243	366,293

6 BUSINESS COMBINATIONS

Acquisition of Xianyang CEC Western Zhigu Industrial Co., Limited ("Western Zhigu")

The Group originally held 50% equity interests in Western Zhigu and recognised it as an investment in a joint venture. On 29 August 2019, the Group (through Wuhan Optics Valley Union Group Co., Ltd ("Wuhan OVU"), being a subsidiary of the Company), entered into an agreement with Rainbow Group Co. LTD ("Rainbow Group"), a related party who held 20% equity interests in Western Zhigu, pursuant to which Rainbow Group would act in concert with the Group when voting in both the board of directors' meeting and shareholders' meeting of Western Zhigu. As a result, the Group obtained control over Western Zhigu and Western Zhigu became a subsidiary of the Company.

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

	RMB'000
Purchase consideration	
– Fair value of 50% equity interests in Western Zhigu held by the Group	50,000

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

	RMB'000
Cash and cash equivalents	22,324
Property, plant and equipment	352
Intangible assets	27
Trade and other receivables	87,911
Trade and other payables	(10,614)
Total identifiable net assets	100,000
Non-controlling interests	(50,000)
Goodwill	–
Cash inflow on acquisition, net of cash and cash equivalents therefore consolidated	22,324

Had Xianyang CEC Company been consolidated from 1 January 2019, the consolidated statement of profit or loss of the Group would show pro-forma revenue of RMB3,376,865,000 and pro-forma profit for the year of RMB595,954,000.

7 DISPOSAL OF A SUBSIDIARY

During the year ended December 31 2019, the Group disposed of certain interests in a subsidiary. Details of the disposal are as follows:

	2019 RMB'000
Consideration	
– Cash consideration received	81,395
Less:	
– Total net assets of the subsidiary disposed of	55,702
Gain/(loss) on disposal	25,693
Cash proceeds from disposal, net of cash disposed of	
– Cash consideration received	81,395
– Deferred cash consideration received	50,000
– Less: cash and cash equivalents in the subsidiary disposed of	(49,741)
– Net cash inflow on disposal	81,654

8 OTHER INCOME AND GAINS–NET

	2019 RMB'000	2018 RMB'000
Gain on disposal of investment properties	112,493	46,745
Fair value gains on financial assets at fair value through profit of losses (a)	82,157	–
Government subsidies	53,207	26,811
Gain from deemed partial disposal (b)	28,222	29,950
Gain/(loss) on disposal a subsidiary (Note 7)	25,693	(12,658)
Loss on disposal of an associate	(27,597)	–
Net gain on disposal of property, plant and equipment	181	458
Compensation income	–	3,937
Net gain on transfer from investment in associates to financial assets at fair value through profit or loss	–	129,063
Others	825	(416)
	275,181	223,890

8 OTHER INCOME AND GAINS–NET (continued)

(a) During the year ended 31 December 2019, the Group remeasured the fair value of Wuhan Easylinkin Technology Co., Ltd. ("Easylinkin Technology"), a financial asset at fair value through profit of loss of the Group, and recognised fair value gains amounting to approximately RMB82,157,000 with reference to the valuation determined during the most recent round of external financing raised by Easylinkin Technology completed in October 2019.

(b) In December 2019, Shenzhen Huada Beidou Technology Company Limited ("Huada Beidou"), an associate of the Group, enlarged its registered capital from RMB415.0 million to RMB546.2 million. The new registered capital was contributed by certain independent investors by cash. Upon the completion of the transaction, the Group's equity interest in Huada Beidou was diluted from 36.14% to 27.46%, while the Group still retains significant influence in Huada Beidou. A gain from the deemed partial disposal arising from the reduced equity interest in Huada Beidou amounting to RMB27,632,000 was therefore recognised by the Group.

In December 2019, CEC & CICC (Xiamen) Intelligent Industry Equity Investment Fund Partnership (L.P.) ("CEC & CICC"), an associate of the Group, enlarged its registered capital from RMB2,521.0 million to RMB2,821.0 million. The new registered capital was contributed by certain independent investors by cash. Upon the completion of the transaction, the Group's equity interest in CEC & CICC was diluted from 26.59% to 24.03%, while the Group still retains significant influence in CEC & CICC. A gain from the deemed partial disposal arising from the reduced equity interest in CEC & CICC amounting to RMB590,000 was therefore recognised by the Group.

9 EXPENSES BY NATURE

	2019 RMB'000	2018 RMB'000
Cost of properties sold	957,482	1,084,080
Cost of construction services	533,947	334,336
Employee benefit expenses (Note 10)	529,846	487,909
Outsourcing costs for industrial park operation	494,763	223,623
Depreciation (Note 15 and 16)	112,208	67,520
Amortisation (Note 18)	1,953	1,215
Net impairment losses on financial and contract assets	23,903	3,480
Other professional service fees	21,452	19,707
Advertising costs	20,378	16,632
Auditors' remuneration		
– Audit services	2,000	2,000
– Non-audit services	960	960
Operating lease payments	–	36,350
Other expenses	78,695	72,135
Total cost of sales, selling and distribution expenses, administrative expenses and net impairment losses on financial and contract assets	2,777,587	2,349,947

10 EMPLOYEE BENEFIT EXPENSE

	2019 RMB'000	2018 RMB'000
Salaries, wages and other benefits	500,099	458,319
Contributions to defined contribution retirement schemes	29,747	29,590
	529,846	487,909

10 EMPLOYEE BENEFIT EXPENSE (continued)

(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% (2018: 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 (2018: nil) were utilised during the year.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2018: two) directors whose emoluments are reflected in the analysis shown in Note 41. The emoluments payable to the remaining five (2018: three) individuals during the year are as follows:

	2019 RMB'000	2018 RMB'000
Salaries and other emoluments	13,170	8,472
Retirement schemes contribution	80	62
	13,250	8,534

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

	2019	2018
HK$2,000,001 to HK$2,500,000	1	–
HK$2,500,001 to HK$3,000,000	3	1
HK$3,000,001 to HK$3,500,000	–	1
HK$3,500,001 to HK$4,000,000	1	1
	5	3

11 FINANCE INCOME AND COSTS

	2019 RMB'000	2018 RMB'000
Interest expenses of bank and other borrowings	(359,481)	(291,967)
Interest expenses on leasing liabilities	(32,850)	–
Capitalised interest expenses	129,122	114,298
Net foreign exchange gains	499	78
Finance costs	(262,710)	(177,591)
Interest income from loans provided to related parties (Note 39(b))	40,078	17,602
Interest income from deposits	54,108	43,740
Interest income from sublease	6,036	–
Income from wealth management products	1,316	6,338
Finance income	101,538	67,680
Net finance costs	(161,172)	(109,911)

Borrowing costs arising on financing specifically arranged for the construction of properties were capitalised using the rates ranged from 4.66% to 5.94% (2018: 4.66% to 5.94%) per annum, and other borrowing costs were capitalised using an average interest rate of 6.31% (2018: 6.62%) per annum.

