Optics Valley Union Holding Company Limited
光谷聯合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 798)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board (the "**Board**") of directors (the "**Directors**") of Optics Valley Union Holding Company Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2014 (the "**Reporting Period**"), together with the comparative figures for 2013 as follows. These consolidated interim financial results have not been audited, but have been reviewed by the independent auditors of the Company and the audit committee of the Company (the "**Audit Committee**").

UNAUDITED INTERIM RESULTS OF THE GROUP FOR THE REPORTING PERIOD

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Turnover	*3*	**553,622**	774,732
Cost of sales		**(341,908)**	(498,856)
Gross profit		**211,714**	275,876
Other income		**1,148**	1,791
Selling and distribution expenses		**(28,917)**	(20,498)
Administrative expenses		**(64,329)**	(57,346)
Other expenses		**(264)**	(283)
Results from operating activities before changes in fair value of investment properties		**119,352**	199,540
Increase in fair value of investment properties	*7*	**76,590**	2,400
Results from operating activities after changes in fair value of investment properties		**195,942**	201,940
Finance income	*4(a)*	**6,402**	4,654
Finance costs	*4(a)*	**(11,169)**	(8,695)
Net finance costs		**(4,767)**	(4,041)
Share of losses of associates		**(190)**	(190)
Share of profits/(losses) of joint ventures		**2,738**	(1,690)
Profit before taxation	*4*	**193,723**	196,019
Income tax	*5*	**(60,223)**	(94,857)
Profit for the period		**133,500**	101,162

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Attributable to:			
Equity shareholders of the Company		**130,676**	83,826
Non-controlling interests		**2,824**	17,336
Profit for the period		**133,500**	101,162
Basic earnings per share (RMB cents)	*6*	**3.71**	3.33

Details of dividends payable to equity shareholders of the Company are set out in Note 15.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014 — unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Profit for the period	**133,500**	101,162
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of subsidiaries in other jurisdictions, net of nil tax	**(15)**	1,279
Total comprehensive income for the period	**133,485**	102,441
Attributable to:		
Equity shareholders of the Company	**130,661**	85,105
Non-controlling interests	**2,824**	17,336
Total comprehensive income for the period	**133,485**	102,441

Consolidated Statement of Financial Position

At 30 June 2014 — unaudited

(Expressed in Renminbi)

	Note	**At 30 June 2014** *RMB'000*	At 31 December 2013 *RMB'000*
Non-current assets			
Property, plant and equipment		**186,498**	175,440
Investment properties	*7*	**500,000**	298,200
Intangible assets		**4,114**	4,332
Interest in associates		**956**	1,146
Interest in joint ventures		**138,213**	160,475
Other investments		**10,000**	10,000
Deferred tax assets		**80,390**	75,194
		920,171	724,787
Current assets			
Other investments		**—**	122,220
Properties under development	*8*	**3,468,434**	2,946,308
Completed properties held for sale	*9*	**970,942**	992,615
Inventories and contracting work-in-progress	*10*	**180,139**	200,072
Trade and other receivables	*11*	**949,320**	898,022
Current tax assets		**21,336**	32,578
Restricted cash		**18,632**	3,630
Cash and cash equivalents		**1,511,272**	1,163,239
		7,120,075	6,358,684
Current liabilities			
Trade and other payables	*12*	**2,219,549**	2,530,444
Loans and borrowings		**1,637,500**	905,500
Corporate bonds payable	*13*	**409,230**	77,427
Current tax liabilities		**104,438**	151,745
		4,370,717	3,665,116
Net current assets		**2,749,358**	2,693,568
Total assets less current liabilities		**3,669,529**	3,418,355

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current liabilities			
Loans and borrowings		**456,912**	1,151,830
Corporate bonds payable	*13*	**841,091**	544,763
Deferred tax liabilities		**71,050**	56,646
		1,369,053	1,753,239
Net assets		**2,300,476**	1,665,116
Capital and reserve			
Share capital	*14*	**316,800**	8
Reserves		**1,749,965**	1,434,417
Total equity attributable to equity shareholders of the Company		**2,066,765**	1,434,425
Non-controlling interests		**233,711**	230,691
Total equity		**2,300,476**	1,665,116

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands. The interim financial report of the Group as at and for the six months ended 30 June 2014 comprises the Company and its subsidiaries.

These interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB"). These interim financial statements were authorised for issue on 27 August 2014.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of the interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that were applied to 2013 annual financial statements.

This interim financial report contains condensed consolidated financial statements and the relevant explanatory notes. The explanatory notes to these unaudited interim financial statements include an explanation of events and transactions that are significant to an understanding of the financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

These interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The financial information relating to the financial year ended 31 December 2013 that is included herein as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the financial year ended 31 December 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 16 April 2014.

2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- IFRIC 21, *Levies*

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

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's interim financial report as the guidance is consistent with the Group's existing accounting policies.

3 TURNOVER AND SEGMENT REPORTING

The principal activities of the Group are development and sales of properties, design and construction, property management services and operation of industrial park properties in the People's Republic of China (the "PRC").

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

(a) Segment results, assets and liabilities

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

For the six months ended 30 June 2014

	Property development *RMB'000*	**Construction contract** *RMB'000*	**Property leasing** *RMB'000*	**Development management services** *RMB'000*	**Business operation services** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	**395,273**	**31,753**	**16,883**	**26,156**	**83,557**	**553,622**
Inter-segment revenue	**—**	**184,403**	**343**	**1,122**	**28,464**	**214,332**
Reportable segment revenue	**395,273**	**216,156**	**17,226**	**27,278**	**112,021**	**767,954**
Reportable segment profits	**86,953**	**(4,488)**	**11,172**	**25,684**	**7,845**	**127,166**

For the six months ended 30 June 2013

	Property development *RMB'000*	Construction contract *RMB'000*	Property leasing *RMB'000*	Development management services *RMB'000*	Business operation services *RMB'000*	Total *RMB'000*
Revenue from external customers	629,684	53,933	10,943	9,017	71,155	774,732
Inter-segment revenue	—	341,984	81	—	8,337	350,402
Reportable segment revenue	629,684	395,917	11,024	9,017	79,492	1,125,134
Reportable segment profits	173,349	3,057	6,633	8,542	12,707	204,288

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Profits		
Reportable segment profit derived from Group's external customers	**127,166**	204,288
Increase in fair value of investment properties	**76,590**	2,400
Share of losses of associates	**(190)**	(190)
Share of profits/(losses) of joint ventures	**2,738**	(1,690)
Other income	**1,148**	1,791
Finance income	**6,402**	4,654
Finance costs	**(11,169)**	(8,695)
Depreciation and amortisation	**(8,962)**	(6,539)
Consolidated profit from continuing operations before income tax	**193,723**	196,019

	At 30 June	At 31 December
	2014	2013
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**7,798,387**	6,821,591
Equity accounted investees	**139,169**	160,552
Other unallocated amounts	**102,690**	101,328
Consolidated total assets	**8,040,246**	7,083,471
Liabilities		
Reportable segment liabilities	**5,732,339**	5,414,069
Other unallocated amounts	**7,431**	4,286
	5,739,770	5,418,355

4 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
(a) Finance (income)/costs:		
Finance income:		
Interest income	**(5,408)**	(3,464)
Net realised and unrealised gains on other investments	**(961)**	(1,190)
Net foreign exchange gain	**(33)**	—
Sub-total	**(6,402)**	(4,654)
Finance costs:		
Interest expense	**129,616**	69,967
Less: Capitalised interest expenses	**(118,447)**	(62,479)
	11,169	7,488
Net realised and unrealised losses on other investments	**—**	1,207
Sub-total	**11,169**	8,695
Net finance costs	**4,767**	4,041
(b) Staff costs:		
Salaries, wages and other benefits	**110,067**	86,904
Contributions to defined contribution retirement schemes	**6,289**	5,200
	116,356	92,104
(c) Other items:		
Depreciation	**8,645**	5,819
Amortisation	**317**	720
Auditors' remuneration	**500**	1,048
Cost of properties sold	**241,330**	395,857
Cost of construction and goods sold	**29,649**	50,446
Rentals receivable from investment properties	**(16,883)**	(10,943)
Less: Direct outgoings	**50**	12
Operating lease charges	**2,152**	1,803

