OVU

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

SUMMARY OF 2014 RESULTS

- For the year ended 31 December 2014, the total revenue of the Group was RMB1,928.9 million, down 1.9% from 2013.
- The profit attributable to the owners of the Group was approximately RMB415.2 million, representing an increase of 29.4% as compared to the same period of 2013.
- Core net profit attributable to the owners of the Group (excluding post-tax gains from increase in fair value of investment properties) was approximately RMB339.2 million, up 7.3% compared to the same period of 2013.
- The Group maintained relatively high level of consolidated gross profit margin of 35.4% in 2014; the core net profit margin was 17.7%.
- As at 31 December 2014, the total domestic borrowings of the Group was RMB3,326.1 million, of which corporate bonds payable was approximately RMB1,187.3 million, accounting for 35.7% of the total domestic borrowings. Benefiting from more diverse financing channels, the average borrowing cost was 7.5%.
- Equity attributable to the owners of the Group was approximately RMB2,349.2 million, representing an increase of 63.8% compared to the same period of 2013.
- The Board proposed a final dividend of HKD3.2 cents per share, in the form of cash. The total dividend payout accounted for 30% of the total core net profit.

The Board (the "**Board**") of directors (the "**Directors**") of Optics Valley Union Holding Company Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2014 (the "**Reporting Period**"), together with the comparative figures for 2013 as follows.

AUDITED CONSOLIDATED FINANCIAL RESULTS OF THE GROUP FOR THE REPORTING PERIOD

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014 — Audited
(Expressed in Renminbi)

	Note	**2014** *RMB'000*	2013 *RMB'000*
Turnover	*4*	**1,928,948**	1,966,348
Cost of sales		**(1,246,287)**	(1,254,158)
Gross profit		**682,661**	712,190
Other income		**9,303**	21,981
Selling and distribution expenses		**(66,324)**	(47,450)
Administrative expenses		**(135,031)**	(141,922)
Other expenses		**(514)**	(911)
Results from operating activities before changes in fair value of investment properties		**490,095**	543,888
Increase in fair value of investment properties		**105,380**	6,542
Results from operating activities after changes in fair value of investment properties		**595,475**	550,430
Finance income		**20,076**	15,263
Finance costs		**(12,922)**	(12,597)
Net finance income	*5(a)*	**7,154**	2,666
Share of losses of associates		**(385)**	(439)
Share of profits of a joint venture		**29,774**	41,124
Profit before taxation		**632,018**	593,781
Income tax	*6(a)*	**(211,700)**	(255,227)
Profit for the year		**420,318**	338,554

	Note	**2014** RMB'000	2013 RMB'000
Attributable to:			
Equity shareholders of the Company		**415,190**	320,869
Non-controlling interests		**5,128**	17,685
Profit for the year		**420,318**	338,554
Basic earnings per share (RMB cents)	*7(a)*	**11.03**	11.62

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 18(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014 — Audited
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Profit for the year		**420,318**	338,554
Other comprehensive income for the year (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China, net of nil tax		**175**	(486)
Other comprehensive income for the year		**175**	(486)
Total comprehensive income for the year		**420,493**	338,068
Attributable to:			
Equity shareholders of the Company		**415,365**	320,383
Non-controlling interests		**5,128**	17,685
Total comprehensive income for the year		**420,493**	338,068

Consolidated Statement of Financial Position
At 31 December 2014 — Audited
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**278,784**	175,440
Investment properties	*8*	**527,510**	298,200
Intangible assets		**4,354**	4,332
Interest in associates		**761**	1,146
Interest in a joint venture		**165,249**	160,475
Other investments		**10,000**	10,000
Deferred tax assets		**67,963**	75,194
		1,054,621	724,787
Current assets			
Other investments		**—**	122,220
Properties under development	*9(a)*	**2,545,744**	2,946,308
Completed properties held for sale	*10*	**1,993,088**	992,615
Inventories and contracting work-in-progress	*11*	**243,855**	200,072
Trade and other receivables	*12*	**1,215,158**	898,022
Current tax assets		**3,800**	32,578
Restricted cash	*13*	**139,798**	3,630
Cash and cash equivalents	*14*	**936,977**	1,163,239
		7,078,420	6,358,684
Current liabilities			
Trade and other payables	*15*	**1,964,900**	2,530,444
Loans and borrowings	*16*	**1,170,800**	905,500
Corporate bonds payable	*17*	**384,627**	77,427
Income tax payable		**134,743**	151,745
Current portion of deferred income		**4,006**	—
		3,659,076	3,665,116
Net current assets		**3,419,344**	2,693,568
Total assets less current liabilities		**4,473,965**	3,418,355

	Note	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Loans and borrowings	*16*	**968,046**	1,151,830
Corporate bonds payable	*17*	**802,637**	544,763
Deferred tax liabilities		**82,187**	56,646
Non-current portion of deferred income		**36,056**	—
		1,888,926	1,753,239
Net assets		**2,585,039**	1,665,116
Capital and reserve			
Share capital	*18(a)*	**316,800**	8
Reserves		**2,032,420**	1,434,417
Total equity attributable to equity shareholders of the Company		**2,349,220**	1,434,425
Non-controlling interests		**235,819**	230,691
Total equity		**2,585,039**	1,665,116

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 STATEMENT OF COMPLIANCE

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

The IASB has issued certain new and revised IFRSs that are first effective in the current year. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The following developments 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
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

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

3 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.

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

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

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

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

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

(a) Segment results, assets and liabilities

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

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

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

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

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

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

For the year ended 31 December 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	**1,533,820**	**110,686**	**39,602**	**37,765**	**207,075**	**1,928,948**
Inter-segment revenue	**—**	**270,730**	**703**	**1,767**	**44,937**	**318,137**
Reportable segment revenue	**1,533,820**	**381,416**	**40,305**	**39,532**	**252,012**	**2,247,085**
Reportable segment profits	**409,049**	**(756)**	**29,526**	**36,688**	**24,910**	**499,417**
Finance income	**16,457**	**2,971**	**—**	**—**	**648**	**20,076**
Finance costs	**(3,666)**	**(9,256)**	**—**	**—**	**—**	**(12,922)**
Depreciation	**(7,987)**	**(7,694)**	**—**	**—**	**(2,262)**	**(17,943)**
Amortisation	**(506)**	**(78)**	**—**	**—**	**(98)**	**(682)**
Share of losses of associates	**(385)**	**—**	**—**	**—**	**—**	**(385)**
Share of profits of a joint venture	**29,774**	**—**	**—**	**—**	**—**	**29,774**
Increase in fair value of investment properties	**103,780**	**1,100**	**—**	**—**	**500**	**105,380**