12(A)SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2019:

Name of company	Place of incorporation and kind of legal entity	Paid-in/registered capital	Effective interest held by the Company		Principal activities and place of operation
			Direct	Indirect	
Optics Valley Union Holding Company Limited 光谷聯合控股有限公司*	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/ RMB100,000,000	–	50%	Investment holding in the PRC
Wuhan OVU. 武漢光谷聯合集團有限公司*	The PRC Limited liability company	RMB2,000,000,000/ RMB2,000,000,000	–	100%	Property development in the PRC
Huangshi Optics Valley Union Development Co., Ltd. 黃石光谷聯合發展有限公司*	The PRC Limited liability company	RMB100,000,000/ RMB100,000,000	–	100%	Property development in the PRC
Qingdao Optics Valley Union Development Co., Ltd. 青島光谷聯合發展有限公司*	The PRC Limited liability company	RMB200,000,000/ RMB200,000,000	–	100%	Property development in the PRC
Hubei Huisheng Technology Development Co., Ltd. 湖北匯盛科技發展有限公司*	The PRC Limited liability company	RMB21,000,000/ RMB21,000,000	–	100%	Property development in the PRC
Wuhan Minghong Technology Development Co., Ltd. 武漢鳴鴻科技發展有限公司*	The PRC Limited liability company	RMB30,000,000/ RMB30,000,000	–	100%	Property development in the PRC
Wuhan Lidao Technology Co., Ltd. 武漢麗島科技有限公司*	The PRC Limited liability company	RMB110,000,000/ RMB110,000,000	–	100%	Construction services in the PRC
Wuhan Jitian Construction Co., Ltd. 武漢吉天建設工程有限公司*	The PRC Limited liability company	RMB110,000,000/ RMB110,000,000	–	100%	Construction services in the PRC
Wuhan CEC Energy Conservation Co., Ltd. 武漢中電節能有限公司*	The PRC Limited liability company	RMB66,000,000/ RMB66,000,000	–	78.79%	Energy-saving technique development in the PRC
Wuhan Lidao Property Management Co., Ltd. 武漢麗島物業管理有限公司*	The PRC Limited liability company	RMB110,000,000/ RMB110,000,000	–	100%	Property management services in the PRC
Shenyang Optics Valley Union Development Co., Ltd. 瀋陽光谷聯合發展有限公司*	The PRC Limited liability company	RMB150,000,000/ RMB150,000,000	–	100%	Property development in the PRC

12(A)SUBSIDIARIES (continued)

Name of company	Place of incorporation and kind of legal entity	Paid-in/registered capital	Effective interest held by the Company		Principal activities and place of operation
			Direct	Indirect	
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/ RMB150,000,000	–	80%	Property development in the PRC
Hefei Optics Valley Union Development Co., Ltd 合肥光谷聯合發展有限公司*	The PRC Limited liability company	RMB180,000,000/ RMB180,000,000	–	100%	Property development in the PRC
Huanggang Optics Valley UnionDevelopment Co Ltd. 黃岡光谷聯合發展有限公司*	The PRC Limited liability company	RMB200,000,000/ RMB200,000,000	–	70%	Property development in the PRC
Wuhan Ziyuantang Art Co., Ltd 武漢紫綠堂藝術品有限公司*	The PRC Limited liability company	RMB100,000,000/ RMB100,000,000	–	100%	Exhibition related service in the PRC
Chengdu Chip Valley industrial park development co. LTD 成都芯谷產業園發展有限公司*	The PRC Limited liability company	RMB500,000,000/ RMB500,000,000	–	80%	Property development 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	RMB86,810,000/ RMB100,000,000	–	100%	Investment fund in the PRC
China Electronics Wenzhou Industrial Park Development Co., Ltd. ("CEC Wenzhou Industrial Park) 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	–	95%	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/ RMB100,000,000	–	60%	Investment fund in the PRC
CEC Optics Valley Architecture Design Institute Co., Ltd. 中電光谷建築設計院有限公司*	The PRC Limited liability company	RMB50,000,000/ RMB300,000,000	–	100%	Property management services in the PRC
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	RMB500,000,000/ RMB500,000,000	–	100%	Property management services in the PRC

12(A)SUBSIDIARIES (continued)

Name of company	Place of incorporation and kind of legal entity	Paid-in/registered capital	Effective interest held by the Company		Principal activities and place of operation
			Direct	Indirect	
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
Hubei Han Bo Yuan Thermal Equipment Co., Ltd. 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
Hubei zhongchuang financing guarantee Co., Ltd. 湖北中創融資擔保有限公司*	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	RMB300,000,000/ RMB300,000,000	–	100%	Property management services in the PRC
Shanghai huayue investment and development Co., Ltd. 上海華悦投資發展有限公司*	The PRC Limited liability company	RMB390,000,000/ RMB390,000,000	–	100%	Property development in the PRC
Xianyang China Electronics Western Zhigu Industrial Co., Ltd. 咸陽中電西部智谷實業有限公司*	The PRC Limited liability company	RMB100,000,000/ RMB100,000,000	–	50%	Property development 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 2019 and 2018, none of the non-controlling interest of the non-wholly owned subsidiaries was material to the Group.

12(B) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	2019 RMB'000	2018 RMB'000
Associates	1,554,483	1,517,876
Joint ventures	182,591	190,117
At 31 December	1,737,074	1,707,993

The amounts recognised in the consolidated statement of profit or loss as share of profits are as follows:

	2019 RMB'000	2018 RMB'000
Associates	45,297	64,336
Joint ventures	42,474	16,777
For the year ended 31 December	87,771	81,113

Investments in associates

	2019 RMB'000	2018 RMB'000
At 1 January	1,517,876	1,267,909
Additions	100,145	289,744
Share of profits	45,297	64,336
Gain from deemed partial disposal (Note 8(b))	28,222	29,950
Dividend received	(20,000)	(40,000)
Disposals	(117,057)	–
Transfer to financial assets at fair value through profit or loss	–	(94,063)
At 31 December	1,554,483	1,517,876

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

Investments in associates (continued)

List of principal associates as at 31 December 2019 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 Resort Software Community Group Co., Ltd ("Hainan Software Community")	PRC, limited liability company	PRC, development and management of electronic information technology industrial parks	RMB1,600,000,000	20.00%
CEC & CICC (Xiamen) Intelligent Industry Equity Investment Fund Partnership	PRC, limited liability company	PRC, Limited Partnership	RMB843,600,000	24.03%

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:

	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
Identifiable current assets and liabilities assumed		
Assets	10,713,858	10,706,938
Liabilities	(3,036,363)	(2,707,175)
Identifiable net current assets	7,677,495	7,999,763
Identifiable non-current assets and liabilities assumed		
Assets	3,084,817	1,790,252
Liabilities	(6,169,869)	(5,303,634)
Identifiable net non-current assets	(3,085,052)	(3,513,382)
Identifiable net assets	4,592,443	4,486,381
Identifiable net assets attributable to owners of the associate	4,556,197	4,447,571
Interest held by the Group	20%	20%
Carrying amount	911,239	889,514

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

Investments in associates (continued)

	2019 RMB'000	2018 RMB'000
Revenue	566,553	702,906
Profit after income tax	221,585	262,122
Total comprehensive profit	221,585	262,122

Investment in joint ventures

	2019 RMB'000	2018 RMB'000
At 1 January	190,117	143,431
Additions	–	364,018
Share of profits	42,474	16,777
Transfer to investment in a subsidiary	(50,000)	(16,842)
Dividend received	–	(4,903)
Capital deduction	–	(29,346)
Disposals	–	(283,018)
At 31 December	182,591	190,117

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

13 INCOME TAX EXPENSE

	2019 RMB'000	2018 RMB'000
Current tax:		
PRC Corporate Income Tax ("CIT")	136,489	133,853
LAT	164,683	110,010
Total current tax	301,172	243,863
Deferred tax (Note 30):		
– Origination and reversal of temporary differences	52,500	68,914
– Withholding income tax	8,880	–
Income tax expense	362,552	312,777

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:

	2019 RMB'000	2018 RMB'000
Profit before tax	956,735	903,693
Tax calculated at domestic statutory tax rate of 25% (Note (i) to (iii))	239,184	225,923
Tax effects of:		
– Share of results of associates and joint ventures	(21,943)	(20,278)
– Expenses not deductible for tax purposes	3,839	9,493
– Adopting prescribed tax calculation method by PRC subsidiaries (Note (iii))	1,868	1,678
– Tax losses for which no deferred income tax asset was recognised (Note 30)	7,212	13,454
LAT in relation to properties sold (Note (iv))	164,683	110,010
Tax effects of LAT	(41,171)	(27,503)
Witholding income tax on profit to be distributed in future (Note 4(j))	8,880	–
Income tax expense	362,552	312,777

13 INCOME TAX EXPENSE (continued)

(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 has been made as the Group had no taxable profit in Hong Kong in 2019.