5 INCOME TAX

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**37,864**	58,344
PRC Land Appreciation Tax	**13,151**	42,497
	51,015	100,841
Deferred tax		
Origination and reversal of temporary differences	**9,208**	(5,984)
Total income tax expenses	**60,223**	94,857

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB130,676,000 (six months ended 30 June 2013: RMB83,826,000). The weighted average number of ordinary shares for the six months ended 30 June 2014 is approximately 3,524,862,000 (six months ended 30 June 2013: 2,520,090,000), after adjusting for the capitalisation issue on 28 March 2014 (note 14).

The weighted average number of shares in issue for the six months ended 30 June 2013 is based on the assumption that 2,520,090,000 shares of the Company are in issue and issuable, as if the shares were outstanding throughout the period.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares for the six months end 30 June 2014 and the year ended 31 December 2013 and therefore, diluted earnings per share are not presented.

7 INVESTMENT PROPERTIES

At 30 June 2014, the fair values of the Group's completed investment properties of approximately RMB396,100,000 (31 December 2013: RMB298,200,000) and investment properties under development of approximately RMB103,900,000 (31 December 2013: nil) at the end of the reporting period were arrived at on the basis of a valuation carried out by Savills Valuation and Professional Services Limited ("Savills"), an independent firm of surveyors.

The valuation were carried out by Savills with reference to market value of property interest, which intended to be the estimated amount for which a property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In valuing the property interest in the PRC, Savills has adopted the investment approach (income approach) by taking into account the current rental income of the property interest and the reversionary potential of the tenancy, and also adopted the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc., between the comparable properties and the subject property. During the period ended 30 June 2014, a net gain of RMB76,590,000 (six months ended 30 June 2013: RMB2,400,000), and deferred tax thereon of RMB19,148,000 (six months ended 30 June 2013: RMB600,000), have been recognised in the consolidated statement of profit or loss for the period in respect of investment properties.

8 PROPERTIES UNDER DEVELOPMENT

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

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
Expected to be recovered within one year		
Properties under development for sale	**1,553,493**	1,572,232
Expected to be recovered after more than one year		
Properties held for future development for sale *(Note)*	**735,197**	755,545
Properties under development for sale	**1,179,744**	618,531
	1,914,941	1,374,076
	3,468,434	2,946,308

Note: Properties held for future development for sale excluded government grants of RMB33,824,000 (for the year ended 31 December 2013: RMB39,525,000) for the six months ended 30 June 2014. Pursuant to the agreements between the Group's subsidiaries and local governments, such grants are for subsidising the infrastructure construction of certain projects.

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

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
In the PRC, with lease term of 40 years or more	**1,273,183**	1,327,437

Properties under development with an aggregate carrying value of RMB898,065,000 (2013: RMB774,541,000) as at 30 June 2014 were pledged for certain bank loans granted to the Group.

9 COMPLETED PROPERTIES HELD FOR SALE

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

Completed properties held for sale with an aggregate carrying value of RMB23,354,000 as at 30 June 2014 were pledged for certain bank loans granted to the Group (31 December 2013: nil).

