光谷聯合控股有限公司
OPTICS VALLEY UNION HOLDING COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 798

2015 ANNUAL REPORT


OVU
OVU

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CORPORATE INFORMATION

Company Name

Optics Valley Union Holding Company Limited

Place of Listing of Shares

The Stock Exchange of Hong Kong Limited

Stock Code

798

Stock Name

OVU

Board of Directors

Executive Directors

Mr. Huang Liping *(Chairman and President)*
Mr. Hu Bin *(Executive President)*
Ms. Chen Huifen *(Vice President)*

Non-executive Directors

Mr. Lu Jun
Ms. Shu Chunping
Mr. Zhang Jie

Independent Non-executive Directors

Mr. Qi Min
Mr. Leung Man Kit
Ms. Zhang Shuqin

Joint Company Secretaries

Ms. Zhang Xuelian
Ms. Leung Ching Ching

Authorized Representatives

Mr. Huang Liping
Ms. Leung Ching Ching

Audit Committee

Mr. Leung Man Kit *(Chairman)*
Ms. Shu Chunping
Mr. Qi Min

Remuneration Committee

Mr. Qi Min *(Chairman)*
Mr. Hu Bin
Ms. Zhang Shuqin
Mr. Leung Man Kit
Ms. Shu Chunping

Nomination Committee

Mr. Huang Liping *(Chairman)*
Mr. Qi Min
Ms. Zhang Shuqin

Financial Control Committee

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

Registered Office

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

CORPORATE INFORMATION

Headquarters and Principal Place of Business in The PRC

Building No.1, Higher Level
Creative Capital
16 Ye Zhi Hu West Road
Hongshan District
Wuhan, Hubei
PRC

Principal Place of Business in Hong Kong

Unit 2902, 29th Floor
China Insurance Group Building
No. 141 Des Voeux Road Central
Hong Kong

Legal Advisors

as to Hong Kong law
Reed Smith Richards Butler
20/F Alexandra House
18 Chater Road
Central, Hong Kong

as to Cayman Islands law
Appleby
2206–19 Jardine House
1 Connaught Place
Central, Hong Kong

as to PRC law
Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing, China

Auditor

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Compliance Advisor

GF Capital (Hong Kong) Limited
29/F and 30/F, Li Po Chun Chambers
189 Des Voeux Road Central
Sheung Wan, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Banks

Hankou Bank
Bank of Communications
Industrial and Commercial Bank of China

Company Website

www.ovuni.com

FINANCIAL SUMMARY

A summary of the audited results and the assets and liabilities of the Group for the last five financial years is set out below:

	Year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Turnover from continuing operations	**1,903,840**	1,928,948	1,966,348	1,812,014	1,405,169
Gross profit					
Property development	**474,170**	554,361	624,125	474,337	310,936
Other business segments	**117,836**	128,300	88,065	102,299	64,567
	592,006	682,661	712,190	576,636	375,503
Profit before taxation	**748,028**	632,018	593,781	447,058	360,363
Profit attributable to equity shareholders of the company	**499,886**	415,190	320,869	277,701	223,371
Profit attributable to non-controlling interests	**4,704**	5,128	17,685	66,425	112,071
Profit for the year	**504,590**	420,318	338,554	277,701	259,217

FINANCIAL SUMMARY

	As of 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Non-current assets	**1,635,447**	1,054,621	724,787	585,455	611,659
Current assets	**7,257,981**	7,078,420	6,358,684	4,963,036	3,617,124
Current liabilities	**4,081,165**	3,659,076	3,665,116	3,376,670	2,619,903
Net current assets	**3,176,816**	3,419,344	2,693,568	1,586,366	997,221
Total assets less current liabilities	**4,812,263**	4,473,965	3,418,355	2,171,821	1,608,880
Total equity	**3,052,260**	2,585,039	1,665,116	1,388,367	1,151,773
Non-current liabilities	**1,760,003**	1,888,926	1,753,239	783,454	457,107
Total equity and non-current liabilities	**4,812,263**	4,473,965	3,418,355	2,171,821	1,608,880

Note: Figures for the years ended 31 December 2011 and 2012 were extracted from the Prospectus.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of the Group for the year ended 31 December 2015.

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. Increasing pressure was also exerted on transformation and upgrading, which in turn posed considerate challenges on the Group's business parks development business. 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, medical and health, recreation and entertainment, information consumption, various types of production service industry and lifestyle service industry. New economic hot spots are emerging continuously, thus offer more opportunities for Group's business innovation.

CHAIRMAN'S STATEMENT

Through the joint efforts of the operation team and by adopting effective measures in respect of fundamentals stabilization, risk control and acceleration of transformation, various expected targets were basically attained in 2015.

In 2015, the Group has started to benefit from the strategy of inter-regional layout implemented since 2012, as evidenced by the market-leading results achieved in regional markets including Qingdao, Ezhou and Shenyang. Although the Hefei project is still in its construction stage, it has received orders from several important clients. In terms of income from industrial park development, the proportion of projects other than the Wuhan project increased to 27.8%, thus consolidating the foundation for our balanced business development.

In 2015, the Group controlled its operation risk and fostered business transformation through measures such as speeding up inventory turnover, reducing new construction projects and new land reserve, disposing equity interests in certain projects and reducing the scale of heavy assets. The Group expanded the proportion of its light-asset business and placed strenuous efforts on developing light-asset business and semi-light-asset business. Leveraging on extensive business parks network and customer resources, a number of Internet-based innovative businesses were proactively conducted and attained significant progress.

In 2015, the Group made continuous efforts on fostering the integrated development of real estate operation, industry services and venture business. Since the new business model of "space + venture + entrepreneurship services" has gradually become mature, a solid foundation would be laid for sustainable development in the future. Beginning from 2014, the Group has shifted its focus from sales model to sales and held for leasing with increasing scale of properties held, in 2015, the Group's properties held for rental increased to 215,968 sq. m. by adding area of 92,339 sq. m.. A majority of the newly added space would be utilized for office sharing and industry nurturing, thus bringing new impetus for the Group's sustainable development.

OVU Maker Star, a brand established in 2015, utilizes the Group's self-owned industry properties or integrates third-party property inventories on the basis of office sharing and entrepreneurship incubation. Such brand has become a key approach for the Group's real estate operation and industry services as well as an important mean for integrating innovation and entrepreneurship resources. At present, deployment has been made in cities including Wuhan, Qingdao, Hefei, Ezhou and Huangshi, with over thousands of enterprises in operation and over hundreds of innovation teams residing on-site. OVU Maker Star does not only optimize the service structure for business parks, but would also become the pillar for business expansion in first-tier cities in the future as a professional brand. As compared with other outstanding industry peers, OVU Maker Star is set to play a crucial role in enhancing the Group's value by accumulating tremendous customers and resources value in business park zones.

