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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 2015

SUMMARY OF 2015 RESULTS

- For the year ended 31 December 2015, the total revenue of the Group was RMB1,903.8 million, down 1.3% from 2014.
- The profit attributable to the equity shareholders of the Company was approximately RMB499.9 million, representing an increase of 20.4% as compared to the same period of 2014.
- Core net profit of the Group (excluding post-tax gains from increase in fair value of investment properties) was approximately RMB245.4 million, down 28.1% compared to the same period of 2014.
- Consolidated gross profit margin of the Group was 31.1% in 2015, representing a decrease of 4.3% as compared to 35.4% consolidated gross profit margin in 2014, the core net profit margin was 12.9%.
- As at 31 December 2015, the total domestic borrowings of the Group was RMB3,375.3 million, of which corporate bonds payable was approximately RMB1,092.0 million, accounting for 32.4% of the total domestic borrowings. Benefiting from more diverse financing channels, the average borrowing cost was 7.5%.
- Equity attributable to the equity shareholders of the Company was approximately RMB2,765.6 million, representing an increase of 17.7% compared to the same period of 2014.
- The Board does not recommend any payment of final dividend for the year ended 31 December 2015.

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 2015, together with the comparative figures for 2014 as follows.

AUDITED CONSOLIDATED FINANCIAL RESULTS OF THE GROUP

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015 — Audited
(Expressed in Renminbi)

		2015	2014
	Note	***RMB'000***	*RMB'000*
Turnover	*3*	**1,903,840**	1,928,948
Cost of sales		**(1,311,834)**	(1,246,287)
Gross profit		**592,006**	682,661
Other income		**37,436**	9,303
Selling and distribution expenses		**(64,083)**	(66,324)
Administrative expenses		**(167,093)**	(135,031)
Other expenses		**(9,948)**	(514)
Results from operating activities before changes in fair value of investment properties		**388,318**	490,095
Increase in fair value of investment properties		**345,638**	105,380
Results from operating activities after changes in fair value of investment properties		**733,956**	595,475
Finance income		**34,788**	20,076
Finance costs		**(12,474)**	(12,922)
Net finance income	*4(a)*	**22,314**	7,154
Share of losses of associates		**(644)**	(385)
Share of (losses)/profits of joint ventures		**(7,598)**	29,774
Profit before taxation		**748,028**	632,018
Income tax	*5(a)*	**(243,438)**	(211,700)
Profit for the year		**504,590**	420,318

	Note	2015 RMB'000	2014 RMB'000
Attributable to:			
Equity shareholders of the Company		**499,886**	415,190
Non-controlling interests		**4,704**	5,128
Profit for the year		**504,590**	420,318
Basic earnings per share (RMB cents)	*6(a)*	**12.50**	11.03

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 17.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2015 —Audited
(Expressed in Renminbi)

	2015	2014
	RMB'000	*RMB'000*
Profit for the year	**504,590**	420,318
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that will not be reclassified to profit or loss:		
Revaluation of property, plant and equipment, net of tax	**17,925**	—
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	**305**	175
Other comprehensive income for the year	**18,230**	175
Total comprehensive income for the year	**522,820**	420,493
Attributable to:		
Equity shareholders of the Company	**518,116**	415,365
Non-controlling interests	**4,704**	5,128
Total comprehensive income for the year	**522,820**	420,493

Consolidated Statement of Financial Position

At 31 December 2015 — Audited

(Expressed in Renminbi)

	Note	**2015** *RMB'000*	2014 *RMB'000*
Non-current assets			
Property, plant and equipment		**274,915**	278,784
Investment properties	*7*	**1,225,700**	527,510
Intangible assets		**4,248**	4,354
Interest in associates		**13,215**	761
Interest in joint ventures		**36,051**	165,249
Other investments		**13,000**	10,000
Deferred tax assets		**68,318**	67,963
		1,635,447	1,054,621
Current assets			
Properties under development	*8(a)*	**2,443,551**	2,545,744
Completed properties held for sale	*9*	**2,317,286**	1,993,088
Inventories and contracting work-in-progress	*10*	**232,544**	243,855
Trade and other receivables	*11*	**610,373**	1,215,158
Current tax assets		**6,661**	3,800
Restricted cash	*12*	**150,466**	139,798
Cash and cash equivalents	*13*	**901,364**	936,977
		6,662,245	7,078,420
Non-current assets classified as held for sale		**19,000**	—
Assets of disposal group held for sale		**576,736**	—
		7,257,981	7,078,420
Current liabilities			
Trade and other payables	*14*	**2,075,713**	1,964,900
Loans and borrowings	*15*	**1,292,316**	1,170,800
Corporate bonds payable	*16*	**531,434**	384,627
Current tax liabilities		**126,372**	134,743
Current portion of deferred income		**4,087**	4,006
		4,029,922	3,659,076

	Note	2015 RMB'000	2014 RMB'000
Liabilities directly associated with non-current assets classified as held for sale		**2,598**	—
Liabilities of disposal group held for sale		**48,645**	—
		4,081,165	3,659,076
Net current assets		**3,176,816**	3,419,344
Total assets less current liabilities		**4,812,263**	4,473,965
Non-current liabilities			
Loans and borrowings	*15*	**991,000**	968,046
Corporate bonds payable	*16*	**560,544**	802,637
Deferred tax liabilities		**171,676**	82,187
Non-current portion of deferred income		**36,783**	36,056
		1,760,003	1,888,926
Net assets		**3,052,260**	2,585,039
Capital and reserves			
Share capital		**316,800**	316,800
Reserves		**2,448,836**	2,032,420
Total equity attributable to equity shareholders of the Company		**2,765,636**	2,349,220
Non-controlling interests		**286,624**	235,819
Total equity		**3,052,260**	2,585,039

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 STATEMENT OF COMPLIANCE

These consolidated financial statements 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 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 financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

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 IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group. The following developments are relevant to the Group's consolidated financial statements:

- Annual Improvements to IFRSs 2010–2012 Cycle
- Annual Improvements to IFRSs 2011–2013 Cycle

These improvements do not have an impact on the Group's consolidated financial statements.

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

3 TURNOVER AND SEGMENT REPORTING

The Group manages its businesses by divisions 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 and investment holding: this segment develops and sells industrial parks and residential properties. It also includes the Group's other investment holding activities. 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 years ended 31 December 2015 and 2014 is set out below.

For the year ended 31 December 2015

	Property development and investment holding *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	**1,532,937**	**66,659**	**40,854**	**16,142**	**247,248**	**1,903,840**
Inter-segment revenue	**—**	**261,219**	**1,520**	**2,048**	**39,887**	**304,674**
Reportable segment revenue	**1,532,937**	**327,878**	**42,374**	**18,190**	**287,135**	**2,208,514**
Reportable segment profit/(loss)	**294,354**	**(4,583)**	**27,202**	**15,141**	**41,608**	**373,722**
Finance income	**21,265**	**12,432**	**—**	**—**	**1,091**	**34,788**
Finance costs	**(7,246)**	**(5,228)**	**—**	**—**	**—**	**(12,474)**
Depreciation	**(9,226)**	**(9,029)**	**—**	**—**	**(4,098)**	**(22,353)**
Amortisation	**(359)**	**(18)**	**—**	**—**	**(110)**	**(487)**
Share of losses of associates	**(73)**	**(35)**	**—**	**—**	**(536)**	**(644)**
Share of losses of joint ventures	**(7,598)**	**—**	**—**	**—**	**—**	**(7,598)**
Increase in fair value of investment properties	**345,238**	**200**	**—**	**—**	**200**	**345,638**

For the year ended 31 December 2014

	Property development and investment holding *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 profit/(loss)	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