10 INVENTORIES AND CONTRACTING WORK-IN-PROGRESS

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
Gross amounts due from customers for contract work *(Note (i))*	**175,173**	194,296
Raw materials	**1,418**	1,653
Work in progress	**3,500**	3,270
Finished goods	**48**	853
	180,139	200,072

(i) Gross amounts due from customers for contract work

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
Cost plus attributable profit less foreseeable losses	**221,672**	247,517
Less: Progress payments received and receivable	**(46,499)**	(53,221)
Contracting work-in-progress	**175,173**	194,296
Representing:		
Gross amounts due from customers for contract work included in stocks and contracting work-in-progress	**175,173**	194,296

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Carrying amount of inventories recognised as		
— Cost of sales	**29,649**	50,446

11 TRADE AND OTHER RECEIVABLES

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) and net of allowance for doubtful debts, is as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within 1 month	**22,656**	78,587
1 to 3 months	**13,573**	3,232
3 to 6 months	**81,557**	3,836
Over 6 months	**74,655**	46,418
Trade and bill receivables (net of allowance) *(Note (i))*	**192,441**	132,073
Amounts due from non-controlling equity holders	**—**	21,312
Amounts due from related parties *(Note (ii))*	**1,286**	14,950
Prepayments		
— for properties held for development *(Note (iii))*	**518,000**	518,056
— for construction cost and raw materials	**92,557**	91,784
Prepaid business tax and other tax	**34,207**	44,596
Others	**110,829**	75,251
	949,320	898,022

Trade debtors and bills receivable are due within 3 months to 6 months from the date of billing.

Notes:

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

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

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

(ii) Amounts due from related parties are unsecured, interest free and have no fixed terms of repayment.

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

12 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
Within 1 month	**586,086**	998,457
1 to 12 months	**279,716**	76,577
Over 12 months	**208,901**	56,756
Total creditors and bills payable	**1,074,703**	1,131,790
Receipts in advance	**825,866**	549,030
Accrued payroll	**3,039**	17,997
Other payables and accruals	**197,156**	388,034
Amounts due to non-controlling equity holders	**40,500**	224,021
Amounts due to related parties	**78,285**	219,572
	2,219,549	2,530,444

13 CORPORATE BONDS PAYABLE

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
Current		
At issue date *(Note)*	**367,520**	69,350
Add: Transaction costs amortised	**915**	83
Interest payable	**40,795**	7,994
	409,230	77,427
Non-current		
At issue date *(Note)*	**835,977**	543,527
Add: Transaction costs amortised	**5,114**	1,236
	841,091	544,763
At the end of the period/year	**1,250,321**	622,190

Bond information is as followings:

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
Corporate Bonds, 2013 (6 years)	**577,871**	552,113
Corporate Bonds, 2013 (365 days)	**72,906**	70,077
Phase I Non-public Debt Financing Instrument, 2014 (1 year)	**305,762**	—
Phase II Non-public Debt Financing Instrument, 2014 (2 years)	**293,782**	—
	1,250,321	622,190

Note:

In December 2013, the Company issued short-term corporate bond with maturity of 365 Days with face value of RMB70,000,000 bearing annual interest rates of 7.2%. The actual proceeds received by the Company were approximately RMB69,350,000.00. These bonds are denominated in RMB and issued at par. Interest is payable quarterly while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 8.20%. As at 30 June 2014, interest payable for these bonds above amounted to approximately RMB3,150,000 (31 December 2013: RMB644,000).

In October 2013, the Company issued long-term corporate bond with maturity of 6 years with face value of RMB600,000,000 bearing annual interest rates of 7.35%. The actual proceeds received by the Company were approximately RMB543,527,000. These bonds are denominated in RMB and issued at par. Interest is payable quarterly while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 9.48%. As at 30 June 2014, interest payable for these bonds above amounted to approximately RMB2,940,000 (31 December 2013: RMB7,350,000).

In March 2014 and June 2014, the Company issued non-public debt financing instrument with maturity of 365 Days and 2 years with face value of RMB300,000,000 and RMB300,000,000 bearing annual interest rates of 8.50% and 8.20%, respectively. The actual proceeds received by the Company were approximately RMB298,170,000 and RMB292,450,000. These bonds are denominated in RMB and issued at par. Interest is payable quarterly while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 9.17% and 9.64%, respectively. As at 30 June 2014, interest payable for these bonds above amounted to approximately RMB7,083,333.33 and RMB1,161,666.68, respectively (31 December 2013: Nil).