CHAIRMAN'S STATEMENT

The Group's OVU venture investment business also witnessed an excellent beginning in 2015. On the back of business park zones service resources, the OVU Fund has made investment in nine enterprises with high quality and room for growth in sectors such as Internet-of-things, information safety and corporate services, and hence forges and integrates a tranche of outstanding technical teams and industry resources for OVU's own Internet ecological system for the industry. In over a decade, the Group has accumulated ample industry, customer and community resources, and over thousands of innovative enterprises stationing in dozens of the Group's scalable business park zones represent a vital and valuable resources for the city. As for the Group's venture investment business, participation in venture investment activities of technology enterprises and innovative service enterprises is conducted by the way of resources exchange, which could in turn establish closer relationships. Meanwhile, the Group could assist investees' business model by its rich business park resources to succeed in a more rapid manner, and share the value from corporate growth. Given the unique competitive advantages brought by "space + venture + entrepreneurship services", it is hoped that "Unicorn" enterprises in new economic sectors would incubate within 2 years.

Through establishment of Lanyu Smart (藍域智能) and investment in Huilian Infinite in 2015, the Group will gradually build up a full life cycle services system for industrial parks from space development to space operation, to facilities and equipment management and resources incubation. Besides, adhering to the ideology of "openness, sharing and win-win" and leveraging on the use of Internet and Internet-of-things, the Group is gradually establishing a value chain revolving around industrial parks and industrial services while further strengthening the Group's capabilities in terms of resources development and integration through capital injection and resources cooperation, hence building up an industry and Internet ecosystem and charting a new path for the innovation of the real estate business model and industrial services.

DHC (district heating and cooling energy services) is an integral part of the operation services of our industrial parks. In 2015, the Group's DHC business made steady progress, and even though no breakthrough was achieved in terms of business income, further consolidation of technical foundation could be seen. Significant progress made in business and regional deployment, which together with the support of more partners on the new business development model, have laid a sound foundation for making breakthrough in 2016.

In the year of 2015, the Group has vigorously promoted the strategic cooperation with the state-owned enterprise CEC 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 CEC Group's business parks development and comprehensive service business. The Group believes that such in-depth co-operation will optimize its business parks network and system, while further expand its scale via mergers and acquisition and enhance the resources integration capability and efficiency. As such, the Group's expertise will have a more significant room of development. As the leading enterprise among the new generation of information technology industry, the correlation between the business scopes of CEC Group and the existing enterprises within our business parks is high. Such correlation will offer optimal conditions for the integration and connection of industry resources as well as the nurturing of emerging industries, while interaction and connection among more and more industries will create a tremendous room for rapid development of the Group in the future.

Looking forward to 2016, the Group believes that it will be a rewarding and challenging year. Starting from central release under the national policy, the "13th Five Year Plan", supply-side structural reforms from top to bottom and profound structural reform of economic structure driven by Internet+ share economy will release a number of services opportunities of new projects and integration opportunities of storage resources. Upgrade of industry, consumption and cities will definitely provide rooms for growth of new service contents and service methods. Meanwhile, difficulties in cultural and businesses integration with CEC Technology objectively exist, the establishment of Internet platform of industry will also come to a crucial period, as such, large extent of expansion in innovative businesses such as entrepreneurship incubation, entrepreneurship investment, consultation and management will present a challenge for professionalism of our teams and advance level of our corporate culture.

The Group will continue to uphold its optimistic and open-minded belief as well as its prudential and rigorous attitude in promoting our business. It is expectable that the Company will become a leading industrial real estate service provider of the era. We sincerely invite all Shareholders to be the witness.

Finally, on behalf of the Board, I would like to express my sincere gratitude to our shareholders for their great support and trust and also to each Director, management team and our staff for their hard work. Under this profound industry transformation and economic reforms, we believe the Company will embrace a better future.

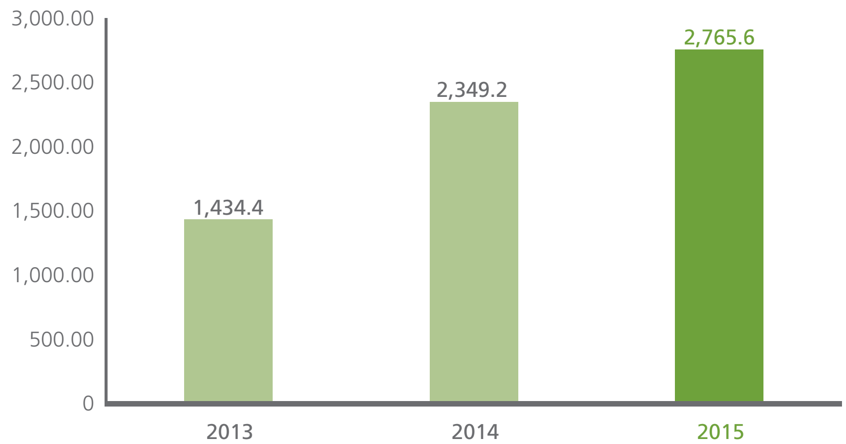
Optics Valley Union Holding Company Limited
HUANG Liping
Chairman of the Board

MANAGEMENT DISCUSSION AND ANALYSIS

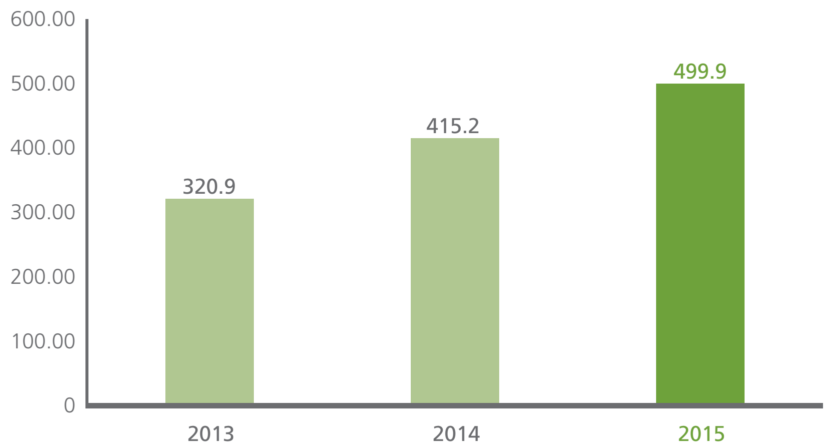
Overall Performance

- Profit attributable to Shareholders of the Group increased by 20.4% to RMB499.9 million in 2015 from RMB415.2 million in 2014.
- Turnover of the Group decreased by 1.3% to RMB1,903.8 million in 2015 from RMB1,928.9 million in 2014.
- Net profit of the Group for the year increase by 20.0% to RMB504.6 million from 2014.
- Newly completed area and the actual delivered area of the Group amounted to 403,000 sq.m. and 215,000 sq.m. in 2015, respectively.
- As of the end of 2015, total land bank of the Group amounted to 2,997,000 sq.m., which meets the development requirements for at least the next five years.
- As of the end of 2015, equity attributable to Shareholders of the Group amounted to RMB2,765.6 million, representing an increase of 17.7% compared to the same period of 2014.

