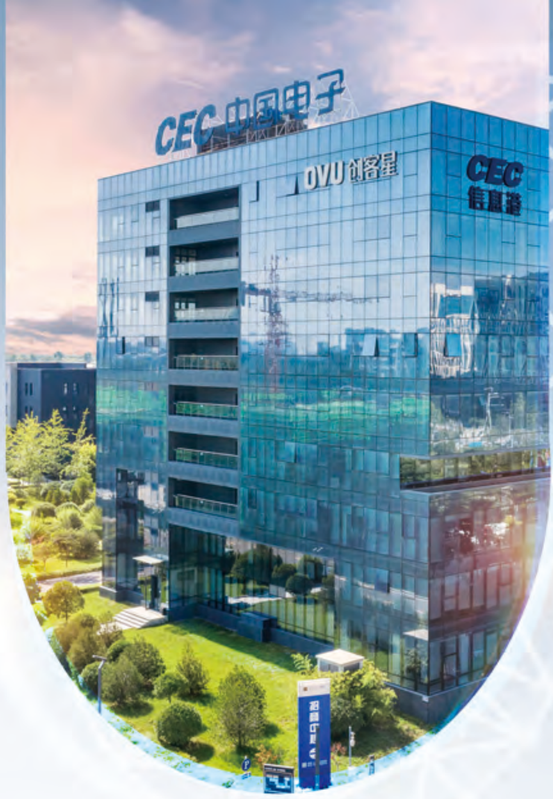
2020
ANNUAL REPORT

产业资源共享平台

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


合肥金融港
AHC
安徽征信



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Corporate Information

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

Non-executive Directors

Mr. Liu Guilin *(Chairman) (appointed on 26 November 2020)*
Mr. Xiang Qunxiong *(resigned on 8 May 2020, appointed on 26 November 2020)*
Mr. Zhang Jie
Ms. Sun Ying
Ms. Wang Qiuju *(resigned on 26 November 2020)*

Independent Non-executive Directors

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

Executive Directors

Mr. Huang Liping *(President) (re-designated from Chairman to Co-chairman on 8 May 2020 and resigned as Co-chariman on 26 November 2020)*
Mr. Hu Bin *(Executive President)*
Mr. Xie Qinghua *(appointed and acted as Co-chairman on 8 May 2020, and resigned as an executive Director and Co-chairman on 26 November 2020)*

AUTHORIZED REPRESENTATIVES

Mr. Liu Guilin *(appointed on 22 December 2020)*
Ms. Zhang Xuelian
Mr. Huang Liping *(resigned on 22 December 2020)*

AUDIT COMMITTEE

Mr. Qiu Hongsheng *(appointed as a member on 10 March 2020 and the chairman on 8 May 2020)*
Mr. Qi Min
Mr. Xiang Qunxiong *(appointed as a member on 26 November 2020)*
Ms. Wang Qiuju *(ceased to be a member on 26 November 2020)*
Mr. Leung Man Kit *(ceased to be the chairman and a member 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. Liu Guilin *(appointed as the chairman on 22 December 2020)*
Mr. Qi Min
Mr. Qiu Hongsheng *(appointed as a member on 10 March 2020)*
Mr. Huang Liping *(ceased to be the chairman and a member on 22 December 2020)*
Ms. Zhang Shuqin *(ceased to be a member on 10 March 2020)*

FINANCIAL CONTROL COMMITTEE

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

COMPANY SECRETARY

Ms. Zhang Xuelian

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Building No. 1, Higher Level
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Wuhan, Hubei
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Central, Hong Kong

LEGAL ADVISORS

as to Hong Kong law
Reed Smith Richards Butler
17th Floor, One Island East
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18 Westlands Road
Quarry Bay,
Hong Kong

as to Cayman Islands law
Appleby
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18 Westlands Road
Quarry Bay
Hong Kong

as to PRC law
Jingtian & Gongcheng
77 Jianguo Road
Chaoyang District
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
17/F, Hopewell Centre
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				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue from continuing operations	**3,048,618**	3,376,865	3,001,137	2,692,899	2,594,701
Gross profit	**937,810**	1,075,283	1,036,071	987,134	811,623
Profit before income tax	**816,913**	956,735	903,693	829,502	761,025
Profit attributable to owners of the Company	**464,340**	569,272	541,486	446,260	431,925
Profit attributable to non-controlling interests	**76,128**	24,911	49,430	39,427	37,570
Profit for the year	**540,468**	594,183	590,916	485,687	469,495

	As of 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Non-current assets	**8,356,649**	6,388,670	5,237,370	4,218,606	3,555,100
Current assets	**11,069,388**	11,226,836	9,943,224	9,149,471	8,023,019
Current liabilities	**8,728,185**	7,438,297	6,038,876	3,903,664	3,582,159
Net current assets	**2,341,203**	3,788,539	3,904,348	5,245,807	4,440,860
Total assets less current liabilities	**10,697,852**	10,177,209	9,141,718	9,464,413	7,995,960
Total equity	**7,999,796**	7,592,291	6,927,436	6,860,745	6,082,916
Non-current liabilities	**2,698,056**	2,584,918	2,214,282	2,603,668	1,913,044
Total equity and non-current liabilities	**10,697,852**	10,177,209	9,141,718	9,464,413	7,995,960

Dear Shareholders,

2020 was an exceptional year. Across the world, we have all experienced a thrilling ride that was full of risks and opportunities, challenges and possibilities, and we have also witnessed the best of humanity during such dark time. To respond to the unexpected COVID-19 epidemic and the complicated economic environment domestically and internationally, all staff from CEOVU, under the visionary leadership of the Board, are committed to work together to overcome all obstacles and are confident to reach new high again. All people of CEOVU, from all departments and all levels, are devoted, dedicated, and focused to cooperate and implement all possible measures to prevent and control the pandemic with an objective to resume work and production, and we managed to achieve an outstanding result.

As a member of the CEC group, in the past year, we have gained insightful understanding on the national strategic positioning of "National Network Information Core Force and Organizational Platform (網信產業的核心力量和組織平台)" of CEC and accurately implement CEC's strategic deployment of "creating strategic core competitiveness, deepening market-oriented structural reforms, and promoting all-round revolutionary innovation (打造戰略性核心競爭力，深化市場化結構性改革，推進全方位超常規創新)", leveraged the resource advantages of industrial parks across various regions, accelerated the construction of the network safety and informatization industry ecology, and achieved positive progress in Wuhan, Chengdu, Changsha, Chengmai, Chongqing, Wenzhou, and Shenyang.

In 2020, our operation indicators were stable and improving, and the quality of development was gradually strengthening. During the Reporting Period, the Company recorded a total revenue of RMB3,048.6 million, reaching 90.3% of that of the same period of last year; net profit for the year RMB540.5 million, reaching 91.0% of that of the same period of last year. Our financing structure continues to be optimized, and our financing costs is on the downward trend. While continuously improving and expanding the "one platform (一平台)" construction regarding the "industrial resource sharing platform (產業資源共享平台)", CEOVU has gradually promoting the implementation of the "two methods theory (兩方法論)"regarding "Systematic Planning (系統規劃)" and "Integrated Operation (綜合運營)".

CEOVU's Nationwide Industrial Park Layout

Looking back on the past year, despite all the turbulence and the ever-changing situations around the world, we were still able to deepen our reform and innovation with firm belief, and actively explored the path for our high-quality development. In the second half of last year, we have successfully completed the optimization and adjustment of our equity structure and integrated into the CEC Group. I, on behalf of the Board, hereby express my heartfelt gratitude to all customers, partners, Shareholders and Directors for their support and faith in the Company, and my appreciation for the dedication and contribution from all the people in CEOVU. The outstanding results we achieved in 2020 attributed to all our hardworking people!

In the new year and during the "14th Five-Year Plan" period, we will adapt to the situation and focus on our main business, adhere to the general requirements of "position ourselves for the new development stage, fully implement the new development ideas, and establish a new development pattern (把握新發展階段、貫徹新發展理念、構建新發展格局)", fully implement CEC's national mission and strategic positioning in building the National Network Information Core Force and Organizational Platform, to deeply integrate into the CEC's 14th Five-Year development plan, and to define the role of CEOVU in the "digital service field (數字服務領域)" and "ecological construction field (生態建設領域)".

The Group adheres to the general idea of "creating strategic core competitiveness, deepening market-oriented structural reforms, and promoting all-round revolutionary innovation (打造戰略性核心競爭力、深化市場化結構性改革、推動全方位超常規創新)"and standing on the new starting point of "all people at CEC share the same cyberspace dream (同一個中電信息，同一個網信夢想)", we will be focusing on our main business and responsibility of providing digital services, building our core capabilities and becoming the industry leader in the innovative development process of digital services.

The Group will further establish a scientific and efficient modern corporate system while continue to actively observe, explore, and practice in terms of "system, talent, and development", aiming to form a scientific corporate governance structure and be able to build a "market-oriented, professional, young, and diversified" talent team, which could clarify the Company's strategic positioning, fine tone our business model, strengthen our internal management, and consolidate the foundation for our high-quality development.

We will continue to build on our foundation and work hard together as a unit, adhere to our customer-oriented principle, continue to improve our service quality and operating efficiency, enhance our brand image, and to create greater social value with a higher quality, better efficiency and more competitive development, aiming to assume the duties and responsibilities of being a special member of the society.

We are committed to work together to promote CEOVU to become the core driving force of CEC regarding the acceleration of the creation of the National Network Information Core Force and Organizational Platform, and to welcome and embrace the new economic take-off!

China Electronics Optics Valley Union Holdings Company Limited
Liu Guilin
Chairman

26 March 2021

OVERALL PERFORMANCE

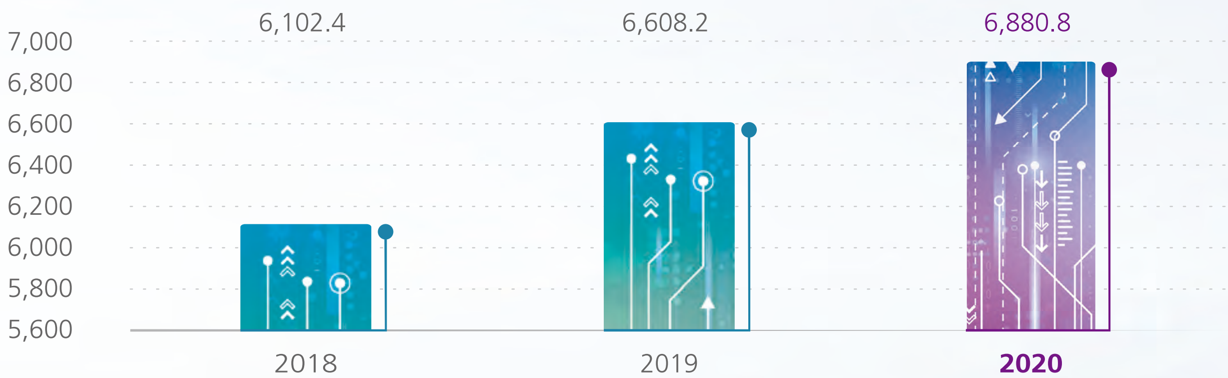
- In 2020, the Group faced the tough challenge of COVID-19 pandemic, and still managed to achieve a total revenue of RMB3,048.6 million, reaching 90.3% of that of the same period of last year; among which, the revenue from industrial park operation services to the total revenue increased from 50.4% in 2019 to 52.4%. Net profit for the year was RMB540.5 million, reaching 91.0% of that of the same period of last year. In 2020, the Group also transferred certain equity in industrial investment projects, realizing a return in investment of over RMB153.6 million. The business layout of the development, operation and industrial investment of the industrial parks was further demonstrated by the above result indicators.

- In 2020, the Group has vigorously promoted its strategy of attracting customers through "responsive customization (敏捷定制)", organized supply chain financial solutions, adhered to the bottom line principle of maintaining a positive operating cash flow, and thus realized RMB98.7 million in net cash inflow from operating activities.

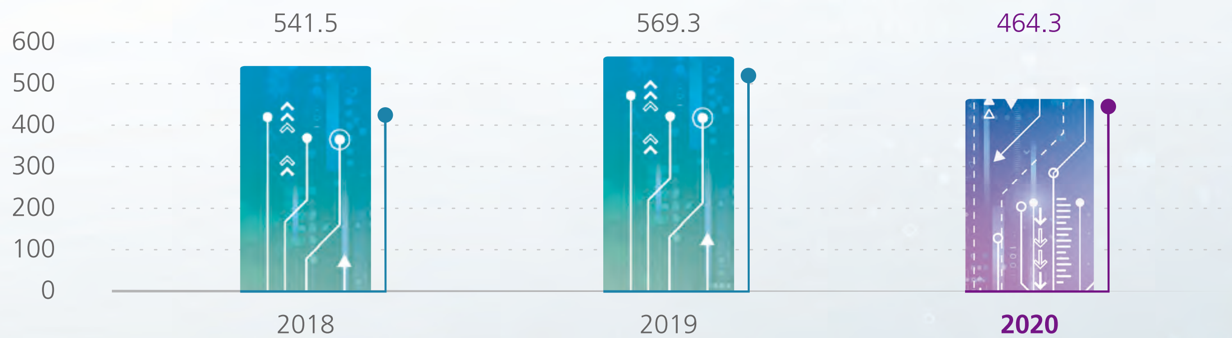
- In 2020, with the new addition of high-quality industrial park projects in Tianjin and Wuhan, the Group has high-quality land bank of approximately 6,226,000 sq.m. in various cities, including Chengdu, Changsha, Shanghai, Wuhan and Tianjin as at the end of the Reporting Period.

- In order to maintain the growth of industrial park investment and lay the foundation for growth during the "14th Five-Year Plan" period, the Group has moderately increased the reserves and operations of its industrial parks. As at 31 December 2020, the total bank borrowings and bonds payables of the Group was RMB5,610.2 million, representing an increase of RMB880.5 million or 18.6% as compared to the end of last year, with the gearing ratio being strictly controlled under 60%. Benefiting from factors such as financing structure adjustment, the average borrowing costs were reduced to 5.4% in 2020 as compared to 6.0% in 2019.

Growth in total equity attributable to owners of the Company for the years 2018 to 2020 (RMB million)



Growth in profit attributable to owners of the Company for the years 2018 to 2020 (RMB million)



BUSINESS REVIEW

In 2020, in response to the challenges of the epidemic and the complicated economic situation, the Group handled the situation with confidence, been united and deployed all available people and resources, resumed work and production, accumulated experience in the crisis and aimed to seize new opportunities arising from this everchanging situation. The Group has adhered to its strategy of transforming services based on digitalization while the industrial park development business has made steady progress, improving its quality and efficiency, and enhancing market relevance. The proportion of industrial investment income continues to increase and major breakthroughs have been made in the modularization of integrated operation business. CEOVU has focused on gradually building our industrial resource sharing platform based on the development and operation of industrial parks, with the core force of CEC building the national information security industry and the strategic positioning of the organization platform as its main theme.

JOINING HANDS WITH ENTERPRISES IN INDUSTRIAL PARKS TO PREVENT AND CONTAIN THE SPREAD OF THE EPIDEMIC AND OVERCOME DIFFICULTIES

In the beginning of 2020, in response to the unexpected outbreak of the COVID-19 pandemic, more than 2,600 employees from Wuhan Lidao Property Management Co., Ltd.* (武漢麗島物業管理有限公司) under the Group were at the frontline of epidemic prevention to protect the 72 projects in the industrial parks and communities from the spread of COVID-19 and to provide support to the First Hospital of Wuhan and the Hongshan Mobile Cabin Hospital during the pandemic. When the epidemic was under control, the Group instantly organised to fully resume work and production, and the Group successively launched two digital park system service platforms, namely, "Park Connect (園區通)" and "Merchants Connect (招商通)", that facilitated work resumption among enterprises in the parks. The Group took the lead in exempting rents and services fees for small and micro-sized enterprises in the industrial parks, and donated money and supplies of approximately RMB32.0 million, aiming to overcome the difficulties with the enterprises in the industrial parks together. Benefiting from the above measures and the entire industrial chain of the industrial park operation services system built by the Group for the enterprises in the industrial parks, over 40 industrial parks across the country were able to achieve higher than average rate of work and production resumption as at April 2020.

STANDING FIRM ON ACHIEVING OPERATING GOALS

In 2020, the Group continued to maintain the business model of the development, operation and industrial investment of the industrial parks, deepened the promotion of transformation and reform and accelerated the development of integrated operation projects. In 2020, the "P+EPC+O" (Planning, Engineering Procurement Construction and Operations) business model was launched and implemented. Based on which, Chengdu Sunshine CEC i-Valley EPC+ Integrated Operation project was entered into which amounted to 151,400 sq.m., and integrated operation services agreements for regional upgrade were entered into with local governments including Shenbei New District, Yichang, Hulan and Chenzhou. Seven new park operation projects were secured during the year. The Group has implemented all-round transformation towards "comprehensive management and professional competence" and achieved a revenue of RMB1,598.0 million from park operation services, which remained stable in scale as compared to that in the same period of 2019.

Upon the conclusion of COVID-19 quarantine, the Group grasped the timely opportunity to initiate the "Intelligent Manufacturing in Wuhan (智造武漢)" project that laid the foundation for the CEOVU Digital Industrial Park Project and CEOVU Manufacturing Center Project in Caidian and Xinzhou. In particular, CEOVU Digital Industrial Park set a new record of realising positive operating cash flow within the year of construction commencement. Such model was promoted nationwide, with a total of four new park development projects secured during the year. Industrial park projects in Chongqing and Mianyang were reserved for strategic purposes. In 2020, the Group has achieved a revenue from industrial park development services of RMB1,450.7 million, and fifteen cities has contributed to the Group's industrial park development revenue, which consolidated the cornerstone role of this type of business.

The boosting power of industrial investment business was more significant with profit structure being further optimized. CEC & CICC (Xiamen) Intelligent Industry Equity Investment Fund Partnership (L.P.) (中電中金（廈門）智能產業股權投資基金) ("CEC & CICC"), a principal associate to the Group, and Wuhan Lingdu Capital Investment and Management Co., Ltd.* (武漢零度資本投資管理有限公司) ("Lingdu Capital"), a controlled subsidiary of the Group, have established various industry investment funds and completed equity investment in over 60 technology enterprises. In 2020, the Group transferred its 5.33% equity interest in Wuhan Easylinkin Technology Co., Ltd.* (武漢慧聯無限科技有限公司) ("Easylinkin Technology") and its 7.95% equity interest in Shenzhen Huada Beidou Technology Company Limited* (深圳華大北斗科技有限公司) ("Huada Beidou") at a consideration of RMB80.0 million and RMB73.6 million, respectively, and recognised other income and gains of RMB40.9 million and RMB25.7 million, respectively, to further realise industrial investment results.

FOCUSING ON INDUSTRIAL SERVICES, ENHANCING BRAND INFLUENCE

CEOVU has adhered to taking the social value as its foothold and starting point for corporate development strategies. The second Corporate Social Responsibility Report published by the Group was not only granted with four and a half-star (leading) rating, but was also awarded the "Most Socially Responsible Listed Company 2020 (2020年度最具社會責任上市公司)" by Golden Hong Kong Stocks and the honorary title of "Harmonious Enterprise (和諧企業)" by the Wuhan Municipal Government. It has been recognized as an "Enterprise of Excellent Creditworthiness (守合同重信用)" at the national, provincial and municipal levels for twelve consecutive years. CEOVU has also been awarded the "Top 500 Chinese Brands 2020 (2020中國品牌500強)" jointly issued by the Wuhan Municipal People's Government and the China Brand Alliance, and ranked in the second place of the "2020 National Industrial Operators TOP30 (2020 全國產城運營商 TOP30)" by the 4th Annual Gravity Summit. In addition, the Group has held a commemorative event for the 20th anniversary of the Lido brand with the theme of "Passing the torch, to serve and innovate (薪火相傳，服務創雙)", which has received critical acclaim by the general public. The above awards and the successful manifested the affirmation and recognition of CEOVU for its long-term focus on industrial services, continuous transformation and reform, and for fulfilling its social responsibility of being a state-owned enterprises.

OPERATING RESULTS

In 2020, the Group achieved a total revenue of RMB3,048.6 million, reaching 90.3% of that in 2019, a profit before tax of RMB816.9 million and a net profit for the year of RMB540.5 million. Equity attributable to owners of the Company increased by 4.1% to RMB6,880.8 million as compared to that in 2019. Net asset value per share attributable to the parent company reached RMB0.91. The Group's net cash flow from operating activities remained in a positive position in 2020, resulting in a net inflow of RMB98.7 million.

BUSINESS SEGMENT ANALYSIS

In 2020, the Group has continued to maintain the business model of the development, operation and industrial investment of the industrial parks. The Group has the following three segments: (i) industrial park development services; (ii) industrial park operation services (including design and construction services, property management services, leasing services, energy services, digital park (apartment) services, incubator and office sharing services, industrial park financial services as well as group catering and hotel services); and (iii) industrial investment (this segment represents industrial-related industry investment businesses in various theme parks. The income structure and composition of profit in 2020 reflected the strategic effectiveness of the Group's transformation and reform.

REVENUE BY BUSINESS SEGMENTS

	For the year ended 31 December			
	2020		2019	
	Revenue (RMB'000)	% of total	Revenue (RMB'000)	% of total
Industrial park development services	**1,450,669**	**47.6**	1,675,080	49.6
Sales of industrial park	**1,450,500**	**47.6**	1,656,060	49.0
Sales of ancillary residentials	**169**	**0**	19,020	0.6
Industrial park operation services	**1,597,949**	**52.4**	1,701,785	50.4
Design and construction services	**440,544**	**14.4**	681,066	20.2
Property management services	**623,435**	**20.4**	542,510	16.1
Industrial park property leasing	**219,326**	**7.2**	206,071	6.1
Energy services	**85,363**	**2.8**	96,231	2.8
Group catering and hotel services	**79,027**	**2.6**	63,953	1.9
Industrial park financial services	**41,442**	**1.4**	42,299	1.3
Others	**108,812**	**3.6**	69,655	2.0
Total	**3,048,618**	**100.0**	3,376,865	100.0

INDUSTRIAL PARK DEVELOPMENT SERVICES

During the Reporting Period, the revenue from the industrial park development business of the Group was RMB1,450.7 million, reaching 86.6% of that for the same period in 2019. The booked sales was 266,000 sq.m., and continues to play the role of anchor.