(iii) 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% 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).

14 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 32).

	2019	2018
Profit attributable to owners of the Company (RMB'000)	569,272	541,486
Weighted average number of ordinary shares in issue (thousands)	7,646,905	7,658,774
Basic earnings per share (RMB cents)	7.44	7.07

There were no potential dilutive ordinary shares in 2019 and 2018, diluted earnings per share therefore equals to basic earnings per share.

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 2019						
Opening net book amount	277,682	87,035	10,324	65,486	13,499	454,026
Additions from acquisition of subsidiaries (Note 6)	–	–	202	150	–	352
Other additions	31,358	2,129	6,121	26,549	10,819	76,976
Depreciation charges (Note 9)	(28,982)	(14,453)	(2,496)	(36,818)	–	(82,749)
Disposal of a subsidiary	(176)	–	–	(156)	–	(332)
Other disposals	(5,840)	(1,036)	(208)	(227)	–	(7,311)
Closing net book amount	274,042	73,675	13,943	54,984	24,318	440,962
At 31 December 2019						
Cost	359,433	150,900	50,412	155,221	24,318	740,284
Accumulated depreciation	(85,391)	(77,225)	(36,469)	(100,237)	–	(299,322)
Net book amount	274,042	73,675	13,943	54,984	24,318	440,962

	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 2018						
Opening net book amount	221,127	91,373	8,144	23,254	10,369	354,267
Transfer from construction in progress	10,348	7,903	–	428	(18,679)	–
Transfer from completed properties held for sale	44,560	–	–	–	–	44,560
Additions from acquisition of subsidiaries	–	–	2,687	54,830	–	57,517
Other additions	28,528	2,074	2,052	15,256	21,809	69,719
Transfer to investment properties (Note 17)	(3,283)	–	–	–	–	(3,283)
Depreciation charges (Note 9)	(23,598)	(14,315)	(2,346)	(27,261)	–	(67,520)
Disposal of a subsidiary	–	–	–	(881)	–	(881)
Other disposals	–	–	(213)	(140)	–	(353)
Closing net book amount	277,682	87,035	10,324	65,486	13,499	454,026
At 31 December 2018						
Cost	334,091	149,807	44,297	128,905	13,499	670,599
Accumulated depreciation	(56,409)	(62,772)	(33,973)	(63,419)	–	(216,573)
Net book amount	277,682	87,035	10,324	65,486	13,499	454,026

15 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2019 RMB'000	2018 RMB'000
Cost of sales	62,541	44,805
Administrative expenses	18,807	19,621
Selling and distribution expenses	1,401	3,094
	82,749	67,520

16 LEASES

(i) *Amounts recognised in the balance sheet*

The balance sheet shows the following amounts relating to leases:

	31 December 2019 RMB'000	1 January 2019 RMB'000
Investment properties	599,553	465,253
Right-of-use assets		
– Properties	70,526	99,915
– Reclassification from land use rights	3,324	3,394
	673,403	568,562
Lease liabilities		
Current	69,692	46,840
Non-current	496,976	415,648
	566,668	462,488

16 LEASES (continued)

(i) Amounts recognised in the balance sheet (continued)

The following table presents the changes of right-of-use assets for the year ended 31 December 2019:

	2019 RMB'000
Balance at 31 December 2018	–
Adjustment on adoption of IFRS 16	103,309
Opening net book amount, as restated	103,309
Additions	–
Depreciation/amortisation	(29,459)
Closing net book amount	73,850

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2019 RMB'000	2018 RMB'000
Depreciation charge of right-of-use assets		
Properties	29,389	–
Land use rights	70	–
	29,459	–
Interest expense (included in finance cost) (Note 11)	(32,850)	–
Interest income (included in finance income) (Note 11)	6,036	–

The total cash outflow for leases in 2019 was RMB72,246,000.

(iii) The Group's leasing activities and how these are accounted for

The Group leases various properties. Rental contracts are typically made for fixed periods of 2 to 18 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

17 INVESTMENT PROPERTIES

	2019 RMB'000	2018 RMB'000
At fair value		
Opening balance at 1 January	2,566,060	2,317,890
Impact of adoption of IFRS 16 (Note 2.2.4)	465,253	–
Restated opening balance at 1 January	3,031,313	2,317,890
Transfer from property, plant and equipment		
– Net book value	–	3,283
– Revaluation surplus	–	19,838
Transfer from properties under development and completed properties held for sale	232,989	128,444
Other additions	275,957	95,869
Fair value changes	155,677	57,411
Other disposals	(44,675)	(56,675)
Closing balance at 31 December	3,651,261	2,566,060

Amounts recognised in profit and loss for investment properties

	2019 RMB'000	2018 RMB'000
Rental income from self-owned properties	135,215	129,532
Rental income from subleasing	70,856	36,782
Direct operating expenses from property that generated rental income	32,227	33,272

As at 31 December 2019, the Group had no contractual obligations for future repairs and maintenance (2018: nil).

No bank loan granted to the Group was secured by investment properties (2018: RMB299,292,000) as at 31 December 2019 (Note 29).

17 INVESTMENT PROPERTIES (continued)

Investment properties comprise a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 years to 17 years.

As at 31 December 2019, title certificates of certain investment properties of the Group with carrying value of RMB500,058,000 (2018: RMB344,950,000) were in progress of being obtained.

The Group's investment properties are leased to tenants under operating leases with rentals payable monthly in general. There are no variable lease payments that depend on an index or rate.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

For minimum lease payments receivable on leases of investment properties, refer to Note 38.

Fair value measurements using significant unobservable inputs (Level 3)

	Investment properties	
	2019 **RMB'000**	**2018** RMB'000
At fair value		
Opening balance at 1 January	**2,566,060**	2,317,890
Impact of adoption of IFRS 16 (Note 2.2.4)	**465,253**	–
Restated opening balance at 1 January	**3,031,313**	2,317,890
Transfer from property, plant and equipment		
– Net book value	**–**	3,283
– Revaluation surplus	**–**	19,838
Transfer from properties under development and completed properties held for sale	**232,989**	128,444
Other additions	**275,957**	95,869
Fair value changes	**155,677**	57,411
Disposals	**(44,675)**	(56,675)
Closing balance at 31 December	**3,651,261**	2,566,060
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"	**155,677**	57,411
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	**155,677**	57,411

17 INVESTMENT PROPERTIES (continued)

Valuation processes of the Group

The Group's investment properties were valued at transfer dates and at 31 December 2019 and 2018 by Cushman & Wakefield International properties Advisers ("C&W"), an independent firm of surveyors 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. During 2019, a total gain of RMB155,677,000 (2018: RMB57,411,000), and deferred tax thereon of RMB38,919,000 (2018: RMB14,353,000), were recognised in the consolidated statement of profit or loss.

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.