14 CAPITAL AND CAPITALISATION ISSUE

(a) Share capital

The Company was incorporated on 15 July 2013 with authorized capital of 100,000 shares at HK$0.10 per share. As part of the reorganization, the authorized capital of the Company was increased to HK$400,000,000 divided into 4,000,000,000 shares of HK$0.10 each.

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

	At 30 June 2014		At 31 December 2013	
	No. of Shares		No. of Shares	
	('000)	***RMB'000***	*('000)*	*RMB'000*
Ordinary shares, issued and fully paid:				
At 1 January	**100**	**8**	—	—
Capitalisation issue	**2,999,900**	**237,592**	—	—
Issue of new shares	**1,000,000**	**79,200**	100	8
At the end of the period/year	**4,000,000**	**316,800**	100	8

(b) Capitalisation issue

Pursuant to written resolutions of the Company's shareholders passed on 12 March 2014, 2,999,900,000 ordinary shares of HK$0.1 each were issued at par value on 28 March 2014 by way of capitalisation of HK$299,900,000 (equivalent to approximately RMB237,592,000) from the Company's share capital account.

On 28 March 2014, the shares of the Company were successfully listed on the Stock Exchange of Hong Kong Limited following the completion of its Initial Public Offer of 1,000,000,000 shares of HK$0.10 each issued at a price of HK$0.83 per share. The proceeds of HK$100,000,000 representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$661,435,000 (equivalent to approximately RMB523,862,000), after the issuing expenses of HK$68,565,000 (equivalent to approximately RMB54,303,000), were credited to the share premium account.

15 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period.

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the following interim period, of HK$0.032 per share (six months ended 30 June 2013: Nil) *(Note)*	**101,376**	—

Note: During the Report Period, the Company approved a final dividend of RMB101,376,000 (six months ended 30 June 2013: Nil) of which RMB93,945,000 was paid in June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property development

Revenue

In the first half of 2014, the Group's sales revenue of properties amounted to RMB395.3 million, representing a decrease of 37.2% over the first half of 2013 of RMB629.7 million. Area sold and delivered decreased by 34.1% from 101,000 sq m in the first half of 2013 to 67,000 sq m in the first half of 2014. The booked average selling price decreased by 4.7% from RMB6,223 per sq m in the first half of 2013 to RMB5,928 per sq m.

During the Reporting Period, the Group had five major projects which recorded revenue in Wuhan, accounting for 57.8% of the total revenue; for projects in other cities, including Qingdao and Ezhou, there were two projects which recorded revenue, accounting for 42.2% of the total revenue.

For the six months ended 30 June 2014, projects sold and delivered included:

		2014			2013		
Properties sold and delivered	**City**	**Revenue**	**GFA sold and delivered**	**Recognized average selling price**	Revenue	GFA sold and delivered	Recognized average selling price
		(RMB'000)	***(sq m)***	***(In RMB per sq m)***	*(RMB'000)*	*(sq m)*	*(In RMB per sq m)*
Optics Valley Software Park (Phase V)	Wuhan	**38,285**	**4,520**	**8,470**	—	—	—
Optics Valley Software Park (Phase VI)	Wuhan	**—**	**—**	**—**	3,164	579	5,465
Financial Harbour (Phase II)	Wuhan	**136,510**	**17,358**	**7,864**	558,695	90,769	6,155
Romantic Town	Wuhan	**3,156**	**604**	**5,225**	2,689	124	21,685
Innocenter	Wuhan	**49,827**	**6,855**	**7,269**	64,175	9,420	6,813
Qingdao Optics Valley Software Park	Qingdao	**119,865**	**20,158**	**5,946**	—	—	—
Ezhou OVU Science and Technology City	Ezhou	**46,938**	**16,997**	**2,762**	—	—	—
Other properties	Wuhan	**692**	**184**	**3,761**	961	302	3,182
Total		**395,273**	**66,676**	**5,928**	629,684	101,194	6,223

Sales of Properties

In the first half of 2014, the Group secured contracted sales of properties of RMB506.7 million, representing an increase of 22.3% as compared with the corresponding period of last year. The area of contracted sales was 66,000 sq m, representing an increase of 15.9% as compared with the corresponding period in 2013.