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

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**2,208,514**	2,247,085
Elimination of inter-segment revenue	**(304,674)**	(318,137)
Consolidated revenue	**1,903,840**	1,928,948
Profits		
Reportable segment profit derived from the Group's external customers	**373,722**	499,417
Increase in fair value of investment properties	**345,638**	105,380
Share of losses of associates	**(644)**	(385)
Share of (losses)/profits of joint ventures	**(7,598)**	29,774
Other income	**37,436**	9,303
Finance income	**34,788**	20,076
Finance costs	**(12,474)**	(12,922)
Depreciation and amortisation	**(22,840)**	(18,625)
Consolidated profit before tax	**748,028**	632,018
Assets		
Reportable segment assets	**8,781,239**	7,891,624
Equity-accounted investees	**49,266**	166,010
Other unallocated amounts	**62,923**	75,407
Consolidated total assets	**8,893,428**	8,133,041
Liabilities		
Reportable segment liabilities	**5,834,657**	5,542,729
Other unallocated amounts	**6,511**	5,273
Consolidated total liabilities	**5,841,168**	5,548,002

4 PROFIT BEFORE TAXATION

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

(a) Finance (income)/costs

	2015	2014
	RMB'000	*RMB'000*
Finance income		
Interest income	**(34,305)**	(16,576)
Net realised and unrealised gains on other investments	**(483)**	(3,500)
Sub-total	**(34,788)**	(20,076)
Finance costs		
Interest expenses	**291,237**	250,938
Less: Capitalised interest expenses	**(279,364)**	(238,171)
	11,873	12,767
Net foreign exchange loss	**601**	155
Sub-total	**12,474**	12,922
Net finance income	**(22,314)**	(7,154)

(b) Staff costs

	2015	2014
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**203,042**	202,541
Contributions to defined contribution pension schemes	**21,972**	10,699
	225,014	213,240

(c) Other items

	2015	2014
	RMB'000	*RMB'000*
Depreciation	**22,353**	17,943
Amortisation	**487**	682
Auditor's remuneration		
— Annual audit service	**1,500**	1,500
— Interim review service	**500**	500
— Other service	**500**	—
	2,500	2,000
Cost of properties sold	**1,063,035**	979,459
Cost of construction and goods sold	**63,830**	108,874
Rentals receivable from investment properties	**(40,854)**	(39,602)
Less: Direct outgoings	**1,267**	361
Operating lease charges	**2,491**	2,389

5 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated statement of profit or loss represents:

	2015	2014
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax ("CIT") for the year	**91,705**	113,823
PRC Land Appreciation Tax ("LAT") for the year	**65,976**	65,105
	157,681	178,928
Deferred tax		
Origination and reversal of temporary differences	**85,757**	32,772
Total income tax expense	**243,438**	211,700

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

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	**748,028**	632,018
Notional tax on profit before taxation calculated at the standard tax rate applicable in the jurisdiction concerned *(Note (i) to (iii))*	**187,007**	158,004
Tax effect of non-deductible expenses	**6,916**	3,786
Tax effect of non-taxable income	**(602)**	(7,370)
Tax effect of unused tax losses not recognised	**2,145**	199
Tax effect of adopting prescribed tax calculation method by PRC subsidiaries *(Note (iii))*	**(1,263)**	8,295
PRC dividend withholding tax *(Note (v))*	**(247)**	(43)
LAT in relation to completed properties sold *(Note (iv))*	**65,976**	65,105
Tax effect of LAT	**(16,494)**	(16,276)
Income tax expense	**243,438**	211,700

Notes:

(i) Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the 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 for 2015 and 2014.

(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 2015 and 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.

(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 tax rate of 5%. On this basis, the Group has made provision of withholding income tax on the distributable profits generated by PRC subsidiaries.

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 RMB499,886,000 (2014: RMB415,190,000) and the deemed weighted average number of 4,000,000,000 ordinary shares (2014: 3,764,384,000 ordinary shares) in issue during the year.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares for year 2015 and 2014 and therefore, diluted earnings per share are not presented.

7 INVESTMENT PROPERTIES

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

As at 31 December 2015, the fair values of the Group's completed investment properties of approximately RMB1,078,900,000 (31 December 2014: RMB474,010,000) and investment properties under development of approximately RMB146,800,000 (31 December 2014: RMB53,500,000) 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 2015, certain investment properties of the Group with carrying value of RMB704,490,000 (31 December 2014: RMB285,300,000) (including investment properties under development of approximately RMB146,800,000 (31 December 2014: RMB53,500,000)), were without building ownership certificates. The Group was in progress of obtaining the relevant building ownership certificates.

Certain bank loans granted to the Group were jointly secured by certain investment properties with an aggregate fair value of RMB189,926,000 (2014: RMB33,357,000) as at 31 December 2015, and certain properties under development and completed properties held for sale of the Group (Notes 8 and 9).

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

8 PROPERTIES UNDER DEVELOPMENT

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

	2015	2014
	RMB'000	*RMB'000*
Expected to be recovered within one year		
— Properties under development for sale	**1,110,806**	1,375,670
Expected to be recovered after more than one year		
— Properties held for future development for sale *(Note)*	**464,524**	538,372
— Properties under development for sale	**868,221**	631,702
	1,332,745	1,170,074
	2,443,551	2,545,744

Note: Properties held for future development for sale is after netting off benefits from government grants of RMB22,847,000 as at 31 December 2015 (31 December 2014: RMB6,535,000). 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:

	2015	2014
	RMB'000	*RMB'000*
In the PRC, with lease term of 40 years or more	**873,403**	1,292,014

Properties under development with an aggregate carrying value of RMB2,274,502,000 (31 December 2014: RMB2,178,199,000) as at 31 December 2015 were pledged for certain bank loans granted to the Group (Note 15).

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 RMB565,946,000 (31 December 2014: RMB23,354,000) as at 31 December 2015 were pledged for certain bank loans granted to the Group (Note 15).

10 INVENTORIES AND CONTRACTING WORK-IN-PROGRESS

	2015	2014
	RMB'000	*RMB'000*
Gross amounts due from customers for contract work *(Note (i))*	**194,300**	234,794
Raw materials	**1,713**	1,327
Work-in-progress	**9,617**	7,234
Finished goods	**26,914**	500
	232,544	243,855

(i) Gross amounts due from customers for contract work

	2015	2014
	RMB'000	*RMB'000*
Cost plus attributable profit less foreseeable losses	**277,760**	298,917
Less: Progress payments received and receivable	**(83,460)**	(64,123)
Contracting work-in-progress	**194,300**	234,794

	2015	2014
	RMB'000	*RMB'000*
Carrying amount of inventories recognised as — Cost of sales	**63,830**	108,874

11 TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Amounts due from third parties		
— Trade receivables *(Note (i))*	**344,639**	392,477
— Bills receivable	**1,341**	1,700
Amount due from a related party	**1,002**	287
Prepayments		
— for properties held for development *(Note (ii))*	**—**	538,372
— for construction cost and raw materials	**57,611**	61,417
— for potential acquisition of certain equity interest in a property development company *(Note (iii))*	**50,000**	—
Prepaid business tax and other tax	**6,026**	12,208
Others	**149,754**	208,697
Total	**610,373**	1,215,158

Notes:

(i) Trade receivables are primarily related to 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 instalments 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 year.

Amount due from a related party is unsecured, interest free and has 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 these contracts.

As at 31 December 2015 prepayment for contracts of property development projects amounted to RMB576,587,000 were reclassified to the disposal group held for sale as the Group had entered into sale and purchase agreements to dispose two subsidiaries.

(iii) During the year ended 31 December 2015, the Group was negotiating with an independent third party in relation to a potential acquisition of certain equity interest in a property development company. In this connection, the Group had paid a deposit of RMB50,000,000 as of 31 December 2015 pursuant to the terms of the letter of intent. The potential acquisition is subject to the fulfilment of certain conditions by the independent third party.