For the year ended 31 December 2013

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

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

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**2,247,085**	2,586,218
Elimination of inter-segment revenue	**(318,137)**	(619,870)
Consolidated revenue	**1,928,948**	1,966,348
Profits		
Reportable segment profit derived from Group's external customers	**499,417**	536,360
Increase in fair value of investment properties	**105,380**	6,542
Share of losses of associates	**(385)**	(439)
Share of profits of a joint venture	**29,774**	41,124
Other income	**9,303**	21,981
Finance income	**20,076**	15,263
Finance costs	**(12,922)**	(12,597)
Depreciation and amortisation	**(18,625)**	(14,453)
Consolidated profit from continuing operations before tax	**632,018**	593,781
Assets		
Reportable segment assets	**7,891,624**	6,821,591
Equity accounted investees	**166,010**	160,552
Other unallocated amounts	**75,407**	101,328
Consolidated total assets	**8,133,041**	7,083,471
Liabilities		
Reportable segment liabilities	**5,542,729**	5,414,069
Other unallocated amounts	**5,273**	4,286
Consolidated total liabilities	**5,548,002**	5,418,355

4 TURNOVER

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

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

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

	2014	2013
	RMB'000	*RMB'000*
Revenue from:		
Property development	**1,533,820**	1,580,002
Construction contract	**110,686**	184,577
Business operation services	**207,075**	150,882
Development management services	**37,765**	27,343
Property leasing	**39,602**	23,544
	1,928,948	1,966,348

5 PROFIT BEFORE TAXATION

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

(a) Finance income/(costs)

	2014	2013
	RMB'000	*RMB'000*
Finance income		
Interest income	**16,576**	10,459
Net realised and unrealised gains on other investments	**3,500**	4,804
Sub-total	**20,076**	15,263
Finance costs		
Interest expenses	**(250,938)**	(127,710)
Less: Capitalised interest expenses	**238,171**	120,524
	(12,767)	(7,186)
Net foreign exchange loss	**(155)**	(1,227)
Net realised and unrealised losses on other investments	**—**	(4,184)
Sub-total	**(12,922)**	(12,597)
Net finance income	**7,154**	2,666

(b) Staff costs

	2014	2013
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**202,541**	161,290
Contributions to defined contribution pension schemes	**10,699**	8,984
	213,240	170,274

(c) Other items

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

	2014	2013
	RMB'000	*RMB'000*
Depreciation	**17,943**	13,204
Amortisation	**682**	1,249
Auditor's remuneration	**2,000**	3,730
Cost of properties sold	**979,459**	955,877
Cost of construction and goods sold	**108,874**	173,322
Rentals receivable from investment properties	**(39,602)**	(23,544)
Less: Direct outgoings	**361**	32
Operating lease charges	**2,389**	3,295

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

	2014	2013
	RMB'000	*RMB'000*
Current tax		
PRC corporate income tax for the year	**113,823**	139,791
PRC Land Appreciation Tax for the year	**65,105**	133,442
	178,928	273,233
Deferred tax		
Origination and reversal of temporary differences	**32,772**	(18,006)
Total income tax expense	**211,700**	255,227

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

	2014	2013
	RMB'000	*RMB'000*
Profit before taxation	**632,018**	593,781
National tax on profit before taxation calculated at the standard tax rate applicable in the jurisdiction concerned *(Note (i) to (iii))*	**158,004**	148,391
Tax effect of non-deductible expenses	**3,786**	917
Effect on non-taxable income	**(7,370)**	(10,180)
Effect on unused tax losses not recognised	**199**	252
Tax effect of adopting prescribed tax calculation method by PRC subsidiaries *(Note (iii))*	**8,295**	7,158
PRC dividend withholding tax *(Note (v))*	**(43)**	8,607
Land Appreciation Tax in relation to completed properties sold *(Note (iv))*	**65,105**	133,442
Tax effect on Land Appreciation Tax	**(16,276)**	(33,360)
Income tax expense	**211,700**	255,227

Notes:

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

(ii) No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiaries did not earn any income subject to Hong Kong Profits Tax during the year ended 31 December 2014 and 2013.

(iii) Effective from 1 January 2008, under the PRC CIT Law, the PRC's statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to PRC income tax at 25% unless otherwise specified. According to the approval from the tax authority in Wuhan, Hubei Province, Wuhan Lido Technology Co., Ltd. and Wuhan Jitian Construction Co., Ltd.'s assessable profits were calculated based on 8% of their gross turnover for the year ended 2014.

(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.

During the year ended 31 December 2014, a subsidiary of the Group, Wuhan Optics Valley Union Group Company Limited conducted LAT final settlement with local tax bureau for certain projects. According to the final settlement notice, RMB23,344,000 of LAT accrued in previous year was reversed in 2014.

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

7 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 RMB415,190,000 (2013: RMB320,869,000) and the deemed weighted average number of 3,764,384,000 shares (2013: 2,761,350,000 shares) in issue during the year, after adjusting for the capitalisation issue on 28 March 2014 (Note 18(c)).

The weighted average number of shares in issue for the year ended 31 December 2013 was based on the assumption that 2,761,350,000 shares of the Company are in issue and issuable, comprising weighted average of 92,045 shares in issue and 2,761,257,955 shares to be issued pursuant to the capitalization issue, as if the shares were outstanding throughout the period from 1 January 2013 to the Listing Date, 1,000,000,000 shares issued under IPO.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares during the year ended 31 December 2014 and 2013 and therefore, diluted earnings per share are not presented.

8 INVESTMENT PROPERTIES

Investment properties comprise a number of commercial and residential properties that are leased to third parties.

As at 31 December 2014, the fair values of the Group's completed investment properties of approximately RMB474,010,000 (31 December 2013: RMB298,200,000) and investment properties under development of approximately RMB53,500,000 (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.

As at 31 December 2014, certain investment properties of the Group with carrying value of RMB285,300,000 (including investment properties under development of approximately RMB53,500,000) (31 December 2013: RMB61,900,000), were without building ownership certificate. The Group was in progress of obtaining the relevant building ownership certificate.

Certain bank loans granted to the Group were jointly secured by certain investment properties with an aggregate fair value of RMB33,357,000 (2013: RMB30,337,000) as at 31 December 2014, and certain properties under development and completed properties held for sale held by the Group (Note 9 and 10).

All investment properties of the Group were revalued as at 31 December 2014 and 2013 on an open market value basis calculated by reference to net rental income allowing for reversionary income potential.

9 PROPERTIES UNDER DEVELOPMENT

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

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Expected to be recovered within one year		
— Properties under development for sale	**1,375,670**	1,572,232
Expected to be recovered after more than one year		
— Properties held for future development for sale *(Note)*	**538,372**	755,545
— Properties under development for sale	**631,702**	618,531
	1,170,074	1,374,076
	2,545,744	2,946,308

Note: Properties held for future development for sale is after netting off benefits from government grants of RMB6,535,000 (2013: RMB39,525,000) for the year ended 31 December 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:

	2014	2013
	RMB'000	*RMB'000*
In the PRC, with lease term of 40 years or more	**1,292,014**	1,327,437

Properties under development with an aggregate carrying value of RMB2,178,199,000 (2013: RMB774,541,000) as at 31 December 2014 were pledged for certain bank loans granted to the Group.

10 COMPLETED PROPERTIES HELD FOR SALE

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

Completed properties held for sale as at 31 December 2014 were RMB23,354,000 for certain bank loans granted to the Group (2013: Nil).