Growth in Shareholders' equity during 2013 to 2015 (RMB million)



Growth in profit attributable to Shareholders during 2013 to 2015 (RMB million)



Business Review

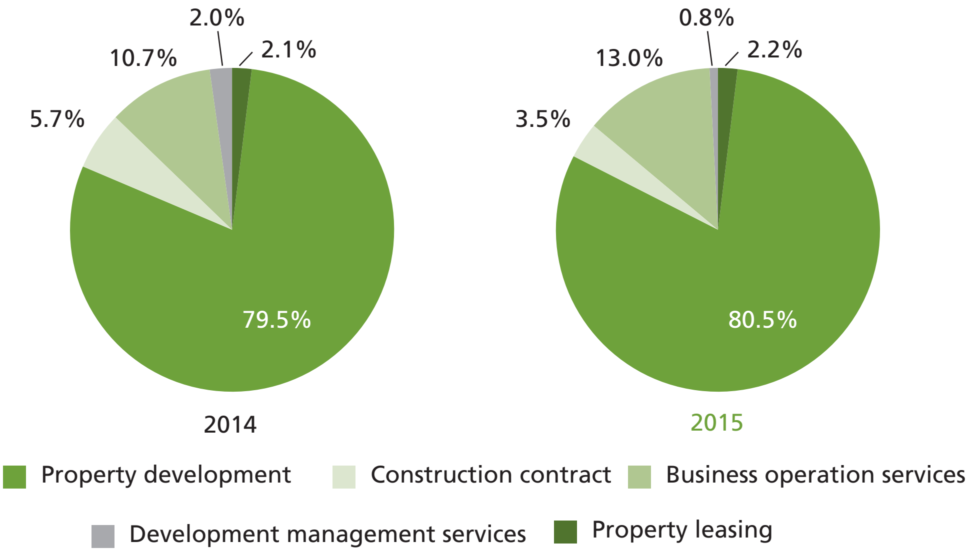
As at 31 December 2015, the Group, being a leading industry service provider in China, developed or operated various industrial parks in 7 cities, including Wuhan, Qingdao, Hefei, Shenyang, Ezhou, Huangshi and Huanggang. The Group's businesses mainly constitute of 3 parts: development of themed industrial 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 the operation of OVU Maker Star.

During the Reporting Period, 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 Reporting Period was sales of properties of the Group's developments.

Turnover by operating segments

	Years ended 31 December			
	2015		2014	
	Turnover (RMB'000)	**% of total**	Turnover (RMB'000)	% of total
Property development and related business				
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

Proportions of turnover from development and related business, business operation services and property leasing business



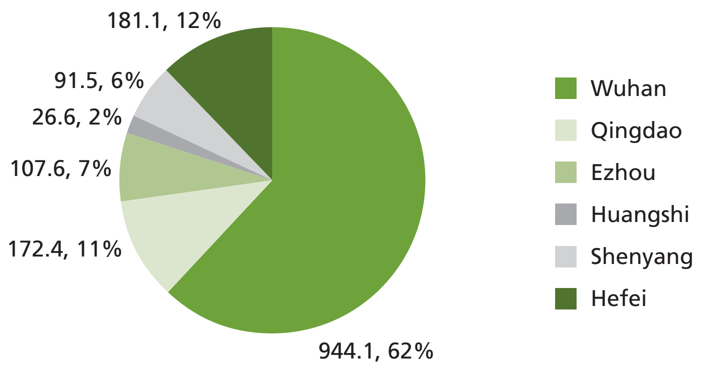
MANAGEMENT DISCUSSION AND ANALYSIS

Sales of Self-developed and -owned Properties

In 2015, the Group achieved new contracted sales of RMB1,523.4 million with the new contracted sales area amounting to 213,700 sq.m.. The average unit price of contracted sales decreased by 9.6% as compared to same period to RMB7,133.2 per sq.m., primarily due to a lower average price of products of OVU Science and Technology City of the Group.

During the Reporting Period, income of newly contracted sales mainly came from Wuhan, Qingdao, Shenyang, Hefei, Ezhou and Huangshi, among which, projects in Wuhan achieved RMB944.1 million of contracted sales, representing 61.9% of the aggregate amount of contracted sales. The proportion of contracted sales of projects other than Wuhan in our total contracted sales has reached 38.1%. During the Reporting Period, initial sale of projects in Hefei Financial Harbour and OVU Science and Technology City (Shenyang) started and achieved RMB181.1 million and RMB91.5 million of contracted sales respectively, representing 17.9% of the aggregate amount of contracted sales. All of the abovementioned projects held leading positions in their respective regional markets. The Group made remarkable progress in the regional development of its business.

Sales percentage of the cities in 2015



During the Reporting Period, the amount and area of contracted sales of the Group's properties increased, which were mainly due to the benefits of frequent promulgation of supporting policies to industrial development, 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 policy, etc.

Summary regarding the sales of properties

City and Project	Contracted Amount (RMB'000) 2015	2014	Contracted Area (sq.m.) 2015	2014
Wuhan Optics Valley Software Park (Phase V)	**13,450**	109,845	**1,500**	12,100
Wuhan Optics Valley Software Park (Phase VI)	**—**	156,233	**—**	19,000
Wuhan Creative Capital	**194,490**	310,511	**20,800**	34,500
Wuhan Financial Harbour (Phase II)	**81,940**	156,101	**10,800**	13,700
Wuhan Innocenter	**4,500**	6,580	**600**	1,000
Wuhan Lido 2046	**642,360**	210,091	**58,300**	18,500
Wuhan Romantic Town	**—**	4,115	**—**	500
Qingdao OVU International Marine Information Harbour	**172,410**	177,326	**26,000**	26,653
Ezhou OVU Science and Technology City	**107,620**	72,580	**34,500**	24,000
Huangshi OVU Science and Technology City	**26,620**	19,590	**6,000**	5,000
Shenyang OVU Science and Technology City	**91,510**	—	**31,000**	—
Hefei Financial Harbour	**181,100**	—	**23,400**	—
Others	**7,400**	—	**800**	—
Total	**1,523,400**	1,222,972	**213,700**	154,953