Sales of Self-owned Industrial Parks

During the Reporting Period, the income from the sales of industrial parks of the Group was mainly contributed by three cities, namely Changsha, Hefei, and Xianyang. Among which, the Changsha Information Security Industrial Park (長沙信息安全產業園) has exert full efforts to develop, and became the second national network security industrial park after Beijing and has attracted leading companies such as Hunan Jingwang Zhiying Network Technology Co., Ltd. (湖南競網智贏網絡技術有限公司) and Wondershare Technology Co., Ltd. (萬興科技集團股份有限公司) to enter the industrial park, achieving annual sales revenue of RMB365.0 million, accounting for 25.2% of the revenue from the sales of industrial parks. The industrial ecology of Hefei Financial Port continues to improve, and the concentration of financial enterprises has reached a new level. The annual sales revenue reached RMB312.8 million, accounting for 21.6% of the revenue from the sales of industrial parks and ranked top two in terms of sales and revenue from industrial parks of the Group for two consecutive years. The development of Xianyang Western Zhigu has accelerated and has become a benchmark industrial park for promoting Xixian's electronic information industry cluster and extended our influence nationwide. The annual sales revenue was RMB215.9 million, accounting for 14.9% of the revenue from the sales of industrial parks.

In 2020, 15 cities (with 21 projects) will contribute to the revenue from the sales of industrial parks. This demonstrated that the layout of the Group's industrial parks business in 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 systems risk and ensuring the annual target of the revenue from sales of industrial parks can be achieved.

Development and Completion of Industrial Parks

With further clarification of the Group's strategic structure, the sustainable growth in revenue is guaranteed. In 2020, the total area of construction commenced in industrial parks was 857,000 sq.m., which increased by 46.5% as compared to that of 585,000 sq.m. in 2019. Completed construction area amounted to 651,000 sq.m., which increased by 83.4% as compared to that of 355,000 sq.m. in 2019. As at the end of 2020, the total area under construction was approximately 1,135,000 sq.m., which laid the foundation for the industrial parks scale business to grow its scale of business steadily during the "14th Five-Year Plan" period, and continues to play the role of anchor for the Group.

Completed Area in Major Cities throughout the Country

City	Project Name	Completed area in 2020 ('000 sq.m.)
Shenyang	Shenyang Maker Corporation	21.5
Ezhou	Ezhou OVU Science and Technology City	32.7
Hefei	Hefei Financial Harbor	169.4
Xi'an	CEC Xi'an Industrial Park	39.2
Changsha	Changsha CEC Software Park	59.0
Qingdao	Qingdao OVU International Marine Information Harbour	16.7
Chengdu	Chengdu Chip Valley	120.6
Wenzhou	Wenzhou Industrial Park	136.8
Luoyang	Luoyang CEOVU Information Harbour	55.4
Total		651.3

Land Bank of the Industrial Parks

During the Reporting Period, with the new addition of four industrial park projects in Tianjin and Wuhan, the Group has high-quality land bank of approximately 6,226,000 sq.m. in various cities, including Wuhan, Shanghai, Qingdao, Changsha, Chengdu, Tianjin, Hefei, Shenyang, Luoyang, Xi'an, Wenzhou, Ezhou, Huangshi, Huanggang, Chengmai (Hainan), Zhuhai, and Ningbo as at the end of the Reporting Period.

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%	167,975
5	Wuhan Innocenter (武漢研創中心)	Wuhan	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	Industrial	100%	192,957
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%	69,979
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%	188,949
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%	125,779
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%	1,715

No.	Project	City	Location	Usage	Interest Attributed to the Group	Land Bank (sq.m.)
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%	72,081
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%	259,854
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%	170,850
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%	340,522
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%	202,134

No.	Project	City	Location	Usage	Interest Attributed to the Group	Land Bank (sq.m.)
20	Wenzhou Industrial Park (溫州產業園)	Wenzhou	Jinhai Park, Wenzhou Economic and Technological Development Zone, Wenzhou, Zhejiiang Province	Industrial	95%	189,912
21	Shanghai Internet-of-Things Harbour (上海物聯港)	Shanghai	Lot 114/1, 101 Street, Songjiang Industrial Park, Songjiang District, Shanghai	Industrial	100%	235,400
22	Chengdu Chip Valley (成都芯谷)	Chengdu	No.1 Fengle District, Dongsheng street, No. 7 Guangrong District, Pengzhen, Chengdu City, Sichuan Province	Commercial	80%	569,183
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%	1,342,355
24	Luoyang CEOVU Information Harbour (洛陽中電光谷信息港)	Luoyang	Intersection of Guanlin Road and Longshan Line, Luolong District, Luoyang, Henan Province	Industrial/ Commercial	70%	63,509
25	Changsha CEC Software Park (長沙中電軟件園)	Changsha	Yuelu Avenue, High-tech Industrial Development Zone, Changsha City, Hunan Province	Industrial	100%	323,522
26	Xianyang Western Zhigu (咸陽西部智谷)	Xianyang	陝西省咸陽市秦都區高新技術產業開發區星火大道3號	Industrial	50%	131,747
27	Tianjin Zhongdian Technology Innovation Park (天津中電科創園)	Tianjin	天津高新區華苑科技園	Commercial	80%	111,955

No.	Project	City	Location	Usage	Interest Attributed to the Group	Land Bank (sq.m.)
28	Xinzhou CEOVU Manufacturing Center (新洲中電光製造中心)	Wuhan	湖北省武漢市新洲區京東大道與五一南路交叉路口往西北約100米	Industrial	100%	120,956
29	Caidian CEOVU Digital Industrial Park (蔡甸中電光谷數字產業園)	Wuhan	武漢市蔡甸區常福工業園	Industrial	100%	157,200
30	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
31	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%	682,190
	Total					6,226,154

Note: No. 30-31 are projects the Group invested in through a subsidiary CEC Technology.

INTRODUCTION OF MAJOR INDUSTRIAL PARK PROJECTS

Briefings on development progress of industrial park projects in 2020

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 at the 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 and back offices of financial institutions, such as banks, insurance, and securities, and the upstream and downstream of the industry chain, such as 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:	High-quality financial enterprises such as Guosen Securities (國信證券), Pactera (文思海輝), China Taiping Life Insurance (中國太平人壽), and Weixun Technology (威尋科技) have successively settled in Hefei Financial Port. The ecology of financial industry in the park has prospered with over 600 financial enterprises entering the park and over 10,000 employees. The financial industry concentration reached 62%.

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 the end of 2020, 130,000 sq.m. of various space carriers has been fully completed and delivered for use. Currently, over 200 leading enterprises and institutions have been attracted 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台), 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 31 December 2020, an area of 253,000 sq.m. has been roofed and an area of 137,000 sq.m. has been completed. The park has successfully introduced leading enterprises including Topsec (天融信) (stock code: 002212.SZ), Wondershare (萬興科技) (stock code: 300624.SZ), iChinaE (中電興發) (stock code: 002298.SZ) and Baidu Jingwangfa (百度競網發). Over 80 technology enterprises (7 of which are listed) covering information security, mobile internet, software development has settled in and has basically formed a industry cluster. Zones A and B were delivered and over 30 enterprises has settled in with near 2,000 employees.

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, Phase I occupies a total site area of approximately 130,000 sq.m. and Phase II occupies a total site area of approximately 100,000 sq.m. The total GFA of Phase I and Phase II is approximately 180,000 sq.m, of which, the GFA of Phase I is approximately 100,000 sq.m and the GFA of Phase II is approximately 80,000 sq.m.
Project positioning:	The principal industries consist of intelligent firefighting, machinery processing, seeds, construction materials, military, internet cloud computing, packaging and printing, medical equipment and green energy conservation.
Details of the project:	Intelligent manufacturing industry plants, R&D center, talent training center, testing and certification center, innovative business incubators and related commercial supporting facilities.
Project Status:	As of 22 August 2018, phase I of the project with a GFA of 100,000 sq.m. has been fully completed and obtained the registration certificate of completion, and the parks have officially entered into operation; as of 26 December 2019, phase II of the project with a GFA of 80,000 sq.m. has been fully completed and obtained the registration certificate of completion, and the parks have officially entered into operation.

Chengdu Chip Valley

Location:	South of Huayuan Road, Shuangliu District, Chengdu and east of Chengxinpu Expressway to the planned area of Yinhe Road.
Scale:	The total planned area of Chengdu Chip Valley Industrial Function Zone is 87 sq.km. with core area of 16.1 sq.km., being the sub-center of Chengdu and new center of Shuangliu. The Chengdu Chip Valley Research and Innovation City (high-quality science and innovation space in Chengdu Chip Valley) currently under construction is the core and start-up zone of Chengdu Chip Valley Industrial Function Zone. The City covers a project area of 1 sq.km. and was listed as the first batch of high-quality space demonstration areas of one million sq.m. in Chengdu.
Project positioning:	The integrated circuit industry cluster and innovation area jointly built by China Electronics Corporation and the Chengdu Municipal Government to construct an industrial integration IC new city. 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. Currently, 85 enterprises registered to the Chengdu Chip Valley Research and Innovation City with 51 enterprises settled down, including 20 top-tier enterprises such as Empyrean (華大九天), CEC Jiutian (中電九天), CSMT (成都華微) and Montage LZ (瀾至科技). Key links in the integrated circuit industry chain such as integrated circuit design, packaging and testing, back-end applications and industry solutions were covered. The Chengdu Chip Valley continued to focus on the upstream and downstream of the integrated circuit industry, while top-tier enterprises coordinated with supporting enterprises to strengthen, extend and supplement the industrial chain. Industrial aggregation was accelerated and an integrated circuit industrial ecosystem with a complete chain and all components was created, in order to achieve a mutual beneficial development landscape that promotes corporate development, park prosperity and industrial upgrade.

Details of the project: Construction of high-quality science and innovation space, standardized plants and customized plants, R&D and office properties, corporate headquarters, integrated circuit museum, open labs, public technical service platform, scientific incubators, accelerators, practical training base, international innovation centers, international headquarter centers and facilities.

Project status: As of February 2021, the construction area of high-quality science and innovation space in Chengdu Chip Valley has reached 631,000 sq.m. Among which, 323,000 sq.m. has been completed, 308,000 sq.m. was under accelerated construction and 252,000 sq.m. was planned for commencement of construction in 2021.

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 130,000 sq.m., and approximately 190,000 sq.m. has been completed.

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: Products such as separate buildings for enterprises, customized plants, production acceleration products, integrated office buildings, apartments with ancillary facilities.

Project status:	As of 31 December 2020, approximately 190,000 sq.m. was completed and an area of 35,000 sq.m. for Phase II.III was to be constructed. The park is mainly comprised of separate buildings for enterprises and produces acceleration products and customized development products. It has attracted well-known enterprises to settle in, such as Xi'an research and development center of China National Software & Service Company Limited* (中國軟件與技術服務股份有限公司西安研發中心), 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), BMW Xi'an training center* (寶馬西安培訓中心), Litian Liquor Research Institute (力天酒業研究院（西安）有限公司), Xi'an Liangsheng Biological Technology Co., Ltd. (西安良升生物科技有限公司), Satpro M&C Tech Co., Ltd. (星展測控科技股份有限公司) and Shaanxi Zhengwei Environmental Testing Co., Ltd. (陝西正為環境檢測股份有限公司).

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 100,000 sq.m.
Project positioning:	Manufacturing of aerospace equipment, manufacturing of advanced equipment, new materials and new energy, electronic information industry, information innovation industry, Internet big data, microelectronics software development, security consulting, system integration, security operation and maintenance, network information security 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:	Phase I was delivered.

China Electronics Western Zhigu Park

Location:	Xinghuo Avenue in the National Xianyang Hi-Tech Zone (國家級咸陽高新區星火大道)
Scale:	Total planned site area of 3,200 mu, of which, the CEC • Xianyang Generation 8.6 LCD panel production line project in pilot zone occupies a total site area of 1,200 mu and has been completed and put into operation, the development zone occupies 1,000 mu, and the reserved control zone occupies 1,000 mu. In respect of the Western Zhigu Park (西部智谷), Phase I occupies a total site area of approximately 173,100 sq.m. and a total GFA of approximately 188,000 sq.m.; Phase II occupies a total site area of approximately 24,000 sq.m. and a total GFA of approximately 81,000 sq.m.; Phase III occupies a total site area of approximately 171,000 sq.m. and a total GFA of approximately 203,000 sq.m.
Project positioning:	Strategic emerging industries such as electronic information and intelligent manufacturing as the leading industries.
Details of the project:	Exhibition centers, double innovation centers, star hotels, intelligent manufacturing plants, customized plants, research and development office buildings, smart apartments, service centers and relevant commercial facilities.
Project status:	As of 21 January 2021, the construction of China Electronics Western Zhigu Park's Phase I.I project with a GFA of 100,000 sq.m. was fully completed and has obtained the completion certificate. Phase I.II project with a GFA of 51,000 sq.m. obtained the Planning Permit for Construction Works in December 2020, and it is under the application process for the Permit for Commencement of Construction Works. Phase III project has completed the land pre-approval procedures, and it is now preparing for land auction.

Wuhan Digital Industrial Park

Location:	No. 88 Xingguang Avenue, Caidian District, Wuhan City (武漢市蔡甸區星光大道88號)
Scale:	The project occupies a site are of approximately 220 mu and the total GFA of the project is approximately 156,000 sq.m.
Project positioning:	Intelligent manufacturing, electronic information, new energy and intelligent connected automobiles as the leading industries.
Details of the project:	Intelligent manufacturing industry houses, high-rise research and development office buildings, industrial empowerment centers, exhibition halls, as well as relevant commercial facilities.
Project status:	As of 8 April 2021, the full pile foundation work for Phase I of Wuhan Digital Industrial Park was completed, the main structures have been successively roofed. It is scheduled to be fully completed and delivered in December 2021. Phase II has entered the stage of curtain wall and decoration construction, and it is scheduled to be completed and delivered in September 2021.

BRIEFINGS ON STATUS OF OTHER PROJECTS UNDER DEVELOPMENT

Wuhan Creative Capital

Location:	Located at No.16, Yezhihu West Road, Hongshan District, Wuhan (between Wuhan Second Ring Road and Third Ring Road).
Scale:	Capital occupies a total site area of approximately 348 mu, with a planned construction area of 390,000 sq.m.
Project positioning:	Complex industrial clusters, cultural creative and technological demonstration areas.
Details of the project:	Including high-rise office buildings, creative workshops, artist studios, theaters, creative shopping streets, commercial centers, art boutique hotels, anchor restaurants, artwork marketplace, OVU Maker Star, etc. Phase I of the project has been completed and put into operation while Phase II of the project is under planning, with an estimated total area of 800,000 sq.m. after completion. It is currently the largest newly built creative innovation park in the PRC with the richest industrial cluster which integrating technology and culture.
Target of the project:	Based in Wuhan and representing Wuhan, and to become a first-class national and world-renowned creative industry cluster and independent innovation base. Through construction and cultivation for two to three years, the Creative Capital will provide creation venues or set up studios for 10 international masters, 20 domestic well-known artists and 100 young and middle-aged artists. About 500 creative enterprises were attracted to settle in, providing more than 5,000 job opportunities and nurturing more than 2,000 middle and senior creative talents every year. The Creative Capital also promoted the employment of 20,000 people in relevant industries and the realization of an industrial scale of RMB10 billion, which will strongly promote economic development and industrial upgrading.
Latest status:	As of 31 December 2020, 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. The Creative Capital was awarded as "2020 Wuhan City of Design Demonstration Park".

Ezhou OVU Science and Technology City

As at 31 December 2020, a GFA of 318,000 sq.m. has been completed and delivered. 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 fifteen types of 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. In addition to offering a variety of one-stop park operation services to enterprises stationed in the Group's industrial park, the Group integrates the above-mentioned capabilities of business operation to export services, and has developed various portfolios of integrated operation services that take consultation and planning information technology and digital park (apartment) solutions, integrated operation life cycle services, "P+EPC+O", smart facility equipment, investment promotion, dual-innovation services and regional energy management as the entry points, in order to provide integrated operation services for key projects of local government platform companies or large enterprises.

After continuous improvement and optimization, the digital park system has formed a standardized model of "one park dispatching command center, three functional auxiliary platforms, and numerous sustainable development application scenarios (一個園區調度指揮中心、三大功能輔助平台、N個可持續發展應用場景)", which has been chosen as a national-level topic for three consecutive years, including being chosen as the conclusion of the 2018 National Development and Reform Commission Topic - China Electronics Intelligent Industrial Park Platform. The digital park operation system is gradually developing, which now covering 45 parks in 32 cities across the country, and has obtained demonstration application scenarios in national network security bases. During the epidemic, the digital park business department worked day and night, and based on years of foundation, it successively launched 2 digital park system service platforms, namely "Park Connect" (園區通) and "Merchants Connect" (招商通). The Group focuses on industrial park's digital operation capabilities and puts great effort into the National Network Security facilities at Wuhan, based on which intention to cooperate has been reached with Baotou, Chongqing and many other local governments in respect of digital integrated operation services. In the future, the digital industrial park will further integrate digital apartments and smart platform such as OVU Maker Star and CEC Energy Conservation to create a comprehensive information management platform.

During the Reporting Period, the Group has withstood various adverse factors such as long quarantine period during the pandemic, the turnover of the industrial park operation services of the Group amounted to RMB1,598.0 million, reaching 93.9% of the level from the same period in 2019. Among which, revenue from design and construction services reached RMB440.5 million, revenue from property management services reached RMB623.4 million, revenue from industrial parks properties leasing services reached RMB219.3 million and revenue from regional energy, industrial parks finance and other services reached RMB314.8 million. In terms of composition, the revenue from design and construction services, property management services and industrial parks properties leasing services accounted for 80.3% of the revenue from industrial parks operation services, and is currently the major source of revenue of the Group's industrial parks operation services.

Design and Construction Services

An innovative "P+EPC+O" business development model

The "P+EPC+O" model takes planning (P-Planning) as the starting point, with an integrated delivery of design, procurement and construction (EPC-Engineering Procurement Construction) as the foothold, and with professional operations (O-Operations) to cooperate with the investment entities to jointly complete the work of industrial services, a three-in-one structure of the responsible body has been established. "P+EPC+O" is a complete integrated form of comprehensive operation, which guide the early planning and consultation with the ultimate goal of later investment and operation services. Operational service goals were achieved through project planning and design to control and manage the project construction process. The "P+EPC+O" model is conducive to the realization of the strategic philosophy of "starting from the end" and the high-standard delivery structure of being responsible for the results, as well as the realization of the planning goal of "multiple compliance (多規合一)". In response to the business opportunities brought by the "new infrastructure (新基建)" and "urban renewal (城市更新)" schemes implemented by local governments across the country, the Company has vigorously promoted the "P+EPC+O" business model, to upgrade the regional industrial and form a high-quality industrial agglomeration that provide integrated industrial operation services of "operational integration and capability specialization (運營綜合化、能力專業化)".

During the Reporting Period, the Group has entered into the Sunshine CEC i-Valley EPC project with Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) with a gross floor area of 151,400 sq.m. and the project amount of RMB681.3 million, and has entered into a preliminary consultation and planning contract and a post-operation service contract with a terms of 20 years.

During the Reporting Period, the Group's design and construction service income was RMB440.5 million, representing a decrease of 35.3% as compared to the same period of 2019, primarily due to the impact brought by the pandemic, the delay of progress of the Xianyang Qidian Science and Technology City EPC project resulting in a decrease of revenue from EPC project for the year as compared to last year.

Property Management Services

In 2020, the property management system followed the idea of "seeking change in steadiness and progress in change (穩中求變)". While steadily performing services on the park and community properties, the Group facilitated the capacity building and organizational transformation of the property system through integrated operation. With "i-Lido" app (i麗島App); OVU Park Pass* (OVU園區通) and EMS Integrated Operation Platform and through the digital capacity building of industrial parks and community, the Group strives to develop a professional property service system with integrated operation which offers industrial park asset operation and value-added services, in order to provide households and enterprises in the industrial parks with real estate services, infrastructure services, big data services and living facility services. Meanwhile, the Group actively integrates its resources and owns Lido Property (麗島物業), Domainblue Smart* (藍域), ChuWei Defense* (楚衛防線), Lido Real Estate Agency, Lido Human Resources, Lixiang Life (麗享生活) and other whole-industry-chain property service systems to provide consulting and early intervention services for the development and construction companies, intelligent operation and asset management services for industrial parks, and professional support services for other property management companies. Last but not least, it also provides property owners with all-around and one-stop property management services.

During the Reporting Period, the income from the property management services of the Group was RMB623.4 million, representing an increase of 14.9% as compared to the same period in 2019. The area covered by the property management services reached 22,770,000 sq.m., of which the area covered by public property management services such as industrial parks accounted for 63.4%. In 2020, the Group had 22 new contracted projects and 2,140,000 sq.m. of new property service areas as the Group had continuously won bids on providing property services to office building projects outside the Group's properties, which includes governments, schools, art galleries, office buildings of large corporates, rail transit, and multi-city mobile business offices with its smart service system. In the future, the Group will continue to promote the community management model of intelligent industrial parks and intelligent communities. At the same time, the revenue of property management services is expected to grow rapidly.

Industrial Park Properties Leasing

During the Reporting Period, benefiting from the Group's comprehensive park integrated operation service model, the Group's industrial parks have achieved remarkable results in resuming work and production, and the leasing business of the industrial parks has also demonstrated an upward trend in such challenging environment. The revenue from industrial park properties leasing was RMB219.3 million, with a growth of 6.4% as compared to the same period in 2019.

Self-owned property leasing

During the Reporting Period, the Group has cooperated with local Investment Promotion Bureau in the Qingdao project, and signed a leasing contract with a contracting amount reaching RMB167.0 million, and a total area of approximately 20,000 sq.m. and a lease term of 10 years with Shandong Kexin Information Technology Co., Ltd. (山東科訊信息科技有限公司) (a subsidiary of iFlytek Co., Ltd. (科大訊飛股份有限公司)). The project has become the "No.1 Project (一號工程)" of Qingdao West Coast New Area in promoting industrial upgrading and exploring digital transformation of technology enterprises. During the year, a contract was signed with Wuhan Jingchen Smart Logo Technology Co., Ltd.* (武漢精臣智慧標識科技有限公司) for No.5 Studio for the Wuhan Creative Capital Project, with the contracting amount reaching RMB45.7 million, and a total area of 6,000 sq.m. and a lease term of 8.5 years. The area of the self-owned high-quality properties of the Group reached 435,000 sq.m., with an occupancy rate of over 80.0%, which will provide a stable cash flow for the Group, enhancing the model of business solicitation services for industrial parks and thus improving the image of our brand and lay the foundation for the Group's sustainable development.