(a) Ageing analysis

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

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**189,180**	234,261
Over 1 month and within 3 months	**3,685**	2,485
Over 3 months and within 6 months	**5,203**	17,911
Over 6 months	**147,912**	139,520
Total	**345,980**	394,177

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

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**224,838**	318,096
Less than 1 month past due	**54,561**	28,641
Over 1 month and within 3 months past due	**720**	3,100
Over 3 months and within 6 months past due	**5,604**	11,006
Over 6 months past due	**60,257**	33,334
Total	**345,980**	394,177

12 RESTRICTED CASH

	2015	2014
	RMB'000	*RMB'000*
Pledged for		
— Mortgage loans	**4,720**	1,411
— Wages guarantee accounts	**1,010**	1,006
— Bond-issuance bank account	**—**	131
— Bank acceptance notes	**106,063**	102,700
— Interest-bearing loans	**38,257**	34,550
— Others	**416**	—
Total	**150,466**	139,798

13 CASH AND CASH EQUIVALENTS

	2015 *RMB'000*	2014 *RMB'000*
Cash at bank and in hand		
— Cash in hand	**262**	281
— Cash at bank	**901,102**	936,696
	901,364	936,977

14 TRADE AND OTHER PAYABLES

	2015 *RMB'000*	2014 *RMB'000*
Amounts due to third parties		
— Trade payables *(Note)*	**1,210,914**	1,137,163
— Notes payables *(Note)*	**13,300**	59,950
— Receipts in advance	**261,785**	368,827
— Accrued payroll	**20,303**	16,527
Other payables and accruals	**214,411**	229,835
	1,720,713	1,812,302
Amounts due to non-controlling equity holders	**350,000**	59,262
Amount due to a related party	**5,000**	93,336
	355,000	152,598
	2,075,713	1,964,900

Note: The ageing analysis of trade and notes payables based on the date the trade and notes payables recognised, is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Within 1 month	**728,182**	998,969
Over 1 month and within 12 months	**314,744**	166,755
Over 12 months	**181,288**	31,389
	1,224,214	1,197,113

15 LOANS AND BORROWINGS

Interest bearing loans and borrowings were repayable as follows:

	2015	2014
	RMB'000	*RMB'000*
Current		
Secured		
— Bank loans	**377,920**	520,000
— Current portion of non-current bank loans	**357,180**	237,800
— Current Portion of non-current share pledged borrowings	**157,216**	138,000
— Other borrowings	**—**	150,000
	892,316	1,045,800
Unsecured		
— Bank loans	**400,000**	125,000
	400,000	125,000
	1,292,316	1,170,800
Non-current		
Secured		
— Bank loans	**1,348,180**	1,048,630
— Share pledged borrowings	**157,216**	295,216
Less: Current portion of non-current bank loans	**(357,180)**	(237,800)
Current portion of non-current share pledged borrowings	**(157,216)**	(138,000)
	991,000	968,046

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 2015 and 2014, interest bearing loans and borrowings are all denominated in functional currency of respective subsidiaries.

Share pledged borrowing of RMB157,216,000 as at 31 December 2015 was secured by 80% equity interests of Hefei Optics Valley Union Development Co., Ltd. (31 December 2014 : RMB295,216,000). The share pledged borrowing is an entrusted loan provided by a non-controlling equity holder.

The bank loans bear interest ranging from 5.22% to 12.00% (2014: from 6.00% to 12.00%) per annum for the year ended 31 December 2015. The bank loans were secured by the following assets:

	2015	2014
	RMB'000	*RMB'000*
Investment properties	**189,926**	33,357
Properties under development	**2,274,502**	2,178,199
Completed properties held for sale	**565,946**	23,354
Property, plant and equipment	**48,655**	61,386
Restricted cash	**38,257**	34,550

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 repayable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2015, none of the covenants relating to the drawn down facilities had been breached (31 December 2014: Nil).

16 CORPORATE BONDS PAYABLE

	2015	2014
	RMB'000	*RMB'000*
As at 1 January	**1,187,264**	622,190
Net proceeds from bonds issued during the year *(Note (ii) & (iii))*	**199,000**	590,620
Interests and issue cost amortised during the year	**99,914**	93,594
Interests paid during the year	**(94,200)**	(49,140)
Principal repaid during the year	**(300,000)**	(70,000)
As at 31 December	**1,091,978**	1,187,264
Representing:		
Current portion	**531,434**	384,627
Non-current portion	**560,544**	802,637

Notes:

(i) In October 2013, the Group issued long-term corporate bond with maturity of 6 years with face value of RMB600,000,000 bearing annual interest rate of 7.35%. The actual proceed received by the Group was approximately RMB543,527,000. This bond is denominated in RMB and issued at par. Interest is payable yearly while principal will be repaid when the bond falls due. The annual effective interest rate of this bond is 9.48%. As at 31 December 2015, interest payable for this bond amounted to approximately RMB7,350,000 (31 December 2014: RMB7,350,000).

(ii) In March 2014 and June 2014, the Group issued non-public debt financing instruments 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 Group 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 repaid when the bonds fall due. The annual effective interest rates of these bonds are 9.17% and 9.64%, respectively. As at 31 December 2015, interest payable for these bonds amounted to approximately RMB nil and RMB13,666,667 (31 December 2014: RMB19,975,000 and RMB13,598,000), respectively. The bond with maturity of 365 days was repaid in 2015.

(iii) In March 2015, the Company issued non-public debt financing instrument with maturity of 365 days with face value of RMB200,000,000 bearing annual interest rate of 7.60%. The actual proceed received by the Group was approximately RMB199,000,000. This bond is denominated in RMB and issued at par. Interest and principal will be paid together when the bond falls due. The annual effective interest rate of this bond is 8.14%. As at 31 December 2015, interest payable for this bond amounted to approximately RMB12,540,000.

17 DIVIDENDS

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

	2015	2014
	RMB'000	*RMB'000*
Final dividend proposed after the end of the year of nil per ordinary share (2014: HK$3.20 cents)	**—**	103,283

The final dividend proposed after the end of the year 2014 has not been recognised as a liability as at 31 December 2014.

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

	2015	2014
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year approved and paid during the year	**100,941**	101,424

MANAGEMENT DISCUSSION AND ANALYSIS

In 2015, as the local and international economies generally depressed, the economy witnessed a significant trend of downward adjustment and the real economy faced even more difficult situation. Under the new norm of economy, the PRC government further deepened the reformation, reduced expenditure and increased benefit, promoted entrepreneurship and innovation of the masses, issued the route map of "One Belt, One Road", promulgated and implemented measures such as Made in China 2025 and Internet+, while launching a series of industry planning and support policies focusing on e-commerce, mega-data, financial innovation, information consumption, production service industry and lifestyle service industry. New economic hot spots are emerging continuously.

During 2015, the management of the Group was pessimistic about the market. Although the Group's development of industrial parks and sales business have been unavoidably adversely influenced under the general environment, through the joint efforts of the operation team and by adopting effective measures in respect of fundamentals stabilization, risk control and acceleration of transformation, the expected target was basically attained with regional market leading results in the development activities of industrial parks located in Qingdao, Ezhou and Shenyang. The Hefei project has also achieved a brilliant start. The proportion of projects other than Wuhan in the income of industrial parks development has increased to 27.8%. The Group was also pleased that, in 2014, the Group's management decided the strategy of transforming to light assets business and adhered to it. During the year, the Group has actively driven several business areas such as entrepreneurship incubation, operation of real estate, regional energy management, catering management, project consultation management and obtained satisfactory results and good market feedbacks. The proportion of sustainable incomes including rental income, operational services and consultation management services reached 19.5%. The transformation strategy has achieved substantive results.

The year of 2015 was the first year of "Internet+" of the Chinese economy, which was also the Group's starting year to explore achievement of transformation and upgrade by the use of Internet. In the past decade, the Group has accumulated rich industry, customer and community resources. These resources information and their relationships are the most valuable resources. Leveraging on the use of Internet and Internet-of-things, the Group is gradually establishing a full life cycle services system from space development to space operation, to facilities and equipment management and resources incubation through capital injection and resources cooperation adhering to the "open, sharing and win-win" spirit. The Group hopes to establish OVU's own Internet ecological cycle of the industry through building a main data platform based on space management and facilities and equipment management, and through the extension of diversified target communities to personal and corporate aspects, especially the expansion of maker community, fully explore values of these resources, and through the application of network and platform which significantly strengthens our ability to further expand and integrate resources, finally becoming a new industry services provider based on space services.

During 2015, the Group has driven reorganization and the reform of remuneration and performance system, fully mobilized activeness and entrepreneurship of operation team and actively introduced partnership to adapt to the needs of transformation of businesses. The Group has internally nurtured several energetic innovation business teams.