11 INVENTORIES AND CONTRACTING WORK-IN-PROGRESS

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Gross amounts due from customers for contract work *(Note (i))*	**234,794**	194,296
Raw materials	**1,327**	1,653
Work in progress	**7,234**	3,270
Finished goods	**500**	853
	243,855	200,072

(i) Gross amounts due from customers for contract work

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Cost plus attributable profit less foreseeable losses	**298,917**	247,517
Less: Progress payments received and receivable	**(64,123)**	(53,221)
Contracting work-in-progress	**234,794**	194,296

	2014	2013
	RMB'000	*RMB'000*
Carrying amount of inventories recognised as		
— Cost of sales	**108,874**	173,322

12 TRADE AND OTHER RECEIVABLES

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Amounts due from third parties		
— Trade receivables *(Note (i))*	**392,477**	127,732
— Bills receivable	**1,700**	4,341
Amounts due from non-controlling equity holders	**—**	21,312
Amounts due from related parties	**287**	14,950
Prepayments		
— for properties held for development *(Note (ii))*	**538,372**	518,056
— for construction cost and raw materials	**61,417**	91,784
Prepaid business tax and other tax	**12,208**	44,596
Others	**208,697**	75,251
Total	**1,215,158**	898,022

Notes:

(i) Trade receivables are primarily related to proceeds from the sale of properties and its construction business. Proceeds from the sale of properties are made in bank mortgage loans, lump-sum payments or paid by installments in accordance with the terms of the corresponding contracts. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis. Regular review and follow-up actions are carried out on overdue amounts of instalments receivable from sale of properties and receivable from construction contracts, which enable management to assess their recoverability and to minimise exposure to credit risk. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

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

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

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

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

(a) Ageing analysis

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

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**234,261**	78,587
1 to 3 months	**2,485**	3,232
3 to 6 months	**17,911**	3,836
Over 6 months	**139,520**	46,418
Total	**394,177**	132,073

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

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**318,096**	108,097
Less than 1 month past due	**28,641**	14,592
1 to 3 months past due	**3,100**	3
3 to 6 months past due	**11,006**	—
Over 6 months past due	**33,334**	9,381
Total	**394,177**	132,073

13 RESTRICTED CASH

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Pledged for		
— Mortgage deposit	**1,411**	—
— Banker's letter of guarantee	**—**	2,500
— Wages guarantee	**1,006**	1,009
— Bond-issuance bank account	**131**	121
— Bank acceptance notes guarantee	**102,700**	—
— Interest-bearing loans deposit	**34,550**	—
Total	**139,798**	3,630

14 CASH AND CASH EQUIVALENTS

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Cash at bank and in hand		
— Cash in hand	**281**	175
— Cash at bank	**936,696**	1,163,064
	936,977	1,163,239

15 TRADE AND OTHER PAYABLES

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Amounts due to third parties		
— Trade payables *(Note)*	**1,137,163**	1,125,360
— Notes payables	**59,950**	6,430
— Receipts in advance	**368,827**	549,030
— Accrued payroll	**16,527**	17,997
Other payables and accruals	**229,835**	388,034
	1,812,302	2,086,851
Amounts due to non-controlling equity holders	**59,262**	224,021
Amounts due to related parties	**93,336**	219,572
	152,598	443,593
	1,964,900	2,530,444

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

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**998,969**	998,457
1 to 12 months	**166,755**	76,577
Over 12 months	**31,389**	56,756
	1,197,113	1,131,790

16 LOANS AND BORROWINGS

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

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Current		
Secured		
— Bank loans	**520,000**	560,000
— Current portion of non-current bank loans	**237,800**	183,500
— Other Borrowings	**150,000**	—
	907,800	743,500
Pledged		
— Current Portion of Non-current pledged borrowings	**138,000**	—
	138,000	—
Unsecured		
— Bank loans	**125,000**	162,000
	125,000	162,000
	1,170,800	905,500
Non-current		
Secured		
— Bank loans	**1,048,630**	1,197,330
Less: Current portion of non-current bank loans	**(237,800)**	(183,500)
	810,830	1,013,830
Pledged		
— Other borrowings	**295,216**	138,000
Less: Current Portion of Non-Current Pledged borrowings	**(138,000)**	—
	157,216	138,000
	968,046	1,151,830

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

As at 31 December 2014 and 2013, interest bearing borrowings are all denominated in functional currency of respective subsidiaries.

Pledged loans with value of RMB295,216,000 as at 31 December 2014 was pledged by the 80% equity interests of Hefei Optics Valley Union Development Co., Ltd.. The loan is an entrusted loan provided by non-controlling shareholder.

The bank loans bear interest ranging from 6.0% to 12.0% (2013: from 5.4% to 12.0%) per annum for the year ended 31 December 2014. The bank loans are secured by the following assets:

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Investment properties	**33,357**	30,337
Properties under development	**2,178,199**	774,541
Completed properties held for sale	**23,354**	—
Property, plant and equipment	**61,386**	17,740
Total	**2,296,296**	822,618

All of the group's banking facilities are subject to the fulfillment of covenants relating to certain of the group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the group were to breach the covenants the drawn down facilities would become payable on demand. The group regularly monitors its compliance with these covenants. As at 31 December 2014 none of the covenants relating to drawn down facilities had been breached (2013: nil).

17 CORPORATE BONDS PAYABLE

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Current		
As at 1 January	**77,427**	—
Net proceeds from bonds issued during the year *(Note (i) and (iii))*	**298,170**	69,350
Interests and issue cost amortised during the year	**84,070**	8,077
Interests paid during the year	**(5,040)**	—
Principal paid during the year	**(70,000)**	—
	384,627	77,427
Non-current		
As at 1 January	**544,763**	—
Net proceeds from bonds issued during the year *(Note (ii) and (iii))*	**292,450**	543,527
Interests and issue cost amortised during the year	**9,524**	1,236
Interests paid during the year	**(44,100)**	—
	802,637	544,763
As at 31 December	**1,187,264**	622,190

Note:

(i) In November 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. These bonds are denominated in RMB and issued at par. Interest and principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 8.2%. The balance was fully repaid in 2014.

(ii) 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 yearly while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 9.5%. As at 31 December 2014, interest payable for these bonds above amounted to approximately RMB7,350,000 (31 December 2013: RMB7,350,000).

(iii) 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 8.5% and 8.2%, 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 yearly while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 9.2% and 9.6%, respectively. As at 31 December 2014, interest payable for these bonds above amounted to approximately RMB19,975,000 and RMB13,598,000, respectively (31 December 2013: Nil).

18 SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The Company was incorporated on 15 July 2013 with authorized capital of 100,000 shares at HKD0.10 per share. As part of the reorganization, the authorized capital of the Company was increased to HKD1,000,000,000 divided into 10,000,000,000 shares of HKD0.10 each.

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

		At 31 December 2014		At 31 December 2013	
		No. of Share		No. of Share	
	Note	***('000)***	***RMB'000***	*('000)*	*RMB'000*
Ordinary shares, issued and fully paid:					
At 1 January		**100**	**8**	—	—
Capitalisation issue	*18(c)*	**2,999,900**	**237,592**	—	—
Issue of new shares		**1,000,000**	**79,200**	100	8
At the end of the year		**4,000,000**	**316,800**	100	8

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

(b) Dividends

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

	2014	2013
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HKD3.2 cents per ordinary share (2013: HKD3.2 cents)	**103,283**	101,566

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

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

	2014	2013
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year approved and paid during the year	**101,424**	50,479

Dividends disclosed for the years ended 31 December 2014 and 2013 represented dividends declared by the Company/relevant subsidiaries now comprising the Group out of their retained earnings to the then equity holders of the respective companies, after eliminating intra-group dividends as appropriate.