Incubator and Office Sharing Services

The Group has actively followed the national strategy and the general trend of "Twin engines of mass entrepreneurship and innovation (大眾創業、萬眾創新)" to promote transformation and reform. The Group has further promoted the business model of incubators and co-working spaces with the foundation of integrated operation life cycle services, the Group has developed an industrial resource sharing platform of "stated-owned enterprises during coordinated innovation of all other enterprises (央企帶動，大中小微企業聯合創新)". During the Reporting Period, Wuhan OVU Technology Co., Ltd.* (武漢歐微優科技有限公司), a controlling subsidiary of the Group, has adjusted its business strategy to reduce the number of its leased sites, and has actively requested rent concessions from landlords to the enterprises of its site, and achieved an operating revenue of RMB72.1 million, being the first time to turn losses into profit. The Group's incubator and office sharing business have performed well even under the impact of the epidemic, and will unveil even greater potential in the future.

OVU Maker Star is operating 38 sites with a total area of 500,000 sq.m. for innovation and entrepreneurship in 21 innovative cities across the country including Beijing, Shanghai, Shenzhen, Wuhan, Chengdu, Xi'an, Changsha, Hefei and etc. It invited over 150 service providers from different sectors such as human resources, legal, financial, marketing and promotion etc., and supported over 1,500 innovation teams and start-ups including Meituan Bike, Qihoo 360, HP China, Bilibili, Easylinkin Technology, Yuanfudao and Huohua Siwei. It gathered over 80,000 innovative businessmen and entrepreneurs. For the year ended 31 December 2020, OVU Maker Star has received over 60 qualifications for its site operations including one demonstration base, six incubators, 11 co-working spaces and one advertising incubating platform that are up to national standard; eight incubators and 10 co-working spaces that are up to provincial standard; as well as two incubators and five co-working spaces that are up to municipal standard. It was awarded over 40 awards from institutions including the National Development and Reform Commission ("NDRC"), Torch High Technology Industry Development Center of the Ministry of Science and Technology, China Innovation and Entrepreneurship Trading Office and China Association for Science and Technology Enterprise Service Center. The digital space management platform self-developed by OVU Maker Star was recognized by the NDRC as a significant project of national level dual innovation demonstration base as an office incubator for emerging industries which fully supports new working trends including mobile working and cross-city resource sharing.

Energy Services

Due to the long period of quarantine during the epidemic, income from the heat supply season in 2020 has dropped significantly year-on-year. CEC Energy Conservation has expanded its operation area of the energy service business system which adopted intelligent control system ("DHC") to innovate its energy business model, and has also expanded the scales of its three business: intelligence and intelligent control. Important energy services projects newly added during the year including Shanghai CEC Information Harbour* (上海中電信息港), Chengdu Chip Valley* (成都芯谷), Donghu Laboratory* (東湖實驗室), Qiaofang Project* (礄房項目), Xuancheng Hospital* (宣城醫院), and Chongqing Shaqu Hospital* (重慶沙區醫院). The newly contracted area was approximately 4 million square meters. During the Reporting Period, the income from energy services of the Group was RMB85.4 million, which represents a decrease of 11.3% as compared to 2019.

Through years of development and exploration, Wuhan China Electronics Energy Conservation Co., Ltd* (武漢中電節能有限公司) ("CEC Energy Conservation", a subsidiary of the Group) gradually established DHC as its core business with mechatronics engineering, EMC, and specialised pipelines as its feature. For the year ended 31 December 2020, CEC Energy Conservation had twenty-six utility models, fourteen invention patents and five 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 essentially completed. In order to facilitate the development of the project, three regional companies were established in Hefei, Wuhan and Shanghai. In the next two to three years, the accumulated operating service area of CEC Energy Conservation is expected to exceed 10,000,000 sq.m.

Group Catering and Hotel Services

Wuhan Quanpai Catering Management Co., Ltd.* (全派餐飲管理有限公司) ("Quanpai Catering") has been established for nine years and is experienced in group catering management. It offers catering services that cover three major service models, namely contractual operation, technical support and operation and entrusted management, to serve various large-scale industrial parks, higher education institutions, enterprises and public institutions, hospitals etc. At the current stage, the Group provides catering service for more than 180,000 people every day. During the epidemic, Quanpai Catering was at the frontline of the canteen at the First Hospital of Wuhan, providing a total of nearly 150,000 meals, and was awarded "Outstanding Contributing Company of the City to the Support to Epidemic Prevention and Control". It has continuously expanded the market on top of the solid foundation laid. At present, Quanpai Catering has thirty-six market projects, among which seven were new during the Reporting Period.

Adhering to its positioning as an art boutique hotel, Wuhan Ziyuan Hotel tapped the potential, lowered the cost and enhanced the efficiency under the premise of focusing on its brand effect.

In 2020, the revenue from group catering and hotel services reached RMB79.0 million, representing an increase of 23.6% as compared to that of 2019.

Industrial Park Financial Services

In 2020, the revenue from industrial park financial services amounted to RMB41.4 million, which is remained the same as compared to that of 2019. The controlled subsidiary of the Group, Hubei Zhongchuang Financing Guarantee Co., Ltd.* (湖北中創融資擔保有限公司) provided comprehensive financial services for micro-small-medium enterprises in the park, and has achieved practical results in collaboration with the Group's operation business. In 2020, 30 financing service transactions with an aggregate amount of RMB260.8 million were entered into, which recorded a revenue of RMB14.9 million. Various businesses achieved zero overdue throughout the year.

INDUSTRIAL INVESTMENT

Easylinkin Technology, a company under Wuhan Optics Valley United Group Ltd. and wholly invested by OVU Fund, is the leading low-power integrated service provider of wide-area Internet of Things, forming an influential low-power wide-area Internet industry chain in China. Easylinkin Technology has completed its business transformation during the Reporting Period, and has launched the LinkOS system that built an industrial alliance composed of more than 400 enterprises. In 2017, Easylinkin Technology obtained the A-round financing led by IDG Capital and completed the B-round financing led by China Growth Capital (華創資本) in 2018. In 2019, a 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, was completed. During the Reporting Period, the Group transferred 5.33% equity interest of Easylinkin Technology to CEC & CICC with the then valuation of the entire equity interest in Easylinkin Technology in the amount of RMB1.5 billion and realised investment amounted to RMB80.0 million. Upon completion, the Group still holds 16.2% equity interest in Easylinkin Technology.

Shenzhen Huada Beidou Technology Company Limited* (深圳華大北斗科技有限公司) ("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 System On 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, receiving wide market attention. During the Reporting Period, Huada Beidou has completed the A+ round financing with a post-investment valuation of RMB1.2 billion. At the same time, the Group, Qixin and Xinyin Yihao has completed the transfer of 7.95% equity interest of Huada Beidou, at a consideration of RMB73.6 million. Upon completion, the Group still holds 17.86% equity interest of Huada Beidou. After the Reporting Period, the Group transferred 4.33% of the equity interest in Bosch (Shanghai) Venture Capital Co., Ltd. (博世（上海）創業投資有限公司) ("Bosch") with the then valuation of the entire equity interest in Bosch in the amount of RMB1.5 billion and realised investment amounted to RMB65.0 million.

For the year ended 31 December 2020, 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. During the Reporting Period, Lingdu Capital has completed the establishment of a market-oriented fund of RMB700 million for Qingdao Guorui Xinfukesi Investment Fund (青島國瑞新福克斯投資基金) and Qingdao Blackstone Maidike Health Industry Investment Fund (青島黑石麥迪克健康產業投資基金) and the investment of RMB66.5 million in four projects (namely, Shiyou Technology (視游互動), Green Network (綠色網絡), CHEANDA (車安達) and Yfun Inc). For the year ending 31 December 2020, the scale of industrial funds managed by Lingdu Capital exceeded RMB1,300.0 million. To build an industrial ecosystem featuring information technology application innovation and network security, digital cities, smart hardware, military-civilian integration, and network audio-visual.

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 the fund of CEC & CICC. CEC & CICC, with a total fund scale amounting to RMB5,000.0 million, focuses on the value chain of advanced manufacturing industries related to semiconductors and electronics, and is complementary to its investment portfolio in small and medium sized innovative technology companies. The investments in the six projects including BYD Semiconductor Co., Ltd. (比亞迪半導體股份有限公司), Xizhong Electronics (熙重電子), and iVTouch (維業達觸控科技) have been completed in 2020.

The driving force of the industrial investment business has become more prominent, and its profit structure has been further optimized.

Full Name of Invested Companies	Intended total investment amount (RMB0'000)	Accumulated investment amount (RMB0'000)	Shareholdings
Wuhan Easylinkin Technology Co., Ltd. (武漢慧聯無限科技有限公司) (Note)	154.55	154.55	1.70%
Wuhan Xunniu Technology Company Limited (武漢迅牛科技有限公司)	600.00	600.00	8.99%
Shenzhen Pude Technology Co., Ltd. (深圳普得技術有限公司)	200.00	200.00	2.59%
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	50.00%
Beijing Wanyi Technology Co., Ltd. (北京玩驛科技有限公司)	72.00	72.00	10.80%
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%
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%
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%
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 Xinzheku Electronic Commerce Co., Ltd. (武漢莘者酷電子商務有限公司)	600.00	600.00	10.00%
Wuhan Shifei Technology Co., Ltd. (武漢視飛科技有限公司)	693.00	693.00	14.36%
Wuhan Lishicheng Robotic Technology Co., Ltd. (武漢理惠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%
Wuhan Forworld Technology Limited (武漢風奧科技股份有限公司)	540.00	540.00	30.00%
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 Ball Way Co., Ltd. (武漢球之道科技有限公司)	485.00	485.00	8.90%
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 Linptech Co., Ltd. (武漢領普科技有限公司)	1,038.00	1,038.00	10.46%

Full Name of Invested Companies	Intended total investment amount (RMB0'000)	Accumulated investment amount (RMB0'000)	Shareholdings
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 Xinzheku Electronic Commerce Co., Ltd. (武漢莘者酷電子商務有限公司)	196.00	196.00	5.85%
Beijing Wanyi Technology Co., Ltd. (北京玩驛科技有限公司)	500.00	500.00	10.00%
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	9.28%
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	15.68%
Total	15,859.95	15,859.95	

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

OUTLOOK OF 2021

2021 marks the beginning of the 14th Five-Year Plan, and it is also crucial for the Group to establish a strategic landscape of "One Body Two Wings (一體兩翼)", with "park operation as the main body, park development as the backbone and industrial investment as the driving force". The Group will continue to adhere to the concept of "One City One Measure" (一城一法) and systematically promote platform development, cultural development and collaborative synergy. Guided by the methodology of "Systematic Planning (系統規劃)" and "Integrated Operation (綜合運營)", the Group will be a market benchmark and will play a leading role in consolidating the industrial park development business. The Group will also solidly implement the "P+EPC+O" business model, carrying forward the city's spirit of combating the COVID-19 epidemic, and working toward our annual business goals with the attitude of "treating campaign as a decisive battle and commence at full speed (開展即決戰、起跑即衝刺)", striving to achieve a 20% to 30% growth in all major operation goals based on the foundation we have built in 2020.

Group Strategies

Resolutely Implement the Development Strategy of CEC regarding the Acceleration of the Creation of the National Network Information Core Force and Organizational Platform

CEC, being the national leader of the network safety and informatisation industry, has implemented the "Digital China (數字中國)" and "One Hundred Cities, Ten Thousand Enterprises (百城萬企)" plans through building a Pivotal Container Service (PKS) industry ecosystem. The Group is committed to building an "innovation ecology (創新生態)" and an industrial resource sharing platform based on the above strategic goals of CEC. The Group will actively participate in the network information innovation projects of CEC and assist in the construction of Digital China. In respond to the needs of local governments for industrial upgrade and innovative development, the Group will actively connect, advance the layout, and implement modern digital city business via our industrial parks, and leveraging on the advantages of the industrial park to explore new paths and power for digital city construction through the promotion and application of the digital park system.

Industrial Park Operation Business Focusing on "Expansion"

In 2021, the Group will strive to achieve the addition of more than five "P+EPC+O" projects to commence construction, achieving major breakthroughs in contract value, and fully implementing our annual revenue targets. The Group will also strive to realize the full coverage of the digital system in the current operating parks, by exporting more than ten projects, and completing the digital park system standardization system. The Group will enhance its cross-regional talent service capabilities based on its human resources service platform in Qingdao.

Industrial Park Development Business Based on "Excellence"

In 2021, in accordance to the goal of optimizing the national layout, the Company will adhere to the three principles of "prioritize manufacturing projects, strictly control office projects, and in principle not involved in residential projects (製造類項目優先、嚴控辦公類項目、原則上不涉足住宅類項目)", and to manage our land reserve to implement annual cap control. The Group will promote phased land supply for industrial park development projects in Chongqing, Mianyang and Xianyang, and fully implement our "responsive customization (敏捷定制)" operation methods in the manufacturing industrial parks across the country, aiming to improve the effectiveness of our incurring investments service and effectively control our capital risks, adhering to our bottom-line principle of maintaining a positive operating cash flow. The Group will also accelerate the construction of its cross-regional collaborative investment promotion platforms, to give full play of its efficiency and to further improve investment promotion capacity of projects in Qingdao, Hefei, Changsha, Shanghai, Chengdu, Tianjin and Wuhan, and to ensure that the key industrial park development businesses will continue to be a pillar of the Group.

Industrial Investment Business Committed to "Power"

In 2021, the main target of the Group's industrial investment business is to discover unicorns and gazelle enterprises, and to identify no less than five projects to invest in from the PKS ecosystem and projects with strategic supporting value. The Group will also strengthen coordination with its industrial park business, and drive industrial park business to improve the quality of development through industrial investment. Meanwhile, the Group strives to have two to three invested companies achieving listing status, and choose the appropriate time to divest, in order to achieve a positive liquidity.

Optimizing our governance structure to improve our scientific and decision-making capabilities

In 2021, on the basis of the optimization and adjustment of the Company's equity structure, the Company intended to improve the three management systems (i.e. corporate governance system, performance management system and scientific management and control system) by further organize and clarify the management responsibilities and work flows at each level of the Company's management. By continuously enhance the Board's strategic guidance and scientific decision-making role for the Company, our performance appraisal and incentive measures for the management can be effectively strengthen, and maximize the positive effects created by compliance with the corporate governance code.

Financial Review

Revenue

The revenue of the Group is generated from the income from industrial park development services and industrial park operation services. During 2020, the revenue of the Group was RMB3,048.6 million, which decreased by RMB328.2 million, reaching 90.3% of the level for the same period in 2019.

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

	For the year ended 31 December			
	2020		2019	
	Revenue (RMB'000)	**% of total**	Revenue (RMB'000)	% of total
Industrial parks development services	**1,450,669**	**47.6**	1,675,080	49.6
Sales of industrial park	**1,450,500**	**47.6**	1,656,060	49.0
Sales of ancillary residentials	**169**	**0**	19,020	0.6
Industrial park operation services	**1,597,949**	**52.4**	1,701,785	50.4
Design and construction services	**440,544**	**14.4**	681,066	20.2
Property management services	**623,435**	**20.4**	542,510	16.1
Industrial park properties leasing	**219,326**	**7.2**	206,071	6.1
Energy services	**85,363**	**2.8**	96,231	2.8
Group catering and hotel services	**79,027**	**2.6**	63,953	1.9
Industrial park financial services	**41,442**	**1.4**	42,299	1.3
Others	**108,812**	**3.6**	69,655	2.0
Total	**3,048,618**	**100.0**	3,376,865	100.0

Industrial Park Development Services

In 2020, the revenue from industrial park development services was RMB1,450.7 million, reaching 86.6% of the level for the same period in 2019. The booked sales was 266,000 sq.m., and continues to play the role of anchor.

Industrial Park Operation Services

In 2020, the Group provided integrated operation services, such as design and construction services, property management services, industrial park properties leasing, energy services, and other services, for key projects of local government platform companies or large enterprises, and offered a variety of one-stop industrial park operation services to enterprises stationed in our industrial parks. The turnover of the industrial park operation services of the Group reached RMB1,598.0 million, reaching 93.9% of the level for the same period in 2019. Among which, revenue from design and construction services reached RMB440.5 million, revenue from property management services reached RMB623.4 million, revenue from industrial park properties leasing services reached RMB219.3 million and revenue from regional energy services, industrial park financial services and other services reached RMB314.8 million. In terms of composition, the income from design and construction services, industrial park properties leasing services and property management services accounted for 80.3% of the income from industrial park operation services, and is the major source of income of 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 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 2020, cost of sales of the Group was RMB2,110.8 million, which decreased by RMB190.8 million as compared to the same period of 2019. For the years ended 31 December 2019 and 2020, cost of sales of the Group accounted for approximately 68.2% and 69.2% of the Group's revenue, respectively.

Cost of Sales of Industrial Parks

Cost of sales of industrial parks consisted primarily of costs incurred directly from 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 2020, the cost of properties sold of the Group was RMB824.1 million, which decreased by RMB133.4 million as compared to the same period of 2019. For the years ended 31 December 2019 and 2020, cost of properties sold of the Group accounted for 41.6% and 39.0% of its total cost of sales, respectively.

Gross Profit and Gross Profit Margin

As a result of the foregoing, during 2020, overall gross profit of the Group was RMB937.8 million, which decreased by RMB137.5 million as compared to the same period of 2019. Overall gross profit margin was 30.8%, decreased by 1.0% as compared to 31.8% of last year.

Other Income and Gains/(Losses) – Net

During 2020, other income and gains, net of the Group was RMB268.2 million, representing a decrease of RMB6.9 million as compared to the same period of 2019, primarily due to the recognition of various government subsidies of RMB121.3 million, the fair value gain of RMB44.0 million resulting from the investment of Easylinkin Technology; the gains of RMB46.1 million from disposal of partial interests of Huada Beidou and Hainan Nanhaiyun Holdings Co., Ltd.;* (海南南海雲控股股份有限公司); and also the consideration amounting to RMB40.9 million from the disposals 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 2020, selling and distribution expenses of the Group was RMB113.6 million, which decreased by RMB3.3 million as compared to the same period of 2019. For the years ended 31 December 2019 and 2020, selling and distribution expenses of the Group accounted for approximately 3.5% and 3.7% 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, depreciation and amortization expenses, professional fees, and others.

During 2020, administrative expenses of the Group was RMB310.3 million, which decreased by RMB24.9 million as compared to the same period of 2019, primarily due to the active control of administrative expenses in response to the impact brought by the pandemic to the Group during the period. For the years ended 31 December 2019 and 2020, administrative expenses of the Group accounted for approximately 9.9% and 10.2% of the Group's revenue, respectively, which remained stable.

Fair Value Gains on Investment Properties

During 2020, gains from changes in fair value on the Group's investment properties were RMB85.7 million, which decreased by RMB70.0 million as compared to the same period of 2019, primarily due to: (1) the newly addition of investment properties during the year were mainly properties under construction, which have a relatively small valuation gain; (2) certain investment properties in Hefei, Qingdao and Wuhan were disposed during the year.

Finance Income

During 2020, finance income of the Group was RMB78.3 million, which decreased by RMB23.2 million as compared to the same period of 2019, primarily due to the decrease in entrusted interest income from independent third-party of the Group during the Reporting Period.

Finance Costs

During 2020, finance costs of the Group was RMB240.5 million, which decreased by RMB22.2 million as compared to the same period of 2019, primarily due to the average borrowing cost dropping from 6.0% in 2019 to 5.4% in 2020, resulting from the adjustment of our financing structure.

Share of Profits of Associates

During 2020, the profits of associates shared by the Group was RMB124.8 million, representing an increase of RMB79.5 million as compared to the same period of 2019, primarily consisting of the Group's share of profits from its associates, Hainan Software Community and CEC.

Share of Profits of Joint Ventures

In 2020, the Group had a share of profits of joint ventures of RMB7.5 million, 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 2020, the Group's income tax expense was RMB276.4 million, representing a decrease of RMB86.1 million over the same period of 2019, mainly due to a decrease of RMB58.2 million in the expenditure of LAT, where the effective tax rates of the Group were 37.9% and 33.8% in 2019 and 2020, 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 RMB464.3 million, representing a decrease of RMB104.9 million over the same period of 2019. After deducting the after-tax fair value changes from the investment property of RMB64.3 million, the core net profit attributable to owners of the Company was RMB400.0 million.

Basic Earnings Per Share

The basic earnings per share decreased from RMB7.44 cents in 2019 to RMB6.13 cents in 2020.

FINANCIAL POSITION

Properties under Development

As at 31 December 2020, the carrying amount of the Group's properties under development was RMB2,796.5 million, which increased by RMB287.5 million as compared to that as at 31 December 2019.

Completed Properties Held for Sale

As at 31 December 2020, the carrying amount of completed properties held for sale of the Group was RMB3,198.7 million, which increased by RMB132.2 million as compared to that as at 31 December 2019, the main reason for which is that the increase in the carrying 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 2020, the Group's trade and other receivables was RMB2,317.6 million, which increased by RMB378.1 million as compared to that as at 31 December 2019, representing a ratio to total assets of 11.9%, primarily due to the projects in Xi'an and Hefei, the revenue of which was recognized in phases last year, were completed and filed during 2020, and this part of the accounts receivable was transferred from contract assets to trade and other receivables.

Trade and other Payables

As at 31 December 2020, the Group's trade and other payables was RMB3,279.1 million, which decreased by RMB183.7 million as compared to that as at 31 December 2019, primarily due to the settlement of certain payables for construction work conducted by the Group during the year.

Liquidity, Financial Resources 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 industrial park developments, to 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. For further details of the Group's corporate bonds and borrowings, please refer to notes 26 and 27 to the consolidated financial results of the Group.

In 2020, the Group's net cash inflow from operating activities was RMB98.7 million, which was mainly due to the implementation of our strategies of "responsive customization (敏捷定制)" and organized supply chain financial solutions during the year, adhering to the Group's bottom-line principle of maintaining a positive operating cash flow.

In 2020, the Group's net cash inflow from financing activities was RMB460.1 million, which was mainly from the proceeds from the Company's issuance of ultra short-term financing bonds 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.

As at 31 December 2020, the authorized capital of the company was HK$1,000.0 million divided into 10 billion shares of HK$0.10 each. Movements of the Company's ordinary shares are set out in note 30 to the consolidated financial results of the Group.

KEY FINANCIAL RATIOS

Current Ratio

Current ratio of the Group (being total current assets divided by total current liabilities) decreased from 1.51 as at 31 December 2019 to 1.27 as at 31 December 2020. It was primarily due to the Group has, with the supports from various cooperative banks, moderately increase its short-term loans and short-term bonds in the form of credit guarantees in 2020, in order to explore additional financing channels and control its funding costs. 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 (being the rate of the interest-bearing debt less total cash to the sum of total equity and interest-bearing debt multiplied by 100%) increased from 27.1% as at 31 December 2019 to 30.1% as at 31 December 2020. The risk of this ratio is still controllable.