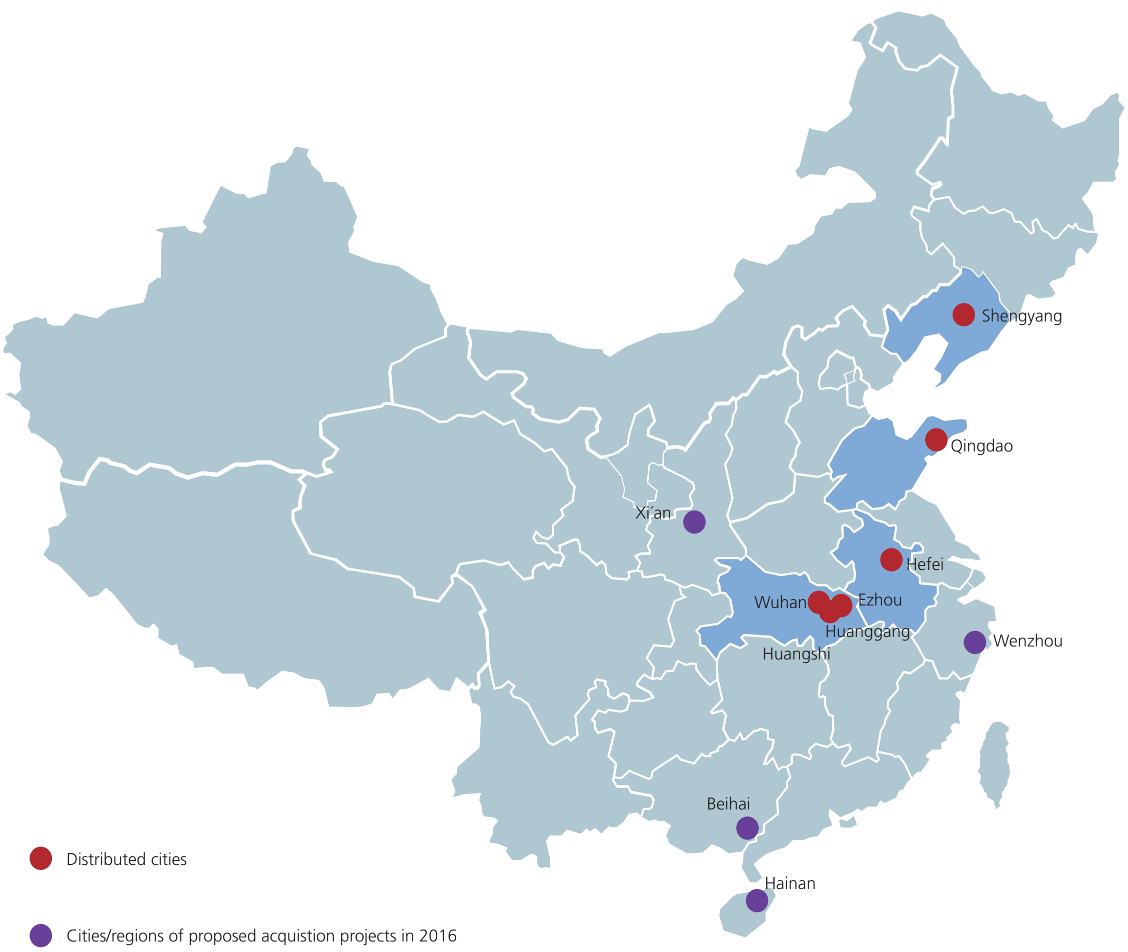
Property Development and Completion

During the Reporting Period, in light of the slowdown in economic growth of the Mainland and the relatively significant adjustment of the real estate market, the Group has appropriately adjusted its speed in property development, resulting in a decrease in area of new development and newly completed area as compared to those planned at the beginning of the year.

During the Reporting Period, the Group completed eight phased projects for business parks located in Wuhan, Qingdao, Ezhou and Huangshi, with an aggregate newly completed area of 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.

MANAGEMENT DISCUSSION AND ANALYSIS

National distribution map of the projects of the Group



MANAGEMENT DISCUSSION AND ANALYSIS

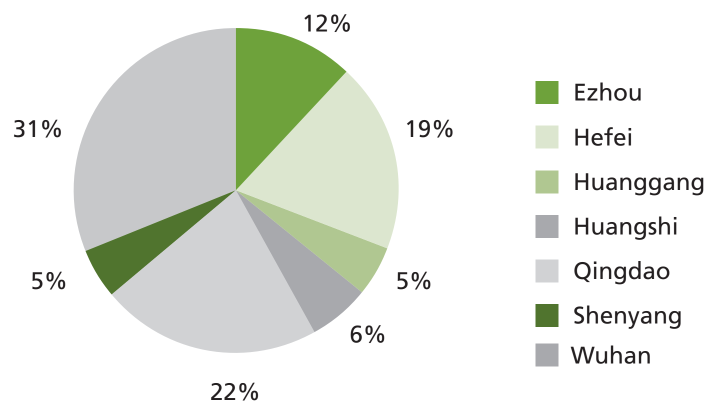
Completed areas of major projects by cities in 2015

City	Project Name		Area of completion in 2015 ('000 sq.m.)
Wuhan			187
	Creative Capital	61	
	Lido 2046	126	
Qingdao	Qingdao OVU International Marine Information Harbour		122
Ezhou	Ezhou OVU Science and Technology City		27
Shenyang	Shenyang OVU Science and Technology City		67
Total			403