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

17 INVESTMENT PROPERTIES (continued)

Valuation techniques (continued)

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

Description	Fair value at 31 Dec 2019 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties (including investment properties used for sublease)	3,355,203	Direct comparison	Adjusted market price (RMB/sq.m)	41,007	The higher the direct comparison price, the higher the fair value.
		Income capitalisation method	Market monthly rental rate (RMB/sq.m)	23 – 226	The higher the market monthly rental rate, the higher the fair value.
			Term yield	3.25% – 8.50%	The higher the term yield, the lower the fair value.
			Reversionary rate	3.75% – 9.00%	The higher the reversionary rate, the lower the fair value.
Investment properties under construction	296,058	Direct comparison	Adjusted market price (RMB/sq.m)	1,017 – 1,225	The higher the direct comparison price, the higher the fair value.
		Residual method	Residential unit rates (RMB/sq.m)	6,200 – 9,492	The higher the residential unit rates, the higher the fair value.
			Budgeted construction costs to be	78,069 – 179,094	The higher the budgeted construction cost, the higher the fair value.
			Remaining percentage to completion	47.89% – 60.12%	The higher the remaining percentage to completion, the lower the fair value.
			Anticipated developer's profit margin	5.00% – 10.00%	The higher the anticipated developer's profit, the higher the fair value.

Description	Fair value at 31 Dec 2018 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties	2,428,510	Direct comparison	Adjusted market price (RMB/sq.m)	41,070	The higher the direct comparison price, the higher the fair value.
		Income capitalisation method	Market monthly rental rate (RMB/sq.m)	23-223	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 reversionary rate, the lower the fair value.
Investment properties under construction	137,550	Direct comparison	Adjusted market price (RMB/sq.m)	1,003-1,204	The higher the direct comparison price, the higher the fair value.
		Residual method	Residential unit rates (RMB/sq.m)	9,492	The higher the residential unit rates, the higher the fair value.
			Budgeted construction costs to be	104,909	The higher the budgeted construction cost, the higher the fair value.
			Remaining percentage to completion	62.66%	The higher the remaining percentage to completion, the lower the fair value.
			Anticipated developer's profit margin	10.00%	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.

18 INTANGIBLE ASSETS

	Goodwill RMB'000	Software RMB'000	Total RMB'000
Year ended 31 December 2019			
Opening net book amount	1,819	4,656	6,475
Additions	–	31,285	31,285
Acquisition of a subsidiary	–	27	27
Amortisation charge	–	(1,953)	(1,953)
Closing net book amount	1,819	34,015	35,834
At 31 December 2019			
Cost	1,819	41,705	43,524
Accumulated amortisation and impairment	–	(7,690)	(7,690)
Net book amount	1,819	34,015	35,834

	Goodwill RMB'000	Software RMB'000	Total RMB'000
Year ended 31 December 2018			
Opening net book amount	1,819	4,478	6,297
Additions	–	1,323	1,323
Amortisation charge	–	(1,145)	(1,145)
Closing net book amount	1,819	4,656	6,475
At 31 December 2018			
Cost	1,819	10,387	12,206
Accumulated amortisation and impairment	–	(5,731)	(5,731)
Net book amount	1,819	4,656	6,475

Amortisation of RMB1,953,000 (2018: RMB1,145,000) is included in the 'administrative expenses' the consolidated statement of profit or loss.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Assets			
At 31 December 2019			
Financial assets at fair value through profit or loss	–	382,926	382,926
Trade and other receivables excluding prepayments	1,787,742	–	1,787,742
Deposits in banks with original maturities over three months	41,226	–	41,226
Restricted cash	349,146	–	349,146
Cash and cash equivalents	1,653,463	–	1,653,463
Total	3,831,577	382,926	4,214,503
Assets			
At 31 December 2018			
Financial assets at fair value through profit or loss	–	265,627	265,627
Trade and other receivables excluding prepayments	1,893,505	–	1,893,505
Deposits in banks with original maturities over three months	15,637	–	15,637
Restricted cash	418,883	–	418,883
Cash and cash equivalents	1,927,200	–	1,927,200
Total	4,255,225	265,627	4,520,852

19 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	Financial liabilities stated at amortised cost RMB'000
Liabilities	
At 31 December 2019	
Trade and other payables excluding non-financial liabilities	**3,403,261**
Lease liabilities	**566,668**
Corporate bonds	**1,280,239**
Bank and other borrowings	**3,449,500**
Total	**8,699,668**
Liabilities	
At 31 December 2018	
Trade and other payables excluding non-financial liabilities	2,307,158
Corporate bonds	1,864,924
Bank and other borrowings	2,926,628
Total	7,098,710

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Financial assets at fair value through profit or loss

	2019 RMB'000	2018 RMB'000
At 1 January	265,627	192,000
Additions	132,643	545,921
Fair value gains on financial assets at fair value through profit or loss	82,157	–
Transfer from associates	–	94,063
Investment income on transfer from an associate	–	129,063
Disposals	(97,501)	(695,420)
At 31 December	382,926	265,627
Less: non-current portion	(307,926)	(235,127)
Current portion	75,000	30,500

Financial assets at fair value through profit or loss include the following:

	2019 RMB'000	2018 RMB'000
Unlisted securities – PRC (i)	307,926	235,127
Wealth management products (ii)	75,000	30,500
	382,926	265,627

(i) As at 31 December 2019, the investments mainly represent equity investments in certain companies. The fair values of these investments were determined mainly based on direct comparison approach by making reference to its recent transaction prices, the fair value measurement is categorised within level 3 of the fair value hierarchy.

(ii) As at 31 December 2019, these wealth management products were issued by banks in the PRC with expected annual return at 1.50%~6.50% (2018: 2.50%~3.75%). The returns on all of these products are not guaranteed, therefore the Group designated them as financial assets at fair value through profit or loss. 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 fair values of these investments approximated their carrying values as at 31 December 2019.

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

21 PROPERTIES UNDER DEVELOPMENT

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

	At 31 December	
	2019 RMB'000	2018 RMB'000
Expected to be completed for sale within one year		
Properties under development for sale	1,126,840	1,217,789
Expected to be completed for sale after more than one year		
Properties under development for sale	1,382,146	1,139,032
	2,508,986	2,356,821

All properties under development are located in the PRC are stated at the lower of cost and net relisable value.

Properties under development with an aggregate carrying value of RMB323,643,000 (2018: RMB24,084,000) as at 31 December 2019 were pledged for certain bank loans granted to the Group (Note 29).

22 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 relisable value.

Completed properties held for sale with an aggregate carrying value of RMB1,668,741,000 (2018: RMB1,109,258,000) as at 31 December 2019 were pledged for certain bank loans granted to the Group (Note 29).

23 INVENTORIES

	At 31 December	
	2019 RMB'000	2018 RMB'000
Raw materials	1,227	1,090
Work in progress	8,579	19,347
Finished goods	60,214	52,395
	70,020	72,832

24 TRADE AND OTHER RECEIVABLES

	At 31 December	
	2019 RMB'000	2018 RMB'000
Current portion		
Trade receivables (a)	682,246	710,986
Notes receivables	18,761	18,124
Deposits receivable	27,028	26,188
Consideration receivable on disposal of an associate	44,000	–
Consideration receivable on disposal of a subsidiary	–	50,000
Loans to related parties (Note 39(c))	35,939	236,876
Other amounts due from related parties (Note 39(c))	4,337	56,606
Loans to third parties	694,342	487,773
Prepayments for construction cost and raw materials	138,700	170,908
Prepaid turnover tax and other taxes	50,086	59,233
Others	198,726	143,866
Less: allowance provisions	(37,095)	(39,349)
	1,857,070	1,921,211
Non-current portion		
Loans to a third party	80	152,021
Loans to related parties (Note 39(c))	4,549	–
Receivables from finance leases	77,738	–
Prepayments for acquisition of certain properties	–	67,895
Trade receivables (a)	–	11,065
Prepayments for acquisition of certain equity interests	–	600
	82,367	231,581
Total	1,939,437	2,152,792

24 TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivable are generally due within 1 to 3 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	
	2019 RMB'000	2018 RMB'000
Within 1 month	270,920	311,281
1 to 3 months	106,729	66,249
3 to 6 months	26,214	116,899
Over 6 months	278,383	227,622
	682,246	722,051

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.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. The loss allowance decreased by a further RMB2,116,000 to RMB21,856,000 for trade receivables and decreased by RMB138,000 to RMB15,239,000 for other receivables during the current reporting period.