Indebtedness

As at 31 December 2020, the Group's total outstanding indebtedness was RMB5,610.2 million, which have increased by RMB880.5 million as compared to that as at 31 December 2019.

As at 31 December 2020, the Group's unutilized banking facilities amounted to RMB827.0 million and unutilized other borrowings amounted to RMB2,700.0 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 2019 and 31 December 2020, the outstanding guarantees for mortgage loans granted to customers of its pre-sold properties were approximately RMB520.6 million and RMB876.9 million, respectively. The Group is comprehensively sorting out its contingent liabilities and urging customers to apply for certificates in an orderly manner, in order to release its mortgage guarantee risks in time.

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 RMB11,069.4 million as at 31 December 2020, as compared to RMB11,226.8 million as at 31 December 2019. Our current assets remain stable. As at 31 December 2019 and 31 December 2020, aggregate cash and cash equivalents of the Group amounted to approximately RMB1,653.5 million and RMB2,125.0 million, respectively, representing an increase of RMB471.5 million as compared to that of last year, primarily due to the provisions for debts maturing in early 2021.

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 RMB8,728.2 million as at 31 December 2020, as compared to RMB7,438.3 million as at 31 December 2019.

As at 31 December 2020, the Group had net current assets of approximately RMB2,341.2 million as compared to RMB3,788.5 million as at 31 December 2019. The net current assets of the Group decreased mainly due to the Group has, with the supports from various cooperative banks, moderately increase its short-term loans and short-term bonds in the form of credit guarantees in 2020, in order to explore additional financing channels and control its funding costs.

Capital Expenditures and Capital Commitments

Capital expenditure of the Group decreased by RMB274.2 million from RMB384.2 million in 2019 to RMB110.0 million in 2020. Capital expenditures of the Group were primarily related to expenditure for purchases of property, plant and equipment and purchases of intangible assets. 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.

As at 31 December 2019 and 31 December 2020, the Group's outstanding balances of its commitments related to property development expenditure and investment were RMB1,079.8 million and RMB982.7 million, respectively.

Investments in financial assets at fair value through profit or loss

The Group invests in certain financial instruments (including short-term and long-term investments). As of 31 December 2020, the total financial assets at fair value through profit and loss were approximately RMB617.1 million (31 December 2019: approximately RMB382.9 million). As of 31 December 2020, the Group did not have any individual investments with fair value accounting for 5% or more of the Group's total assets.

Material Acquisitions

For the year ended 31 December 2020, the Group did not have any material acquisition of subsidiaries, associates and joint ventures.

Material Disposals

For the year ended 31 December 2020, the Group did not have any material disposals of subsidiaries, associates and joint ventures.

Significant Events After the End of the Year

There are no significant subsequent events occurred that materially affect the Group's financial condition or operation following the Reporting Period and up to the date of this report.

Employees

As at 31 December 2020, the Group had 6,545 full-time employees. The employment cost of the Group was approximately RMB541.9 million for the year ended 31 December 2020. 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 2020, the Group had pledged certain of its assets with a total net book value of RMB3,428.2 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, in the normal course of business, is 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/presale 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 RMB5,610.2 million as at 31 December 2020. The Group undertakes debt obligations to support its property development and general working capital needs. The interest rate of interest-bearing liabilities has dropped from 6.0% in 2019 to 5.4% in 2020, and the cost of interest rates has been further effectively controlled.

Foreign Exchange Risk

The Group's functional currency is Renminbi and mostly all of the Group's revenue, expenses, cash, deposits and borrowings 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 operation performance result. 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 Group's exposure to 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 by the Group is sufficient to cover its exposure to potential credit risk. An aging analysis of 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 38 to the Consolidated Financial Statements on page 218.

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 two executive Directors, four non–executive Directors and three independent non-executive Directors.

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

NON-EXECUTIVE DIRECTORS

Mr. Liu Guilin (劉桂林), aged 49, was appointed as a non-executive Director and the chairman of the Company on 26 November 2020, and was appointed the chairman of the nomination committee of the Company on 22 December 2020. Mr. Liu graduated from Peking University with an Executive Master of Business Administration. Mr. Liu was previously a cadre, deputy director of manager's office, manager of Tianjin company, assistant-to-manger and manager of Tianjin company, assistant-to-manger and manager of Qinhuangdao company, deputy general manager and a member of the Party Committee of Shanxi Coal Imp. & Exp. Group Co., Ltd.* (山西煤炭進出口集團公司), the vice-chairman of the board, a member of the Party Committee and the general manager of Shanxi Commerce and Assets Company* (山西省經貿資產經營公司), the vice-chairman of the board, a member of the Party Committee and the general manager of Shanxi Commerce and Investment Holding Group Co., Ltd* (山西省經貿投資控股集團有限公司), secretary of committee of China Ruida System Equipment Company* (中國瑞達系統裝備公司), the Secretary of the Party Committee, the Secretary of the Party Committee and the vice general manager of China Ruida Investment Development Group Co., Ltd* (中國瑞達投資發展集團有限公司), and Director of Party and Masses' Affairs Department (Party Group Office), director of the General Office and Director of Party Building Department (Party Group Office) of China Electronics Corporation Limited* (中國電子信息產業集團有限公司).

Mr. Liu currently holds a number of positions within the group of China Electronics Corporation Limited* (中國電子信息產業集團有限公司), including the chairman of the board and the Secretary of the Party Committee of China Electronics International Information Service Co., Ltd.* (中國中電國際信息服務有限公司). Mr. Liu is also the chairman of the board of directors 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)).

Mr. Xiang Qunxiong (向群雄), aged 56, was appointed as a non-executive Director and a member of the audit committee of the Company on 26 November 2020. Mr. Xiang is currently the chairman of the board and the Secretary of the Party Committee of China Electronics Shenzhen Company Limited* (深圳中電投資股份有限公司, "Shenzhen CEC") (an indirect subsidiary of CEC). Mr. Xiang previously held various positions in Shenzhen CEC including the legal consultant, the deputy director-in-charge of the legal affairs department, the head of the general manager's office, the head of legal affairs department, a director, a supervisor and the vice general manager. Mr. Xiang also held various positions in CEIS, including the director of the office of directors and supervisors, the secretary to the board of directors and the principal legal consultant. Mr. Xiang had been a non-executive director of the Company from December 2016 to May 2020.

Mr. Xiang was admitted to practise law in the PRC and is a registered corporate lawyer. Mr. Xiang was granted the second class legal consultant title for state-owned companies of the PRC 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") in November 2018. Mr. Xiang graduated from Zhongnan University of Economics and Law (formerly known as Zhongnan Institute of Politics and Law) in January 1993 and held a master's degree in law.

Mr. Zhang Jie (張傑), aged 51, is a non-executive Director 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 served as the general manager of the property construction and operation centre of Sunshine Insurance Group Corporation Limited*. He 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 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. Sun Ying (孫穎), aged 38, is a non-executive Director 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.

Ms. Wang Qiuju (王秋菊), aged 54, is a non-executive Director appointed on 29 December 2016. Ms. Wang was a member of the audit committee of the Company. Ms. Wang is currently the financial controller of CE Huada Technology (Hong Kong Stock Code: 00085). Ms. Wang was previously the general manager of the finance department of China Electronics International Information Service, the head of the finance department of Shenzhen SED Electronics Corp.* (深圳桑達電子總公司), the head of the finance department, financial controller, chief accountant of Shenzhen SED Electronics Group Co., Ltd* (深圳桑達電子集團有限公司) 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 economics. Ms. Wang is also qualified as a senior accountant.

Ms. Wang Qiuju has resigned as a non-executive Director with effect from 26 November 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qi Min (齊民), aged 70, is an independent non-executive Director 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. Qiu Hongsheng (邱洪生) (former name: Qiu Hongbin (邱洪賓), aged 56, is an independent non-executive Director 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), an independent director of Wuhan Dameng Database Co., Ltd. (武漢達夢數據庫股份有限公司) 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, pricing, strategic integration, meticulous management, etc. Mr. Qiu is currently an independent non-executive director of CE Huada Technology (stock code: 00085), 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 600765 and 600206 respectively). Mr. Qiu Hongsheng resigned as an independent director of China National Software & Service Company Limited (中國軟件與技術服務股份有限公司) (stock code: 600236) (a company listed on the Shenzhen Stock Exchange) in May 2020. 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 International Certified Senior Corporate Risk Manager, a Certified M&A Dealmaker in China, a senior economist and a fund management intermediary.

Ms. Chan Ching Har Eliza (陳清霞), aged 64, 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).

Mr. Leung Man Kit (梁民傑), aged 67, was an independent non-executive Director from 28 March 2014 to 8 May 2020. 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 Man Kit has resigned as an independent non-executive Director with effect from 8 May 2020.

Ms. Zhang Shuqin (張樹勤), aged 67, was an independent non-executive Director from 28 March 2014 to 10 March 2020. 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 Shuqin has resigned as an independent non-executive Director with effect from 10 March 2020.

EXECUTIVE DIRECTORS

Mr. Huang Liping (黃立平), aged 59, is an executive Director, the president and a member of the financial control committee of the Company, while he served as the vice chairman and the president of OVU. Mr. Huang founded Wuhan Optics Valley Union Group Company Limited* (武漢光谷聯合集團有限公司) in 2005 with its principal activities of industrial park development and operation. As the chairman and the president, he has changed the name of the listed company to "CEOVU" after leading the listing of Wuhan Optics Valley Union Group Company Limited on the Hong Kong Stock Exchange and introducing China Electronics Corporation Limited* (中國電子信息產業集團有限公司) as the largest shareholder of the listed company. In 2018, Mr. Huang proposed a development strategy of "Industrial Resource Sharing Platform" so as to promote the upgrade of industrial park digitalization by fully implementing the "System Planning Methodology" and the "Comprehensive Operation Methodology" for the industrial parks, thereby constructing a business system of "industrial park development, operation and industrial investment as a whole".

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) and served as the vice chairman and an executive director. He also served as the chairman of Wuhan East Lake High Technology* (武漢東湖高新集團有限公司), a public company listed on the Shanghai Stock Exchange (Shanghai Stock Code: 600133), and successively founded high-tech enterprises such as "Kenuo Biotechnology" and "Chopper Biology". Mr. Huang established the first nationally recognized enterprise technology centers; led the development of the earliest themed industrial park which is International Enterprise Center in China; founded Wuhan CEC Energy Conservation Co., Ltd.* (武漢中電節能有限公司) to create a commercial model of regional cooling and heating supply; founded a joint art museum to build a cultural and creative industry service platform integrated with art and design as well as culture and technology.

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 was recognized as a professor by Wuhan University in 1996 and has received various honors, awards and recognitions including Wuhan Top 10 Scientific and Technological Innovation Achievement Award* (武漢市十佳科技創新成果獎), 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. Hu Bin (胡斌), aged 52, 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.

Mr. Xie Qinghua (謝慶華), aged 54, was the co-chairman and an executive Director from 8 May 2020 to 26 November 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. 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".

Mr. Xie has resigned as an executive Director and Co-chairman with effect from 26 November 2020.

SENIOR MANAGEMENT

Ms. Chen Huifen (陳惠芬), aged 58, is the vice president of the Group. Ms. Chen joined the Group in August 2005 and was appointed as an executive Director 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 and Huanggang Optics Valley Union Development Co Ltd.* (黃岡光谷聯合發展有限公司) and was the chairman of 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 has 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 58, 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 58, 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 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 56, 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 55, 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; and coordinating the work of the group office, digital center and other departments. 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 49, is the assistant president of the Group and the general manager of the board 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 46, 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 chief accountant of Wuhan Optics Valley United Group Ltd., a subsidiary of the Company, the chairman of the board of Hubei Zhongchuang Financing Guarantee Co., Ltd.* (湖北中創融資擔保有限公司) and Wuhan Lingdu Capital Investment Co., Ltd* (武漢零度資本投資管理有限公司). 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 50, was the assistant president of the Group. Ms. Li joined the Group in 1996 and served 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.

Ms. Li has resigned as the assistant president of the Group with effect from April 2021.

Mr. Huang Yongping (黃永平), aged 48, 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 52, 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 52, is the assistant president of the Group and an executive director 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 51, is the assistant president of the Group and the president of the Northern region. Mr. Yu also serves as the vice chairman of Wuhan Optics Vlley United Group Ltd., a subsidiary of the Company, the chairman and 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), Nantong Optics Valley Smart Manufacturing Company Limited* (南通光谷智能製造有限公司), 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 Wuhan China Electronics Optics Valley Industrial Park Development Co., Ltd.* (武漢中電光谷產業園發展有限公司), the general manager of Xianyang Branch of Wuhan OVU, and an executive director of Shenyang OVU Development Co., Ltd.* (瀋陽光谷聯合發展有限公司). 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 40, is the assistant president of the Group and is responsible for the Group's planning and development work. He also serves as the vice chairman of Wuhan Optics Valley United Group Ltd., a subsidiary of the Company and 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 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; 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. 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 35, is the assistant president of the Group and the president of the Southern region. Mr. Li also serves as the vice chairman of Wuhan Optics Valley United Group Ltd., a subsidiary of the Company, the chairman of the board and 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 45, 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. 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 and 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 45, 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 2020.

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 has continued to maintain the business model of the development, operation and industrial investment of the industrial parks. The Group has the following three segments: (i) Industrial Park development services; (ii) industrial park operation services (including design and construction services, property management services, leasing services, energy services, digital park (apartment) services, incubator and office sharing services, industrial park financial services as well as group catering and hotel services); and (iii) industrial investment (this segment represents industrial-related industry investment businesses in various theme parks).

The income structure and profit composition in 2020 reflect the outcome of the transformation and reform strategy well. As of 31 December 2020, 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, Xianyang, Nantong, Putian, Mianyang and Hulan.

BUSINESS REVIEW

Details of the business review of the Company are set out on pages 10 to 38 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 on page 47 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 on pages 38 to 40 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 2020 are set out in the consolidated statement of profit or loss on 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$2.0 cents (equivalent to approximately RMB1.68 cents) per Share, approximately HK$151.5 million in aggregate (equivalent to approximately RMB126.9 million) for the year ended 31 December 2020, which will be payable to shareholders of the Company whose names appear on the register of members of the Company on 5 August 2021 (Thursday), subject to Shareholders'approval at the forthcoming annual general meeting of the Company. The final dividend is expected to be paid on or before 22 October 2021 (Friday).

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 on pages 40 to 46 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 2020 are set out in note 13 to the consolidated financial statements on pages 185 to 186 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 2020 are set out in note 30 to the consolidated financial statements on pages 208 to 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 2020, none of the 152,998,000 Shares has been granted.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2020.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in note 31 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 2020.

CORPORATE BONDS, BANK LOANS AND OTHER BORROWINGS

Particulars of corporate bonds issued by the Group as of 31 December 2020 are set out in note 26 to the consolidated financial statements on page 201 of this annual report. Particulars of movements of the bank loans and other borrowings of the Company and the Group as of 31 December 2020 are set out in notes 27 to the consolidated financial statements on pages 202 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 7.6%, and the percentage of turnover attributable to its largest customer from the sales of properties in its projects was approximately 2.8%. The Group's five largest suppliers accounted for less than 9.0% of the Group's total purchases for the year; and the percentage of purchases attributable to the Group's five largest suppliers from the total purchases was 2.3%. 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 on page 46 to page 176 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 2020 and up to the Latest Practicable Date were:

Non-Executive Directors

Mr.Liu Guilin *(Chairman) (appointed on 26 November 2020)*
Mr. Xiang Qunxiong *(resigned on 8 May 2020, appointed on 26 November 2020)*
Mr. Zhang Jie
Ms. Sun Ying
Ms. Wang Qiuju *(resigned on 26 November 2020)*

Independent Non-Executive Directors

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

Executive Directors

Mr. Huang Liping *(President) (re-designated from Chairman to Co-chairman on 8 May 2020 and resigned as Co-chairman on 26 November 2020)*
Mr. Hu Bin *(Executive President)*
Mr. Xie Qinghua *(appointed and acted as Co-chairman on 8 May 2020, and resigned as an executive Director and Co-chairman on 26 November 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 2020.

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 notes 8, 37 and 40 to the consolidated financial statements on pages 175 to 176, 216 to 218 and 221 to 223 of this annual report, respectively .

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

Remuneration bands	Number of individuals
RMB4.0 million to 5.0 million	1
RMB3.0 million to 4.0 million	5
RMB2.0 million to 3.0 million	4
RMB1.0 million to 2.0 million	8
Below RMB1.0 million	10

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

As at 31 December 2020, 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	1,899,316,000 [(3)]	25.08%
Mr. Hu Bin	Beneficial owner	70,320,000	0.93%

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 2020, 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 1,779,316,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao BVI.

Save as disclosed above, as at 31 December 2020, 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 2020.

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 2020, 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)]
CEIS	Beneficial owner	2,550,000,000	33.67%
CEC	Interest in controlled corporation	2,550,000,000 [(3)]	33.67%
AAA Finance	Beneficial owner	1,779,316,000 [(4)]	23.49%
Technology Investment HK	Beneficial owner	479,910,000	6.34%
Hubei Science & Technology Investment	Interest in controlled corporation	479,910,000 [(5)]	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 [(6)]	5.05%
China International Capital Corporation Limited	Interest in controlled corporation	382,518,000 [(7)]	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 2020, i.e., 7,574,352,000.

(3) These Shares were held by CEIS. As CEIS is a wholly-owned subsidiary of China Electronics Co. Ltd.* (中國電子有限公司) which in turn is wholly owned by CEC, CEC was deemed to be interested in all the Shares held by CEIS under the SFO.

(4) AAA Finance was wholly owned by Mr. Huang Liping, executive director 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.

(5) 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.

(6) 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.

(7) 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 2020, 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 2020.

MATERIAL DISPOSALS

The Group does not have any material disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2020.

CONNECTED TRANSACTIONS

The details of the connected transactions conducted by the Group for the year ended 31 December 2020 are as follows:

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

On 27 September 2017, the Company entered into a financial services agreement (the "Financial Services Agreement") with CEC Finance, pursuant to which 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. On 13 November 2019, the Company entered into a supplemental agreement to the Financial Services Agreement (the "Supplemental Financial Services Agreement") with CEC Finance, pursuant to which the parties have agreed to revise the original annual 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.

On 19 May 2020, the Company further entered into a second supplemental financial agreement (the "Second Supplemental Financial Services Agreement") with CEC Finance to revise the annual caps as set out in the Supplemental Financial Services Agreement. 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 estimated that the original annual caps set out in the Supplemental Agreement would no longer be sufficient to meet the Group's increasing need for deposit services for the relevant period. In addition, the deposit services under the Financial Services Agreement (as supplemental by the Supplemental Financial Services Agreement), if not extended, would expire on 26 September 2020. Pursuant to the Second Supplemental Financial Services Agreement, the parties have agreed to revise the original annual caps as set out in the Supplemental Financial Services Agreement, such that the maximum daily balance of the funds settlement balance (deposit amount) shall be adjusted from RMB160 million to RMB650 million for the period from 26 June 2021 to 25 June 2023 (the "New Caps").

CEC Finance is a non-banking financial institution established with the approval of the China Banking Regulatory Commission, and 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 Second Supplemental Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the maximum daily balance of the funds settlement balance (deposit amount) under the Second Supplemental Financial Services Agreement is more than 5% but less than 25%, the matters relating to the deposit services contemplated under the Second Supplemental Financial Services Agreement and the New Caps are subject to the reporting, announcement, annual review, and the 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 24 July 2020, Western Zhigu (an indirect non-wholly owned subsidiary of the Company) entered into a sale and purchase agreement (the "Western Zhigu Sale and Purchase Agreement") with Xianyang IRICO, pursuant to which Xianyang IRICO agreed to purchase and Western Zhigu agreed to design and sell the customised buildings according to the design plans approved by the relevant government authorities and Xianyang IRICO, tailored to Xianyang IRICO's usage and functioning requirements, at the aggregated consideration of RMB13,853,664.

   Xianyang IRICO is 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 substantial shareholder of the Company, and Xianyang IRICO, 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 Western Zhigu Sale and Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

   The transactions contemplated under the Western Zhigu Sale and Purchase Agreement are required to be aggregated with other relevant transactions between the Group and associates of CEC within the 12-month period 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 Western Zhigu Sale and Purchase Agreement (on an aggregated basis) is more than 0.1% but all of the ratios are less than 5%, the transactions contemplated under the Western Zhigu Sale and Purchase Agreement are therefore subject to the reporting and announcement requirements under the Listing Rules but are exempt from the independent shareholders'approval requirements.

3. On 28 October 2020, the Company entered into a cooperation agreement (the "Cooperation Agreement") with the Nantong Administrative Committee and IRICO Group. Pursuant to the Cooperation Agreement, CEOVU HK and Hefei OVU, both being indirect wholly-owned subsidiaries of the Company, and IRICO Group, entered into the a joint venture agreement (the "JV Agreement") on 28 October 2020.

   Pursuant to the Cooperation Agreement and the JV Agreement, the Company and IRICO Group agreed to form a joint venture company (the "JV Company"), which will be owned by the Group and IRICO Group as to 70% and 30%, respectively. The JV Company will be engaged in the development of the project of developing the intelligent manufacturing eco-industrial park in Chongchuan District, Nantong, Jiangsu Province, the PRC (the "Project"). The registered capital of the JV Company shall be RMB200 million. CEOVU HK shall contribute RMB50 million, Hefei OVU shall contribute RMB90 million, and IRICO Group shall contribute RMB60 million, into the registered capital of the JV Company and the JV Company shall be owned as to 25% by CEOVU HK, 45% by Hefei OVU and 30% by IRICO Group. Further, pursuant to the Cooperation Agreement, depending on the development of the Project, it is further intended that the Company, the Nantong Administrative Committee and IRICO Group shall establish a fund whose cooperation and management terms shall be negotiated between and determined amongst such parties in the future. It is intended that such fund will mainly invest in the quality technology enterprises located within the Project.

IRICO Group is 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 substantial shareholder of the Company, and IRICO Group, being CEC's associate, is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the formation of the JV Company under the Cooperation Agreement and the JV Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio pursuant to the Listing Rules in respect of the formation of the JV Company is more than 0.1% but all of the ratios are less than 5%, the formation of the JV Company as contemplated under the Cooperation Agreement and the JV Agreement is subject to the annual review and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

4. 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, certain industrial buildings according to the design plans agreed between the parties at the aggregated consideration of RMB19,877,120.