In the year of 2015, the Group has vigorously promoted the strategic cooperation with the state-owned enterprise CECH Group and entered into a basket of reorganization and issuance agreements during the year. After the completion of transactions, the Group will become the core integration and operation platform of CECH Group's industrial parks business. The Group believes that such in-depth co-operation will bring along significant room for its rapid development in the future.

RESULTS OF OPERATIONS

During 2015, the Group achieved a turnover of approximately RMB1,903.8 million from the contributions of property developments and related business (inclusive of construction contracts and development management services), business operation services and property leasing, which slightly decreased by 1.3% as compared to 2014; profit before tax amounted to RMB748.0 million and net profit for the year amounted to RMB504.6 million, representing an increase of 18.4% and 20.0% as compared to 2014, respectively. Profits attributable to shareholders increased by 20.4% to RMB499.9 million as compared to the same period of 2014. Earnings per share increased by 13.3% to RMB12.5 cents. Equity attributable to shareholders increased by 17.7% to RMB2,765.6 million. Net asset value per share amounted to RMB0.76, representing an increase of 22.5% as compared to the same period of 2014.

BUSINESS REVIEW

As at 31 December 2015, the Group, being a leading industry service provider in China, developed or operated various industrial parks in 7 cities, including Wuhan, Qingdao, Shenyang, Hefei, Ezhou, Huangshi and Huanggang. The Group's businesses mainly constitute 3 parts: development of themed industrial parks and related businesses, including consultation and management, customization and entrusted construction business, provision of business operation services to park customers and leasing business of investment properties, including operation of OVU Maker Star.

In fact, besides independent investment, development and sales of themed industrial parks, the Group also provides the government, institutions and enterprises with project consultation and management as well as full entrusted construction (construction contract) services. This professional consultation and management service is precisely one of the significant business directions of the Group's light asset transformation.

At the end of 2015, through negotiations of acquisition agreement with China Electronics Corporation Holdings Company Limited ("**CECH**"), the Group entered into an agreement with CECH to acquire 100% shares of China Electronics Technology Development Co., Ltd.* ("**CEC Technology**") and the land under construction and land reserve of CEC Technology in the three cities of Xi'an, Beihai and Haikou.

* *For identification purposes only*

In the aspect of business operation services, the Group provides comprehensive one-stop business operation services, encompassing more than ten professional services such as property management service, energy service, entrepreneurship incubation, human resources and training to enterprises residing in the industrial parks. During the year, OVU Maker Star, the Group's own entrepreneurship incubation platform, provided entrepreneurial teams with more than 10,000 square meters of entrepreneurial space and entrepreneurial services in Wuhan and Qingdao.

In the aspect of investment property leasing, the Group gradually expanded its portfolio of quality properties in the parks so as to obtain long term and steady rental income.

Revenue

The Group generated turnover from sale of properties in business parks and related businesses (including construction contract and development management services), business operation services and property leasing. During the year, turnover of the Group decreased slightly by approximately 1.3%, from RMB1,928.9 million for the year ended 31 December 2014 to RMB1,903.8 million for the year ended 31 December 2015. The major contributor to our turnover in the relevant periods was sales of properties of the Group's developments.

Property Development and Related Business

Turnover of the Group from sale of properties decreased by RMB0.9 million from RMB1,533.8 million for the year ended 31 December 2014 to RMB1,532.9 million for the year ended 31 December 2015, primarily due to a lower average price of products of OVU Science and Technology City of the Group.

Turnover of the Group from construction contract decreased by RMB44.0 million from RMB110.7 million for the year ended 31 December 2014 to RMB66.7 million for the year ended 31 December 2015, primarily because Wuhan Lido Technology Co., Ltd. increasingly provided decoration and improvement services to our project companies, rather than external customers as the Group strengthened its vertically integrated business model along the value-chain of business park development.

Turnover of the Group from development management services decreased by RMB21.7 million from RMB37.8 million for the year ended 31 December 2014 to RMB16.1 million for the year ended 31 December 2015, mainly attributable to the gradual completion of the development and construction of projects according to the agreed progress under consultation management services contracts by the Group.

Business Operation Services

During the year, turnover of the Group from business operation services was RMB247.2 million, representing an increase of 19.4% over the year of 2014 of the business operation services, turnover from property management and service business was RMB159.1 million, representing a year-on-year growth of 21.4%, which was mainly due to an increase in the number of industrial parks developed and completed by the Group and the increase in the number of customers served. Turnover from district energy service (DHC) was RMB39.0 million, representing a year-on-year growth of 1.3%, which is mainly due to the formation of mature business model of DHC business and its external promotion as independent business.

Property Leasing

Turnover of the Group from property leasing increased by RMB1.3 million from RMB39.6 million for the year ended 31 December 2014 to RMB40.9 million for the year ended 31 December 2015, primarily due to an increase in the area of properties held by the Group for rental revenue and the rise in occupancy rate during the year.

Contracted Sales of Properties

In 2015, the contracted sales of the Group's properties were RMB1,524.4 million, representing a growth of approximately 24.6% as compared to 2014; the contracted sales area was 213,700 sq.m., representing a growth of approximately 37.9% as compared to 2014; and the average contracted selling price was RMB7,133.2 per sq.m..

During the year, the amount and area of contracted sales of the Group's properties increased, which were mainly due to the benefits of supporting policies to real estate industry, including the lifting of restrictions on property purchases and mortgage loans, continuous decrease of mortgage interest rate and accelerating mortgage release and implementation of general two-child home, etc.

Property Development and Completion

During the year, in light of the slowdown in economic growth of the Mainland and the larger idle assets of the Group at the beginning of the period, the Group has appropriately slowed down its speed in property development.

During the year, the Group completed eight phased projects for business parks located in Wuhan, Qingdao, Ezhou and Huangshi, with an aggregate newly completed area of 403,000 sq.m., and an area of new development of 51,000 sq.m. The Group had an aggregate area of approximately 612,000 sq.m. under development as at the end of 2015.

Land Bank

During the year, the Group obtained 143,000 square meters of land for the project of Huanggang OVU Science and Technology City in Huanggang City, Hubei Province. In the same period, as a result of the disposal of equities held in Wuhan Financial Harbour Development Co., Ltd.* and Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.* to Hubei Science & Technology Investment Group Co., Ltd.*, as at 31 December 2015, the Group's land bank was 2,997,000 square meters, distributed in 7 cities, being Wuhan, Qingdao, Hefei, Shenyang, Ezhou, Huangshi and Huanggang.

Business Operation Services

Turnover of the Group from business operation services increased by RMB40.1 million from RMB207.1 million for the year ended 31 December 2014 to RMB247.2 million for the year ended 31 December 2015.

The Group provides the enterprises in its business parks with diversified one-stop business operation services to facilitate their business operations and reduce their operational costs. There are more than ten types of operation services provided in the business parks, including property management and services, provision of district heating and cooling services, 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, aiming at 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 5 million sq.m. and 10 million sq.m., respectively, which show a tremendous room for growth for the market of operation services for business parks. Wuhan Lido Property Management Co., Ltd., a company under the Group, currently manages properties with an area of 10.58 million sq.m., positioning it as a market leader in Hubei Province. Over 10,000 sq.m. of OVU Maker Star, a super incubator newly established by the Group during the year, was put into operation to provide 110 entrepreneurial teams with entrepreneurial services in Wuhan and Qingdao.

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.

The Group intends to become the incubator and accelerator for innovative and start-up companies by introducing the OVU entrepreneurship service center system construction in its business parks in general. We plan to support the development of innovative and start-up companies by contributions in property, rent and cash, so as to develop the Group amidst the rapid development of emerging industries in the PRC.

District Heating and Cooling Energy Services (DHC)

Turnover of the Group from services of district heating and cooling (DHC) increased by RMB0.5 million from RMB38.5 million for the year ended 31 December 2014 to RMB39.0 million for the year ended 31 December 2015.

District heating and cooling energy supply system 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 China's National Energy Development Strategy Action Plan. The Group emphasizes setting energy conservation as the top priority and adhere to a green, low carbon emission strategy. The Group also endeavors 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, 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 enhances 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 capacities, experience and human resources in both DHC technology and system operation and property development, enabling it to achieve sustainable commercial operation.