As at 31 December 2018 and 2019, the fair value of trade and other receivables approximated their carrying amounts.

25 RESTRICTED CASH

	At 31 December	
	2019 RMB'000	2018 RMB'000
Pledged for:		
– Interest-bearing loans deposits	153,225	32,371
– Letter of guarantee	105,808	111,960
– Supervised accounts for construction of pre-sale properties	68,199	223,625
– Mortgage deposits	21,225	45,613
– Commercial acceptance notes	–	5,000
– Others	689	314
Total	349,146	418,883

26 CASH AND CASH EQUIVALENTS

	At 31 December	
	2019	2018
	RMB'000	RMB'000
Cash in hand	**187**	237
Cash at bank	**1,502,707**	1,846,006
Other cash deposited in a related party's financial institution (Note 39(c))	**150,569**	80,957
Cash and cash equivalents	**1,653,463**	1,927,200

27 TRADE AND OTHER PAYABLES

	At 31 December	
	2019	2018
	RMB'000	RMB'000
Trade creditors and bills payable	**2,316,401**	1,385,648
Construction guaranteed deposits payable	**189,549**	82,752
Accrued payroll	**59,529**	61,188
Interests payable	**33,174**	41,758
Loans due to a third party	**269,445**	269,445
Loans due to a related party (Note 39(c))	**40,000**	40,000
Other amounts due to related parties (Note 39(c))	**95,233**	63,312
Other payables and accruals	**459,459**	424,243
Total	**3,462,790**	2,368,346

27 TRADE AND OTHER PAYABLES (continued)

As at 31 December 2019, the ageing analysis of trade creditors and bills payables, based on the invoice date, is as follows:

	At 31 December	
	2019 RMB'000	2018 RMB'000
Within 1 month	1,450,333	979,170
1 to 12 months	696,094	181,231
Over 12 months	169,974	225,247
	2,316,401	1,385,648

As at 31 December 2018 and 2019, the fair value of trade and other payables approximated their carrying amounts.

28 CORPORATE BONDS

	2019 RMB'000	2018 RMB'000
As at 1 January	1,864,924	1,399,148
Net proceeds from bonds issued	450,000	440,000
Interest expenses	184,496	120,916
Principal paid during the year	(1,100,000)	–
Coupon interest paid	(119,181)	(95,140)
As at 31 December	1,280,239	1,864,924
Representing:		
Current portion	1,280,239	1,069,185
Non-current portion	–	795,739
	1,280,239	1,864,924

28 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 proceeds 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 2019, interest payable for this note amounted to approximately RMB19,018,000 (2018: RMB19,018,000).

In May 2019, the Group issued short-term notes with maturity of 270 days with face value of RMB500,000,000 bearing annual interest rate of 6.0%. The actual proceeds received by the Group was approximately RMB500,000,000. This note is denominated in RMB and issued at par. Interest was payable and principal was repaid when the notes fell due. The annual effective interest rates of this note is 5.83%. As at 31 December 2019, interest payable for this note amounted to approximately RMB17,500,000.

The fair value of 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 5.83%~6.74% (2018: 6.74%~9.48%) and are within level 2 of the fair value hierarchy.

29 BANK AND OTHER BORROWINGS

	At 31 December	
	2019 RMB'000	2018 RMB'000
Current		
Secured		
– Bank borrowings	–	350,000
– Current portion of non-current bank borrowings	707,400	536,760
	707,400	886,760
Unsecured		
– Bank borrowings	966,500	929,500
– Current portion of non-current bank borrowings	237,561	61,825
	1,204,061	991,325
	1,911,461	1,878,085

29 BANK AND OTHER BORROWINGS (continued)

	At 31 December 2019 RMB'000	2018 RMB'000
Non-current		
Secured		
– Bank borrowings	2,245,439	1,184,760
Less: Current portion of non-current bank borrowings	(707,400)	(536,760)
	1,538,039	648,000
Unsecured		
– Bank borrowings	237,561	462,368
Less: Current portion of non-current bank borrowings	(237,561)	(61,825)
	–	400,543
	1,538,039	1,048,543

The bank and other borrowings bear interest ranging from 2.15% to 6.90% per annum for year ended 31 December 2019 (2018: from 2.15% to 6.90%).

The Group's borrowings were repayable as follows:

	At 31 December 2019 RMB'000	2018 RMB'000
Within 1 year or on demand	1,911,461	1,878,085
After 1 year but within 2 years	922,524	631,216
After 2 years but within 5 years	453,015	409,598
After 5 years	162,500	7,729
	3,449,500	2,926,628

29 BANK AND OTHER BORROWINGS (continued)

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

	At 31 December	
	2019 RMB'000	2018 RMB'000
Completed properties held for sale (Note 22)	1,668,741	1,109,258
Properties under development (Note 21)	323,643	24,084
Investment properties (Note 17)	–	299,292
Restricted cash (Note 25)	153,225	32,371
	2,145,609	1,465,005

The fair value of 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 5.27% (2018: 5.36%) and are within level 2 of the fair value hierarchy.

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 2019, none of the covenants relating to drawn down facilities had been breached (2018: nil).

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 3.1.

30 DEFERRED INCOME TAX

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

	At 31 December	
	2019 RMB'000	2018 RMB'000
Before offsetting		
Deferred tax assets	117,837	105,342
Deferred tax liabilities	(500,853)	(400,273)
After offsetting		
Deferred tax assets	59,396	32,714
Deferred tax liabilities	(442,412)	(327,645)

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

	2019 RMB'000	2018 RMB'000
At 1 January	(294,931)	(231,669)
Change in accounting policies (Note 2.2)	(44,544)	9,855
Charge to statement of profit or loss (Note 13)	(61,380)	(68,914)
Tax charge relating to components of other comprehensive income	–	(4,959)
Disposal of a subsidiary	17,839	756
At 31 December	(383,016)	(294,931)

30 DEFERRED INCOME TAX (continued)

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:

Deferred income tax assets

	Temporary differences arising from LAT provision RMB'000	Unused tax losses RMB'000	Unrealised profit resulting from inter-group transactions RMB'000	Allowance on doubtful debts RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	35,115	16,958	23,976	13,065	9,318	98,432
Disposal of a subsidiary	(700)	–	–	–	–	(700)
Recognised in profit or loss	7,821	1,194	(3,352)	1,898	49	7,610
At 31 December 2018	42,236	18,152	20,624	14,963	9,367	105,342
Recognised in profit or loss	465	(15,102)	20,199	5,806	1,127	12,495
At 31 December 2019	42,701	3,050	40,823	20,769	10,494	117,837

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 RMB3,050,000,(2018: RMB18,152,000) as at 31 December 2019 as the Group estimates that these subsidiaries have properties development projects which are probable to generate sufficient future taxable profits to support their utilisation.

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 RMB41,002,000 (2018: RMB33,989,000) in respect of losses amounting to RMB164,009,000 (2018: RMB135,957,000) that can be carried forward against future taxable income.