   On 26 November 2020, due to changes to the operation needs of Cailian Metal, Western Zhigu and Cailian Metal entered into a termination agreement to terminate the Xianyang Sale and Purchase Agreement. Pursuant to the Termination Agreement, the Xianyang Sale and Purchase Agreement is terminated with effect from 26 November 2020. Upon the execution of the Termination Agreement, Western Zhigu shall refund the deposit of RMB3,975,424 to Cailian Metal.

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised)"Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued 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 37 to the consolidated financial statements on pages 216 to 218 of this annual report. Apart from the connected transaction and the continuing connected transactions disclosed above, the related party transactions as disclosed in note 37 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 2020, the Group had in total 6,545 employees in Hong Kong and the PRC. During the Reporting Period, the staff cost of the Group was approximately RMB541.9 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.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the year.

POST BALANCE SHEET EVENTS

Details of post balance sheet events after 31 December 2020 are set out in note 38 to the consolidated financial statements on page 218 of this annual report.

CORPORATE GOVERNANCE

During the Reporting Period, save as mentioned below, the Company has complied 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.

The Company had not separated the roles of Chairman and President (equivalent to the chairman and chief executive officer as stated in the CG Code), and Mr. Huang Liping had concurrently held these two positions. After considering the overall situation of the Group, the Board has decided to separate the roles of Chairman and President from 26 November 2020, thereby Mr. Liu Guilin has been appointed as the Chairman and Mr. Huang Liping has been appointed as the President, thus fully complying with the requirements of Code Provision A.2.1 of the CG Code. Code provision A.5.1 of the CG Code stipulates that the Nomination Committee should be chaired by the chairman of the board or an independent non-executive Director. Mr. Huang Liping resigned as a co-chairman of the Company due to change in work arrangements, with effect from 26 November 2020. As additional time was required for the Board to identify a suitable candidate to replace Mr. Huang Liping as the chairman of the Nomination Committee, the Company therefore shortly deviated from the requirement of code provision A.5.1 of the CG Code during the year. With effect from 22 December 2020, Mr. Liu Guilin, the chairman of the Company, has been appointed as the chairman of the Nomination Committee of the Company. Since the appointment, the Company has complied with the code provision A.5.1 of the CG Code regarding the composition of the Nomination Committee.

Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 76 to 97 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. Qiu Hongsheng and Ms. Chan Ching Har Eliza 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.

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 2020.

AUDITORS

The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
China Electronics Optics Valley Union Holding Company Limited
Liu Guilin
Chairman

Hong Kong, 26 March 2021

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, save as mentioned below, the Company has strictly complied with the applicable code provisions of the CG Code set out in Appendix 14 to the Listing Rules.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. In order to enable the Group to promptly and effectively make and implement decisions, the Company had not separated the roles of Chairman and President (equivalent to the chairman and chief executive officer as stated in the CG Code), and Mr. Huang Liping had concurrently held these two positions. After considering the overall situation of the Group, the Board has decided to separate the roles of Chairman and President from 26 November 2020, thereby Mr. Liu Guilin has been appointed as the Chairman and Mr. Huang Liping has been appointed as the President, thus fully complying with the requirements of Code Provision A.2.1 of the CG Code. Code provision A.5.1 of the CG Code stipulates that the Nomination Committee should be chaired by the chairman of the board or an independent non-executive Director. Mr. Huang Liping resigned as a co-chairman of the Company due to change in work arrangements, with effect from 26 November 2020. As additional time was required for the Board to identify a suitable candidate to replace Mr. Huang Liping as the chairman of the Nomination Committee, the Company therefore shortly deviated from the requirement of code provision A.5.1 of the CG Code during the year. With effect from 22 December 2020, Mr. Liu Guilin, the chairman of the Company, has been appointed as the chairman of the Nomination Committee of the Company. Since the appointment, the Company has complied with the code provision A.5.1 of the CG Code regarding the composition of the Nomination Committee.

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 four non-executive Directors, three independent non-executive Directors and two executive Directors as set out below.

Non-Executive Directors

Mr. Liu Guilin *(Chairman) (appointed on 26 November 2020)*
Mr. Xiang Qunxiong *(resigned on 8 May 2020, appointed on 26 November 2020)*
Mr. Zhang Jie
Ms. Sun Ying
Ms. Wang Qiuju *(resigned on 26 November 2020)*

Independent Non-Executive Directors

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

Executive Directors

Mr. Huang Liping *(President) (re-designated from Chairman to Co-chairman on 8 May 2020, and then resigned as Co-chairman on 26 November 2020)*
Mr. Hu Bin *(Executive President)*
Mr. Xie Qinghua *(appointed and acted as Co-chairman on 8 May 2020, and then resigned as an executive Director and Co-chairman on 26 November 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 renewed his letter of appointment with the Company for an initial term of three years commencing from 12 June 2020 subject to re-election. Ms. Sun Ying has renewed her letter of appointment with the Company for an initial term of three years commencing from 22 March 2021 subject to re-election.

Each of Mr. Liu Guilin and Mr. Xiang Qunxiong have entered into letters of appointments with the Company for an initial term of three years commencing from 26 November 2020 subject to re-election.

Ms. Wang Qiuju has resigned as a non-executive Director with effect from 26 November 2020.

Independent Non-executive Directors

Independent non-executive Directors play an important role in the Board by bringing independent judgment and advice and through scrutinising 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 renewed his 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 resigned as an independent non-executive Director with effect from 10 March 2020.

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.

Executive Directors

Mr. Xie Qinghua has resigned as an executive Director with effect from 26 November 2020.

CHAIRMAN AND CHIEF EXECUTIVE

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. In order to enable the Group to promptly and effectively make and implement decisions, the Company had not separated the roles of Chairman and President, and Mr. Huang Liping had concurrently held these two positions. After considering the overall situation of the Group, the Board has decided to separate the roles of Chairman and President from 26 November 2020, thereby Mr. Liu Guilin has been appointed as the Chairman and Mr. Huang Liping has been appointed as the President, thus fully complying with the requirements of Code Provision A.2.1 of the CG Code.

As the chairman of the Company (appointed on 26 November 2020), Mr. Liu Guilin is responsible for ensuring that the Directors receive adequate information in a timely manner, formulating and following good corporate governance practices, regulating and supervising in accordance with the Company's Articles of Association, advocate the Group to maintain the highest level of integrity, fairness and corporate governance, taking the lead to ensure that all Directors are dedicated to perform their duties and make full and active contribution to the Board's affairs, formulating strategies and policies for the Group and assisting the Group in handling current challenges and opportunities. Mr. Liu Guilin has also took the lead in ensuring that the Board acts in the best interests of the Company, ensuring the strategies and policies agreed by the Board are implemented effectively by the management of the Group, reviewing the performance of the Group according to established goals and objectives, strengthening the development and operation of the Group, and ensuring 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. Zhang Jie and Ms. Sun Ying will retire as Directors at the annual general meeting to be held in 2021. In addition, in accordance with Article 112 of the Articles of Association, Mr. Liu Guilin and Mr. Xiang Qunxiong (who were appointed as Directors by the Board on 26 November 2020) will hold office until the annual general meeting. All aforesaid Directors are eligible and will offer themselves for re-election at the annual general meeting of the Company to be held in 2021.

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 2020, 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**
Non-executive Directors:				
Mr. Liu Guilin [(1)]		✓		
Mr. Xiang Qunxiong [(1)]		✓		
Mr. Zhang Jie	✓			
Ms. Sun Ying	✓	✓		
Independent non-executive Directors:				
Mr. Qi Min	✓	✓		✓
Mr. Qiu Hongsheng [(1)]		✓		✓
Ms. Chan Ching Har Eliza [(1)]		✓		✓
Executive Directors:				
Mr. Huang Liping	✓	✓		
Mr. Hu Bin	✓	✓		

Note:

(1) Mr. Liu Guilin and Mr. Xiang Qunxiong were appointed as Non-executive Directors on 26 November 2020 respectively; Mr. Qiu Hongsheng and Ms. Chan Ching Har Eliza were appointed as Independent Non-executive Directors on 10 March 2020 and 8 May 2020 respectively.

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 three 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

Currently, the Audit Committee comprised three members. It was chaired by Mr. Qiu Hongsheng (independent non-executive Director), and its other members were Mr. Qi Min (independent non-executive Director) and Mr. Xiang Qunxiong (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 four meetings during the year ended 31 December 2020 to review the annual results and report for the year ended 31 December 2019 as well as the interim results and report for the six months ended 30 June 2020, 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 three meetings with external auditors.

Remuneration Committee

Currently, the Remuneration Committee comprised three members. It was chaired by Ms. Chan Ching Har Eliza (independent non-executive Director), and its other members were Mr. Qi Min (independent non-executive Director) and Mr. Hu Bin (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 three meetings 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 the section headed "Remuneration of Directors and senior management and five individuals with highest emoluments" in the Directors' report on page 65.

Nomination Committee

Code provision A.5.1 of the CG Code stipulates that the Nomination Committee should be chaired by the chairman of the board or an independent non-executive Director. Mr. Huang Liping resigned as a co-chairman of the Company due to change in work arrangements, with effect from 26 November 2020. As additional time was required for the Board to identify a suitable candidate to replace Mr. Huang Liping as the chairman of the Nomination Committee, the Company therefore shortly deviated from the requirement of code provision A.5.1 of the CG Code during the year. With effect from 22 December 2020, Mr. Liu Guilin, the chairman of the Company, has been appointed as the chairman of the Nomination Committee of the Company. Since the appointment, the Company has complied with the code provision A.5.1 of the CG Code regarding the composition of the Nomination Committee. Currently, the Nomination Committee comprised three members. It was chaired by Mr. Liu Guilin (non-executive Director), and its other members were Mr. Qi Min (independent non-executive Director) and Mr. Qiu Hongsheng (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 three 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 one meeting during the Reporting Period to discuss the potential liabilities and risks in relation to the abovementioned minimum tax guarantee.

ATTENDANCE RECORD OF THE DIRECTORS AND COMMITTEE MEMBERS

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

	Attendance/Number of Meetings					
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting [1]**	**Extraordinary General Meeting**
Non-executive Directors:						
Mr. Liu Guilin[3]	2/2	–	–	–	–	–
Mr. Xiang Qunxiong[3]	6/6	–	–	–	–	–
Mr. Zhang Jie	7/7	–	–	–	1/1	1/1
Ms. Sun Ying	7/7	–	–	–	1/1	1/1
Ms. Wang Qiuju[3]	6/6	4/4	–	–	1/1	–[3]
Independent non-executive Directors:						
Mr. Qi Min	7/7	4/4[(M)]	3/3[(M)]	3/3[(M)]	1/1	1/1
Mr. Qiu Hongsheng[3]	6/6	4/4[(C)]	–	2/2[(M)]	1/1	1/1
Ms. Chan Ching Har Eliza[3]	3/3	–	1/1[(C)]	–	1/1	1/1
Ms. Zhang Shuqin[3]	1/1	–	1/1	1/1	–	–
Mr. Leung Man Kit[3]	4/4	2/2	–	–	–	–
Executive Directors:						
Mr. Huang Liping	7/7	–	–	3/3	1/1	1/1
Mr. Hu Bin	7/7	–	3/3[(M)]	–	1/1	1/1
Mr. Xie Qinghua[3]	2/2	–	–	–	1/1	–[3]

Notes:

(1) The annual general meeting of the Company was held on 24 June 2020.

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

(3) Mr. Liu Guilin and Mr. Xiang Qunxiong were appointed as non-executive Directors on 26 November 2020 respectively; Mr. Qiu Hongsheng and Ms. Chan Ching Har Eliza were appointed as Independent non-executive Directors on 10 March 2020 and 8 May 2020 respectively; Ms. Wang Qiuju resigned as a non-executive Director on 26 November 2020; Ms. Zhang Shuqin and Mr. Leung Man Kit resigned as independent non-executive Directors on 10 March 2020 and 8 May 2020 respectively; Mr. Xie Qinghua resigned as an executive Director on 26 November 2020.

During the Reporting Period, the chairman of the Board convened one 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.

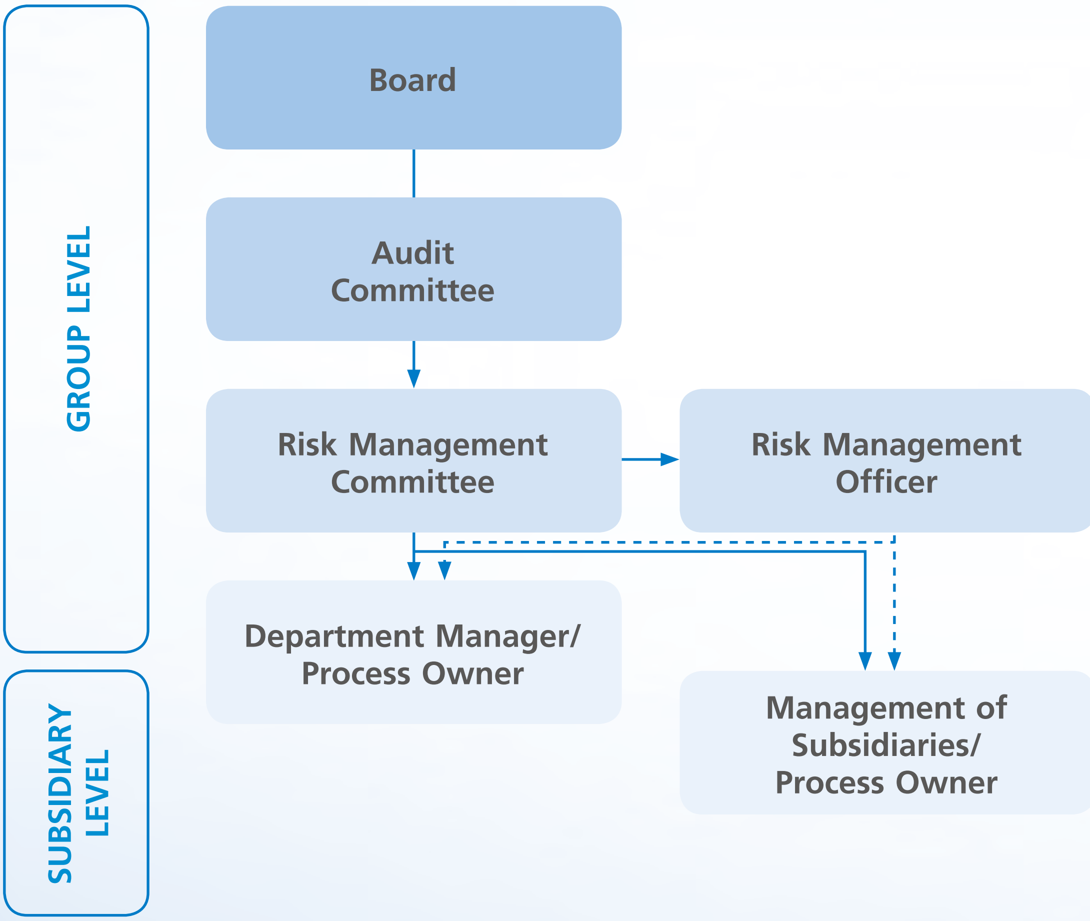
The related risk management system and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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
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

Roles	Main Duties
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, industrial parks properties leasing risk, operational risk, market risk, financial risk and compliance and legal 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 three lines of defense model.

STRUCTURE AND DUTIES OF THE THREE 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 2020, 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-CORRUPTION

In 2020, 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, and established a separate mechanism for monitoring and reporting to make sure all the investigations and processing results are in strict confidentiality. Under the leadership of the Party Committee, the Discipline Inspection Committee of the Group has continuously strengthened the work on Party members conduct and Party members discipline in the Company, focusing on the publicity and training for anti-corruption, integrity and ethical values and strictly required compliance with the discipline and laws by the Company's Party members and officers. All the measures above are to prevent 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 2020

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 2020, 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.

With regard to corporate governance and risk management, the Board and the Audit Committee have reviewed compliance records such as the corporate governance report of the Company, the trainings received by the Directors and senior management, and equity trading records. Meanwhile, the Company has also engaged professional institutions to carry out risk assessment and internal control review works, and issued the "2020 Internal Control Review Report (《2020年度內控審閱報告》)" and "2020 Risk Assessment Report (《2020年度風險評估報告》)". During the assessment, the Board and the Audit Committee have reviewed the findings, exchanged opinions with professional institutions, and made relevant audit opinions on important matters. Through the review of the effectiveness of the risk management and the internal control systems in 2020, 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 2020. 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 2020, 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
– Other (risk assessment and internal review services)	645
Total	3,445

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.

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 2020.

#	Project	Project Company	Location	Interest Attributed to the Group	A 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) (金融港一期)	OV Financial Harbour Development	77 Guanggu Avenue, Wuhan, Hubei Province	100%	275,913
7	Financial Harbour (Phase II) (金融港二期)	Wuhan OVU	77 Guanggu Avenue, Wuhan, Hubei Province	100%	512,367
8	Creative Capital (創意天地)	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	178,812		48,915	56,607
40,854	42,740		753	1,887	17,470		1,519	21,111
17,681	18,091		548	410	9,536		4,558	3,039
42,592	52,625	3,035		10,033	5,896	5,841	4,264	23,555
219,584	278,628		1,940	59,044	151,595		27,498	38,550

#	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, C7-C9, 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	Ezhou Optics Valley Science and Technology Union City (Phase I B9B10) (鄂州光谷聯合科技城一期(B9B10))	Hubei Technology Accelerator	Gaoxin Third Road, Gedian Dvelopment Zone, Ezhou, Hubei Province	80%	33,065
17	Hefei Financial Harbour (合肥金融港)	Heifei OVU	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	100%	646,751
18	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
19	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
20	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
21	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
22	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
23	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 GFA Available for Sale[6]		F
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	251,919		17,704	
15,963	15,963				5,310		10,653	
33,065					2,992		30,073	
473,540	477,226	8,399	5,120	173,211	297,723		123,780	38,518
58,672	58,672				19,057		32,751	6,864
53,527	61,165			7,638	49,447		1,155	2,925
33,459	41,555			8,096	9,728		3,519	20,213
22,099	25,655			3,557				22,099
11,696	11,696				11,696			
43,530	43,530	274	1,131		31,994			10,131

A

#	Project	Project Company	Location	Interest Attributed to the Group	Total GFA[(2)] (sq.m.)
24	Xi'an Industrial Park (西安產業園)	CEC Xi'an Industrial Park Development Co., Ltd.	West of Caotanshi Road, North of Shangji Road, Xi'an, Shaanxi Province	73.91%	191,845
25	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
26	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
27	Changsha CEC Software Park (Area A/B1) (長沙中電軟件園（A/B1區）)	Changsha CEC Industrial Park Development Co., Ltd.	Yuelu Avenue in High-tech Industrial Development Zone, Changsha, Hunan Province	100%	137,306
28	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
29	Chengdu Chip Valley (Land Plots 6#/8#) (成都芯谷（6#/8#地塊）)	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%	120,649
30	Wenzhou Industrial Park (B28) (溫州產業園（B28）)	China Electronics Wenzhou Industrial Park	Jinhai Park, Wenzhou Economic and Technological Development Zone, Wenzhou, Zhejiang Province	100%	136,819
31	Luoyang CEOVU Information Harbour (洛陽中電光谷信息港)	Luoyang CEC Optical Valley Information Port Industrial Co., Ltd.	The intersection of Guanlin Road and Longshan Line, Luolong District, Luoyang, Henan Province	70%	55,380
32	Shenyang Maker Corporation (Building 3#)(瀋陽創客公社（3#樓）)	Shenyang OVU	Intersection of Qixing Street and Shenbei Road, Shenbei New District, Shenyang, Liaoning Province	100%	21,534
33	Qingdao OVU International Marine Information Harbour Zone 1.2 (39#-42#) (青島光谷國際海洋信息港1.2區 (39#-42#))	Qingdao OVU	396 Emeishan Road, Qingdao, Shandong Province	100%	38,581
	Sub-total				**4,617,534**

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.)
161,548	191,845	3,000		30,297	64,826		57,016	36,706
91,735	92,754	1,224	160	1,019	67,340		23,011	
73,325	73,325				47,961		25,364	
103,500	137,306	578		33,806	102,922			
28,764	28,764				28,764			
94,048	120,649			26,601	25,319		8,464	60,265
134,816	136,819	3,671		2,003	85,647		27,726	17,772
55,380					27,998		24,994	2,388
10,796	21,534		10,796	10,738				
32,639	22,075	16,506		5,943	16,132			
3,896,008	**4,345,839**	**64,066**	**71,180**	**721,526**	**2,869,715**	**5,841**	**480,677**	**404,529**

#	Project	Project Company	Location	Interest Attributed to the Group	A Total GFA[2] (sq.m.)
	Residential Properties				
34	Lido Top View (麗島半山華府)	Huangshi OVU	76 Hangzhou West Road, Huangshi Development Zone, Hubei Province	100%	148,271
35	Lido 2046 (麗島2046)	Wuhan OVU	175 Xiongchu Avenue, Wuhan, Hubei Province	100%	126,629
36	Up Mason (麗島美生)	Wuhan Mason	No. 318 Minzu Avenue, Wuhan, Hubei Province	100%	153,437
	Sub-total				**428,337**
	Investment properties				
37	Lido Garden (麗島花園)	United Real Estate	1 Luoshi Road, Wuhan, Hubei Province	100%	198,119
38	North Harbour Industrial Park (Lido Property) (北港工業園(麗島物業))	United Real Estate	38 Shucheng Road, Wuhan, Hubei Province	100%	3,546
39	Lido Garden (Lido Property) (麗島花園(麗島物業))	United Real Estate	1 Luoshi Road, Wuhan, Hubei Province	100%	1,122
40	North Harbour Industrial Park (Lido Technology) (北港工業園(麗島科技))	United Real Estate	38 Shucheng Road, Wuhan, Hubei Province	100%	3,683
	Sub-total				**206,470**
	Sub-total				**5,252,341**
41[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
42[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%	61,623