(c) Capitalisation issue

Pursuant to written resolutions of the Company's shareholders passed on 12 March 2014, 2,999,900,000 ordinary shares of HKD0.1 each were issued at par value on 28 March 2014 by way of capitalisation of HKD299,990,000 (equivalent to approximately RMB237,592,000) from the Company's share capital account.

On 28 March 2014, the Company was successfully listed on the Stock Exchange following the completion of its initial public offering of 1,000,000,000 shares of HKD0.10 each issued at a price of HKD0.83 per share. The proceeds of HKD100,000,000 representing the par value, were credited to the Company's share capital. The remaining proceeds of HKD661,435,000 (equivalent to approximately RMB523,862,000), after the issuing expenses of HKD68,565,000 (equivalent to approximately RMB54,303,000), were credited to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2014, China's real estate market went through a relatively thorough adjustment, as shown by a slump in property investments, oversupply, high inventories, poor sales performance, etc. The real estate market indicated a trend of adjustment, thus posing severe challenges to the sustainable development of real estate enterprises.

In order to stabilise economic growth, the central government enlarged its scale of economic transformation and made greater effort in structural adjustment. It increasingly relied on industrial innovation to nurture and create new momentum for economic growth, and thereby initiated a series of policies and measures to support the development of emerging industries and emerging service industries. In the past year, under the "new norm" of China's economy, the emerging industries, emerging service industries, innovative micro-enterprise start-ups flourished with extraordinary vitality which became a new driving force and momentum for China's economic growth.

Riding on the invaluable opportunities brought by China's economic transformation, upgrading and innovation of industries, and leveraging our strengths in developing and operating large-scale thematic business parks, the Group targets to develop into a leading service provider for new industries in China, making timely adjustment to its strategies, speeding up business transformation and is committed to providing professional services for China's economic transformation, structural adjustment and development of new industries. To achieve this, the Group implemented a series of strategic initiatives which aimed at promoting the organic growth and innovative vigour of enterprise development, rapidly enhancing the comprehensive capability in nurturing and developing services for China's new industries and constantly creating shareholder value.

RESULTS OF OPERATIONS

During the Reporting Period, the Group achieved a turnover of RMB1,928.9 million from the contributions of property developments and related business (inclusive of construction contracts and development management services), business operation services and property leasing, slightly decreased by 1.9% as compared to 2013; profit before tax amounted to RMB632.0 million and net profit for the year amounted to RMB420.3 million, representing an increase of 6.4% and 24.2% as compared to 2013, respectively. Profits attributable to shareholders increased by 29.4% to RMB415.2 million as compared to the same period of 2013. Earnings per share was RMB11.0 cents. Equity attributable to controlling shareholders increased by 63.8% to RMB2,349.2 million. Net asset value per share amounted to RMB0.62, representing an increase of 20.2% as compared to the same period of 2013. The rate of return on average share capital was 21.9%. The Board proposed a final dividend of HKD3.2 cents (equivalent to RMB2.6 cents) per share for 2014.

BUSINESS REVIEW

The Group has developed, and provides operation services for, a portfolio of multi-theme business parks in six cities, namely Wuhan, Qingdao, Hefei, Shenyang, Ezhou and Huangshi, and is a market leader in the business park development and operation sector in China. The Group has accumulated extensive industry knowledge and experience, development capabilities and operational expertise in the development and operation of large-scale thematic business parks, established a professional operation team, and successfully replicated its business model in Wuhan to other target cities. The principal businesses of the Group comprise three parts, namely development and related business for business parks with distinctive themes (including construction contract and development management business), business operation services for customers in the business parks and investment property leasing business.

In addition to the development and sales of multi-theme business parks, the Group provides construction services for decorating and improving external parts and internal public areas of buildings to customers in its business parks as well as property developments owned by third parties (construction contract). The Group provides, on a selective basis, comprehensive services from project planning to development management primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them (development management business). As at 31 December 2014, the Group had provided development management services for four business park projects with a total GFA of 2,091,384 sq.m. and two residential projects with a total GFA of 285,686 sq.m.

For business operation services, the Group provides the enterprises in its business parks with a full spectrum of one-stop and integrated business operation services comprising over 10 types of professional services, including property management and services, energy services, human resources and training. The Group puts customer satisfaction a top priority, with an aim of constantly enhancing the integrated service capacity and standard.

Regarding our investment property leasing business, the Group has progressively increased its holding in rental properties located in the business parks in order to generate long-term rental income and stable cash inflows as well as maintaining appreciation in property value.

Revenue

The Group generated turnover from sale of properties in business parks and related business (including construction contract and development management services), business operation services and property leasing. During the Reporting Period, turnover of the Group decreased slightly from RMB1,966.3 million for the year ended 31 December 2013 to RMB1,928.9 million, representing a decrease of RMB37.4 million or approximately 1.9%.

Property Development and Related Business

Turnover of the Group from sale of properties decreased by RMB46.2 million or approximately 2.9% from RMB1,580.0 million for the year ended 31 December 2013 to RMB1,533.8 million for the year ended 31 December 2014, primarily due to a decrease in total GFA of properties delivered by the Group in 2014.

Turnover of the Group from construction contract decreased by RMB73.9 million or approximately 40.0% from RMB184.6 million for the year ended 31 December 2013 to RMB110.7 million for the year ended 31 December 2014, mainly because Wuhan Lido Technology Co., Ltd. ("**Wuhan Lido Technology**") has increasingly provided decoration and improvement services to the Group's project companies, rather than external customers, as we strengthened our vertically integrated business model along the value-chain of the business park development industry.

Turnover of the Group from development management services increased by RMB10.4 million or approximately 38.1% from RMB27.3 million for the year ended 31 December 2013 to RMB37.8 million for the year ended 31 December 2014, mainly attributable to the saving award of RMB15.0 million received from the landlord as we completed the Wuhan Hi-Tech Medical Devices Business Park (Phase I) in 2014 in accordance with the relevant project development schedules.

Business Operation Services

Turnover of the Group from business operation services increased by RMB56.2 million or approximately 37.2% from RMB150.9 million for the year ended 31 December 2013 to RMB207.1 million for the year ended 31 December 2014, primarily because the Group developed and completed an increasing number of business parks, expanded the scope of services offered, increased the number of customers in its business parks, and expanded the district heating and cooling ("DHC") energy services provided.

Of the turnover from business operation services, RMB131.1 million was generated from property management and service business, representing a growth of 14.6% as compared to the same period of 2013, and RMB38.5 million was generated from the DHC energy services, representing a growth of 73.4% as compared to the same period of 2013.