30 DEFERRED INCOME TAX (continued)

Deferred income tax assets (continued)

The unrecognised tax losses will expire in the following years:

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
2019	–	796
2020	8,580	8,580
2021	31,125	31,125
2022	41,640	41,640
2023	53,816	53,816
2024	28,848	–
	164,009	135,957

Deferred income tax liabilities

	Revaluation of investment properties RMB'000	Revaluation arising from business combination RMB'000	Recognition of revenue over time RMB'000	Revaluation of financial assets at fair value through profit of loss RMB'000	Withholding income tax on profit to be distributed in future RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	(297,653)	(12,015)	(3,210)	–	–	(7,368)	(320,246)
Disposal of a subsidiary	498	958	–	–	–	–	1,456
Recognised in profit or loss	(14,831)	1,377	(22,483)	(40,463)	–	(124)	(76,524)
Recognised in other comprehensive income	(4,959)	–	–	–	–	–	(4,959)
At 31 December 2018	(316,945)	(9,680)	(25,693)	(40,463)	–	(7,492)	(400,273)
Change in accounting policy (Note 2.2)	(44,544)	–	–	–	–	–	(44,544)
Disposal of a subsidiary	6,777	11,062	–	–	–	–	17,839
Recognised in profit or loss	(30,779)	(6,082)	(25,099)	–	(8,880)	(3,035)	(73,875)
At 31 December 2019	(385,491)	(4,700)	(50,792)	(40,463)	(8,880)	(10,527)	(500,853)

30 DEFERRED INCOME TAX (continued)

Deferred income tax liabilities (continued)

At 31 December 2019, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB1,758,181,000 (2018: RMB1,641,585,000). Deferred tax liabilities of RMB8,800,000 (2018: nil) were recognised in respect of dividends amounting to RMB177,600,000 which were expected to be distributed from OVU, a PRC subsidiary of the Company, to its its immediate holding company in Hong Kong. Deferred tax liabilities of RMB79,109,000 (2018: RMB82,079,000) have not been recognised in respect of the tax that would be payable on the distribution of the remaining 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.

31 DEFERRED INCOME

	At 31 December	
	2019	2018
	RMB'000	RMB'000
Service fees received in advance (a)	**44,032**	47,061
Deferred government grants	**75,403**	–
Less: Current portion	**(11,944)**	(4,706)
	107,491	42,355

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

32 SHARE CAPITAL AND TREASURY SHARES

The authorised capital of the Company was 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 2019			At 31 December 2018		
	No. of Shares ('000)	**RMB'000**	**Treasury shares RMB'000**	No. of Shares ('000)	RMB'000	Treasury shares RMB'000
Ordinary shares, issued and fully paid:						
At 1 January	**7,618,212**	**626,839**	**(132,417)**	7,713,324	634,716	(122,469)
Shares repurchased for cancellation purpose (a)	**–**	**–**	**(4,400)**	–	–	(54,828)
Shares cancelled (a)	**(43,860)**	**(3,791)**	**15,761**	(95,112)	(7,877)	44,880
At the end of the year	**7,574,352**	**623,048**	**(121,056)**	7,618,212	626,839	(132,417)

(a) During the year ended 31 December 2019, the Company repurchased a total 12,024,000 shares at a total consideration of HK$4,999,360 (equivalent to RMB4,400,000) for cancellation purpose. Movement of the Company's treasury shares are analysed as follows:

	Shares repurchased for the purpose of		
	Share award ('000)	Cancellation ('000)	Total ('000)
Year ended 31 December 2018			
Opening No. of shares	152,998	13,244	166,242
Repurchased	–	113,704	113,704
Cancelled	–	(95,112)	(95,112)
Closing No. of shares	152,998	31,836	184,834
Year ended 31 December 2019			
Opening No. of shares	**152,998**	**31,836**	**184,834**
Repurchased	**–**	**12,024**	**12,024**
Cancelled	**–**	**(43,860)**	**(43,860)**
Closing No. of shares	**152,998**	**–**	**152,998**

33 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 2019	2,034,552	35,669	49,772	384,456	546,979	3,051,428
Appropriation from retained earnings	–	–	–	28,976	–	28,976
Currency translation differences	–	5,648	–	–	–	5,648
Dividends paid (Note 35)	(166,640)	–	–	–	–	(166,640)
Cancellation of shares (Note 32(a))	(11,970)	–	–	–	–	(11,970)
Transaction with non-controlling interests (c)	–	–	–	–	(8,079)	(8,079)
Disposal of a subsidiary	–	–	–	–	(1,630)	(1,630)
Balance at 31 December 2019	1,855,942	41,317	49,772	413,432	537,270	2,897,733
Balance at 1 January 2018	2,200,925	212,805	34,894	339,189	602,889	3,390,702
Appropriation from retained earnings	–	–	–	45,699	–	45,699
Currency translation differences	–	(177,136)	–	–	–	(177,136)
Revaluation of property, plant and equipment upon transfer from investment property	–	–	14,878	–	–	14,878
Dividends paid (Note 35)	(129,370)	–	–	–	–	(129,370)
Cancellation of shares (Note 32(a))	(37,003)	–	–	–	–	(37,003)
Transaction with non-controlling interests	–	–	–		(53,074)	(53,074)
Disposal of a subsidiary	–	–	–	(432)	(2,836)	(3,268)
Balance at 31 December 2018	2,034,552	35,669	49,772	384,456	546,979	3,051,428

(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 2.7.

33 RESERVES (continued)

(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.

Transaction with non-controlling interests during the year ended 31 December 2019 was:

The Group previously held 45% equity interests in Wuhan OVU Technology Co., Ltd ("OVU Technology"), a partially owned subsidiary. On 28 June 2019, the Group acquired further 35% of the equity interests in OVU Technology from a non-controlling shareholder with consideration of RMB9,800,000. The excess of the consideration over the carrying amount of the 35% equity interests in OVU Technology, amounting to RMB8,079,000, was debited to capital reserves.

34 RETAINED EARNINGS

	2019 RMB'000	2018 RMB'000
At 1 January	**2,556,537**	2,100,562
Changes in accounting policies (Note 2.2)	**111,686**	(39,812)
Profit for the year	**569,272**	541,486
Transfer to statutory reserve	**(28,976)**	(45,699)
At 31 December	**3,208,519**	2,556,537

35 DIVIDENDS

	2019 RMB'000	2018 RMB'000
Ordinary shares		
Final dividend for the year ended 31 December 2018 of HK$2.50 cents per fully paid share (2017: HK$2.00)	166,640	129,370
Dividends not recognized at the end of the reporting date		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of HK$2.50 cents per fully paid share (2018: HK$2.50 cents). The aggregate amount of the proposed dividend expected to be paid in August 2020 out of share premium account of the Company at 31 December 2019, but not recognized as a liability at year end, is	172,474	161,275

36 CASH FLOW INFORMATION

(a) Cash generated from operations

	2019 RMB'000	2018 RMB'000
Profit before income tax	956,735	903,693
Adjustments for:		
Depreciation (Note 9)	112,208	67,520
Amortisation (Note 9)	1,953	1,215
Gain on disposals of investment properties (Note 8)	(112,493)	(46,745)
Gains from deemed partially disposal (Note 8)	(28,222)	(29,950)
Gains on disposals of property, plant and equipment (Note 8)	(181)	(458)
Finance income (Note 11)	(101,538)	(67,680)
Finance costs (Note 11)	263,209	177,669
(Gain)/loss on disposal of a subsidiary (Note 8)	(25,693)	12,658
Fair value gains on financial assets at fair value through profit or loss	(82,157)	–
Fair value gains on investment properties (Note 17)	(155,677)	(57,411)
Gain on transfer an associate to financial assets at fair value through profit or loss	–	(129,063)
Gain on disposal of an associate	27,597	–
Net impairment losses on financial and contract assets	23,903	3,480
Share of profits of associates (Note 12(b))	(45,297)	(64,336)
Share of profits of joint ventures (Note 12(b))	(42,474)	(16,777)
Changes in working capital (excluding the effects of acquisition and currency translation differences on subsidiaries):		
Decrease/(increase) in restricted cash	155,426	(148,818)
Increase in properties under development, completed properties held for sale and inventories	(920,467)	(312,668)
Increase in contract assets and trade and other receivables	(499,769)	(845,186)
Increase in contract liabilities, deferred income and trade and other payables	1,135,738	397,287
Cash generated from/(uses in) operations	662,801	(155,570)