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	540	15,758
114,860	125,510		1,444	11,769	112,956		461	
130,259	151,090		1,363	23,177	128,896			
393,390	**424,871**		**3,996**	**34,946**	**372,472**	**164**	**1,001**	**15,758**
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
206,470	**206,470**				**191,981**		**1,122**	**13,367**
4,495,869	**4,977,180**	**64,066**	**75,176**	**756,472**	**3,434,167**	**6,005**	**482,800**	**433,653**
590,854	590,854	32,686			401,311		54,793	102,064
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 2021
2	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 December 2021
3	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 September 2021
4	Changsha CEC Software Park (Area C/D) (長沙中電軟件園（C/D區）)	Changsha CEC Industrial Park Development Co., Ltd.	Yuelu Avenue in High-tech Industrial Development Zone, Changsha, Hunan Province	100%	1 April 2021
5	Chengdu Chip Valley (Land Plot 11#) (成都芯谷（11#地塊）)	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%	1 April 2022
6	Luoyang CEOVU Information Harbour (洛陽中電光谷信息港)	Luoyang CEC Optical Valley Information Port Industrial Co., Ltd.	The intersection of Guanlin Road and Longshan Line, Luolong District, Luoyang, Henan Province	70%	1 April 2021
7	Wenzhou Industrial Park (B29)	China Electronics Wenzhou Industrial Park	Jinhai Park, Wenzhou Economic and Technological Development Zone, Wenzhou, Zhejiang Province	100%	1 December 2021

A	B		C	D	G	E			F
						GFA Available for Sale[6]			
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	
184,395	130,244			9,712	54,151			120,532	
78,704	61,920				16,784			61,920	
213,045	164,898				48,147	31,386		35,598	97,915
50,329	32,401				17,927			32,401	
7,293	7,293							7,293	
138,740	136,155				2,585			90,948	45,207

#	Project	Project Company	Location	Interest Attributed to the Group	Actual/ Estimated Completion Date[2] (month/year)
8	Huanggang OVU Science and Technology City (黃岡光谷聯合科技城)	Huanggang OVU	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	70%	1 December 2021
9	Shanghai Internet-of-Things Harbour (上海物聯港)	Shanghai huayue investment and development Co., Ltd.	Lot 114/1, 101 Street, Songjiang Industrial Park, Songjiang District	100%	1 January 2022
10	Caidian CEOVU Digital Industrial Park (Phase I Phase II) (蔡甸中電光谷數字產業園（一期二期）)	Wuhan Digital Industrial Park Development Co. Ltd.	Changfu Industrial Park, Caidian Zone, Wuhan	100%	1 October 2021
11	Xianyang Western Zhigu (Phase 1.1) (咸陽西部智谷（1.1期）)	Xianyang China Electronics Western Zhigu Industrial Co., Ltd.	No.3 Xinghuo Avenue, High-Tech Industrial Development Zone, Qindu District, Xianyang City, Shaanxi Province	50%	1 March 2021
12	Shenyang Maker Corporation (Building 1#, 2#) (瀋陽創客公社（1#、2#樓）)	Shenyang OVU	Intersection of Qixing Street and Shenbei Road, Shenbei New District, Shenyang, Liaoning Province	100%	1 June 2021
	Sub-total				
13	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, Zhejiang Province	31%	30 August 2021
14	Zhuhai Heng Qin Zhi Shu Cloud(珠海橫琴智數雲)	Heng Qin Zhi Shu Cloud Computing Industry Research Institute Co., Ltd.	East of Fubang Road, Hengqin New District, Zhuhai City, Guangdong Province	30%	1 March 2022

Relationship among marked columns:

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

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

A	B		C	D	G	E			F
						GFA Available for Sale[6]			
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.)
30,730	30,730			952				29,778	
190,748	134,793				55,955			107,892	26,901
76,806	76,806			585				76,221	
100,029	100,029	100,029	2,581	617		55,347		41,484	
26,081	26,081							26,081	
1,135,304	**939,060**	**100,029**	**2,581**	**11,865**	**196,243**	**86,733**	**–**	**667,859**	**170,023**
755,889	602,831			37,282	153,058	79,845	163,677	322,027	
76,371	53,618			700	22,753			52,918	

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 and Innovation Center (Phase III) — Minghong (武漢研創中心三期—鳴鴻)	Wuhan Minghong	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	1 May 2022
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 2022
3	Qingdao Ocean Science and Technology Park (Phase II) (青島海洋科技園二期)	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 2023
4	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 2022
5	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 2022
6	Huanggang OVU Science and Technology City (黃岡光谷聯合科技城)	Huanggang OVU	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	70%	1 June 2022
7	Xi'an Industrial Park (西安產業園)	CEC Xi'an Industrial Park	West of Caotanshi Road, North of Shangji Road, Xi'an, Shaanxi Province	73.91%	1 December 2022
8	Changsha CEC Software Park (長沙中電軟件園)	Changsha CEC Industrial Park Development Co., Ltd.	Yuelu Avenue in High-tech Industrial Development Zone, Changsha	100%	30 June 2022
9	Shanghai Logistic Enterprise Community (上海物聯港)	Shanghai huayue investment and development co. LTD	114/1 Hill, 101 Street, Songjiang Industrial Park, Songjiang District	100%	1 January 2022
10	Chengdu Chip Valley (Land Plots 9#/12#/13#/14#) (成都芯谷（9#/12#/13#/14#地塊）)	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 2022

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	
118,346	105,130		6,800		13,216			98,330	
201,422	195,994				5,428			195,994	
93,524	93,524							93,524	
39,044	39,044							39,044	
9,070	9,070							9,070	
124,954	104,258		4,595		20,696			99,663	
85,606	72,507				13,099			72,507	
423,525	334,904				88,622			311,718	23,185

#	Project	Project Company	Location	Interest Attributed to the Group	Actual/ Estimated Completion Date[2] (month/year)
11	Xianyang Western Zhigu (Phase 1.2, Phase 1.3, Phase 1.4) (咸陽西部智谷（1.2期、1.3期、1.4期）)	Xianyang China Electronics Western Zhigu Industrial Co., Ltd	No.3 Xinghuo Avenue, High-Tech Industrial Development Zone, Qindu District, Xianyang City, Shaanxi Province	50%	1 December 2022
12	Caidian CEOVU Digital Industrial Park (Phase III Phase IV)(蔡甸數字產業園（三期四期）)	Wuhan Digital Industrial Park Development Co. Ltd.	Changfu Industrial Park, Caidian Zone, Wuhan	100%	1 July 2023
13	Tianjin China Electronics Technological Innovation City (天津中電科創園)	Tianjin China Electronics Optics Valley Development Co., Ltd.	Huayuan Technological City, High-Tech Zone, Tianjin	80%	1 December 2022
14	Xinzhou CEOVU Intelligent Manufacturing Center (新洲中電光谷智造中心)	Wuhan CEC Optics Valley Industrial Parks Development Co., Ltd.	About 100m to the West of the Intersection of Jingdong Avenue and Wuyi South Road, Xinzhou District, Wuhan City, Hubei Province	100%	1 November 2024
15	Luoyang CEOVU Information Harbour (洛陽中電光谷信息港)	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 2022
	Sub-total				
16[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 2022
17	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.)
87,250	87,250							87,250	
80,875	80,394			228	481			80,166	
160,600	111,955		2,000		48,645			87,564	22,391
123,776	120,956		704	289	2,820			119,963	
35,364	28,834		8,887	7,176	6,530			12,771	
1,697,624	**1,483,825**	**–**	**22,986**	**8,093**	**213,799**	**–**	**–**	**1,407,170**	**45,576**
439,067	439,067							439,067	
670,552	426,290			19,864	244,263			406,425	
10,679,625	**9,084,995**	**5,721,644**	**175,901**	**152,982**	**1,594,630**	**4,002,057**	**169,682**	**3,833,059**	**751,316**

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 During the Reporting Period, as only 10% of the equity interest of the Project Company was attributed to the Group, its financial information has not included in our Consolidated Financial Statements.

pwc 羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of China Electronics Optics Valley Union Holding Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 122 to 223, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- 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 2020, 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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 2.26 'Revenue recognition', 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 or at a point in time when the buyer obtains control of the completed properties, depending on the terms of the sales contract. For the year ended 31 December 2020, revenue of the Group from sales of properties was RMB 1,450.7 million, of which RMB 194.8 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 judgments" and Note 15 "Investment properties" to the consolidated financial statements.

The Group's investment properties are measured at fair value model and carried at approximately RMB4,697.9 million as at 31 December 2020 and fair value gains of approximately RMB85.7 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 subleased out under operating lease.

- 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 subleased out under operating lease: 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 but not limited to 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, actions taken to eliminate threats or safeguards applied.

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, 26 March 2021

Consolidated Statement of Profit or Loss

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	5	**3,048,618**	3,376,865
Cost of sales	7	**(2,110,808)**	(2,301,582)
Gross profit		**937,810**	1,075,283
Other income and gains - net	6	**268,248**	275,181
Selling and distribution expenses	7	**(113,638)**	(116,908)
Administrative expenses	7	**(310,296)**	(335,194)
Net impairment losses on financial and contract assets	7	**(21,117)**	(23,903)
Fair value gains on investment properties	15	**85,726**	155,677
Operating profit		**846,733**	1,030,136
Finance income	9	**78,334**	101,538
Finance costs	9	**(240,484)**	(262,710)
Net finance costs		**(162,150)**	(161,172)
Share of profits of associates	10(b)	**124,818**	45,297
Share of profits of joint ventures	10(b)	**7,512**	42,474
Profit before income tax		**816,913**	956,735
Income tax expense	11	**(276,445)**	(362,552)
Profit for the year		**540,468**	594,183
Profit for the year attributable to:			
- Owners of the Company		**464,340**	569,272
- Non-controlling interests		**76,128**	24,911
Profit for the year		**540,468**	594,183
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and diluted (RMB cents)	12	**6.13**	7.44

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit for the year	**540,468**	594,183
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
– Currency translation differences	**(23,402)**	5,648
Other comprehensive income for the year, net of tax	**(23,402)**	5,648
Total comprehensive income for the year	**517,066**	599,831
Total comprehensive income for the year is attributable to:		
– Owners of the Company	**440,938**	574,920
– Non-controlling interests	**76,128**	24,911
Total comprehensive income for the year	**517,066**	599,831

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 2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment	13	**435,971**	440,962
Right-of-use assets	14	**67,478**	73,850
Investment properties	15	**4,697,854**	3,651,261
Intangible assets	16	**57,342**	35,834
Investments in associates	10(b)	**1,883,044**	1,554,483
Investments in joint ventures	10(b)	**190,103**	182,591
Financial assets at fair value through profit or loss	18	**572,006**	307,926
Trade and other receivables	22	**380,593**	82,367
Deferred income tax assets	28	**72,258**	59,396
		8,356,649	6,388,670
Current assets			
Properties under development	19	**2,796,527**	2,508,986
Completed properties held for sale	20	**3,198,710**	3,066,529
Inventories and contracting work-in-progress	21	**71,540**	70,020
Trade and other receivables	22	**1,936,993**	1,857,070
Current income tax assets		**45,919**	–
Financial assets at fair value through profit or loss	18	**45,095**	75,000
Contract assets	5(d)	**639,670**	1,605,396
Deposits in banks with original maturities over three months	17	**21,516**	41,226
Restricted cash	23	**188,460**	349,146
Cash and cash equivalents	24	**2,124,958**	1,653,463
		11,069,388	11,226,836
Current liabilities			
Contract liabilities	5(d)	**382,995**	337,243
Trade and other payables	25	**3,279,130**	3,462,790
Corporate bonds	26	**1,334,501**	1,280,239
Bank and other borrowings	27	**3,061,350**	1,911,461
Lease liabilities	14	**81,518**	69,692
Current income tax liabilities		**526,125**	364,928
Current portion of deferred income	29	**62,566**	11,944
		8,728,185	7,438,297
Net current assets		**2,341,203**	3,788,539
Total assets less current liabilities		**10,697,852**	10,177,209

	Note	At 31 December 2020 RMB'000	2019 RMB'000
Non-current liabilities			
Bank and other borrowings	27	1,214,345	1,538,039
Lease liabilities	14	458,148	496,976
Deferred income tax liabilities	28	462,467	442,412
Non-current portion of deferred income	29	563,096	107,491
		2,698,056	2,584,918
Net assets		7,999,796	7,592,291
Equity			
Share capital	30	623,048	623,048
Treasury shares	30	(121,056)	(121,056)
Reserves	31	2,963,354	2,897,733
Retained earnings	32	3,415,452	3,208,519
Total equity attributable to owners of the Company		6,880,798	6,608,244
Non-controlling interests		1,118,998	984,047
Total equity		7,999,796	7,592,291
Total equity and non-current liabilities		10,697,852	10,177,209

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 26 March 2021 and were signed on its behalf.

Mr. Huang Liping
Director

Mr. Hu Bin
Director

Consolidated Statement of Changes in Equity

	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
Balance at 1 January 2020		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
Total comprehensive income for the year		–	–	–	(23,402)	–	–	–	(23,402)	464,340	440,938	76,128	517,066
Transactions with owners, recognised directly in equity													
Appropriation to statutory reserve		–	–	–	–	–	89,089	–	89,089	(89,089)	–	–	–
Non-controlling interests arising on business combination		–	–	–	–	–	–	–	–	–	–	4,669	4,669
Capital injection from non-controlling shareholders		–	–	–	–	–	–	(66)	(66)	–	(66)	65,524	65,458
Transaction with non-controlling interests		–	–	–	–	–	–	–	–	–	–	(4,170)	(4,170)
Dividends	33	–	–	–	–	–	–	–	–	(168,318)	(168,318)	(7,200)	(175,518)
Total transactions with owners, recognised directly in equity		–	–	–	–	–	89,089	(66)	89,023	(257,407)	(168,384)	58,823	(109,561)
Balance at 31 December 2020		623,048	(121,056)	1,855,942	17,915	49,772	502,521	537,204	2,963,354	3,415,452	6,880,798	1,118,998	7,999,796

		Attributable to owners of the Company											
	Note	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Property Revaluation reserve RMB'000	Statutory reserve RMB'000	Other reserves RMB'000	Total reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance 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		–	–	–	–	–	–	–	–	–	–	50,000	50,000
Capital injection from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	69,058	69,058
Transaction with non-controlling interests		–	–	–	–	–	–	(8,079)	(8,079)	–	(8,079)	(1,721)	(9,800)
Dividends	33	–	–	(166,640)	–	–	–	–	(166,640)	–	(166,640)	(3,290)	(169,930)
Repurchase of shares	30	–	(4,400)	–	–	–	–	–	–	–	(4,400)	–	(4,400)
Cancellation of shares	30	(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

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

Consolidated Statement Of Cash Flows

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash generated from operations	34	252,668	662,801
Income tax paid		(153,975)	(273,099)
Cash flows generated from operating activities		98,693	389,702
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash received		1,377	22,324
Proceeds from disposal of a subsidiary, net of cash received		148	81,654
Interest received		78,334	101,538
Proceeds from disposal of investment properties		81,644	157,168
Proceeds from disposal of property, plant and equipment		266	7,492
Proceeds from disposal of financial assets at fair value through profit or loss	18	676,350	97,501
Purchase of financial assets at fair value through profit or loss	18	(866,565)	(132,643)
Investments in associates		(277,080)	(99,545)
Dividends received		–	20,000
Proceeds from disposal of associates		96,511	45,460
Purchase of property, plant and equipment	13	(21,653)	(76,976)
Purchase of investment properties		–	(275,957)
Purchase of intangible assets	16	(19,194)	(31,285)
Decrease/(increase) in deposits in banks with original maturities over three months		19,710	(25,589)
Loans to related parties and third parties		(48,153)	(160,422)
Loans repaid from related parties and third parties		209,089	306,731
Cash flows (used in)/generated from investing activities		(69,216)	37,451

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cash flows from financing activities			
Proceeds from bank and other borrowings		4,220,334	2,562,700
Proceeds from issue of corporate bonds	26	1,300,000	450,000
Decrease/(increase) in restricted cash		194,381	(85,689)
Repayment of corporate bonds	26	(1,250,000)	(1,100,000)
Repayment of bank and other borrowings		(3,379,780)	(2,045,021)
Repayment of loans due to related parties and third parties		(40,000)	–
Payments for repurchase of shares	30	–	(4,400)
Interest paid		(365,438)	(335,101)
Dividends paid to the owners of the Company	33	(168,318)	(166,640)
Dividends paid to non-controlling interests		(7,200)	(3,290)
Capital injection by non-controlling interests		65,458	69,058
Consideration paid for acquisition further equity interests in subsidiaries from non-controlling interests		(4,170)	(9,800)
Principal elements of lease payments		(105,128)	(39,396)
Cash flows generated from/(used in) financing activities		460,139	(707,579)
Net increase/(decrease) in cash and cash equivalents		489,616	(280,426)
Cash and cash equivalents at beginning of the year		1,653,463	1,927,200
Effect of foreign exchange rate changes		(18,121)	6,689
Cash and cash equivalents at end of the year		2,124,958	1,653,463

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

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

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

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2021.

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 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting
- Covid-19-Related Rent Concessions – amendments to IFRS 16

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.4 New and amended standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts (new standard)	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2022
Amendments to IFRS 3	Update reference to the conceptual framework	1 January 2022
Amendments to IFRS 16	Proceeds before intended use	1 January 2022
Amendments to IFRS 37	Onerous contracts – costs of fulfilling a contract	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022
Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

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

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

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

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

2.2.2 Associates

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

2.2.3 Joint arrangements

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

2.2.4 Equity accounting

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

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

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

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

2.2.5 Changes in ownership interests

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

2.2.5 Changes in ownership interests (continued)

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

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

2.3 Business combinations

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Business combinations (continued)

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.

2.4 Separate financial statements

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currency translation (continued)

(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.

2.7 Property, plant and equipment

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

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

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

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

2.8 Investment property

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Intangible assets

2.9.1 Goodwill

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

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

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

2.9.2 Computer software

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 *Impairment of non-financial assets*

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

2.11 *Investments and other financial assets*

2.11.1 *Classification*

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

- Those to be measured subsequently at fair value (either through other comprehensive income, 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 other comprehensive income. 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.

2.11.2 *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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 *Investments and other financial assets (continued)*

2.11.3 *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 other comprehensive income, 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 other comprehensive income 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.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or faor 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 *Investments and other financial assets (continued)*

2.11.3 *Measurement (continued)*

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 other comprehensive income, 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.

2.11.4 *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.

2.12 *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)

2.13 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.

2.14 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.

2.15 Inventories

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 *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 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 22 for further information about the Group's accounting for trade receivables and Note 4.1 for a description of the Group's impairment policies.

2.17 *Contract assets and contract liabilities*

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer 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.

2.18 *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.

2.19 *Share capital*

Ordinary shares are classified as equity.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 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.

2.21 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.

2.22 Borrowings

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 *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.

2.24 *Current and deferred income tax*

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 *Current and deferred income tax (continued)*

(b) Deferred income tax (continued)

Outside basis differences

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

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

(c) Offsetting

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

2.25 *Employee benefits*

(a) Pension obligations

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 *Employee benefits (continued)*

(b) Profit-sharing and bonus plans

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

2.26 *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.

Revenue from sales of properties is recognised over time when the Group's performance under a sales contract 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.

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 determing the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. The Group does not adjust any of the transaction prices for the time value of money.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Revenue recognition (continued)

(1) Sales of properties and construction services (continued)

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) Energy supply initial fee

Fees received for energy supply initial fee are deferred and recognised over the expected service period. The Group recognised revenue over time because the customer receives and uses the benefits simultaneously.

(3) 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. Main service fee income is recoginised over time because the Group performance provides all of the benefits received and consumed simultaneously by the customer.

2.27 Dividend income

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

2.28 Leases

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. 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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 *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)

2.28 *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.

The amendment to IFRS 16-Covid-19-related rent concessions provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions.

2.29 *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.

2.30 *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.

2.31 *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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Earnings per share (continued)

(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 2020 and 2019, 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.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 *Financial risk factors (continued)*

(a) Market risk (continued)

(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 27. The Group does not carry out any hedging activities to manage its interest rate exposure.

At 31 December 2020, 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 RMB4,861,000 (2019: RMB4,508,000) 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 26 and Note 27) to interest rate changes and the contractual maturity dates of the total borrowings at the end of the year are as follows:

	2020 RMB'000	2019 RMB'000
Variable rate borrowings	**2,302,695**	2,208,761
Other borrowings – maturity dates:		
1 year or less	**3,307,501**	2,022,839
1 – 2 years	**–**	–
2 – 5 years	**–**	90,000
Over 5 years	**–**	408,139
	5,610,196	4,729,739

(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.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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.

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, current 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 2020						
Expected loss rate	**–**	**1.50%**	**3.00%**	**4.50%**	**10.00%**	
Gross carrying amount	**442,416**	**66,406**	**71,673**	**9,912**	**352,112**	**942,519**
Loss allowance provision	**–**	**996**	**2,150**	**446**	**35,211**	**38,803**

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

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 4.12% and 3.20% as at 31 December 2020 and 2019, and the loss of allowance provision of contract assets amounted to RMB27,466,000 and RMB53,130,000 as at 31 December 2020 and 2019, 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 increased by RMB29,834,000 to RMB45,073,000 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 2020 are analysed as follows:

	Contract assets RMB'000	Trade receivables RMB'000	Other receivables RMB'000	Total RMB'000
At 1 January	53,130	21,856	15,239	90,225
Increase/(reverse) in loss allowance recognised in profit or loss during the year	(25,664)	16,947	29,834	21,117
At 31 December	27,466	38,803	45,073	111,342

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 2020

	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	4,275,695	4,738,481	3,246,118	534,237	562,174	395,952
Corporate bonds	1,334,501	1,350,894	1,350,894	–	–	–
Lease liabilities	539,666	982,748	107,925	106,948	220,530	547,345
Trade and other payables (excluded payroll)	3,217,748	3,233,915	3,233,915	–	–	–
	9,367,610	10,306,038	7,938,852	641,185	782,704	943,297

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

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 2020 and 2019 were as follows:

	2020 RMB'000	2019 RMB'000
Net debt (Note 34(b))	**3,446,534**	2,828,503
Total equity	**7,999,796**	7,592,291
Total capital	**11,446,330**	10,420,794
Gearing ratio	**30.11%**	27.14%

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2020 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 15 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 2020:

	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	–	–	271,886	271,886
– Trust plan products	–	–	300,120	300,120
– Wealth management products	–	–	45,095	45,095
	–	–	617,101	617,101

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

(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 2020 and 2019:

	Financial assets at fair value through profit or loss	
	2020	2019
	RMB'000	RMB'000
Opening balance at 1 January	**382,926**	265,627
Fair value changes	**43,960**	82,157
Other additions	**866,565**	132,643
Disposals	**(676,350)**	(97,501)
Closing balance at 31 December	**617,101**	382,926
Recognised gains for the year included in "other income and gains-net"	**43,960**	82,157

As at 31 December 2020, 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) Revenue 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 judgements 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 judgements 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 judgements and assumptions have been disclosed in Note 15.

(g) Write-down of inventories for property development

As explained in Note 2.13 and 2.14, 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 2020 and 2019.