During the Reporting Period, the majority of the contracted customers were from the Group's projects in Wuhan, realizing contracted sales of RMB449.0 million and representing 88.6% of the Group's total contracted sales amount in the current period.

For the six months ended 30 June 2014, the details of property contracted sales amount and contracted area sold are as follows:

	Contracted sales amount *(RMB'000)*			**Contracted area sold** *(sq m)*		
City and project	**2014**	2013	Change *(%)*	**2014**	2013	Change *(%)*
Wuhan Optics Valley Software Park (Phase V)	**41,480**	—	>100%	**4,500**	—	>100%
Wuhan Optics Valley Software Park (Phase VI)	**156,230**	—	>100%	**19,000**	—	>100%
Wuhan Creative Capital	**164,080**	—	>100%	**18,800**	—	>100%
Wuhan Financial Harbour (Phase II)	**43,090**	336,875	–87%	**4,500**	46,208	–90%
Wuhan Innocenter	**—**	34,219	–100%	**—**	4,207	–100%
Wuhan Lido 2046	**41,790**	—	>100%	**3,500**	—	>100%
Qingdao Optics Valley Software Park	**8,140**	39,257	–79%	**1,200**	6,271	–81%
Ezhou OVU Science and Technology City	**29,180**	—	>100%	**9,600**	—	>100%
Huangshi OVU Science and Technology City	**20,410**	—	>100%	**4,800**	—	>100%
Others (Wuhan projects)	**2,340**	4,160	–44%	**400**	524	–24%
Total	**506,740**	414,511	22%	**66,300**	57,210	16%

Construction and Development

In the first half of 2014, the total GFA of newly completed properties was approximately 21,000 sq m, while the total GFA of properties sold and delivered was approximately 67,000 sq m. In the first half of 2014, the GFA of new development of the Group was approximately 318,000 sq m and it is expected that the area of new development will exceed 1,298,000 sq m for the whole year. As at 30 June 2014, the total area of properties under construction was 1,533,000 sq m.

Land Bank

As at 30 June 2014, the planned GFA of the Group's land bank was 6,846,000 sq m, which can fulfill the development demand for at least the coming five years. The average floor price of the land was RMB395 per sq m.

The land bank of the Group was distributed in the major second- and third-tier cities in the PRC, among which 72.8% were situated in Wuhan, while the remaining 27.2% were situated in cities such as Qingdao, Hefei, Shenyang, Ezhou, Huangshi, etc.

An overview of land bank as at 30 June 2014 is as follows:

Project	City	Location	Uses	Proportion of interest of the Group in the project	Land bank (*sq m*)
Optics Valley Software Park	Wuhan	1 Guanshan Avenue, Donghu New Development Zone	Industrial	100%	214,198
Financial Harbour (Phase I)	Wuhan	East of Donghu Development Zone — Business park	Industrial	100%	51,648
Financial Harbour (Phase II)	Wuhan	East of Guanggu Avenue, North of Gaoxin Fourth Road, Donghu Development Zone	Industrial	100%	266,069
Financial Harbour (Phase III)	Wuhan	East of Guanggu Avenue, North of Gaoxin Fourth Road, Donghu Development Zone	Industrial	70%	350,463
Optics Valley Financial Harbour (Phase IV)	Wuhan	East of Guanggu Avenue, North of Gaoxin Fourth Road, Donghu Development Zone	Commercial	70%	658,333
Wuhan Innocenter	Wuhan	Liangshantou Village, Liufang Street, Jiangxia District, Wuhan City	Industrial	100%	206,918
Qingdao Software Park	Qingdao	Huangdao District of Qingdao City	Industrial	100%	425,686
Qingdao Innocenter	Qingdao	South of Fuchunjiang Road, West of Emeishan Road, Huangdao District of Qingdao City	Industrial	100%	148,285
Qingdao Marine & Science Park	Qingdao	East of Emeishan Road, North of Zhujiang Road, Huangdao District of Qingdao City	Industrial	100%	197,050
Ezhou OVU Science and Technology City	Ezhou	South of Gaoxin Third Road, Gedian Economic and Technical Development Zone	Industrial	80%	450,177
Lido Mason	Wuhan	West of Minzhu Road, South of Zhonghuan Road, Donghu Development Zone	Residential	50%	91,475
Creative Capital	Wuhan	Mahu Village, Hungshan Street, Hungshan District	Commercial	100%	389,255
Huangshi OVU Science and Technology City (Phase I)	Huangshi	185 Jinshan Boulevard, Huangshi Economic Development Zone	Industrial	100%	190,600
Lido 2046	Wuhan	Intersection of Xiongchu Avenue and Dingzi Bridge, Hongshan District	Residential	100%	126,629
Energy Conservation Business Park	Wuhan	West of Guanggu Third Road, North of Zhulin Road	Industrial	70%	2,235,156
Shenyang International Financial Harbour (Phase I)	Shenyang	Daxin Sanchun, Cailuo Street, Shenbei New District	Industrial	100%	185,801
Hefei Financial Harbour	Hefei	Southeast of Huizhou Avenue and Yangzijiang Road, Binghu New District, Hefei City	Commercial	80%	608,660
Romantic Town	Wuhan	46 Guanggu Avenue, Donghu New Development Zone	Residential	51%	16,772
Others	Wuhan	N/A	Residential	100%	32,733
Total					**6,845,908**

Business Operation Services

The Group provides enterprises operating in its business parks with diversified and one-stop business operation services to facilitate and serve their business operations, as well as reducing their operational costs. As the Group develops and completes an increasing number of business parks, the scope of services of its business parks are continuously expanding with the number of customers constantly on the rise. The Group provides business operation services including property management, services of district cooling and heating system, human resources and training services, accommodation, hotels, group catering services, etc. to its customers. Turnover from business operation services was RMB83.6 million, representing an increase of 17.4% as compared to RMB71.2 million in the corresponding period in 2013.

Construction Contract

The Group provides construction services ranging from decorating and improving external parts and internal public areas of buildings to customers in its business parks as well as customers operating in properties owned by third parties. As the Group enhances its integrated operation model along the value-chain of the business park development industry, the amount of decoration and improvement services provided by Wuhan Lido Technology Co., Ltd., a wholly-owned subsidiary of the Group, to its project companies has been increasing gradually. Turnover of the Group from construction contracts amounted to RMB31.8 million for the half year ended 30 June 2014.

Property Leasing

The Group engages in property leasing in its business parks. In addition, the Group also holds and leases out certain properties with supporting services and office properties suitable for general business purpose to generate recurring rental income. As of 30 June 2014, the Group held investment properties with total GFA of 122,652 sq m. During the Reporting Period, turnover from property leasing amounted to RMB16.9 million.

Development Management Services

The Group provides, on a selective basis, project planning and development management services primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them. As of 30 June 2014, the Group had provided development management services for four business park projects with total GFA of 2,091,384 sq m and two residential projects with total GFA of 285,686 sq m. During the Reporting Period, turnover from developing management services was RMB26.2 million.

Future Prospect

Future prospect for the second half of 2014

The Group is of the view that in the second half of 2014, the external operating environment will continue to be full of uncertainties. In terms of the external environment, the U.S. economy continues to recover and rebound while employment continues to show an increasing trend and it is expected that more stimulating policies will be introduced in the Eurozone due to the stagnant economy. It is expected that the discrepancy in performance of major developed economies such as Europe and the U.S. will bring pressure to the steady growth of China's economy.