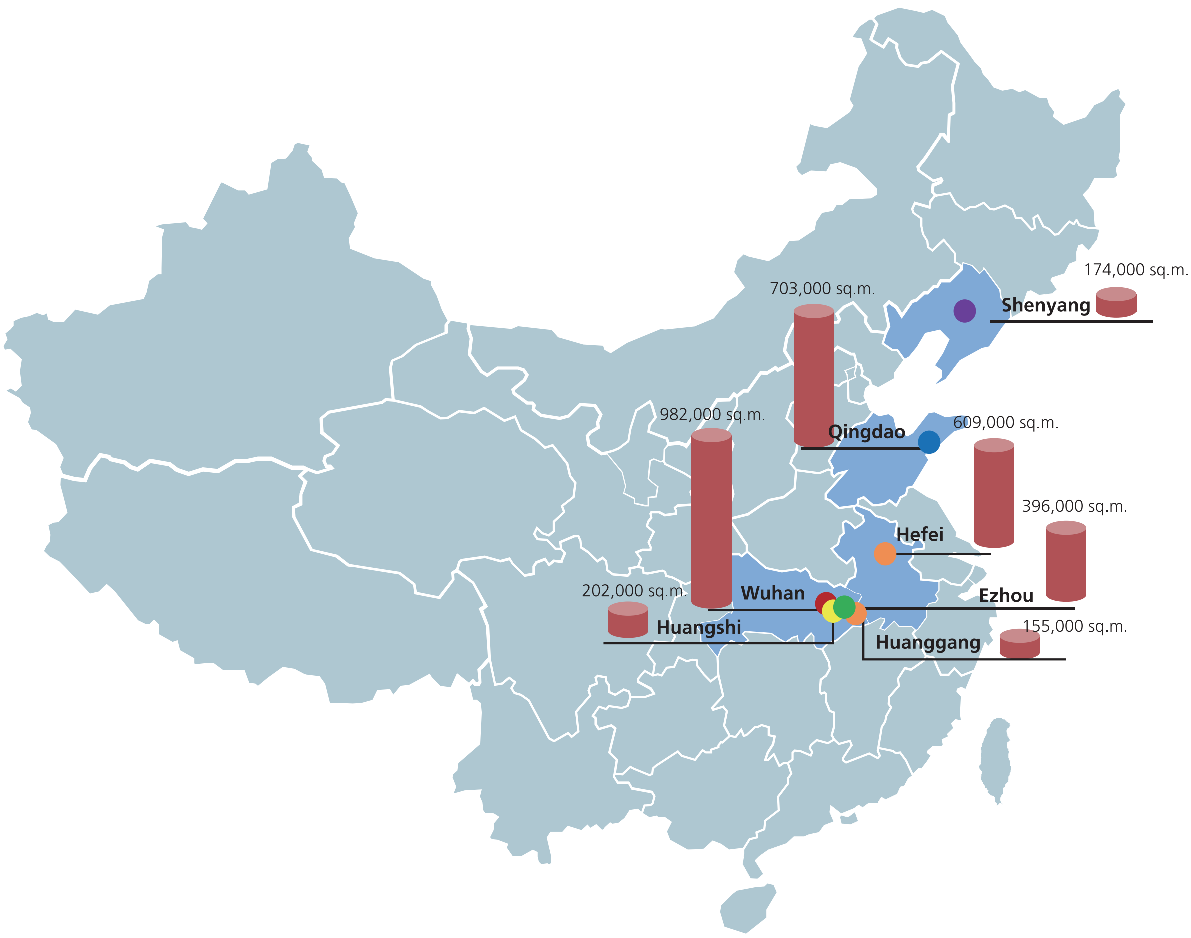
Land Bank

During the Reporting Period, the Group obtained 143,000 sq.m. 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 and Wuhan Energy Conservation Technology Park to Hubei Science & Technology Investment, as at 31 December 2015, the Group's land bank was 2,997,000 sq.m., distributed in 7 cities, being Wuhan, Qingdao, Hefei, Shenyang, Ezhou, Huangshi and Huanggang.

Proportion of distribution of land bank by cities



MANAGEMENT DISCUSSION AND ANALYSIS



Land bank

No.	Project	City	Location	Usage	Interest Attributed to the Group	Land Bank (sq.m.)
1	Optics Valley Software Park (光谷軟件園)	Wuhan	1 Guanshan Avenue, Wuhan, Hubei Province	Industrial	100%	54,425
2	Optics Valley Financial Harbour (Phase I) (光谷金融港一期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	27,728
3	Optics Valley Financial Harbour (Phase II) (光谷金融港二期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	47,843
4	Wuhan Innocenter (武漢研創中心)	Wuhan	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	Industrial	100%	203,707
5	Lido Mason (麗島美生)	Wuhan	No. 318 Minzu Avenue, Wuhan, Hubei Province	Residential	50%	1,282
6	Creative Capital (創意天地)	Wuhan	16 Ye Zhi Hu West Road, Hongshan District, Wuhan, Hubei Province	Commercial	100%	345,548
7	Lido 2046 (麗島2046)	Wuhan	175 Xiongchu Avenue, Wuhan, Hubei Province	Residential	100%	60,777
8	Romantic Town (麗島漫城)	Wuhan	46 Guanggu Avenue, Wuhan, Hubei Province	Residential	51%	2,849
9	Others	Wuhan	N/A	Residential	100%	14,004
10	Qingdao OVU International Marine Information Harbour (青島光谷國際海洋信息港)	Qingdao	396 Emeishan Road, Qingdao, Shandong Province	Industrial	100%	369,682
11	Qingdao Innocenter – Public rental housing (青島研創中心－公租房)	Qingdao	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	Residential	100%	25,656
12	Qingdao Innocenter (青島研創中心)	Qingdao	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	Industrial	100%	110,724
13	Qingdao Marine & Science Park (青島海洋科技園)	Qingdao	South of Zhang Jiang West Road, West of Jiangshan South Road, North of Binhai Avenue, Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province	Industrial	100%	197,050
14	Ezhou OVU Science and Technology City (鄂州光谷聯合科技城)	Ezhou	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	Industrial	80%	396,110
15	Huangshi OVU Science and Technology City (Phase I) (黃石光谷聯合科技城一期)	Huangshi	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	Industrial	100%	183,466
16	Lido Top View （麗島半山華府）	Huangshi	No. 76 Hangzhou West Road, Huangshi Development Zone, Hubei Province	Residential	100%	18,106
17	Huanggang OVU Science and Technology City （黃岡光谷聯合科技城）	Huanggang	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	Industrial	70%	155,334
18	Shenyang OVU Science and Technology City (瀋陽光谷聯合科技城)	Shenyang	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	174,266
19	Hefei Financial Harbour (合肥金融港)	Hefei	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	Commercial	80%	608,660
	Total					2,997,217

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction of Major Business Park Projects

Hubei Province

Wuhan City

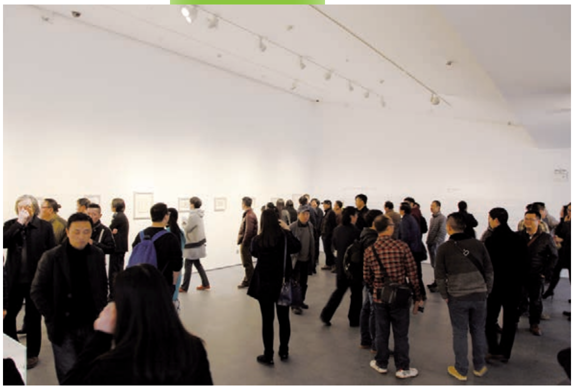
Creative Capital

Location:	It is located next to Yezhi Lake, between Nanhu Avenue and Zhonghuan Line in Hongshan District, Wuhan City.
Scale:	The two-phased project occupies a total site area of 379,000 sq.m. and has a planned total GFA of 1,059,000 sq.m.
Project positioning:	Creative and related industries, such as creative art, industrial design and digital media.
Details of the project:	It is designed to be an integrated and multifunctional platform for artists and cultural creative industry services, including, among others, advertising and media, art design, fashion design, music, entertainment and internet games. The Creative Capital Phase I will comprise commercial and office facilities, art galleries, artists' creative studios, outdoor theaters and hotels. The Creative Capital Phase II occupies a total site area of approximately 185,000 sq.m. and has a planned total GFA of approximately 670,000 sq.m.
Goal:	Based in Wuhan, the Creative Capital aims at developing into a hub for nation-leading and world-renowned innovative industries and creative base which provide the venue for international art masters, well-known artists in China and young artists to create artworks and set up workshops. It will attract about 500 innovative enterprises to be residents, create over 5,000 jobs and achieve an industrial output of RMB10 billion.
Latest status:	As at 31 December 2015, 176,000 sq.m. were completed and 209,000 sq.m. were under construction. There were approximately 90 enterprises, institutions and artists residents.