The Group owns self-developed energy-saving control system and energy-saving technology, and possesses up to 25 DHC-related energy-saving intellectual property rights. The Group ranks top in the market in terms of DHC energy saving and environmental protection technologies, system integration capacity and operation and management.

Aiming at becoming a leader in the PRC DHC market, the Group will accelerate the transformation of DHC energy services business from internally serving customers in our own parks to customers of third parties, accelerate its growth through various means including self-owned investment and operation, entrusted construction and operation and management consultancy, and swiftly dominate the domestic DHC market through strategic cooperation with leading players within key regions.

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 2015, the Group held investment properties with a total GFA of 215,802 sq.m., and recorded rental income of RMB40.9 million, representing a growth of 3.3% compared to the same period of 2014.

The Group has set a development strategy of holding more high quality properties for rental revenue in its business parks in which we newly added 90,647 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, in 2015.

Customer Services

The Group is a well-known brand which engages in development and operation of business parks in the PRC. 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 the Group's customers and it is the Group's aim to be fully dedicated to serving and satisfying 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 continuing 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, including human resources services, collective household register services, business registration services and event organization services for events such as holding matchmaking parties and celebration parties. The aforesaid services are welcomed by enterprises and employees in the business parks.

PROSPECT FOR 2016

2016 is the first year of China's "13th Five Year Plan" and there will be a new breakthrough in reforms involving key areas of macro economy and social development in 2016. In the development blueprint of the "13th Five Year Plan" announced by the Chinese government by the end of 2015, the ideas of "innovation" and "sharing" were raised to the level of national strategy for the first time. Despite the fact that entrepreneurial boom will cool down along with the survival of the fittest among the large number of innovative enterprises, the influence of these ideas to real economy will still last. Accordingly, the Group believes that there will be dramatic change to the business models and production and organization methods of manufacturing industries and service industries; while mergers and reorganization among enterprises and rapid growth of enterprises with vitality will be common. Therefore, the key to the market and future opportunities of the Group is providing timely products and services in response to its customers' demand. Furthermore, along with continuous promotion of multi-area reforms, including supply-side structural reforms, new urbanization and "One Belt, One Road" , by the central and local governments, the Group will face unprecedented historical opportunities.

In 2015, the Group explored new business areas, integrated existing resources and adjusted its organization structure so as to be prepared well ahead of time for this era. 2016 is a crucial year for the Group as its new business model will be more mature and its new businesses will be promoted to all over the country.

Provide Corporate Customers at Different Stages of Growth with More Preferable Properties through Comprehensive Industrial Property Portfolio

The super incubator, OVU Science and Technology City accelerator and high density headquarters office properties of the Group are capable to satisfying the production and office needs of enterprises of different scales. The Group will place customer satisfaction in the first priority and provide enterprises at different growth stages with more suitable industrial properties. Besides, anchoring in the cities in which the Group has established business, including Wuhan, Qingdao, Shenyang, Hefei, Huangshi, Huanggang, and in Xi'an, Hainan, Beihai, Wenzhou, where the projects under CEC Technology are located, we will extend our business reach to a wider market in order to provide existing and potential customers with products and services best fit for their national expansion and site selection.

Speeding Up Marketing and Sales of Properties for Sale and Maintaining Steady Cash Flow

The Group will further enhance the sales efficiency of completed projects, projects under construction and reserve projects through the improvement in 4 aspects, including optimizing systems, enhancing planning and promotion capability, expanding marketing channels and accelerating core personnel training so as to strive for good cash liquidity of the Company in each project and city. For the projects in Xi'an, Beihai, Hainan and Wenzhou which will be newly introduced in 2016, the Group will accelerate efficient running-in of the project management team and enhance the profitability and sales progress of the projects.

Rapidly Expanding Market Size of DHC Business

The Group's DHC power service system has its unique core technology and mature business model. Based on the Chinese government's encouragement and supportive attitude towards new energy as well as the gap in the new energy service market in China, the Group believes that there will be promising market prospects and competitive advantages for our DHC business in a long period of time in the future. In this respect, the Group will accelerate promotion of DHC business across the country through strategic cooperation model with regional leading enterprises and become the bellwether of district heating cooling energy service market in China.

Quickly Occupying the Top Position in Innovation led by OVU Market Star

OVU Maker Star is a super incubator forged by the Group by integrating superior resources based on the idea of "Sharing Economy" and the model of "Space+Venture" . The Group successfully operated an area of over 10,000 square meters in Wuhan, Qingdao and Huangshi. Nearly one hundred applications received by the Group from entrepreneurial teams waiting to settle in have indicated great vitality of the product series and huge demand for market promotion. Leveraging on the vast customer base accumulated by the Group, the experience in and the philosophy of advanced customer service, the arrangement of industrial properties throughout the country and successful experience in property operation, the Group believes that within the next 2 years, OVU Maker Star will be one of the Group's important product in innovative resources concentrated areas mainly in first tier cities. By then, as a new brand operated by OVU industrial park, OVU Maker Star will soon reflect the market value of industrial park ecology established by the Internet epoch.

Establishing O2O Whole Ecological Chain in Aspects of Property Services, Art Trade and Park Operation

Internet technology does not overturn the Group's inherent business model. However, the Group does recognize the impact of the Internet to the optimization and transformation of the Group's existing management model. The Group's reforms on O2O property management and park operation have commenced in 2015 and have entered the stage of software development and testing. The operation model of O2O ecological chain based on mobile Internet, intelligent hardware and integration of offline businesses and customers' resources will be in full operation in 2016, and the Group will enhance the value realization of existing resources and the ability to further integrate resources through establishing more application scenarios.

Building an Internet ecological system of the industry

In 2016, we will further integrate resources based on the existing resources, build and enhance the Internet ecological system of the industry adhering to "sharing, win-win" spirit. The Group will focus on four core capacities in 2016, including the capacity of space construction, space maintenance, space operation and resources incubation. The capacity of space construction will be based on the Group's experience of real estate development and construction in the past decade. With the use of BIM technology, from the heaviest to the lightest, the Group will gradually form two business capacities of "investment development + consultation output". The capacity of space maintenance will be based on the information of past property management, gradually forming a digital maintenance capacity based on BIM technology and Internet-of-things technology. The capacity of space operation will operate in different types of enterprises communities, especially focusing on the operation of Maker community to form a capacity to provide full life cycle of 3C (customer, capital, consultation) services for enterprises. The capacity of resources incubation will make use of the resources in our spaces as offline base, and the operation of enterprises communities as online resources, linked with OVU fund, to form an O2O incubation capacity for the industry.

Upon the completion of the transaction between the Group and CECH, the Group's capabilities in terms of resources acquisition and resources integration will witness significant enhancement leveraging on CECH Group's industrial background and brand advantages. As CECH Group's core integration and operation platform for industrial parks and real estate businesses, the Group is set to become an important entity for industrial resources integration and market expansion of CECH Group. Given CECH Group owns substantial stock of properties and industrial resources in first-tier cities, including Shanghai and Shenzhen, the Group will shift its business focus to first-tier cities, while optimizing the geographical distribution and income structure of its business. The completion will also create favourable conditions for the Group to tap into new service sectors.

The Group will take the opportunity of strategic cooperation with CECH Group to tap into the industry service advantage of the industrial park whole life cycle, and further strengthen resources collection and resources integration ability with the aim to expand business scale and raise the proportion of light asset business significantly. Meanwhile, the Group will incubate and train promising innovative businesses through connecting resources and innovative teams, and constantly enrich and improve Internet ecological cycle of the Group's industry, so as to establish the leading position of the Group in the industrial park development and operation and industry service market.

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 year, turnover of the Group decreased from RMB1,928.9 million for the year ended 31 December 2014 to RMB1,903.8 million for the year ended 31 December 2015. The major contributor to our turnover in the year was sales of properties in our projects.