36 CASH FLOW INFORMATION (continued)

(b) Net debt reconciliation

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents	1,653,463	1,927,200
Restricted cash	280,947	195,258
Interests payable	(33,174)	(41,758)
Corporate bonds	(1,280,239)	(1,864,924)
Bank and other borrowings	(3,449,500)	(2,926,628)
Net debt	(2,828,503)	(2,710,852)
Cash and cash equivalents and restricted cash	1,934,410	2,122,458
Gross debt – fixed interest rates	(3,036,613)	(3,110,182)
Gross debt – variable interest rates	(1,726,300)	(1,723,128)
Net debt	(2,828,503)	(2,710,852)

	Other assets		Liabilities from financing activities			
	Cash and cash equivalents RMB'000	Restricted cash RMB'000	Interests payable RMB'000	Corporate bonds RMB'000	Bank and other borrowings RMB'000	Total RMB'000
Net debt as at 1 January 2018	2,133,597	228,811	(5,932)	(1,399,148)	(2,269,503)	(1,312,175)
Cash flows	(225,058)	(33,553)	218,424	(440,000)	(646,440)	(1,126,627)
Foreign exchanges adjustments	18,661	–	–	–	(10,685)	7,976
Others	–	–	(254,250)	(25,776)	–	(280,026)
Net debt as at 31 December 2018	1,927,200	195,258	(41,758)	(1,864,924)	(2,926,628)	(2,710,852)
Cash flows	(280,426)	85,689	329,065	650,000	(517,679)	266,649
Foreign exchanges adjustments	6,689	–	–	–	(5,193)	1,496
Others	–	–	(320,481)	(65,315)	–	(385,796)
Net debt as at 31 December 2019	1,653,463	280,947	(33,174)	(1,280,239)	(3,449,500)	(2,828,503)

37 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 time when the buyer has obtained the individual property ownership certificate and the mortgage loan has been fully settled 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	
	2019	2018
	RMB'000	RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**520,592**	292,448

The directors consider that Group does not sustain a significant 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.

38 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	
	2019 RMB'000	2018 RMB'000
Contracted but not provided for – Properties development expenditure	1,079,840	911,053

(b) Operating lease commitments – Group as lessor

The Group leases out a number of building facilities under non-cancellable operating lease agreements. Minimum lease payments receivables on leases of investment properties are as follows:

	At 31 December	
	2019 RMB'000	2018 RMB'000
No later than 1 year	245,811	162,074
Later than 1 year and no later than 5 years	456,601	284,656
Later than 5 years	53,135	88,116
	755,547	534,846

38 COMMITMENTS (continued)

(c) Operating lease commitments – Group as lessee

The Group leases a number of building facilities under non-cancellable operating lease agreements. Rental contracts are typically made for fixed periods of 2 to 18 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From 1 January 2019, the Group has recognised right-of-use assets, receivables and investment properties for these leases, except for short-term and low-value leases, see Note 15 for further information.

	At 31 December	
Minimum lease payments under non-cancellable operating leases	2019 RMB'000	2018 RMB'000
No later than 1 year	–	36,755
Later than 1 year and no later than 5 years	–	155,015
Later than 5 years	–	196,855
	–	388,625

39 RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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

Remuneration for key management personnel is as follows:

	2019 RMB'000	2018 RMB'000
Wages, salaries and other benefits	32,707	27,451
Retirement scheme contributions	302	266
	33,009	27,717

The above remuneration to key management personnel is included in "staff costs" (Note 10(b)).

39 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

Save as disclosed in above, the following is a summary of the significant transactions carried out between the Group and its related parties during the period.

	2019 RMB'000	2018 RMB'000
(i) Joint ventures		
Construction contract revenue	7,842	6,256
(ii) Associates		
Industrial park leasing services	1,409	1,343
Industrial park operation services	7,075	3,988
Payment of salary	937	820
Loans provided by associates	–	20,500
Loans provided to associates	–	240,100
Interest income	40,078	17,602
Interest expense	562	1,775
(iii) Major shareholders		
Cash deposited in major shareholder's financial institution	615,621	200,907
Industrial park operation services	79	43
Interest income	72	24
Operating lease payment	15,531	2,172
Acquisition of investment properties	46,064	–

The prices for the above sales of construction materials and service fees were determined in accordance with the terms of the underlying agreements.

39 RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
(i) Joint ventures		
Loans receivable	108	52,812
Other amounts receivable	675	836
Trade and other payables	327	–
(ii) Associates		
Loans receivable	35,831	184,064
Loans payable	40,000	40,000
Other amounts receivables	3,618	52,480
Other amounts payable	51,857	21,191
(iii) Major shareholder		
Cash deposited in major shareholder's financial institution	150,569	80,957
Loans receivables	4,549	–
Other amounts receivable	44	3,290
Lease liabilities	73,400	–
Other amounts payable	43,049	42,121

40 EVENTS AFTER THE REPORTING PERIOD

(a) Please refer to Note 35 for the final dividend recommended by the directors, which is expected to be paid on or before 31 August 2020.

(b) Since early 2020, the epidemic of Coronavirus Disease 2019 (the "COVID-19 outbreak") has spread across China and other countries and it has affected the business and economic activities of the Group to some extent.

The directors of the Company have assessed that the COVID-19 outbreak may have the following potential impact to the Group:

- The Group's revenue from property development business, especially those located in Hubei Province, in 2020, could possibly be affected by the short term economic slowdown as a result of COVID-19 outbreak, including the decline in both sale area and selling price.

- The Group's revenue from industrial park leasing business in 2020 could possibly be affected especially by the expected temporary waivers of rentals or property management fees offered to its customers amounting to approximately RMB45 million in total, as well as the short term economic slowdown due to COVID-19 outbreak.

- The Group applies the fair value model to measure its investment properties. The Group's investment in equity interests of certain companies located in Wuhan City were recognised as financial assets at fair value through profit or loss. In 2020, the fair value of the Group's investment properties and financial assets at fair value through profit or loss may be subject to fluctuation due to the COVID-19 outbreak.

The overall financial effect of the above cannot be reliably estimated as of the date of these consolidated financial statements. The Group will continue to evaluate its impact on the financial position and operating results of the Group.

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	At 31 December 2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment		4	13
Investments in subsidiaries		3,396,596	3,322,353
Loans to a third party		–	152,021
		3,396,600	3,474,387
Current assets			
Cash and cash equivalents		47,487	52,585
Other receivables		441,828	280,149
		489,315	332,734
Current liabilities			
Payables to subsidiaries		888,688	681,099
Bank borrowing		237,561	–
		1,126,249	681,099
Net current liabilities		(636,934)	(348,365)
Total assets less current liabilities		2,759,666	3,126,022
Non-current liabilities			
Bank borrowings		–	232,368
Net assets		2,759,666	2,893,654
Equity			
Capital and reserves			
Share capital	32	623,048	626,839
Treasury shares	32	(121,056)	(132,417)
Reserves	(a)	2,347,802	2,457,511
Accumulated losses	(b)	(90,128)	(58,279)
Total equity		2,759,666	2,893,654

The balance sheet of the Company was approved by the Board of Directors on 24 March 2020 and was signed on its behalf:

Mr. Huang Liping
Director

Mr. Hu Bin
Director

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

Balance sheet 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 2019	2,034,552	422,959	2,457,511
Currency translation differences	–	68,901	68,901
Dividends paid	(166,640)	–	(166,640)
Cancellation of shares	(11,970)	–	(11,970)
Balance at 31 December 2019	1,855,942	491,860	2,347,802
Balance at 1 January 2018	2,200,925	278,849	2,479,774
Currency translation differences	–	144,110	144,110
Dividends paid	(129,370)	–	(129,370)
Cancellation of shares	(37,003)	–	(37,003)
Balance at 31 December 2018	2,034,552	422,959	2,457,511