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 11, 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.

5 REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by business lines (products and services). During the year ended 31 December 2020, to better align with the Group's business strategy, the Group reclassified the industrial park property leasing business from industrial park development services segment into industrial park operation services segment. As a result, the segment information for the year ended 31 December 2019 was re-presented for comparison purposes.

At 31 December 2020, the Group has the following three segments:

- Industrial park development services: this segment develops and sells industrial parks and ancillary residential properties.

- 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. 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 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 2020 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 year is set out below.

For the year ended 31 December 2020

	Industrial park development services RMB'000	Industrial park operation services RMB'000	Industrial investment RMB'000	Total RMB'000
Revenue from contracts with customers	1,450,669	2,126,199	–	3,576,868
– Recognition at point in time	1,255,826	124,736	–	1,380,562
– Recognition over time	194,843	2,001,463	–	2,196,306
Revenue from other source – Rental income	–	219,326	–	219,326
Segment revenue	1,450,669	2,345,525	–	3,796,194
Inter-segment revenue	–	(747,576)	–	(747,576)
Revenue from external customers	1,450,669	1,597,949	–	3,048,618
Segment results	571,307	209,308	89,037	869,652
Depreciation and amortisation	(40,392)	(67,983)	(270)	(108,645)

5 REVENUE AND SEGMENT INFORMATION (continued)

(a) *Segment results (continued)*

For the year ended 31 December 2019

	Industrial park development services RMB'000	Industrial park operation services RMB'000	Industrial investment RMB'000	Total RMB'000
Revenue from contracts with customers	1,689,300	2,194,037	–	3,883,337
– Recognition at point in time	1,298,913	97,740	–	1,396,653
– Recognition over time	390,387	2,096,297	–	2,486,684
Revenue from other source				
– Rental income	–	206,071	–	206,071
Segment revenue	1,689,300	2,400,108	–	4,089,408
Inter-segment revenue	(14,220)	(698,323)	–	(712,543)
Revenue from external customers	1,675,080	1,701,785	–	3,376,865
Segment results	696,431	216,897	75,292	988,620
Depreciation and amortisation	(50,537)	(63,366)	(258)	(114,161)

5 REVENUE AND SEGMENT INFORMATION (continued)

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

	2020 RMB'000	2019 RMB'000
Segment result	869,652	988,620
Fair value gains on investment properties	85,726	155,677
Share of profits of associates	124,818	45,297
Share of profits of joint ventures	7,512	42,474
Finance income	78,334	101,538
Finance costs	(240,484)	(262,710)
Depreciation and amortisation	(108,645)	(114,161)
Income tax expense	(276,445)	(362,552)
Profit for the year	540,468	594,183

5 REVENUE AND SEGMENT INFORMATION (continued)

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

	2020 RMB'000	2019 RMB'000
Industrial park development services		
Sales of industrial park	1,450,500	1,656,060
Sales of ancillary residential properties	169	19,020
	1,450,669	1,675,080
Industrial park operation services		
Design and construction services	440,544	681,066
Property management services	623,435	542,510
Industrial park property leasing	219,326	206,071
Energy services	85,363	96,231
Group catering and hotel services	79,027	63,953
Industrial park financial services	41,442	42,299
Others	108,812	69,655
	1,597,949	1,701,785
Total	3,048,618	3,376,865

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 2020 RMB'000	31 December 2019 RMB'000
Current contract assets relating to sales of properties		**119,354**	438,144
Current contract assets relating to construction services		**546,828**	1,219,512
Current asset recognised for costs incurred to obtain contracts		**954**	870
Loss allowance	3.1(b)	**(27,466)**	(53,130)
Total contract assets		**639,670**	1,605,396
Contract liabilities relating to sales of properties		**382,995**	337,243

(e) Contract liabilities

For the year ended 31 December 2020, 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 RMB337,243,000 (2019: RMB366,293,000) at the beginning of the year of 2020, RMB223,147,000 (2019: RMB217,567,000) 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 follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Revenue expected to be recognised within one year	**205,521**	240,949
Revenue expected to be recognised after one year	**177,474**	96,294
Total transaction price allocated to the unsatisfied contracts	**382,995**	337,243

6 OTHER INCOME AND GAINS – NET

	2020 RMB'000	2019 RMB'000
Government grants	**121,322**	53,207
Fair value gains on financial assets at fair value through profit of loss (a)	**43,960**	82,157
Gain on disposal of investment properties	**40,917**	112,493
Gain/(loss) on disposal of associates (b) (c)	**36,223**	(27,597)
Gain from deemed partial disposals (b)	**9,919**	28,222
Gain on COVID-19-related rent concessions	**9,685**	–
Loss on liquidation of subsidiaries	**128**	–
Net gain on disposal of property, plant and equipment	**93**	181
Gain on disposal of a subsidiary	**–**	25,693
Others	**6,001**	825
	268,248	275,181

(a) In September 2020, the Group entered into an agreement with certain buyers, pursuant to which the Group disposed an aggregated of RMB2.2 million Wuhan Easylinkin Technology Co., Ltd. ("Easylinkin Technology") registered capital at an aggregate consideration of approximately RMB80.0 million. Upon the completion of the transaction, the Group's equity interest in Easylinkin Technology was diluted from 21.53% to 16.20%, Fair value gains amounting to approximately RMB43,960,000 was recognised therefore.

(b) In July 2020, Shenzhen Huada Beidou Technology Company Limited ("Huada Beidou"), an associate of the Group, enlarged its registered capital from RMB546.2 million to RMB565.1 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 27.46% to 26.55%, while the Group still retains significant influence in Huada Beidou.

In July 2020, the Group entered into an agreement with certain independent buyers, pursuant to which the Group disposed an aggregated of RMB40.8 million Huadua Beidou's registered capital at an aggregate consideration of approximately RMB73.6 million. Upon the completion of the transaction, the Group's equity interest in Huada Beidou was diluted from 26.55% to 18.60%.

In September 2020, Huada Beidou enlarged its registered capital from RMB565.1 million to RMB588.6 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 18.60% to 17.86%, while the Group still retains significant influence in Huada Beidou.

6 OTHER INCOME AND GAINS – NET (continued)

(b) (continued)

Gains from the deemed partial disposals arising from the reduced equity interest in Huada Beidou amounting to RMB9,919,000 was therefore recognised by the Group.

Gain on the partial disposal amounting to RMB25,656,000 was therefore recognised by the Group.

(c) In October 2020, the Group entered into an agreement with an independent buyer, pursuant to which the Group disposed all the 20% equity interests in Hainan Nanhaiyun holding Company ("Nanhaiyun"), an associate of the Group, at an aggregate consideration of approximately RMB45,640,000. Upon the completion of the disposal, a gain amounting to RMB10,455,000 was therefore recognised by the Group.

7 EXPENSES BY NATURE

	2020 RMB'000	2019 RMB'000
Cost of properties sold	**824,087**	957,482
Outsourcing costs for industrial park operation	**579,922**	494,763
Employee benefit expenses (Note 8)	**541,859**	529,846
Cost of construction services	**371,266**	533,947
Depreciation (Note 13 and 14)	**104,250**	112,208
Amortisation (Note 16)	**4,395**	1,953
Other professional service fees	**29,701**	21,452
Net impairment losses on financial and contract assets	**21,117**	23,903
Advertising costs	**16,889**	20,378
Auditors' remuneration		
– Audit services	**2,000**	2,000
– Non-audit services	**1,445**	960
Other expenses	**58,928**	78,695
Total cost of sales, selling and distribution expenses, administrative expenses and net impairment losses on financial and contract assets	**2,555,859**	2,777,587

8 EMPLOYEE BENEFIT EXPENSE

	2020 RMB'000	2019 RMB'000
Salaries, wages and other benefits	**533,683**	500,099
Contributions to defined contribution retirement schemes	**8,176**	29,747
	541,859	529,846

(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% (2019: 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 (2019: 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 nil (2019: nil) directors. whose emoluments are reflected in the analysis shown in Note 40. The emoluments payable to the remaining five (2019: five) individuals during the year are as follows:

	2020 RMB'000	2019 RMB'000
Salaries and other emoluments	**19,013**	13,170
Retirement schemes contribution	**–**	80
	19,013	13,250

8 EMPLOYEE BENEFIT EXPENSE (continued)

(b) Five highest paid individuals (continued)

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

	2020	2019
HK$2,000,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$3,000,000	–	3
HK$3,500,001 to HK$4,000,000	1	–
HK$4,000,001 to HK$4,500,000	3	1
HK$5,500,001 to HK$6,000,000	1	–
	5	5

9 FINANCE INCOME AND COSTS

	2020 RMB'000	2019 RMB'000
Interest expenses on leasing liabilities	(32,910)	(32,850)
Interest expenses of bank and other borrowings	(350,459)	(359,481)
Capitalised interest expenses	143,904	129,122
Net foreign exchange (losses)/gains	(1,019)	499
Finance costs	(240,484)	(262,710)
Interest income from loans provided to related parties (Note 37(b))	2,232	40,078
Interest income from deposits	67,549	54,108
Interest income from sublease	5,044	6,036
Income from wealth management products	3,509	1,316
Finance income	78,334	101,538
Net finance costs	(162,150)	(161,172)

Borrowing costs arising on financing specifically arranged for the construction of properties were capitalised using the rates ranged from 4.66% to 5.94% (2019: 4.66% to 5.94%) per annum, and other borrowing costs were capitalised using an average interest rate of 5.43% (2019: 6.31%) per annum.

10(A)SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2020:

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	–	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

10(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 武漢紫緣堂藝術品有限公司*	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

10(A) SUBSIDIARIES (continued)

Name of company	Place of incorporation and kind of legal entity	Paid-in/registered capital	Effective interest held by the Company Direct	Effective interest held by the Company Indirect	Principal activities and place of operation
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. 上海華悅投資發展有限公司*	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 2020 and 2019, none of the non-controlling interest of the non-wholly owned subsidiaries was material to the Group.

10(B) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	2020 RMB'000	2019 RMB'000
Associates	**1,883,044**	1,554,483
Joint ventures	**190,103**	182,591
At 31 December	**2,073,147**	1,737,074

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

	2020 RMB'000	2019 RMB'000
Associates	**124,818**	45,297
Joint ventures	**7,512**	42,474
For the year ended 31 December	**132,330**	87,771

Investments in associates

	2020 RMB'000	2019 RMB'000
At 1 January	**1,554,483**	1,517,876
Additions	**277,080**	100,145
Share of profits	**124,818**	45,297
Gain from deemed partial disposal (Note 6)	**9,919**	28,222
Dividend received	**–**	(20,000)
Disposals	**(83,108)**	(117,057)
Others	**(148)**	–
At 31 December	**1,883,044**	1,554,483

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

Investment in associates (continued)

List of principal associates as at 31 December 2020 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 IndustryEquity Investment Fund Partnership	PRC, limited liability company	PRC, Limited Partnership	RMB1,872,600,000	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 2020 RMB'000	As at 31 December 2019 RMB'000
Identifiable current assets and liabilities assumed		
Assets	11,329,513	10,713,858
Liabilities	(4,020,125)	(3,036,363)
Identifiable net current assets	7,309,388	7,677,495
Identifiable non-current assets and liabilities assumed		
Assets	3,820,909	3,084,817
Liabilities	(6,093,588)	(6,169,869)
Identifiable net non-current assets	(2,272,679)	(3,085,052)
Identifiable net assets	5,036,709	4,592,443
Identifiable net assets attributable to owners of the associate	5,004,568	4,556,197
Interest held by the Group	20%	20%
Carrying amount	1,000,914	911,239

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

Investment in associates (continued)

	2020 RMB'000	2019 RMB'000
Revenue	257,393	566,553
Profit after income tax	405,886	221,585
Total comprehensive profit	405,886	221,585

Investment in joint ventures

	2020 RMB'000	2019 RMB'000
At 1 January	182,591	190,117
Share of profits	7,512	42,474
Transfer to investment in a subsidiary	–	(50,000)
At 31 December	190,103	182,591

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

11 INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
Current tax:		
PRC Corporate Income Tax ("CIT")	162,815	136,489
LAT	106,437	164,683
Total current tax	269,252	301,172
Deferred tax (Note 28):		
– Origination and reversal of temporary differences	848	52,500
– Withholding income tax	6,345	8,880
Income tax expense	276,445	362,552

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:

	2020 RMB'000	2019 RMB'000
Profit before tax	816,913	956,735
Tax calculated at domestic statutory tax rate of 25% (Note (i) to (iii))	204,228	239,184
Tax effects of:		
– Share of results of associates and joint ventures	(33,083)	(21,943)
– Expenses not deductible for tax purposes	4,489	3,839
– Adopting prescribed tax calculation method by PRC subsidiaries (Note (iii))	5,003	1,868
– Tax losses for which no deferred income tax asset was recognised (Note 28)	9,635	7,212
LAT in relation to properties sold (Note (iv))	106,437	164,683
Tax effects of LAT	(26,609)	(41,171)
Witholding income tax on profit to be distributed in future	6,345	8,880
Income tax expense	276,445	362,552

11 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 2020.

(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).

12 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 30).

	2020	2019
Profit attributable to owners of the Company (RMB'000)	**464,340**	569,272
Weighted average number of ordinary shares in issue (thousands)	**7,574,352**	7,646,905
Basic earnings per share (RMB cents)	**6.13**	7.44

There were no potential dilutive ordinary shares in 2020 and 2019, diluted earnings per share therefore equals to basic earnings per share.

13 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 2020						
Opening net book amount	274,042	73,675	13,943	54,984	24,318	440,962
Additions from acquisition of subsidiaries	–	–	–	16	–	16
Other additions	–	3,731	987	1,004	15,931	21,653
Transfer from construction in progress	29,392	–	–	–	(29,392)	–
Transfer from completed properties held for sale	69,118	–	–	–	–	69,118
Depreciation charges (Note 7)	(39,049)	(14,913)	(7,849)	(33,794)	–	(95,605)
Other disposals	–	(7)	(41)	(125)	–	(173)
Closing net book amount	333,503	62,486	7,040	22,085	10,857	435,971
At 31 December 2020						
Cost	457,943	154,624	51,358	156,116	10,857	830,898
Accumulated depreciation	(124,440)	(92,138)	(44,318)	(134,031)	–	(394,927)
Net book amount	333,503	62,486	7,040	22,085	10,857	435,971

	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	–	–	202	150	–	352
Other additions	31,358	2,129	6,121	26,549	10,819	76,976
Depreciation charges (Note 7)	(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

13 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2020 RMB'000	2019 RMB'000
Cost of sales	**83,538**	62,541
Administrative expenses	**10,521**	18,807
Selling and distribution expenses	**1,546**	1,401
	95,605	82,749

14 LEASES

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Investment properties	**562,373**	599,553
Right-of-use assets		
– Properties	**64,225**	70,526
– Reclassification from land use rights	**3,253**	3,324
	629,851	673,403
Lease liabilities		
Current	**81,518**	69,692
Non-current	**458,148**	496,976
	539,666	566,668

14 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 2020:

	2020 RMB'000
Balance at 31 December 2019	73,850
Additions	2,273
Depreciation/amortisation	(8,645)
Closing net book amount	67,478

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

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

	2020 RMB'000	2019 RMB'000
Depreciation charge of right-of-use assets		
Properties	8,574	29,389
Land use rights	71	70
	8,645	29,459
Interest expense (included in finance cost) (Note 9)	(32,910)	(32,850)
Interest income (included in finance income) (Note 9)	5,044	6,036

The total cash outflow for leases in 2020 was RMB73,990,677.

(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 3 to 20 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.

15 INVESTMENT PROPERTIES

	2020 RMB'000	2019 RMB'000
Opening balance at 1 January	**3,651,261**	3,031,313
Transfer from properties under development and completed properties held for sale	**378,166**	232,989
Other additions	**673,398**	275,957
Fair value changes	**85,726**	155,677
Disposals	**(90,697)**	(44,675)
Closing balance at 31 December	**4,697,854**	3,651,261

Amounts recognised in profit and loss for investment properties

	2020 RMB'000	2019 RMB'000
Rental income from self-owned properties	**175,365**	135,215
Rental income from subleasing	**41,800**	70,856
Direct operating expenses from property that generated rental income	**22,620**	32,227

As at 31 December 2020, the Group had no contractual obligations for future repairs and maintenance (2019: nil).

Investment properties with an aggregate carrying value of RMB1,406,600,000 (2019: nil) as at 31 December 2020 were pledged for certain bank loans granted to the Group (Note 27).

15 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 2020, title certificates of certain investment properties of the Group with carrying value of RMB1,026,810,000 (2019: RMB500,058,000) 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 36.

Fair value measurements using significant unobservable inputs (Level 3)

	Investment properties	
	2020 RMB'000	**2019** RMB'000
Opening balance at 1 January	**3,651,261**	3,031,313
Transfer from properties under development and completed properties held for sale	**378,166**	232,989
Other additions	**673,398**	275,957
Fair value changes	**85,726**	155,677
Disposals	**(90,697)**	(44,675)
Closing balance at 31 December	**4,697,854**	3,651,261
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"	**85,726**	155,677
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	**85,726**	155,677

15 INVESTMENT PROPERTIES (continued)

Valuation processes of the Group

The Group's investment properties were valued at transfer dates and at 31 December 2020 and 2019 by Cushman & Wakefield International Properties Advisers ("C&W"), cation 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 2020, a total gain of RMB85,726,000 (2019:RMB155,677,000), and deferred tax thereon of RMB21,431,500 (2019: RMB38,919,000), 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.

15 INVESTMENT PROPERTIES (continued)

Valuation techniques (continued)

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

Description	Fair value at 31 Dec 2020 (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)	4,162,854	Direct comparison	Adjusted market price (RMB/sq.m)	40,781	The higher the direct comparison price, the higher the fair value.
		Income capitalisation method	Market monthly rental rate (RMB/sq.m)	21 – 240	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	535,000	Direct comparison	Adjusted market price (RMB/sq.m)	1,238 – 6,083	The higher the direct comparison price, the higher the fair value.
		Residual method	Residential unit rates (RMB/sq.m)	3,827 – 11,307	The higher the residential unit rates, the higher the fair value.
			Budgeted construction costs to be	90,302 -150,560	The higher the budgeted construction cost, the higher the fair value.
			Remaining percentage to completion	1.30% – 30.15%	The higher the remaining percentage to completion, the lower the fair value.
			Anticipated developer's profit margin	10% – 20%	The higher the anticipated developer's profit, the higher the fair value.

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.

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

16 INTANGIBLE ASSETS

	Goodwill RMB'000	Software RMB'000	Total RMB'000
Year ended 31 December 2020			
Opening net book amount	**1,819**	**34,015**	**35,834**
Additions	**6,709**	**19,194**	**25,903**
Amortisation charge	**–**	**(4,395)**	**(4,395)**
Closing net book amount	**8,528**	**48,814**	**57,342**
At 31 December 2020			
Cost	**8,528**	**60,899**	**69,427**
Accumulated amortisation and impairment	**–**	**(12,085)**	**(12,085)**
Net book amount	**8,528**	**48,814**	**57,342**

	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

Amortisation of RMB4,395,000 (2019: RMB1,953,000) is included in the 'administrative expenses' the consolidated statement of profit or loss.

17 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 2020			
Financial assets at fair value through profit or loss	–	617,101	617,101
Trade and other receivables excluding prepayments	2,164,161	–	2,164,161
Deposits in banks with original maturities over three months	21,516	–	21,516
Restricted cash	188,460	–	188,460
Cash and cash equivalents	2,124,958	–	2,124,958
Total	4,499,095	617,101	5,116,196
Assets			
At 31 December 2019			
Financial assets at fair value through profit or loss	–	382,926	382,926
Trade and other receivables excluding prepayments	1,787,746	–	1,787,746
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	3,831,581	382,926	4,214,507

17 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	Financial liabilities stated at amortised cost RMB'000
Liabilities	
At 31 December 2020	
Trade and other payables excluding non-financial liabilities	**3,217,748**
Lease liabilities	**539,666**
Corporate bonds	**1,334,501**
Bank and other borrowings	**4,275,695**
Total	**9,367,610**
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

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	2020 RMB'000	2019 RMB'000
At 1 January	**382,926**	265,627
Additions	**866,565**	132,643
Fair value gains on financial assets at fair value through profit of loss	**43,960**	82,157
Disposals	**(676,350)**	(97,501)
At 31 December	**617,101**	382,926
Less: non-current portion	**(572,006)**	(307,926)
Current portion	**45,095**	75,000

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

	2020 RMB'000	2019 RMB'000
Unlisted securities – PRC (i)	**271,886**	307,926
Trust plan products (ii)	**300,120**	–
Wealth management products (iii)	**45,095**	75,000
	617,101	382,926

(i) As at 31 December 2020, 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 2020, these trust plan products were issued by certain financial institutions in the PRC with certain expected annual. 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 2020.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

(iii) As at 31 December 2020, these wealth management products were issued by banks in the PRC with expected annual return at 1.60%~3.50% (2019: 1.50%~6.50%). 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 2020.

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

19 PROPERTIES UNDER DEVELOPMENT

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

	At 31 December	
	2020 RMB'000	2019 RMB'000
Expected to be completed for sale within one year		
Properties under development for sale	**390,961**	1,126,840
Expected to be completed for sale after more than one year		
Properties under development for sale	**2,405,566**	1,382,146
	2,796,527	2,508,986

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 RMB1,561,107,000 (2019: RMB323,643,000) as at 31 December 2020 were pledged for certain bank loans granted to the Group (Note 27).

20 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 RMB433,304,000 (2019: RMB1,668,741,000) as at 31 December 2020 were pledged for certain bank loans granted to the Group (Note 27).

21 INVENTORIES

	At 31 December	
	2020 RMB'000	2019 RMB'000
Raw materials	1,397	1,227
Work in progress	4,645	8,579
Finished goods	65,498	60,214
	71,540	70,020

22 TRADE AND OTHER RECEIVABLES

	At 31 December	
	2020 RMB'000	2019 RMB'000
Current portion		
Trade receivables (a)	942,519	682,246
Notes receivables	24,586	18,761
Deposits receivable	21,617	27,028
Consideration receivable on disposal of an associate	22,820	44,000
Loans to related parties (Note 37(c))	–	35,939
Other amounts due from related parties (Note 37(c))	20,762	4,337
Loans to third parties	569,350	694,342
Prepayments for construction cost and raw materials	117,356	138,700
Prepaid turnover tax and other taxes	119,945	50,086
Others	181,914	198,726
Less: allowance provisions	(83,876)	(37,095)
	1,936,993	1,857,070
Non-current portion		
Trade receivables (a)	325,877	–
Loans to a third party	74	80
Loans to related parties (Note 37(c))	4,275	4,549
Receivables from finance leases	50,367	77,738
	380,593	82,367
Total	2,317,586	1,939,437

22 TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivable are generally due within 1 to 3 months from the date of billing. The non-current trade receivables are due and payable within eight years from the end of the reporting period. 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	
	2020	2019
	RMB'000	RMB'000
Within 1 month	**246,908**	270,920
1 to 3 months	**195,187**	106,729
3 to 6 months	**66,386**	26,214
Over 6 months	**759,915**	278,383
	1,268,396	682,246

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 increased by a further RMB16,947,000 to RMB38,803,000 for trade receivables.