Property Leasing

Turnover of the Group from property leasing increased by RMB16.1 million from RMB23.5 million for the year ended 31 December 2013 to RMB39.6 million for the year ended 31 December 2014, primarily due to the increase in area of properties for rental revenue held by the Group and the increase in occupancy rate during the Reporting Period.

Contracted Sales of Properties

In 2014, the contracted sales of the Group's properties were RMB1,223.0 million; the contracted sales of GFA was 154,953 sq.m.; and the average contracted selling price was RMB7,892.7 per sq.m., representing a growth of 28.9% as compared to the same period of 2013.

During the Reporting Period, the amount and area of contracted sales of the Group's properties decreased, which were mainly due to impacts on demand resulted from the slowdown in China's economic growth and the profound adjustment of the real estate market, as well as the proactive adjustment of the Group's development strategy by transferring some quality properties from development for sale to hold for rental income in the long term.

Property Development and Completion

During the Reporting Period, the Group completed eight phased projects for business parks located in Wuhan, Qingdao, Ezhou and Huangshi, with an aggregate newly completed area of approximately 469,000 sq.m., and an area of new development of 591,000 sq.m.. The Group had an aggregate area of 1.0 million sq.m. under development as at the end of 2014.

Land Bank

During the Reporting Period, the Group has adopted an extremely prudent investment strategy in acquiring new land in response to the slowdown in economic growth of the Mainland, increased risks of the real estate market and weak market demand. No new land was added to the Group's land bank during the Reporting Period. As at the end of 2014, the land bank held by the Group in six cities, namely Wuhan, Qingdao, Hefei, Shenyang, Ezhou and Huangshi, totalled 628.7 million sq.m., which can fulfill the Group's demand for development for at least the coming five years.

Business Operation Services

The Group provides enterprises in its business parks with diversified one-stop business operation services to facilitate their business operations and reduce their operational costs. The Group provided more than 10 types of operation services in the business parks, including property management and services, services of DHC energy supply, human resources and training, entrepreneurship service center, group catering services, apartment leasing, hotels, real estate agency and recreation and entertainment.

The Group has been continuously enhancing the value-added operation services provided in its thematic business parks and adhering to its customer-oriented principle, with an aim of creating an environment with well-established services and systems for enterprises as well as providing a comfortable business environment and a diversified and exciting community life for enterprises in its business parks.

Currently, the overall area served by the Group and the area under planning for servicing within the business parks are approximately 5 million sq.m. and 10 million sq.m., respectively, which show a tremendous room of growth for the market of operation services for business parks. Wuhan Lido Property Management Company Limited, a company wholly owned by the Group, currently manages properties with an area of approximately 8 million sq.m., positioning it as a market leader in Hubei Province.

Currently, there are over 800 enterprises located in the Group's business parks, with a working population of 70,000. It represents an immense potential market for operation services in the future. Leveraging on internet and information technology, the Group will consolidate the resources of its business parks and explore the value of services offered, in order to develop it as a new growth contributor of the Group's business.

District Heating and Cooling Energy Services (DHC)

District heating and cooling energy supply system (DHC) is a system which executes the cooling or heating requests received from a group of structures within a particular district, of which the requests are executed via the process that one or more central power stations produce cooling/heating mediums including hot water, cold water or steam, and then supply the cooling/heating mediums to end users by distributing to heat exchangers in each structure through the pipe network of the district.

The planning direction of the Group is in close conformity with the direction of the National Energy Development Strategy Action Plan. We emphasize setting energy conservation as the top priority and adhere to a green, low carbon emission strategy. We also endeavor to promote district heating and cooling energy conservation systems across the country, with an aim of achieving energy conservation at user level and environmental protection, and thereby realizing a balanced and win-win situation in terms of environment, society and economic benefits. Since the system helps achieve energy conservation and emission reduction and enhance environmental benefits of urban space, it can help the government meet energy saving and emission reduction targets, help landlords to increase the available space for construction and help users to save costs. By implementing the system, the Group has furthered its innovation in energy saving technologies and generated reasonable investment returns through enhancing energy efficiency, achieving energy saving and emission reduction and helping its customers to save costs.

The Group has entered into technological collaboration agreements with foreign companies possessing advanced DHC technology in order to maintain its leading position in China in terms of technology. The Group also possesses capabilities, experience and human resources in both DHC technology and system operation, and property development, enabling it to achieve sustainable commercial operation.

The Group owns its self-developed energy conservation control systems and patents for self-developed energy saving technologies, of which 15 patents for energy saving are related to DHC. The Group ranks top in the market in terms of DHC energy saving and environmental protection technologies, system integration capability and operation and management.

Property Leasing

The Group strategically holds and leases out certain properties with supporting services and office properties suitable for general business purpose in its business parks to generate recurring rental income. As at 31 December 2014, the Group held investment properties with a total GFA of 125,156 sq.m., and recorded rental income of RMB39.6 million, representing a growth of 68.2% as compared to the same period of 2013.

The Group has set a development strategy of holding more high quality properties for rental revenue in its business parks. In 2014, we newly added 74,424 sq.m. to our investment property portfolio, mainly attributable to the Wuhan Creative Capital (武漢創意天地) project and the Qingdao OVU International Marine Information Harbour (青島光谷國際海洋信息港) project.

Customer Services

The Group is a well-known brand which engages in the development and operation of business parks in China. It has been adhering to its customer-oriented principle, realising its customer service philosophy of providing a full spectrum of comprehensive and one-stop business operation services from project positioning, planning and construction to sales and post-delivery commercial operation services.

With customer satisfaction being the Group's top priority, it is the Group's operational objective that every aspect of operations should be based on the in-depth knowledge and understanding of our customers and it is the Group's aim to fully dedicate to serve and satisfy customers by every possible means.

Upholding its objectives of enhancing customer satisfaction and improving the innovative service system of its business parks, the Group has been proactively capturing the demand for services in the business parks and continued to further improve all service tasks based on the original service system. In addition, the Group has been constantly exploring, innovating and introducing numerous services which have unique features and are up to customers' satisfaction.

PROSPECT FOR 2015

In 2015, under the "new norm" of China's economy, on one hand, the downward pressure of economy continues to grow, economic growth rate is expected to further slow down and the real estate industry's supportive role to the economy will continue to weaken. On the other hand, the degree of structural adjustments of economy and transformation and upgrading of industries will further increase. The development of new technology service industries, manufacturing service industries and innovative services industries will accelerate and become new engines of China's economic growth. The cultivation and development of the emerging industries of China will be promoted thoroughly and extensively, thereby increasing demands for new services and development opportunities and further expediting the Group's development of the business of new service industries in China.

The central government will continue to promote the development of emerging industries by stepping up the development of national innovation model parks, supporting the development of production and high-technology service industries, as well as implementing a series of polices such as the national energy development strategies which prioritize energy conservation. The effective implementation of these policies will bring significant development opportunities to the Group which is in the process of rapid transformation into a services provider for new industries in China.

With this end in view, the Group will foster business development in the following aspects:

Deepening of Services and Solid Operation

The Group will fully and precisely capture customers' demand and enhance the overall service quality and standard comprehensively, with customers' satisfaction as the top priority in evaluating service standard. Based on its enhancement of comprehensive capabilities and standards in sales promotion and services, as well as outstanding performance in sales promotion and services for major customers of its business parks, the Group will place emphasis on strengthening sales promotion and services for small-and-medium sized customers and augmenting the customer base and resources of the Group. These will lay a solid foundation for the sustainable business development in the future.