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

	Year ended 31 December			
	2015		2014	
	Turnover *RMB'000*	**% of total**	Turnover *RMB'000*	% of total
Property development and related businesses				
Property development	**1,532,937**	**80.5**	1,533,820	79.5
Construction contract	**66,659**	**3.5**	110,686	5.7
Development management services	**16,142**	**0.8**	37,765	2.0
Business operation services	**247,248**	**13.0**	207,075	10.7
Property leasing	**40,854**	**2.2**	39,602	2.1
Total	**1,903,840**	**100.0**	1,928,948	100.0

Property Development and Related Businesses

Property Development

Turnover of the Group from sale of properties decreased by RMB0.9 million from RMB1,533.8 million for the year ended 31 December 2014 to RMB1,532.9 million for the year ended 31 December 2015, primarily due to a lower average price of products of OVU Science and Technology City of the Group.

Construction Contract

Turnover of the Group from construction contract decreased by RMB44.0 million from RMB110.7 million for the year ended 31 December 2014 to RMB66.7 million for the year ended 31 December 2015, primarily because Wuhan Lido Technology Co., Ltd., instead of external customers, has been the primary supplier of decoration and improvement services to the project companies under the Group, as the Group strengthened its 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 decreased by RMB21.7 million from RMB37.8 million for the year ended 31 December 2014 to RMB16.1 million for the year ended 31 December 2015, primarily due to the gradual completion of the development and construction projects by the Group according to the agreed progress under consultation management services contracts.

Business Operation Services

Turnover of the Group from business operation services increased by RMB40.1 million from RMB207.1 million for the year ended 31 December 2014 to RMB247.2 million for the year ended 31 December 2015, 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.

Property Leasing

Turnover of the Group from property leasing increased by RMB1.3 million from RMB39.6 million for the year ended 31 December 2014 to RMB40.9 million for the year ended 31 December 2015, 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 2014 and 2015, cost of sales of the Group was approximately 64.6% and 68.9% of its turnover for the same periods, respectively.

During the year, cost of sales of the Group increased by RMB65.5 million from RMB1,246.3 million for the year ended 31 December 2014 to RMB1,311.8 million for the year ended 31 December 2015.

Cost of Properties Sold

Cost of properties sold consisted primarily of costs incurred directly for 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 2014 and 2015, cost of properties sold of the Group accounted for 78.6% and 81.0% of its total cost of sales, respectively.

During the year, cost of properties sold increased by RMB83.5 million from RMB979.5 million for the year ended 31 December 2014 to RMB1,063.0 million for the year ended 31 December 2015, 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 year, overall gross profit of the Group was RMB592.0 million, representing a decrease of RMB90.7 million as compared to RMB682.7 million in 2014. Overall gross profit margin decreased from 35.4% in 2014 to 31.1% in 2015, primarily due to the lower gross profit of products of OVU Science and Technology City and Lido 2046 project.

Other Income

During the year, other income of the Group increased by RMB28.1 million from RMB9.3 million in 2014 to RMB37.4 million in 2015, primarily due to an increase in government grants of RMB20.6 million.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of advertising and promotional expenses, sales and marketing staff cost, travel and communication expenses, office administration expenses, depreciation expenses and others. For the years ended 31 December 2014 and 2015, selling and distribution expenses of the Group were approximately 3.4% and 3.4% of its total turnover for the same periods, respectively.

During the year, selling and distribution expenses of the Group decreased by RMB2.2 million from RMB66.3 million in 2014 to RMB64.1 million in 2015, representing a slight decrease.

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. For the years ended 31 December 2014 and 2015, administrative expenses of the Group were approximately 7.0% and 8.8% of its total turnover for the same periods, respectively.

The increase of administrative expenses was mainly attributable to the increase in related start-up cost, water and electricity charges, and staff cost of Creative Capital Ziyuan Hotel.

Other Expenses

The Group's other expenses increased by RMB9,434,000 from RMB514,000 for the year ended 31 December 2014 to RMB9,948,000 for the year ended 31 December 2015, primarily due to an increase in penalty expenses and donation expenses in 2015.

Increase in Fair Value of Investment Properties

Fair value gains on the Group's investment properties increased by RMB240.2 million from RMB105.4 million for the year ended 31 December 2014 to RMB345.6 million for the year ended 31 December 2015, primarily due to an increase in the area of investment properties of the Group.

For the years ended 31 December 2014 and 2015, the fair value gains on investment properties contributed to approximately 16.7% and 46.2% of the Group's profit 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 year, finance income of the Group increased by RMB14.7 million from RMB20.1 million in 2014 to RMB34.8 million in 2015, primarily due to an increase of interest revenue.

Finance Costs

During the year, finance costs of the Group decreased by RMB0.4 million from RMB12.9 million in 2014 to RMB12.5 million in 2015, primarily because the capitalized interest expense increased.

Share of Losses of Associates

The Group's share of loss of associates increased by RMB259,000 from RMB385,000 for the year ended 31 December 2014 to RMB644,000 for the year ended 31 December 2015, 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 Gains/(Losses) of Joint Ventures

The Group had a share of loss of joint ventures of RMB7.6 million for the year ended 31 December 2015, which primarily consisted of the Group's share of losses of Wuhan Mason Property Co., Ltd. for that period in proportion to its 50% equity interest in Wuhan Mason Property Co., Ltd.

Income Tax

During the year, income tax expenses of the Group increased by RMB31.7 million from RMB211.7 million in 2014 to RMB243.4 million, which was primarily due to (i) an increase in PRC land appreciation tax of RMB0.8 million; (ii) a decrease in PRC corporate income tax of RMB22.1 million; and (iii) an increase in deferred tax of RMB53.0 million. Effective tax rates of the Group were 33.5% and 32.5% for the years of 2014 and 2015, respectively.

Profit for the Year

As a result of the foregoing, during the year, the profit attributable to shareholders of the Group increased by RMB84.7 million from RMB415.2 million in 2014 to RMB499.9 million in 2015, the basic earnings per share increased from RMB11.0 cents in 2014 to RMB12.5 cents in 2015, attributable to the significant increase in the profit attributable to shareholders of the Group for 2015.

Financial Position

Properties under Development

The carrying amount of properties under development of the Group decreased by RMB102.1 million from RMB2,545.7 million as at 31 December 2014 to RMB2,443.6 million as at 31 December 2015, primarily due to the transfer of the Group's completed development projects to properties held for sale, including Creative Capital (Phase I & II), Lido 2046, Ezhou OVU Science and Technology City (D8 & C3), Qingdao OVU International Marine Information Harbour (Zones 1.3 & 1.6), and Shenyang OVU Science and Technology City (Phase 1.1).

Completed Properties Held for Sale

The carrying amount of completed properties held for sale of the Group increased by RMB324.2 million from RMB1,993.1 million as at 31 December 2014 to RMB2,317.3 million as at 31 December 2015, primarily due to an increase in completed projects during the year.

Trade and Other Receivables

The Group's trade and other receivables decreased by RMB604.8 million from RMB1,215.2 million as at 31 December 2014 to RMB610.4 million as at 31 December 2015, primarily due to the reclassification of the number of prepaid land to asset group held for sale as a result of disposal of equities in two subsidiaries, Wuhan Financial Harbour Development Co., Ltd.* and Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.*, by the Group.

Trade and Other Payables

The Group's trade and other payables increased by RMB110.8 million from RMB1,964.9 million as at 31 December 2014 to RMB2,075.7 million as at 31 December 2015, primarily due to the equity transfer payment receipts in advance from non-controlling shareholders as a result of disposal of equities in two subsidiaries, Wuhan Financial Harbour Development Co., Ltd.* and Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.* by the Group in 2015.

Liquidity and Capital Resources

The Group primarily uses cash to pay for construction costs, land costs, infrastructure costs and finance costs incurred in connection with its 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 2015, the Group's net cash inflow from operating activities was RMB33.9 million, which was mainly cash inflow from sale of projects by the Group, such as Creative Capital, Lido 2046, OVU Science and Technology City (Ezhou) project, Qingdao OVU International Marine Information Harbour and Hefei Financial Harbour.

In 2015, the Group's net cash outflow from financing activities was RMB352.5 million. Cash outflow from financing activities in 2015 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, decreased from 1.93 as at 31 December 2014 to 1.78 as at 31 December 2015, mainly attributable to the lower rate of increase in current assets comparing to the current liabilities of the Group. 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.