The loss allowance increased by RMB29,834,000 to RMB45,073,000 for other receivables during the current reporting period.

As at 31 December 2019 and 2020, the fair value of trade and other receivables approximated their carrying amounts.

23 RESTRICTED CASH

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Pledged for:		
– Interest-bearing loans deposits	**27,202**	153,225
– Letter of guarantee	**39,468**	105,808
– Supervised accounts for construction of pre-sale properties	**101,894**	68,199
– Mortgage deposits	**19,896**	21,225
– Others	**–**	689
Total	**188,460**	349,146

24 CASH AND CASH EQUIVALENTS

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Cash in hand	**165**	187
Cash at bank	**1,837,616**	1,502,707
Other cash deposited in a related party's financial institutions (Note 37(c))	**287,177**	150,569
Cash and cash equivalents	**2,124,958**	1,653,463

25 TRADE AND OTHER PAYABLES

	At 31 December 2020 RMB'000	2019 RMB'000
Trade creditors and bills payable	**2,243,560**	2,316,401
Construction guaranteed deposits payable	**153,145**	189,549
Accrued payroll	**61,382**	59,529
Interests payable	**40,085**	33,174
Loans due to a third party	**269,445**	269,445
Loans due to a related party (Note 37(c))	**–**	40,000
Other amounts due to related parties (Note 37(c))	**92,094**	95,233
Interests payable to related parties (Note 37(c))	**7,777**	–
Other payables and accruals	**411,642**	459,459
Total	**3,279,130**	3,462,790

As at 31 December 2020, the ageing analysis of trade creditors and bills payables, based on the invoice date, is as follows:

	At 31 December 2020 RMB'000	2019 RMB'000
Within 1 month	**1,230,706**	1,450,333
1 to 12 months	**581,654**	696,094
Over 12 months	**431,200**	169,974
	2,243,560	2,316,401

As at 31 December 2019 and 2020, the fair value of trade and other payables approximated their carrying amounts.

26 CORPORATE BONDS

	2020 RMB'000	2019 RMB'000
As at 1 January	**1,280,239**	1,864,924
Net proceeds from bonds issued	**1,300,000**	450,000
Interest expenses	**72,838**	184,496
Principal paid during the year	**(1,250,000)**	(1,100,000)
Coupon interest paid	**(68,576)**	(119,181)
As at 31 December	**1,334,501**	1,280,239
Representing:		
Current portion	**1,334,501**	1,280,239
Non-current portion	**–**	–

In April 2020, the Group issued short-term notes with maturity of 270 days with face value of RMB500,000,000 bearing annual interest rate of 5.30%. 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 5.30%. As at 31 December 2020, interest payable for this note amounted to approximately RMB18,918,000.

In August 2020, the Group issued short-term notes with maturity of 270 days with face value of RMB500,000,000 bearing annual interest rate of 5.50%. The actual proceeds received by the Group was approximately RMB499,250,000. 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 5.50%. As at 31 December 2020, interest payable for this note amounted to approximately RMB10,771,000.

In September 2020, the Group issued short-term notes with maturity of 270 days with face value of RMB300,000,000 bearing annual interest rate of 5.50%. The actual proceeds received by the Group was approximately RMB299,550,000. 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 5.50%. As at 31 December 2020, interest payable for this note amounted to approximately RMB4,812,000.

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 5.30%~5.50% (2019: 5.83%~6.74%) and are within level 2 of the fair value hierarchy.

27 BANK AND OTHER BORROWINGS

	At 31 December 2020 RMB'000	2019 RMB'000
Current		
Secured		
– Bank and other borrowings	**365,000**	–
– Current portion of non-current bank and other borrowings	**905,030**	707,400
	1,270,030	707,400
Unsecured		
– Bank and other borrowings	**1,768,000**	966,500
– Current portion of non-current bank and other borrowings	**23,320**	237,561
	1,791,320	1,204,061
	3,061,350	1,911,461

	At 31 December 2020 RMB'000	2019 RMB'000
Non-current		
Secured		
– Bank and other borrowings	**1,958,336**	2,245,439
Less: Current portion of non-current bank and other borrowings	**(905,030)**	(707,400)
	1,053,306	1,538,039
Unsecured		
– Bank and other borrowings	**184,359**	237,561
Less: Current portion of non-current bank and other borrowings	**(23,320)**	(237,561)
	161,039	–
	1,214,345	1,538,039

27 BANK AND OTHER BORROWINGS (continued)

The bank and other borrowings bear interest ranging from 2.50% to 6.30% per annum for year ended 31 December 2020 (2019: from 2.15% to 6.90%).

The Group's borrowings were repayable as follows:

	At 31 December	
	2020 RMB'000	2019 RMB'000
Within 1 year or on demand	**3,061,350**	1,911,461
After 1 year but within 2 years	**471,276**	922,524
After 2 years but within 5 years	**448,006**	453,015
After 5 years	**295,063**	162,500
	4,275,695	3,449,500

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

	At 31 December	
	2020 RMB'000	2019 RMB'000
Completed properties held for sale (Note 20)	**433,304**	1,668,741
Properties under development (Note 19)	**1,561,107**	323,643
Investment properties (Note 15)	**1,406,600**	–
Restricted cash (Note 23)	**27,202**	153,225
	3,428,213	2,145,609

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 5.12% (2019: 5.27%) and are within level 2 of the fair value hierarchy.

27 BANK AND OTHER BORROWINGS (continued)

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 2020, none of the covenants relating to drawn down facilities had been breached (2019: nil).

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

28 DEFERRED INCOME TAX

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

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Before offsetting		
Deferred tax assets	**142,745**	117,837
Deferred tax liabilities	**(532,954)**	(500,853)
After offsetting		
Deferred tax assets	**72,258**	59,396
Deferred tax liabilities	**(462,467)**	(442,412)

28 DEFERRED INCOME TAX (continued)

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

	2020 RMB'000	2019 RMB'000
At 1 January	(383,016)	(339,475)
Charged to statement of profit or loss (Note 11)	(7,193)	(61,380)
Disposal of a subsidiary	–	17,839
At 31 December	(390,209)	(383,016)

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 2019	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
Recognised in profit or loss	12,449	(608)	9,448	5,280	(1,661)	24,908
At 31 December 2020	55,150	2,442	50,271	26,049	8,833	142,745

28 DEFERRED INCOME TAX *(continued)*

Deferred income tax assets (continued)

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 RMB2,442,000 (2019: RMB3,050,000) as at 31 December 2020 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 RMB48,492,000 (2019: RMB41,002,000) in respect of losses amounting to RMB193,969,000 (2019: RMB164,009,000) that can be carried forward against future taxable income.

The unrecognised tax losses will expire in the following years:

	At 31 December	
	2020 **RMB'000**	2019 RMB'000
2020	**–**	8,580
2021	**31,125**	31,125
2022	**41,640**	41,640
2023	**53,816**	53,816
2024	**28,848**	28,848
2025	**38,540**	–
	193,969	164,009

28 DEFERRED INCOME TAX (continued)

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 tax on be distributed in future RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	(361,489)	(9,680)	(25,693)	(40,463)	–	(7,492)	(444,817)
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)
Recognised in profit or loss	(16,892)	4,611	(9,966)	–	(6,345)	(3,509)	(32,101)
At 31 December 2020	**(402,383)**	**(89)**	**(60,758)**	**(40,463)**	**(15,225)**	**(14,036)**	**(532,954)**

At 31 December 2020, deferred tax liabilities of RMB86,285,000 (2019: RMB79,109,000) 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.

29 DEFERRED INCOME

	At 31 December 2020 RMB'000	2019 RMB'000
Service fees received in advance (a)	36,616	44,032
Deferred government grants	589,046	75,403
Less: Current portion	(62,566)	(11,944)
	563,096	107,491

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

30 SHARE CAPITAL AND TREASURY SHARES

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

	At 31 December 2020			At 31 December 2019		
	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	7,574,352	623,048	(121,056)	7,618,212	626,839	(132,417)
Shares repurchased for cancellation purpose (a)	–	–	–	–	–	(4,400)
Shares cancelled (a)	–	–	–	(43,860)	(3,791)	15,761
At the end of the year	7,574,352	623,048	(121,056)	7,574,352	623,048	(121,056)

30 SHARE CAPITAL AND TREASURY SHARES (continued)

(a) During the year ended 31 December 2020, 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 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
Year ended 31 December 2020			
Opening No. of shares	**152,998**	**–**	**152,998**
Closing No. of shares	**152,998**	**–**	**152,998**

31 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 2020	1,855,942	41,317	49,772	413,432	537,270	2,897,733
Appropriation from retained earnings	–	–	–	89,089	–	89,089
Currency translation differences	–	(23,402)	–	–	–	(23,402)
Capital injection from NCI	–	–	–	–	(66)	(66)
Balance at 31 December 2020	1,855,942	17,915	49,772	502,521	537,204	2,963,354
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 33)	(166,640)	–	–	–	–	(166,640)
Cancellation of shares (Note 30(a))	(11,970)	–	–	–	–	(11,970)
Transaction with non-controlling interests	–	–	–	–	(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

(a) PRC statutory reserve

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

(b) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 2.6.

31 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.

32 RETAINED EARNINGS

	2020 RMB'000	2019 RMB'000
At 1 January	3,208,519	2,668,223
Dividends paid	(168,318)	–
Profit for the year	464,340	569,272
Appropriation to statutory reserve	(89,089)	(28,976)
At 31 December	3,415,452	3,208,519

33 DIVIDENDS

	2020 RMB'000	2019 RMB'000
Ordinary shares		
Final dividend for the year ended 31 December 2019 of HK$2.50 cents per fully paid share (2018: HK$2.50 cents)	168,318	166,640
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$2.00 cents per fully paid share (2019: HK$2.50 cents). The aggregate amount of the proposed dividend expected to be paid in October 2021 out of equity account of the Company at 31 December 2020, but not recognized as a liability at year end, is	126,900	172,474

34 CASH FLOW INFORMATION

(a) Cash generated from operations

	2020 RMB'000	2019 RMB'000
Profit before income tax	**816,913**	956,735
Adjustments for:		
Depreciation (Note 7)	**104,250**	112,208
Amortisation (Note 7)	**4,395**	1,953
Gain on disposal of investment properties (Note 6)	**(40,917)**	(112,493)
Gains from deemed partially disposal (Note 6)	**(9,919)**	(28,222)
Gains on disposal of property, plant and equipment (Note 6)	**(93)**	(181)
Finance income (Note 9)	**(78,334)**	(101,538)
Finance costs (Note 9)	**239,465**	263,209
Gain on disposal of a subsidiary (Note 6)	**–**	(25,693)
Fair value gains on financial assets at fair value through profit or loss (Note 6)	**(43,960)**	(82,157)
Fair value gains on investment properties (Note 15)	**(85,726)**	(155,677)
(Gain)/loss on disposal of associates (Note 6)	**(36,223)**	27,597
Net impairment losses on financial and contract assets	**21,117**	23,903
Share of profits of associates (Note 10(b))	**(124,818)**	(45,297)
Share of profits of joint ventures (Note 10(b))	**(7,512)**	(42,474)
Changes in working capital (excluding the effects of acquisition and currency translation differences on subsidiaries):		
(Increase)/decrease in restricted cash	**(33,695)**	155,426
Increase in properties under development, completed properties held for sale and inventories	**(1,333,972)**	(920,467)
Decrease/(increase) in contract assets and trade and other receivables	**415,502**	(499,769)
Increase in contract liabilities, deferred income and trade and other payables	**446,195**	1,135,738
Cash generated from operations	**252,668**	662,801

34 CASH FLOW INFORMATION (continued)

(b) Net debt reconciliation

	2020 RMB'000	2019 RMB'000
Cash and cash equivalents	**2,124,958**	1,653,463
Restricted cash	**86,566**	280,947
Interests payable	**(47,862)**	(33,174)
Corporate bonds	**(1,334,501)**	(1,280,239)
Bank and other borrowings	**(4,275,695)**	(3,449,500)
Net debt	**(3,446,534)**	(2,828,503)
Cash and cash equivalents and restricted cash	**2,211,524**	1,934,410
Gross debt – fixed interest rates	**(3,355,363)**	(3,036,613)
Gross debt – variable interest rates	**(2,302,695)**	(1,726,300)
Net debt	**(3,446,534)**	(2,828,503)

	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 2019	1,927,200	195,258	(41,758)	(1,864,924)	(2,926,628)	(2,710,852)
Cash flows	(280,426)	85,689	335,101	650,000	(517,679)	272,685
Foreign exchanges adjustments	6,689	–	–	–	(5,193)	1,496
Others	–	–	(326,517)	(65,315)	–	(391,832)
Net debt as at 31 December 2019	1,653,463	280,947	(33,174)	(1,280,239)	(3,449,500)	(2,828,503)
Cash flows	**489,616**	**(194,381)**	**365,438**	**(50,000)**	**(840,554)**	**(229,881)**
Foreign exchanges adjustments	**(18,121)**	**–**	**–**	**–**	**14,359**	**(3,762)**
Others	**–**	**–**	**(380,126)**	**(4,262)**	**–**	**(384,388)**
Net debt as at 31 December 2020	**2,124,958**	**86,566**	**(47,862)**	**(1,334,501)**	**(4,275,695)**	**(3,446,534)**

35 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	
	2020	2019
	RMB'000	RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**876,870**	520,592

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.

36 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 2020 RMB'000	2019 RMB'000
Contracted but not provided for		
– Properties development expenditure	982,748	1,079,840

(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 2020 RMB'000	2019 RMB'000
No later than 1 year	251,789	245,811
Later than 1 year and no later than 5 years	523,480	456,601
Later than 5 years	132,960	53,135
	908,229	755,547

37 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:

	2020 RMB'000	2019 RMB'000
Wages, salaries and other benefits	**45,199**	32,707
Retirement scheme contributions	**–**	302
	45,199	33,009

The above remuneration to key management personnel is included in "staff costs" (Note 8).

(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.

	2020 RMB'000	2019 RMB'000
(i) Joint ventures		
Construction contract revenue	**1,066**	7,842
(ii) Associates		
Industrial park leasing services	**3,105**	1,409
Industrial park operation services	**2,830**	7,075
Payment of salary	**937**	937
Interest income	**2,232**	40,078
Interest expense	**562**	562

37 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties (continued)

	2020 RMB'000	2019 RMB'000
(iii) Major shareholders		
Cash deposited in major shareholder's financial institution	2,030,270	615,621
Borrowing from major shareholder's financial institution	2,040,000	200,000
Repayment of borrowing from major shareholder's financial institution	1,330,000	–
Industrial park operation services	(26,287)	79
Interest income	541	72
Interest expense	32,778	–
Operating lease paid	566	15,531
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.

37 RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
(i) Joint ventures		
Loans receivable	–	108
Other amounts receivable	20,718	675
Trade and other payables	–	327
(ii) Associates		
Loans receivable	–	35,831
Loans payable	–	40,000
Other amounts receivables	–	3,618
Other amounts payable	51,646	51,857
(iii) Major shareholder		
Cash deposited in major shareholder's financial institution	287,177	150,569
Borrowing	910,000	200,000
Interest payable	7,777	–
Loans receivables	4,275	4,549
Other amounts receivable	44	44
Lease liabilities	86,627	73,400
Other amounts payable	40,448	43,049

38 EVENTS AFTER THE REPORTING PERIOD

(a) Please refer to Note 33 for the final dividend recommended by the directors, which is expected to be paid on or before 22 October 2021.

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	At 31 December 2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment		3	4
Investments in subsidiaries		3,191,309	3,396,596
		3,191,312	3,396,600
Current assets			
Cash and cash equivalents		23,617	47,487
Other receivables		381,684	441,828
		405,301	489,315
Current liabilities			
Payables to subsidiaries		1,041,922	888,688
Bank borrowings		–	237,561
		1,041,922	1,126,249
Net current liabilities		(636,621)	(636,934)
Total assets less current liabilities		2,554,691	2,759,666
Net assets		2,554,691	2,759,666
Equity			
Capital and reserves			
Share capital	30	623,048	623,048
Treasury shares	30	(121,056)	(121,056)
Reserves	(a)	2,332,920	2,347,802
Accumulated losses	(b)	(280,221)	(90,128)
Total equity		2,554,691	2,759,666

The balance sheet of the Company was approved by the Board of Directors on 26 March 2021 and was signed on its behalf:

Mr. Huang Liping
Director

Mr. Hu Bin
Director

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

Note:

(a) Reserve movement of the Company

	Share premium RMB'000	Exchange reserve RMB'000	Total RMB'000
Balance at 1 January 2020	**1,855,942**	**491,860**	**2,347,802**
Currency translation differences	**–**	**(14,882)**	**(14,882)**
Balance at 31 December 2020	**1,855,942**	**476,978**	**2,332,920**
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

(b) Accumulated losses movement of the Company

	2020 RMB'000	2019 RMB'000
At 1 January	**(90,128)**	(58,279)
Loss for the year	**(21,775)**	(31,849)
Dividends paid	**(168,318)**	–
At 31 December	**(280,221)**	(90,128)

40 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

For the year ended 31 December 2020:

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
Executive directors:					
Huang Liping (President) (i)	–	956	771	–	1,727
Hu Bin	–	956	921	–	1,877
Xie Qinghua (ix)	–	1,410	630	–	2,040
Non-executive directors:					
Liu Guilin (Chairman) (ii)	–	–	–	–	–
Sun Ying	–	–	–	–	–
Zhang Jie	–	–	–	–	–
Wang Qiuju (iii)	–	–	–	–	–
Xiang Qunxiong (iv)	–	–	–	–	–
Independent non-executive directors:					
Qi Min	200	–	–	–	200
Chan Ching Har Eliza (v)	168	–	–	–	168
Qiu Hongshen (vi)	144	–	–	–	144
Leung Man Kit (vii)	–	–	–	–	–
Zhang Shuqin (viii)	–	–	–	–	–
Total	512	3,322	2,322	–	6,156

Notes:

(i) Mr. Huang Liping was re-designated from the chairman to co-chairman on 8 May 2020 and then resigned as the co-chairman on 26 November 2020. During the year of 2020, Mr. Huang Liping has been appointed as the president.

(ii) Mr.Liu Guilin was appointed as a non-executive Director and the chairman on 26 November 2020.

(iii) Ms. Wang Qiuju resigned as a non-executive Director on 26 November 2020.

(iv) Mr. Xiang Qunxiong resigned as a non-executive Director on 8 May 2020 and was appointed as a non-executive Director on 26 November 2020.

(v) Ms. Chan Ching Har Eliza was appointed as an independent non-executive Director on 8 May 2020, and the emoluments listed was for the period from 8 May 2020 to 31 December 2020.

(vi) Mr. Qiu Hongsheng was appointed as an independent non-executive Director on 10 March 2020, and the emoluments listed was for the period from 10 March 2020 to 31 December 2020.

(vii) Mr. Leung Man Kit resigned as an independent non-executive Director on 8 May 2020.

(viii) Ms. Zhang Shuqin resigned as an independent non-executive Director on 10 March 2020.

(ix) Mr. Xie Qinghua was appointed as the co-chairman on 8 May 2020, and resigned as an executive Director and co-chairman on 26 November 2020, and the emoluments listed was for the period from 8 May 2020 to 26 November 2020.

40 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) *Directors' emoluments (continued)*

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
Executive directors:					
Huang Liping	–	552	1,482	21	2,055
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	669	1,104	3,021	42	4,836

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 2020 and 2019, 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 2020 and 2019.

40 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.

"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
"Group"	the Company and its subsidiaries
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"connected persons"	has the meaning ascribed to it under the Listing Rules
"associates" or "close associates"	has the meaning ascribed to it under the Listing Rules
"Articles of Association"	the amended and restated articles of association of the Company
"Board"or "Board of Directors"	the board of directors of the Company
"Director(s)"	director(s) of the Company
"Audit Committee"	the audit committee of the Company
"Nomination Committee"	the nomination committee of the Company
"Remuneration Committee"	the remuneration committee of the Company
"Financial Control Committee"	the financial control committee of the Company
"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
"BVI"	the British Virgin Islands
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Renminbi" or "RMB"	the lawful currency of China

"Reporting Period"	the 12-month period from 1 January 2020 to 31 December 2020
"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
"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
"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), which is wholly owned by CEC
"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
"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
"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
"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
"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
"CEOVU HK"	China Electronics Optics Valley Union Company Limited (formerly known as AAA Finance & Investment Limited), a limited company incorporated in Hong Kong and an indirect wholly-owned 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
"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
"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
"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 16.2% owned company of Wuhan OVU
"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
"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 13.53% 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 December 2005 and a wholly-owned subsidiary of Wuhan OVU, and an indirect subsidiary of the Company
"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

"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
"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
"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
"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)
"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

"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
"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
"Western Zhigu"	Xianyang China Electronics Western Zhigu Industrial Co., Ltd.* (咸陽中電西部智谷實業有限公司), formerly known as Xianyang China Electronics Western Zhigu Development Company Limited* (咸陽中電西部智谷發展有限公司), a limited liability company established in the PRC and a 50% indirectly owned subsidiary of the Company
"Xianyang IRICO"	咸陽中電彩虹集團控股有限公司 (Xianyang China ElectronicsIRICO Group Holdings Co., Ltd.*), a limited companyestablished in the PRC and an indirect wholly-owned subsidiaryof CEC
"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 an indirect subsidiary of the Company
"IRICO Group"	彩虹集團有限公司 (formerly known as IRICO Group Corporation* 彩虹集團公司), a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of CEC
"Nantong Administrative Committee"	南通市崇川經濟開發區管委會 (Administrative Committee of the Nantong Economic and Technological Development Zone*), being the branch office of Chongchuan District Government of Nantong and the provincial regulatory agency of the Nantong Economic and Technological Development Zone
"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.*)
"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
"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
"Latest Practicable Date"	12 April 2021, 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.

产业资源共享平台

中電光谷聯合控股有限公司

China Electronics Optics Valley Union Holding Company Limited