In the first half of the year, the inflation rate of China's economy remained at a relatively low level, and gross domestic product maintained a steady growth at around 7.5% as compared to the last corresponding period. If the economic growth cannot meet the target set in the beginning of the year, it is expected that the central government will continue to gear up the "micro-stimulus" measures, but will not introduce economic stimulating policies on a larger scale.

It is expected that the central government will loosen the regulation and control measures on real estate market moderately in the second half of the year, but the degree of which depends on the performance of macro-economy and the decline in real estate market. In the short run, purchase restriction in major cities will not be significantly loosened, but in the long run, the central government will gradually replace the current administrative control measures with differentiated and market-oriented long-lasting mechanism. As it is expected that the government will loosen its control over the real estate market, the performance of real estate market in the second half of of the year is expected to be slightly better than that in the first half.

China's commercial business park market has already entered into the fast track of industry development, which is characterized by significant market demand and high entry level of competition. Under the influence of China's macro policies such as proactively promoting the structural adjustment of national economy, supporting the development of strategic emerging industries and upgrading industries and new-type urbanization, the Group expects that the demand in China's commercial business park will remain robust. Such favourable macro policy environment and strong market demand will be beneficial to the Group's development and operation of business parks which focus on industries encouraged by the state and business parks with fully integrated working and living community developed under the banner of new-type urbanization.

Future operating strategies

Pursue sustainable growth — To further strengthen the leading position of the Group in existing business park development business, and replicate its business model in the target cities with rapid development, as well as establishing a nationwide business.

Addition of new thematic park product lines — To fully utilize the edge originated from the brand, experience and high-calibers, and to focus on developing new business parks with the theme of emerging and rapidly developing industries.

Constantly increase the income from property investment and development management — To increase property investment strategically, further expand the scope of development management services to cover land owned by third parties but developed, managed and sold by the Company exclusively with a view to achieving profit sharing, boosting profitability and diversifying sources of income.

Enhance the model with fully integrated working and living community — To leverage on the new-type urbanization to enhance the development model characterized by the fully integrated working and living community. This helps to create more job opportunities in the business parks and provide a stable and sustainable community for residents at the same time.

Strengthen the model of integration along the value-chain— To further enhance the capability in developing and operating business parks, and consolidate the vertically integrated business model.

Implement prudent financial policies — To effectively control the total borrowings, level of net debt ratio and strengthen cash flow management.

CORPORATE INFORMATION AND GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 15 July 2013 as an exempted company with limited liability, and the shares ("**Shares**") of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 March 2014 (the "**Listing Date**").

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

Throughout the period from the Listing Date up to the end of the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

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 its shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

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

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

Save as disclosed above, throughout the period from the Listing Date up to the end of the Reporting Period, the Company has been in compliance with all the code provisions set forth in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date.

Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the standards as set out in the Model Code throughout the period from the Listing Date up to the end of the Reporting Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Audit Committee was established with terms of reference in compliance with the CG Code, and comprises three members, namely Mr. Leung Man Kit (independent non-executive Director), Ms. Shu Chunping (non-executive Director) and Mr. Qi Min (independent non-executive Director). The Audit Committee has reviewed together with the management and the external auditor the accounting principles and policies adopted by the Group and the unaudited interim results for the six months ended 30 June 2014.

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND 2014 INTERIM REPORT

This announcement is published on the websites of the Company (http://www.ovuni.com) and the Stock Exchange (http://www.hkexnews.hk). The 2014 Interim Report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

By order of the Board
Optics Valley Union Holding Company Limited
Huang Liping
Chairman

Hong Kong, the People's Republic of China
27 August 2014

As at the date of this announcement, the Directors of the Company are Mr. HUANG Liping, Mr. HU Bin and Ms. CHEN Huifen as executive Directors; Mr. LU Jun, Ms. SHU Chunping and Mr. ZHANG Jie as non-executive Directors; Mr. QI Min, Mr. LEUNG Man Kit and Ms. ZHANG Shuqin as independent non-executive Directors.