The Group will strike a balance between project development and sales, manage properly the pace of project development, accelerate property sales and rate of cash inflows and optimise cash flow management so as to ensure its financial health and safety.

Increase in Scale of Leased Properties

The scale of the Group's business park projects is relatively large and these projects have longer development cycles and immense potential in value appreciation. While accelerating property sales, the Group plans to increase the holding of quality properties for long-term rental purpose so as to increase the value of the Group's assets. The Group will focus on enhancing the rental business scale for small-and-medium enterprises, increasing the scale of leased properties and increasing stable cash flows income while bolstering the development of enterprises in innovative industries.

Establishment of the O2O Internet Service Platforms

In order to increase the quality and standard of services to new industries, the Group will fully leverage on informationalisation measures such as Internet to combine and integrate existing offline services with customer resources, enhance the value of existing services and open up new service markets. In 2015, the Group will complete the establishment of and the operation of three internet services platforms, namely its we-media platform "Optics Valley Union" (光谷聯合), community services platform "Love Lido" (愛麗島) and culture and art platform "Creative Capital" (創意天地). Through the establishment and operation of two of these innovative marketing platforms, namely "Optics Valley Union" and "Creative Capital", the efficiency of sales services is enhanced and costs are reduced. Through the platform of "Love Lido", the Group enhanced the efficiency of services, expanded the scope of service, innovated means of service and enhanced its comprehensive capabilities and added-value of service.

Deepening of the Market Segmentation Strategies

In relation to the development of thematic business parks, the Group will deepen the market segmentation and differentiation strategies and further refine its existing product lines, with a focus on providing a cluster of quality services for upgrading of traditional industries, emerging strategic industries, innovative venture industries and culture and art industries. The Group will continue to enrich the contents and elements of the industries in specific projects, and nurture and retain a group of multi-talented personnel with knowledge of both real estate and emerging industries. The Group will break the boundaries of existing products and services, cultivate cross-boundary professionals and comprehensive capabilities, develop new business operation models, consolidate the competitive edge and maintain the leading market position of the Group.

Creation of Art-related Commercial Operation System

The Group successfully developed the culture-and-art-based "Creative Capital" project in Wuhan, China. The Group gained invaluable experience through the pooling of resources of artists, promoting the brand value of art museums, integrating online and offline arts resources and combining arts with commerce. The Group plans to replicate and upgrade the business model of "Creative Capital" in cities with favourable conditions so as to create a new art-related commercial operation system and cultivate new momentum for the growth of the Group's future business.

Advancing the System of OVU Venture Services

In response to the demand and policy direction for the innovative development of national emerging industries and capitalising on the Group's experience in serving China's emerging industries for over a decade, as well as its rich industry and customer resources, the Group will take the lead to implement a distinctive service system for start-ups in its business parks and adopt the venture model of "space plus capital" (空間+資本) that become the catalyst and accelerator of innovative venture industries. The Group will fully support the cultivation and development of innovative and technical micro-enterprises, nurture the emerging technology industries with insights into the future and develop new driving force for the business development of the Group while fostering the growth of China's emerging industries.

Being the Leader of DHC Market

The district heating and cooling (DHC) energy service system of the Group is in line with the national energy development strategies which emphasized putting energy conservation as a priority and managed to achieve harmonious mutual success in terms of economic, social and environmental effectiveness. Currently, the Group is well-positioned in China's DHC market and aims to become a market leader in China's DHC energy services market. To achieve this, the Group will speed up its process in forming strategic cooperation with strong regional enterprises, rapidly build up a strong presence in the domestic market, and adopt various investment and operation model in order to accelerate business development. Wuhan Optics Valley Energy Saving Technology Company Limited, a subsidiary of the Group, is committed to achieving its transformation from an internally-driven enterprise to a market-driven enterprise rapidly in terms of its operation mechanisms, and become an initiator and promoter of China's energy-saving and environmental protection industry.

Improvement of Mechanism and Stimulation of Innovative Vitality

In order to achieve the upgrading and transformation of business successfully, the Group will further advance management and organization mechanism, and enhance organizational efficiency. Directed by its operation targets, the Group will strengthen the responsibility and accountability of the management team, optimize resources allocation, and cultivate a group of talented personnel with high professionalism and strong comprehensive capabilities. In relation to the newly developed businesses, the Group will proactively introduce a new incentive scheme which promotes innovation, stimulates entrepreneurial vitality, fully activate the enthusiasm of management teams and staff so as to establish an operation management mechanism with innovative vitality in operation, transparency and highly efficient control as well as speedy and flexible services.

FINANCIAL REVIEW

Results of Operations

Turnover

The Group generated turnover from property development and related businesses (including construction contract and development management services), business operation services and property leasing. During the Reporting Period, turnover of the Group decreased slightly from RMB1,966.3 million for the year ended 31 December 2013 to RMB1,928.9 million for the year ended 31 December 2014. The major contributor to our turnover in the relevant periods was sales of properties in the Group's projects.

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

	Year ended 31 December			
	2014		2013	
	Turnover *RMB'000*	**% of total**	Turnover *RMB'000*	% of total
Property development and related businesses				
Property development	**1,533,820**	**79.5**	1,580,002	80.3
Construction contract	**110,686**	**5.7**	184,577	9.4
Development management services	**37,765**	**2.0**	27,343	1.4
Business operation services	**207,075**	**10.7**	150,882	7.7
Property leasing	**39,602**	**2.1**	23,544	1.2
Total	**1,928,948**	**100.0**	1,966,348	100.0

Property Development and Related Businesses

Property Development

Turnover of the Group from sale of properties decreased by RMB46.2 million from RMB1,580.0 million for the year ended 31 December 2013 to RMB1533.8 million for the year ended 31 December 2014, primarily due to the decrease in gross floor area of properties delivered by the Group in 2014.

Construction Contract

Turnover of the Group from construction contract decreased by RMB73.9 million from RMB184.6 million for the year ended 31 December 2013 to RMB110.7 million for the year ended 31 December 2014, primarily because Wuhan Lido Technology Co., Ltd. increasingly provided decoration and improvement services to our project companies, rather than external customers, as we strengthened our vertically integrated business model along the value-chain of the business park development industry.

Development Management Services

Turnover of the Group from development management services increased by RMB10.5 million from RMB27.3 million for the year ended 31 December 2013 to RMB37.8 million for the year ended 31 December 2014, primarily due to the saving award of RMB15.0 million received from the landlord as we completed the Wuhan Hi-Tech Medical Devices Business Park in 2014 in accordance with the relevant project development schedules.

Business Operation Services

Turnover of the Group from business operation services increased by RMB56.2 million from RMB150.9 million for the year ended 31 December 2013 to RMB207.1 million for the year ended 31 December 2014, primarily because the Group developed and completed an increasing number of business parks, expanded the scope of services offered under its business parks which coincided with the increasing number of customers and the growth of DHC energy services.