(b) Accumulated losses movement of the Company

	2019 RMB'000	2018 RMB'000
At 1 January	(58,279)	(42,979)
Loss for the year	(31,849)	(15,300)
At 31 December	(90,128)	(58,279)

42 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors and chief executive's emoluments

For the year ended 31 December 2019:

Name	Fees RMB'000	Salaries, allowances and warefare 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	–	552	1,482	21	2,055
Executive directors:					
Hu Bin	–	552	1,539	21	2,112
Non-executive directors:					
Sun Ying	–	–	–	–	–
Zhang Jie	–	–	–	–	–
Wang Qiuju	–	–	–	–	–
Xiang Qunxiong	–	–	–	–	–
Independent non-executive directors:					
Qi Min	–	200	–	–	200
Leung Man Kit	–	269	–	–	269
Zhang Shuqin	–	200	–	–	200
Total	–	1,773	3,021	42	4,836

42 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors and chief executive's emoluments (continued)

For the year ended 31 December 2018:

Name	Fees RMB'000	Salaries, allowances and warefare 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	–	537	1,462	21	2,020
Executive directors:					
Hu Bin	–	537	2,283	21	2,841
Non-executive directors:					
Sun Ying	–	–	–	–	–
Zhang Jie	–	–	–	–	–
Wang Qiuju	–	–	–	–	–
Xiang Qunxiong					
Independent non- executive directors:					
Qi Min	–	200	–	–	200
Leung Man Kit	–	263	–	–	263
Zhang Shuqin	–	200	–	–	200
Total	–	1,737	3,745	42	5,524

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 2019 and 2018, 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 2019 and 2018.

42 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(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.

Definitions

"AAA Finance"	AAA Finance and Investment Holdings Limited, a limited liability company incorporated in the BVI on 10 July 2013 which is wholly owned by Mr. Huang Liping, one of 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 Energy Conservation"	Wuhan CEC Energy Conservation Co., Ltd.* (武漢中電節能有限公司), a limited liability company incorporated in the PRC on 26 July 2010 and a 78.79% owned subsidiary of Wuhan OVU, and an indirect subsidiary of the Company
"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
"CEIS"	China Electronics International Information Service Co., Ltd.* (中國中電國際信息服務有限公司), a limited liability company incorporated in the PRC on 24 May 1985 and a 100% owned subsidiary of China Electronics Co. Ltd.* (中國電子有限公司)
"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", "our" or "CEOVU"	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
"Easylinkin Technology"	Wuhan Easylinkin Technology Co., Ltd.* (武漢慧聯無限科投有限公司), a limited liability company incorporated in the PRC on 15 October 2013 and a 21.52% owned company of Wuhan OVU
"Financial Control Committee"	the financial control committee of the Company
"Group"	the Company and its subsidiaries
"Hefei OVU"	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 OVU
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Huada Beidou"	Shenzhen Huada Beidou Technology Company Limited* (深圳華大北斗科技有限公司), a limited liability company incorporated in the PRC on 26 January 2016 and a 27.46% owned subsidiary 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 an indirect subsidiary of the Company
"Huangshi OVU"	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 OVU, 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 December2005 and a wholly-owned subsidiary of Wuhan OVU, 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
"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
"Lingdu Capital"	Wuhan Lingdu Capital Investment Co., Ltd* (武漢零度資本投資管理有限公司), a limited liability company incorporated in the PRC on 22 May 2015 and a 45% owned subsidiary of Wuhan OVU, and an indirect subsidiary of the Company
"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
"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 OVU, and an indirect subsidiary of the Company

"OVU Technology"	Wuhan OVU Technology Co., Ltd* (武漢歐微優科技有限公司), a limited liability company incorporated in the PRC on 12 June 2012 and a 80% owned subsidiary of Wuhan OVU, and an indirect subsidiary of the Company
"Qingdao OVU"	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 OVU, 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 2019 to 31 December 2019
"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"	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 wholly-owned subsidiary of Wuhan OVU, 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

"Wuhan Lidao Property Management"	Wuhan Lidao 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 OVU, and an indirect subsidiary of the Company
"Wuhan Lidao Technology"	Wuhan Lidao 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 Co., Ltd.* (武漢美生置業有限公司), formerly known as Mason (Wuhan) Co., Ltd., a limited liability company incorporated in the PRC on 11 January 2007 and a wholly-owned subsidiary of Wuhan OVU, and an indirect subsidiary of the Company
"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 OVU, and an indirect subsidiary of the Company
"Wuhan 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 OVU, and an indirect subsidiary of the Company
"Wuhan OVU"	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 OVU, and an indirect subsidiary of the Company
"OVU"	Optics Valley Union Holding Limited Company* (光谷聯合控股有限公司), formerly known as 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 China Electronics Optics Valley Union Holding Company Limited, and an indirect subsidiary of the Company
"Changsha CEC"	Changsha CEC Industrial Park Development Co., Ltd.* (長沙中電產業園發展有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

"China National Software"	China National Software and Service Co., Ltd.* (中國軟件與技術服務股份有限公司), a limited liability company established in the PRC whose shares are listed on the Shanghai Stock Exchange, and is directly held as to 42.13% by CEC and directly held as to 0.25%by 中國電子有限公司 (China Electronics Co., Ltd.*, a wholly-owned subsidiary of CEC)
"Hunan ChinaSoft"	Hunan ChinaSoft Information System Co., Ltd.* (湖南中軟信息系統有限公司), a limited liability company established in the PRC and is wholly-owned by China National Software
"CEC Finance"	China Electronics Financial Co., Ltd.* (中國電子財務有限責任公司), a company established under the laws of the PRC and a subsidiary of CEC
"Cailian Metal"	Xianyang Cailian Metal Products Co., Ltd.* (咸陽彩聯金屬製品有限公司), a limited liability company established in the PRC and is wholly-owned by 咸陽彩聯包裝材料有限公司 (Xianyang Cailian Packing Materials Co. Ltd.*)
"Western Zhigu"	Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業有限公司), a limited liability company established in the PRC and is held as to 50% by the Company
"Shenzhen i-Valley"	Shenzhen CEC i-Valley Operation Co., Ltd.* (深圳中電智谷運營有限公司), a limited liability company established in the PRC and a subsidiary of the Company
"Chengdu Jiuxin Micro"	Chengdu Jiuxin Micro Technology Co., Ltd.* (成都九芯微科技有限公司), a limited liability company established in the PRC
"Jitian Construction"	Wuhan Jitian Construction Engineering Company Limited* (武漢吉天建設工程有限公司), a limited liability company established in the PRC and an indirectly wholly-owned subsidiary of the Company
"CET"	CET Electric Technology Inc (深圳市中電電力技術股份有限公司), a limited liability company established in the PRC and is held as to 49% by Shenzhen CEC
"Shenzhen CEC"	China Electronics ShenZhen Company Limited* (深圳中電投資股份有限公司), a limited liability company established in the PRC and an indirect non wholly-owned subsidiary of CEC
"Design Institute"	China Southwest Architectural Design And Research Institute Co., Ltd.* (中國建築西南設計研究院有限公司), a limited liability company established in the PRC

"Geotechnical Investigation Institute"	China Southwest Geotechnical Investigation & Design Institute Co., Ltd.* (中國建築西南勘察設計研究院有限公司), a limited liability company established in the PRC
"Latest Practicable Date"	8 May 2020, being the latest practicable date prior to the printing of this annual report for ascertaining certain information in this annual report

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