* *For identification purposes only*

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 87.0% as at 31 December 2014 to 76.1% as at 31 December 2015, primarily because of the increase in the Group's owners equity.

Indebtedness

The Group's total outstanding bank loans and other borrowings increased by RMB49.2 million from RMB3,326.1 million as at 31 December 2014 to RMB3,375.3 million as at 31 December 2015.

As at 31 December 2015, unutilized banking facilities amounted to RMB909.5 million and unutilized other borrowings amounted to RMB1,000.0 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 2014 and 31 December 2015, the outstanding guarantees for mortgage loans granted to customers of its pre-sold properties were approximately RMB306.1 million and RMB471.8 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 RMB7,258.0 million as at 31 December 2015, as compared to RMB7,078.4 million as at 31 December 2014. As at 31 December 2014 and 31 December 2015, aggregate cash denominates in RMB of the Group amounted to approximately RMB1,076.8 million and RMB1,051.8 million, respectively. The Group primarily financed its expenditures through internally-generated cash flows, being primarily cash generated through pre-sale and sale of its properties (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 consist primarily of trade and other payables, loans and borrowings and current tax liabilities. Trade and other payables represent costs related to its development activities. Total current liabilities of the Group were approximately RMB4,081.2 million as at 31 December 2015, as compared to RMB3,659.1 million as at 31 December 2014.

As at 31 December 2015, the Group had net current assets of approximately RMB3,176.8 million as compared to RMB3,419.3 million as at 31 December 2014. The decrease in net current assets of the Group was primarily attributable to the increases in current liabilities as a result of the equity transfer payment receipts in advance of RMB350 million from disposal of equities in two subsidiaries by the Group.

Capital Expenditures and Capital Commitments

Capital expenditures of the Group decreased by RMB3.9 million from RMB283.1 million in 2014 to RMB279.2 million in 2015. Capital expenditures of the Group were primarily related to expenditures for purchases of property, plant and equipment and purchases of intangible assets.

As at 31 December 2014 and 31 December 2015, the Group's outstanding balances of its commitments related to property development expenditures were RMB265.9 million and RMB358.1 million, respectively.

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

Material Acquisitions

On 14 December 2015, CECH (as vendor) entered into an equity interest transfer agreement (the "**Equity Interest Transfer Agreement**") with the Company and AAA Financial & Investment Limited ("**HK3A**") (an indirect wholly-owned subsidiary of the Company) (as purchasers). Pursuant to the Equity Interest Transfer Agreement, CECH has conditionally agreed to sell, and the Company and HK 3A have conditionally agreed to acquire, 100% of the equity interest in CEC Technology (a wholly owned subsidiary of CECH as at the date of this announcement). The consideration for the equity transfer pursuant to the Equity Interest Transfer Agreement (the "**Equity Transfer**") is RMB699,854,600, which shall be satisfied by the allotment and issue of 1,058,530,083 new Shares ("**Consideration Shares**"), credited as fully paid, at the consideration price of HK$0.8 per Consideration Share. The Consideration Shares, when allotted and issued, shall rank equally in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares. The Consideration Shares will be issued under a specific mandate approved by the independent Shareholders at an extraordinary general meeting held on 16 March 2016 (the "**EGM**").

The Equity Transfer completion pursuant to the Equity Interest Transfer Agreement is conditional upon, among other things, the following conditions (the "**Equity Transfer Conditions"):**

(a) CECH having obtained a whitewash waiver from the Executive Director (the "**Executive**") of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (the "**SFC**") pursuant to Note 1 on Dispensations to Rule 26 of The Code on Takeovers and Mergers issued by the SFC (the "**Takeovers Code**") in respect of the obligation of CECH to make a mandatory general offer for all of the shares of the Company not already owned or agreed to be acquired by CECH or parties acting in concert with it which would, if the Equity Transfer completion and the subscription (the "**CECH Subscription**") pursuant to the CECH Subscription Agreement (as defined below) proceed, otherwise arise as a result of the allotment and issue of the Consideration

Shares and the CECH Subscription Shares upon the completion of the CECH Subscription (the "**Whitewash Waiver**") and all the conditions incidental to the Whitewash Waiver having been fulfilled;

(b) the holders of CECH shares having approved (i) the Equity Interest Transfer Agreement and the transactions contemplated thereunder; and (ii) the CECH Subscription Agreement (as defined below) and the transactions contemplated thereunder by way of resolutions at the special general meeting of CECH to be held to approve the Equity Transfer and the CECH Subscription;

(c) the necessary approval procedures in the PRC with regard to the Equity Transfer pursuant to the laws and regulations of the PRC having been completed;

(d) CEC Technology having applied for the industrial and commercial registration for the Equity Transfer and having received the acceptance notification from the relevant department under the State Administration for Industry and Commerce of the PRC;

(e) the representations and warranties given by the Company and CECH respectively being true, accurate, complete and non-misleading with no material omissions in all respects on and before the completion of the Equity Transfer;

(f) there having been no material adverse change in CEC Technology Group or the Group from 30 June 2015 to the completion of the Equity Transfer;

(g) the independent Shareholders having approved, among other things, the Equity Interest Transfer Agreement and the transactions contemplated thereunder, the CECH Subscription Agreement (as defined below) and the transactions contemplated thereunder, the Placing Agreement (as defined below) and the transactions contemplated thereunder, the Share Charge (being a deed of share charge to be entered into by AAA Holdings Limited in favour of China Electronics Corporation Management ("**CECM**") Limited upon the completion of the Equity Transfer, pursuant to which the Company shall charge 375,118 shares of HK 3A, representing approximately 31.51% of the issued share capital of HK 3A, to CECM in respect of a charge over deposits dated 16 July 2015 entered into by CECM in favour of Xiamen International Bank Co., Ltd. in respect of the liabilities and obligations of CEC Technology in respect of the loans granted to it from Xiamen International Bank Co., Ltd. from time to time (the "**Charge Over Deposits**") and the entrusted loans in an aggregate outstanding principal amount of RMB1,195,320,000 provided by CECH to CEC Technology and its subsidiaries through China Electronics Financial Co., Ltd. as the lending agent (the "**Entrusted Loans**")) and the transactions contemplated thereunder (which will constitute a special deal for the Company under Rule 25 of the Takeovers Code), together with the Non-exempt Continuing Connected Transactions (as defined below) at the EGM;

(h) the independent shareholders of the Company having approved the Whitewash Waiver;

(i) the Company having obtained the approval from the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in the Consideration Shares and the CECH Subscription Shares and the Placing Shares (as defined below);

(j) the Company having obtained the consent of the Executive in relation to the Share Charge and the transactions contemplated thereunder as a special deal under Rule 25 of the Takeovers Code; and

(k) all the CECH Subscription Conditions and the Placing Conditions (as defined below) having been satisfied or waived (where applicable).

On 14 December 2015, the Company and CECH entered into a subscription agreement (the "**CECH Subscription Agreement**") pursuant to which the Company has conditionally agreed to allot and issue, and CECH has conditionally agreed to subscribe in cash, 1,491,469,917 new Shares (the "**CECH Subscription Shares**"), credited as fully paid, at the subscription price of HK$0.8 per CECH Subscription Share. The CECH Subscription Shares, when allotted and issued, shall rank equally in all respects with Shares in issue on the date of allotment and issue of the CECH Subscription Shares. The CECH Subscription Shares will be issued under the specific mandate approved by the independent Shareholders at the EGM.