As at 31 December 2015, Union Art Gallery, artists' workshops, the artwork auction market, art boutique hotel and Creative Shops Street, part of the high-rise office district and OVU Maker Star Creative Capital had been completed, delivered and in use.

During the Reporting Period, Creative Capital has organized different activities for more than 70 times and has received more than 30,000 visitors. Union Art Gallery held six large scaled exhibition, including "Be Enlightened All of a Sudden — Sino-German Art Comparison Studies Exhibition (茅塞頓開中德觀念藝術比較研究展)", "Fu Zhongwang Manuscript Studies Exhibition" and "From Reality to Extreme Reality — the Path of Zhang Dali", among which "From Reality to Extreme Reality — the Path of Zhang Dali" was awarded top ten exhibitions in 2015 by Artron.Net.

On-site photos of scene and activities



MANAGEMENT DISCUSSION AND ANALYSIS

Ezhou City

Ezhou OVU Science and Technology City

It acts as a demonstration base of Hubei Technology Enterprise Accelerator.

Location:	It is located in the Hubei Gedian High-Technology Industrial Development Zone.
Scale:	It occupies a total area of 1,053,000 sq.m. and has a planned total GFA of 1,306,000 sq.m..
Project positioning:	Electro-mechanical technology, information technology, new materials, biomedical technology, food processing, etc.
Details of the project:	It is designed to provide top-grade supporting facilities to SMEs for research and development of advanced technologies of opto-electronic information, electro-mechanical integration, new materials, energy conservation and environmental protection. The project will comprise office buildings for research and development, one to multi-storey customized buildings for product manufacturing and supporting facilities (including, among others, canteens and residential apartments).
Goal:	It aims at developing a base to showcase technology enterprise accelerators in China and industrial base of technical SMEs, forming effective research and development, incubation and accelerator system, attracting 500-1,000 technical SMEs and generating a production output of RMB6 billion per year.
Latest status:	As at 31 December 2015, 163,000 sq.m. was completed. 16,000 sq. m. was under construction. There were 31 enterprise residents.

The view of completed part and part under construction

Huangshi City

Huangshi OVU Science and Technology City

It is a modern and innovative new town developed by the Group. It is also the first large-scale technical and innovative business park in the eastern region of Hubei province.

Location:	It is located at the intersection of Baoshan Road, the main road of Huangshi Golden Hill New Industrial Zone (core area of the National Huangshi Economic Development Zone) and Jinshan Boulevard.
Scale:	The three-phased project occupies a total area of 489,000 sq.m. and has a planned total GFA of 677,000 sq.m..
Project positioning:	It targets the "high-end emerging industries" and focuses on the development of new industries such as new energy, new materials, photoelectron, biology and energy conservation and environmental protection.
Details of the project:	It is designed to provide an integrated and multifunctional platform for SMEs and start-up companies for the research and development of technologies relating to strategic emerging industries such as biotechnology, new energy, high-end equipment manufacturing (including optoelectronic devices), energy conservation and environmental protection and clean-energy vehicles. The project will comprise office buildings for research and development, customized buildings for product manufacturing, and supporting facilities providing commercial, residential, leisure and entertainment services (including, among others, hotels, shopping centers and residential apartments).
Goal:	After the completion of the project, there will be 30 headquarters of enterprises, 300 SMEs, generating an annual production output of RMB3 billion and an additional production output of RMB10 billion for related industries, and attract over 10,000 talents from innovative and high-tech businesses. As a result, it will form an integrated high-tech park with research and development facilities, incubation, headquarters and residential buildings.
Latest status:	As at 31 December 2015, 59,000 sq.m. was completed and 38,000 sq.m. was under construction. There were more than 20 enterprise residents

The view of Huangshi Project

MANAGEMENT DISCUSSION AND ANALYSIS

Huanggang City

Huanggang OVU Science and Technology City

Location:	It is located at the east of Xingang North Road and both side of Zhonghuan Road in Huangzhou District, Huanggang City, Hubei Province.
Scale:	It occupies a total area of 1,500 mu, and a planned total GFA of 1,300,000 sq. m.
Project Positioning:	It targets light processing enterprises with high-end emerging industries such as photoelectronic information and intelligent manufacturing as core industries.
Details of the Project:	It will provide enterprises with industry incubator, research and development office properties, light processing production space, business logistics properties as well as a package of commercial, residential, recreational and entertainment services, including hotels, shopping malls and residential apartments.
Goal:	An integration of new urbanization and production city with demonstration effect in Wuhan urban circle. The project targets at gathering about 200 intellectual manufacturing and innovative enterprises, creating 20,000 employment positions, forging a modern industry community with an annual production value of RMB3–5 billion and forming an industrial advanced new technology city within the region.
Latest Status:	The project has obtained the first phase of land of 143,000 sq. m. through tenders in August 2015. As at 31 December 2015, it was at the stage of infrastructure construction.

Aerial view and scene of project planning

Shandong Province

Qingdao City

Qingdao OVU International Marine Information Harbour

It is developed by the Group as a showcase project of marine information industry in Qingdao and a national software and outsourcing business park.