Property Leasing

Turnover of the Group from property leasing increased by RMB16.1 million from RMB23.5 million for the year ended 31 December 2013 to RMB39.6 million for the year ended 31 December 2014, primarily due to an increase in the property area held for rental revenue and the rise in occupancy rate during the period.

Cost of Sales

Overview

Cost of sales primarily consisted of (i) cost of properties sold in respect of the Group's property development business (mainly includes land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies), (ii) cost of construction services (mainly includes construction costs for decoration and improvement services provided by Wuhan Lido Technology Co., Ltd.), and (iii) other costs relating to other service businesses (including business operation services, construction contract and development management services). For the years ended 31 December 2013 and 2014, cost of sales of the Group was approximately 63.8% and 64.6% of its turnover for the same periods, respectively.

During the Reporting Period, cost of sales of the Group decreased by RMB7.9 million from RMB1,254.2 million for the year ended 31 December 2013 to RMB1,246.3 million.

Cost of Properties Sold

Cost of properties sold consisted primarily of costs incurred directly for the Group's property development activities, including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies. For the years ended 31 December 2013 and 2014, cost of properties sold of the Group accounted for 76.2% and 78.6% of its total cost of sales, respectively.

During the Reporting Period, cost of properties sold increased by RMB23.6 million from RMB955.9 million for the year ended 31 December 2013 to RMB979.5 million, primarily due to an overall increase in construction costs, land costs and finance costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, during the Reporting Period, overall gross profit of the Group decreased by RMB29.5 million from RMB712.2 million in 2013 to RMB682.7 million. Overall gross profit margin of the Group dropped slightly from 36.2% in 2013 to 35.4% in 2014, primarily due to the decline in gross profit of property development.

Other Income

During the Reporting Period, other income of the Group was RMB9.3 million, representing a decrease of RMB12.7 million from RMB22.0 million in 2013, primarily due to the net gain of approximately RMB11.9 million generated from the sale of the original office properties to a third party customer after the relocation of the Group's headquarters in 2013.

Selling and Distribution Expenses

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

During the Reporting Period, selling and distribution expenses of the Group was RMB66.3 million, representing an increase of RMB18.8 million from RMB47.5 million in 2013, primarily due to an increase in advertising and promotional expenses as the Group engaged in more sales, marketing and advertising activities for the increasing number of projects.

For the years ended 31 December 2013 and 2014, selling and distribution expenses of the Group were approximately 2.4% and 3.4% of its total turnover, respectively.

Administrative Expenses

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

During the Reporting Period, administrative expenses of the Group decreased by RMB6.9 million from RMB141.9 million in 2013 to RMB135.0 million, primarily due to the recognition of listing expenses of approximately RMB22.0 million by the Group in 2013. Excluding the impact of listing expenses, the Group's administrative expenses increased by approximately 12.6% in 2014 as compared to 2013, which was due to the increases in staff costs attributable to the expanding administration to cope with the Group's expanding business scale.

For the years ended 31 December 2013 and 2014, administrative expenses of the Group were approximately 7.2% and 7.0% of its total turnover, respectively.

Other Expenses

The Group's other expenses decreased by RMB397,000 from RMB911,000 for the year ended 31 December 2013 to RMB514,000 for the year ended 31 December 2014. In 2014, the Group stepped up its efforts in safety management awareness and safety education and training, resulting in a decrease of safety-related compensation expenses.

Increase in Fair Value of Investment Properties

Fair value gains on the Group's investment properties increased by RMB98.9 million from RMB6.5 million for the year ended 31 December 2013 to RMB105.4 million for the year ended 31 December 2014, primarily due to an increase in the area of investment properties of the Group.

For the years ended 31 December 2013 and 2014, the fair value gains on investment properties before taxation contributed to approximately 1.1% and 16.7% of the Group's profit before taxation for the year, respectively. The increased weighting of fair value gains in the profit for the year was mainly attributable to the change in strategy of the Group, under which the Group switched from selling a majority of properties to putting equal weightings on selling and holding properties.

Finance Income

During the Reporting Period, finance income of the Group increased by RMB4.8 million from RMB15.3 million in 2013 to RMB20.1 million, primarily due to an increase of interest income.

Finance Costs

During the Reporting Period, finance costs of the Group increased by RMB0.3 million from RMB12.6 million in 2013 to RMB12.9 million, primarily because the interest expense incurred for Wuhan Innocenter (Phase III) cannot be capitalized in 2014 for not being able to meet the capitalization criteria.

Share of Profit/(Losses) of Associates

During the Reporting Period, share of loss of associates of the Group decreased by RMB54,000 from RMB439,000 for the year ended 31 December 2013 to RMB385,000 for the year ended 31 December 2014, primarily due to the Group's proportional share of losses from Wuhan Integrated Circuit Design Technology Co., Ltd., an associate of the Group.

Share of Profit/(Losses) of Joint Ventures

The Group had share of profit of joint ventures of RMB29.8 million for the year ended 31 December 2014, which consisted primarily of the Group's share of profits of Wuhan Mason Property Co., Ltd. ("**Wuhan Mason**") from sales of properties in Lido Mason (Phase II) for that period in proportion to its 50% equity interest in Wuhan Mason.

Income Tax

During the Reporting Period, income tax expenses of the Group decreased by RMB43.5 million from RMB255.2 million in 2013 to RMB211.7 million, which was primarily due to (i) a decrease in PRC land appreciation tax of RMB68.3 million; (ii) a decrease in PRC corporate income tax of RMB26.0 million; and (iii) an increase in deferred income tax of RMB50.8 million. Effective tax rates of the Group were 43.0% and 33.5% for the years of 2013 and 2014, respectively.

Profit for the Year

As a result of the foregoing, during the Reporting Period, the profit attributable to shareholders of the Group increased by RMB94.3 million from RMB320.9 million in 2013 to RMB415.2 million. The basic earnings per share decreased from RMB11.6 cents in 2013 to RMB11.0 cents in 2014, attributable to the significant increase in weighted average number of shares for 2014 after the listing of the Group.

Financial Position

Properties under Development

The carrying amount of properties under development of the Group decreased by RMB400.6 million from RMB2,946.3 million as at 31 December 2013, to RMB2,545.7 million as at 31 December 2014, primarily due to the transfer of the Group's completed development projects to properties held for sale, including Creative Capital (Phase I), Qingdao Optics Valley International Marine Information Harbour, Ezhou OVU Science and Technology City (Phase I) and Huangshi OVU Science and Technology City (Phase I).

Completed Properties Held for Sale

The carrying amount of completed properties held for sale of the Group increased by RMB1,000.5 million from RMB992.6 million as at 31 December 2013 to RMB1,993.1 million as at 31 December 2014, primarily due to an increase in completed projects during the year.

Trade and Other Receivables

The Group's trade and other receivables increased by RMB317.2 million from RMB898.0 million as at 31 December 2013 to RMB1,215.2 million as at 31 December 2014, primarily due to an increase in trade receivables from sale of properties. In accordance with the terms of the relevant sale and purchase agreements, payment can be made by bank loans, lump sum or installment payments.