The completion of CECH Subscription pursuant to the CECH Subscription Agreement is conditional upon, among other things, the following conditions (the "**CECH Subscription Conditions**"):

(a) the Executive having granted the Whitewash Waiver;

(b) all conditions incidental to the Whitewash Wavier having been fulfilled;

(c) the following having been obtained from the independent shareholders at the EGM:

    (i) the approval of the specific mandate to allot and issue the CECH Subscription Shares, the Placing Shares and the Consideration Shares pursuant to the requirements under the Listing Rules;

    (ii) the approval of the CECH Subscription Agreement and the transactions contemplated thereunder;

    (iii) the approval of the Whitewash Waiver pursuant to the Takeovers Code;

    (iv) the approval of the transactions contemplated under the Equity Interest Transfer Agreement and the Non-exempt Continuing Connected Transactions (as defined below); and

    (v) the approval of the transactions contemplated under the Placing Agreement (as defined below);

(d) the Company having obtained the approval from the Stock Exchange for the listing of and permission to deal in the CECH Subscription Shares, the Placing Shares and the Consideration Shares, and the relevant approval not having been revoked prior to the completion of the CECH Subscription;

(e) the Company having obtained all essential and necessary letters of consent and authorization from any governmental or regulatory authority in regards to the execution and completion of the transactions contemplated under the CECH Subscription Agreement, which shall remain in full force and effect pursuant to the provisions of any law or rule in any relevant jurisdiction; and

(f) all the Equity Transfer Conditions and the Placing Conditions (as defined below) having been satisfied or waived (where applicable).

On 14 December 2015, the Company and China Everbright Securities (HK) Limited ("**China Everbright**") (as placing agent), entered into a placing agreement (the "**Placing Agreement**") whereby China Everbright has conditionally agreed to place, on a fully underwritten basis, a total of 1,450,000,000 placing shares ("**Placing Shares**") (failing which China Everbright would subscribe for the untaken Placing Shares) to not less than six placees at the placing price of HK$0.8 per Placing Share (the "**Placing**"). The Placing Shares will be issued under the specific mandate approved by the independent shareholders of the Company at the EGM.

The completion of Placing pursuant to the Placing Agreement is conditional upon, among other things, the following conditions (the "**Placing Conditions**"):

(a) the Company having obtained all necessary approvals from its independent shareholders at the EGM in respect of the Placing in accordance with the Listing Rules requirements;

(b) the Listing Committee of the Stock Exchange having granted an approval for the listing of, and the permission to deal in, all the Placing Shares; and

(c) the conditions precedent (excluding any conditions precedent therein requiring the Placing Agreement to be unconditional) of the Equity Interest Transfer Agreement and the CECH Subscription Agreement having been fulfilled (or waived pursuant to the terms therein).

Upon the completion of the Equity Transfer, the CECH Subscription and the Placing, CECH will be interested in 2,550,000,000 Shares representing approximately 31.9% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, the CECH Subscription Shares and the Placing Shares. CECH will therefore become a controlling shareholder of the Company. Accordingly, the Equity Transfer also constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules, and will accordingly be subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon the completion of the Equity Transfer, the CECH Subscription and the Placing, CEC Technology will become an indirect wholly-owned subsidiary of the Company and CECH will become a substantial shareholder of the Company. Accordingly, the arrangements in respect of the Entrusted Loans will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon the completion of the Equity Transfer, the CECH Subscription and the Placing (the "**Non-exempt Continuing Connected Transaction**").

The Group is currently principally engaged in the development and operation of large scale business parks with distinctive industry themes located in eight cities in Hubei, Shandong and other provinces in the PRC; whereas the principal business activities of CEC Technology and its subsidiaries are the development and management of industrial parks in the PRC, including Hainan, Shaanxi and Guangxi Provinces, each of which provides a platform for industry players to develop electronic information technology businesses. The acquisition of CEC Technology Group would enable the Company to expand its business into new geographical areas of Hainan, Shaanxi and Guangxi Provinces in the PRC. Further, the size of the industrial parks being developed by CEC Technology Group are comparable to those developed by the Group and hence, the Equity Transfer is expected to strengthen and consolidate the Group's portfolio, thereby enhancing the Company's position as a leading large-scale business parks developer. In addition, insofar as the Company is aware, certain phases of the industrial parks developed by the CEC Technology and its subsidiaries are expected to be completed for sale in 2016. Following the gradual completion of the relevant construction of such industrial parks, CEC Technology and its subsidiaries would be able to contribute to the future growth of the Group. Following the Equity Transfer and the CECH Subscription, CECH will become a controlling shareholder of the Company. The Equity Transfer and the CECH Subscription will not only allow the Company to expand its shareholder base, but also represent a good opportunity for the Company to explore and pursue cooperation with CECH, in particular in respect of the development and operation of business parks, which will be beneficial to the development and expansion of the Group's business.

Further, the net proceeds from the CECH Subscription are estimated to amount to approximately HK$1,184 million. The Company intends to use as to approximately 76% of the net proceeds for the development of the business of CEC Technology, approximately 14% for the business development of the Group and the balance of approximately 10% as general working capital of the Group. The CECH Subscription would strengthen the Group's cash position without incurring additional interest burden and is therefore an effective manner to raise additional capital for the Group.

The net proceeds from the Placing are estimated to amount to approximately HK$1,148 million. The Company intends to use as to approximately 90% of the net proceeds for the future development of the Group's business and the balance of approximately 10% as general working capital of the Group. The Placing would strengthen the Group's cash position without incurring additional interest burden and is therefore an effective manner to raise additional capital for the Group. The Placing will also provide an opportunity for the Company to broaden its shareholder base.

Material Disposals

On 17 November 2015, Wuhan Optics Valley Union Group Company Limited* (as vendor), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Hubei Science & Technology Investment Group Co., Ltd.* (as purchaser), for the conditional sale and purchase of 70% of the equity interest of Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.*, together with the loan owed by Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.* to Wuhan Optics Valley Union Group Company Limited*, for a consideration of RMB267,310,067.31.

* *For identification purposes only*

On the same day, Wuhan Optics Valley Union Group Company Limited* (as vendor) entered into another sale and purchase agreement with Hubei Science & Technology Investment Group Co., Ltd.* (as purchaser), for the conditional sale and purchase of 70% of the equity interest of Wuhan Financial Harbour Development Co., Ltd.*, together with the loan owed by Wuhan Financial Harbour Development Co., Ltd.* to Wuhan Optics Valley Union Group Company Limited*, for a consideration of RMB270,122,238.68.

On 16 January 2016, the underlying transactions pursuant to the abovementioned sale and purchase agreements (the "**Disposals**") were approved by the independent shareholders of the Company. The Disposals were completed on 18 January 2016. Following the completion of the Disposals, the Group no longer has any shareholding interest in Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.* and Wuhan Financial Harbour Development Co., Ltd.*, and Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.* and Wuhan Financial Harbour Development Co., Ltd.* ceased to be subsidiaries of the Company.

Employees

As at 31 December 2015, the Group had 4,356 full-time employees. The employment cost of the Group was approximately RMB225.0 million for the year ended 31 December 2015. 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 measures for 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 from 18% to 20% of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension obligations payable to retired employees. The Group's contributions to the 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 2015, the Group had pledged certain of its assets with a total net book value of RMB3,117.3 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 and property, plant and equipment and restricted cash.

* *For identification purposes only*

As at 31 December 2015, a loan of RMB157.2 million granted by Shanghai Jingzhao Aoxi Investment Center is secured by 80% equity interest in Hefei OVU 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 an outstanding amount of RMB3,375.3 million as at 31 December 2015. 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 that the exposure on its foreign exchange risk is not significant.

Credit Risk

The Group is exposed to credit risk, primarily attributable to trade and other receivables. With respect to leasing income from its investment properties, the Group believe the Group holds sufficient deposits to cover its exposure to potential credit risk. An aging analysis of the receivables is performed on a regular basis, which the Group monitors closely to minimize any credit risk associated with these receivables. The Group has no concentration of credit risk in view of its large number of customers. The Group did not record significant bad debt losses during the year.

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

During the year, 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 (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") 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 (equivalent to the chairman and chief executive as stated in the CG Code) 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, during of the year, 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 during the year.

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 during the year.

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 2015.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Thursday, 16 June 2016. A notice convening the AGM will be published and despatched to the Shareholders in due course.

FINAL DIVIDEND

The Board does not recommend any payment of final dividend for the year ended 31 December 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, 14 June 2016 to Thursday, 16 June 2016, 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, 13 June 2016.

PUBLICATION OF ANNUAL RESULTS AND 2015 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 2015 Annual Report will be despatched 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

24 March 2016

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.