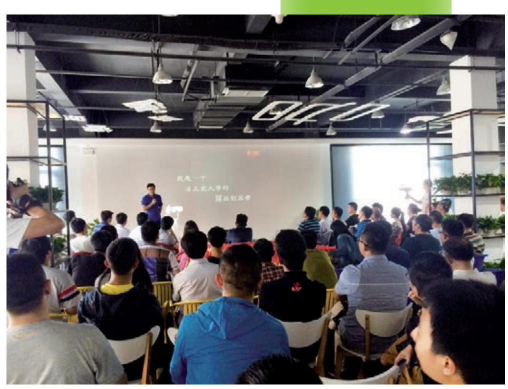
Location:	It is located in the West Coast National Economic Development Zone, Qingdao and at the intersection of Emeishan Road and Fuchunjiang Road of Qingdao Economic and Technology Development Zone.
Scale:	The three-phased project occupies a total area of 1,324,000 sq.m., and a planned total GFA of 3,099,000 sq.m..
Project positioning:	Marine information, outsourcing of software and service.
Details of the project:	It will provide top-graded infrastructure to international corporations and fast-growing SMEs in the areas of software research and development, network communication and other technology and service outsourcing. The project will comprise office buildings and supporting facilities, including apartments, canteen and hotels.
Goal:	It aims at attracting 500 enterprises of marine information, marine research, modern marine service industry and software and service outsourcing, creating 120,000 employment opportunities and an annual production output of RMB15 billion and becoming a national showcase of marine information industry and a top and well-known business cluster district of software and service outsourcing in the world.
Latest status:	As at 31 December 2015, 279,000 sq.m. was completed and there were 75 enterprise residents (the number of enterprises which had entered into contracts and registered was 257). Strategic partnership with Alibaba had been formed to jointly develop cross-border e-commerce.

Qingdao OVU International Marine Information Harbour of OVU Maker Star was put into operation in May 2015 and was located at Building Number 27 of the project. It provides entrepreneurial teams with independent office space, public service area for meeting, training, roadshow and fitness purposes, office facilities and entrepreneurship services such as entrepreneurship consultation and business registration as well as platform for entrepreneurship counseling and investment. As at 31 December 2015, a space of 2,500 sq. m. was put into use and 50 entrepreneurship projects were completed.

MANAGEMENT DISCUSSION AND ANALYSIS

Real view of projects

Real view of OVU Maker Star



Qingdao Innocenter

It is developed by the Group as a showcase project for technical SMEs in Qingdao to start innovative businesses.

Location:	It is located at Jiangshan Road, Qingdao Economic and Technology Development Zone and within West Coast National Economic Development Zone, Qingdao.
Scale:	Total planned area of approximately 93 mu and planned total GFA of approximately 140,000 sq.m..
Project positioning:	Research and development of Internet, construction of logistics information system and incubation of technical SMEs.
Details of the project:	It will provide office for research and development, incubation and various industries in the park and local amenities.
Goal:	It aims at providing space for rapid growth and a scientific achievement transforming platform for hundreds of technical SMEs through the improvement of industrial infrastructure, which forms a business complex with research and development, office, residential, living and commercial functions to further facilitate the adjustment of industrial structure of Qingdao and stimulate regional economy.
Latest status:	As at 31 December 2015, construction of 26,000 sq. m. has commenced.

Project layout and real view

MANAGEMENT DISCUSSION AND ANALYSIS

Anhui Province

Hefei City

Hefei Financial Harbour

It is a business park developed by the Group comprising a group of middle and back offices of financial institutions and innovative financial businesses.

Location:	It is located at the intersection of Huizhou Avenue and Jinxiu Avenue, Binhu New Zone, Hefei City.
Scale:	Planned GFA of approximately 610,000 sq.m.
Project positioning:	Financial back office services, special finance, etc.
Details of the project:	It comprises an integrated financial area, customized back-office area and service outsourcing, etc.
Goal:	After the completion of the project, it will attract both large and small financial institutions to set up middle- and back-offices and enterprises engaging in financial service outsourcing and e-commercial enterprises. A group of innovative financial institutions will be introduced and nurtured.
Latest status:	As at 31 December 2015, 320,000 sq.m. was under construction. Pre-sale permits of part of the properties were acquired and partial sales were achieved.

The view of Hefei Financial Harbour

Liaoning Province

Shenyang City

Shenyang OVU Science and Technology City

Location:	It is located at the intersection of Fourth Ring Road and Seven Star Avenue, Shenbei New District, Shenyang City.
Scale of the project:	Phase I occupies an area of 126,000 sq.m. with a planned total GFA of approximately 186,000 sq.m..
Project positioning:	Equipment manufacturing, new materials, biological medicine and electronic information.
Details of the project:	Factories, research and development centers, conference centers, food court, apartments and shops.
Goal:	It aims at developing into a platform for public service, which will help SMEs to update and upgrade with the integration of upstream and downstream industries, and ultimately becoming a new driver for the transformation and upgrade of the regional economy.
Latest status:	As at 31 December 2015, 67,000 sq.m. of the properties was completed and there were 20 enterprise residents.

The view of Shenyang OVU Science and Technology City

MANAGEMENT DISCUSSION AND ANALYSIS

Development Management Services/Consultation 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, 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.

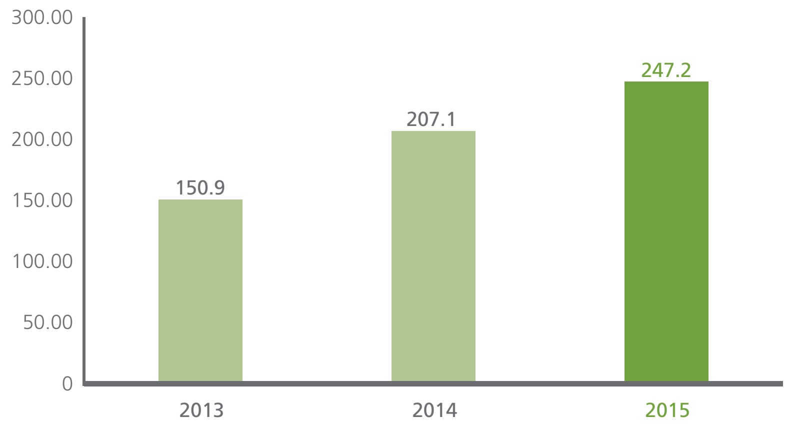
During the Reporting Period, Wuhan Future Technology City New Energy Research Institute built by the Group through entrusted construction was widely recognized by the industry and gained the honour of FIDIC (International Federation of Consulting Engineers) 2015 Outstanding Project. During the Reporting Period, the Group entered into 5 contracts for providing project consultation management services and the area of projects covered by the services reached approximately 13,000,000 sq.m..

During the Reporting Period, the Group had, through the adjustment of its business structure and the integration of its existing resources, set up a consultation and management department, which provides self-built projects invested by the government, enterprises and institutions with professional consultation and management services covering the whole industry chain, including preliminary positioning, planning, construction, operation and management. Such business is one of the key business directions of the Group's light assets transformation. During the Reporting Period, the Group has provided planning and consultation services to entities including Wenzhou Economic Development Zone, Sunshine Insurance Group, Jiang Toon Animation Group and Huizhou Huayu Ruigu (惠州華宇瑞谷), and the contracted sales of services amounted to RMB5.4 million.