Trade and Other Payables

The Group's trade and other payables decreased by RMB565.5 million from RMB2,530.4 million as at 31 December 2013 to RMB1,964.9 million as at 31 December 2014, primarily due to the full repayment of amounts due to related parties and partial repayment of amounts due to non-controlling shareholders by the Group in 2014.

Liquidity and Capital Resources

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

In 2014, the Group's net cash outflow from operating activities was RMB828.0 million, mainly used for funding the development and sale of projects such as Creative Capital, Lido 2046, Optics Valley Financial Harbour (Phase II), Optics Valley Software Park (Phase V), Qingdao International Marine Information Harbour and Hefei Financial Harbour.

In 2014, the Group's net cash generated from financing activities was RMB467.9 million, which was primarily from proceeds from loans and borrowings, proceeds from the issue of corporate bonds and non-public fixed financing instruments. Cash outflow in financing activities in 2014 was mainly related to repayment of bank and other loans, interest and other borrowing costs paid and dividend paid.

Key Financial Ratios

Current Ratio

Current ratio of the Group, representing total current assets divided by total current liabilities, increased from 1.73 as at 31 December 2013 to 1.93 as at 31 December 2014, mainly attributable to the higher rate of increase of the Group's current assets comparing to the current liabilities. The increase was primarily due to the increases in properties under development and completed properties held for sale as the Group developed an increasing number of projects.

Net Gearing Ratio

Net gearing ratio of the Group, representing the ratio of interest bearing debts deducting total cash over total equity and multiplied by 100%, decreased from 90.8% as at 31 December 2013 to 87.0% as at 31 December 2014, primarily because of the increase in the Group's owners equity upon listing.

Indebtedness

The Group's total outstanding bank loans and other borrowings increased by RMB646.6 million from RMB2,679.5 million as at 31 December 2013 to RMB3,326.1 million as at 31 December 2014.

As at 31 December 2014, unutilized banking facilities amounted to RMB1,441.0 million and unutilized other borrowings amounted to RMB1,800.0 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 2013 and 2014, the outstanding guarantees for mortgage loans granted to customers of its pre-sold properties were approximately RMB272.0 million and RMB306.1 million, respectively.

Net Current Assets

Current assets of the Group consisted primarily of properties under development, completed properties held for sale, trade and other receivables, inventories and contracted work-in progress, and cash and cash equivalents. Total current assets of the Group were approximately RMB7,078.4 million as at 31 December 2014, as compared to RMB6,358.7 million as at 31 December 2013. As at 31 December 2013 and 2014, aggregate cash of the Group amounted to approximately RMB1,166.9 million and RMB1,076.8 million, respectively. The Group has primarily financed its expenditures through internally-generated cash flows, being primarily cash generated through pre-sale and sale of its properties (including progress payments from customers of its customized development projects and sales deposits from customers of its pre-sold properties), and cash from bank loans and other borrowings.

Current liabilities of the Group consisted primarily of trade and other payables, loans and borrowings and current tax liabilities. Trade and other payables represented costs related to its development activities. Total current liabilities of the Group were approximately RMB3,659.1 million as at 31 December 2014, as compared to RMB3,665.1 million as at 31 December 2013.

As at 31 December 2014, the Group had net current assets of approximately RMB3,419.3 million as compared to RMB2,693.6 million as at 31 December 2013. The increase in net current assets of the Group was primarily attributable to the increases in properties under development as the Group developed an increasing number of projects.

Capital Expenditure and Capital Commitment

Capital expenditure of the Group increased by RMB103.4 million from RMB179.8 million in 2013 to RMB283.1 million in 2014. Capital expenditures of the Group were primarily related to expenditure for its development projects under construction, purchases of property, plant and equipment in relation to property development, and purchases of intangible assets.

As at 31 December 2013 and 2014, the Group's outstanding balances of its commitments related to property development expenditure were RMB2,244.4 million and RMB265.9 million, respectively.

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

Employees

As at 31 December 2014, the Group had 4,087 full-time employees. The employment cost of the Group was approximately RMB213.2 million for the year ended 31 December 2014. The Group enters into employment contracts with its employees to cover matters such as position, terms of employment, wages, employee benefits and liabilities for breach and grounds for termination. Remuneration of its employees includes basic wages, allowance, bonuses and other employee benefits. The Group has implemented the measures of employee performance and promotion and the system of employee compensation and benefits. The remuneration packages of its employees include salaries and bonuses. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority.

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

Pledged Assets

As at 31 December 2014, the Group had pledged certain of its assets with a total book value of RMB2,296.3 million for the purpose of securing outstanding bank borrowings and corporate bonds, including investment properties, properties under development for sale, completed properties held for sale, property, plant and equipment, lease prepayment and restricted cash.

As at 31 December 2014, a loan of RMB295.0 million granted by Shanghai Jingzhao Aoxi Investment Center is secured by 80% equity interest in Hefei Optics Valley Union Development Co., Ltd. held by the Group.

Market Risks

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

Liquidity Risk

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

Interest Rate Risk

The Group is exposed to interest rate risks, primarily relating to its bank loans and other borrowings, which had outstanding amount of RMB3,326.1 million as at 31 December 2014. The Group undertakes debt obligations to support its property development and general working capital needs. Soaring interest rates may increase the cost of its financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of its debt obligations. The Group currently does not carry out any hedging activities to manage its interest rate risk.

Foreign Exchange Risk

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

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 it holds sufficient deposits to cover its exposure to potential credit risk. An aging analysis of the receivables is performed on a regular basis, which the Group monitors closely to minimize any credit risk associated with these receivables. The Group has no concentration of credit risk in view of its large number of customers. The Group did not record significant bad debt losses during the Reporting Period.

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 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 shareholders of the Company (the "**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. 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 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 complied with all applicable principles and code provisions of 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 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.

The Company, after making specific inquiries to all Directors, confirmed that all of the Directors have complied with the required standards in the Model Code throughout the period from the Listing Date up to the end of the Reporting Period.

REVIEW OF THE ANNUAL 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 audited annual results of the Group for the year ended 31 December 2014.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Thursday, 11 June 2015. A notice convening the AGM will be published and dispatched to the Shareholders in due course.

FINAL DIVIDEND

The Board proposed to declare a final dividend of HKD3.2 cents (equivalent to approximately RMB2.6 cents) per Share for the year ended 31 December 2014. Subject to Shareholders' approval at the AGM, the Company shall pay the final dividend on or before Tuesday, 30 June 2015 to the Shareholders whose names appear on the register of members of the Company on Friday, 19 June 2015.

CLOSURE OF REGISTER OF MEMBERS

To ascertain Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 9 June 2015 to Thursday, 11 June 2015, both dates inclusive, during which period no share transfers will be registered. In order to be eligible to attend and vote at the AGM, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712 – 1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 June 2015.

To ascertain Shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 17 June 2015 to Friday, 19 June 2015, both dates inclusive, during which period no share transfers will be registered. In order to qualify for the final dividend, which will be resolved and voted at the AGM, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 16 June 2015.

PUBLICATION OF ANNUAL RESULTS AND 2014 ANNUAL 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 Annual Report will be dispatched to the Shareholders 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

25 March 2015

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.