Business Operation Services

During the Reporting Period, 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 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.

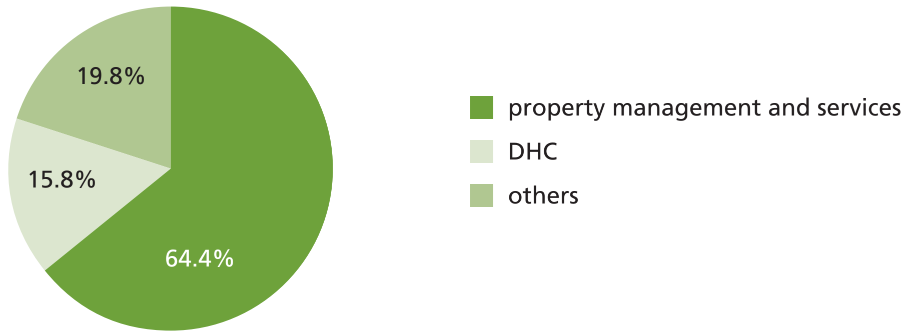
Growth in turnover from business operation services during 2013 to 2015 (RMB million)



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 10 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 5,000,000 sq.m. and 10,000,000 sq.m., respectively, which show a tremendous room for growth for the market of operation services for business parks. Wuhan Lido Property Management, a company wholly owned by the Group, currently manages properties with an area of 10,580,000 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 Reporting Period, was put into operation to provide over 110 entrepreneurial teams with entrepreneurial services in Wuhan and Qingdao.

Proportion of turnover contributed by business operation services in 2015



MANAGEMENT DISCUSSION AND ANALYSIS

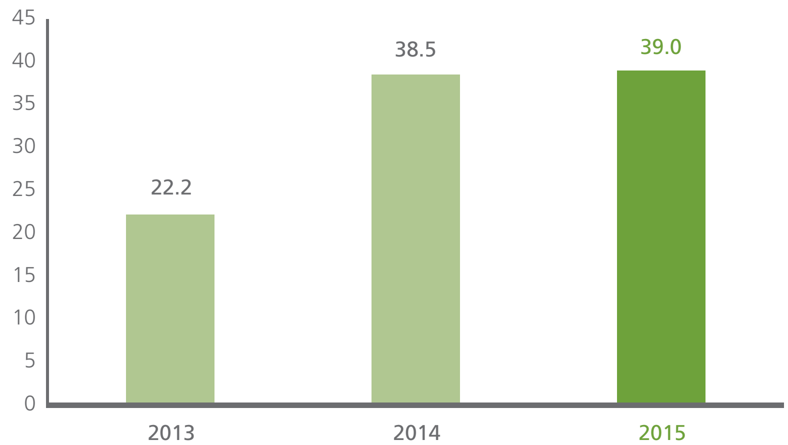
Currently, there are over 800 enterprises located in the Group's business parks, with a working population of 70,000. It represents an immense potential market for operation services in the future. Leveraging on internet and information technology, the Group will consolidate the resources of its business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

DHC Energy Conservation and Environmental Protection Services

Turnover of the Group from services of 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.

The Group's DHC energy saving and environmental protection businesses had a well-established commercial operation system. As of 31 December 2015, the Group's DHC energy saving and environmental protection businesses had served properties of 3,500,000 sq.m.. During the Reporting Period, the Group entered into joint venture agreements with Beijing Zhongqing Tongyue Services Consultation Company Limited (北京中清同躍服務諮詢有限公司) and Wuhan Heruilong Consultancy Company Limited (武漢和端隆諮詢有限公司), respectively, to extend the market of the DHC energy saving and environmental protection businesses, and further expand its businesses to cities other than Wuhan such as Beijing, Zhengzhou, Shanghai, Shenzhen, Chengdu, Harbin, Haikou and Xianning.

The growth in turnover from DHC energy services business during 2013 to 2015 (RMB million)



Entrepreneurship Incubation and Venture Investment Businesses

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.

During the Reporting Period, in accordance with the idea of "Sharing Economy" and the service model of "Space+Venture", the Group established "OVU Maker Star", an O2O entrepreneurship service platform with ecological functions of super incubator, which redefines incubator and accelerator by integration of trans-regional, sustainable and multi-categories of space resources, provides start-up ventures with massive innovation space and apartments, renders flexible office, research and development, production space for fast growing enterprises, supplies high quality headquarters, trans-regional research centres, production facilities and warehouses for industry leading companies. Currently, the Group has built up business presence in 9 cities, including Wuhan, Qingdao, Shenyang, Beijing, Dongguan and Chengdu, and has built more than 10 service sites. The first flagship model service site in Wuhan Creative Capital was already in operation and occupied an area of 9,660 sq.m. (including apartments) and has obtained licenses from various authorities in Hubei province and Wuhan city. It has provided incubation services for more than a hundred of start-up ventures, and many of which have received seed capital or Series A financing. In the future, we will focus on innovative and energetic regional distribution in cities such as Beijing, Shanghai and Shenzhen.

MANAGEMENT DISCUSSION AND ANALYSIS

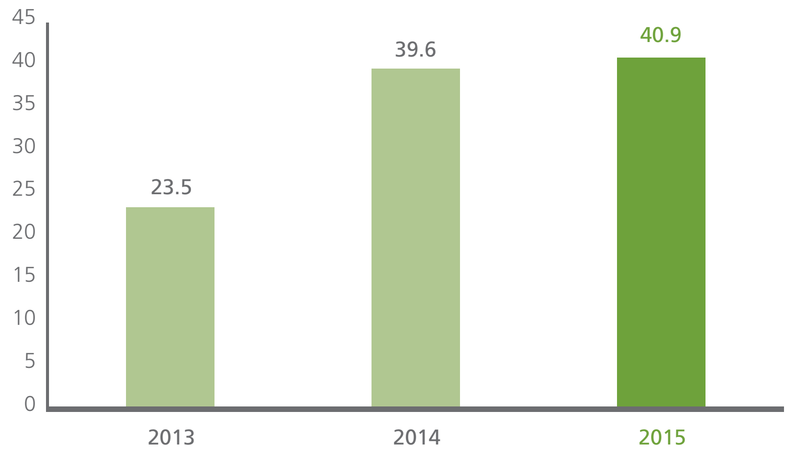
In order to establish a comprehensive OVU Maker Star service system and to develop a sharing ecology with super innovative values, during the Reporting Period, the Group had set up the "OVU Fund" with RMB100 million of first phase capital which focused on the investments in high technology industries and high-return innovation and entrepreneurship projects. The aims are to provide start-up ventures which joined the OVU Maker Star with equity financing services and establish a closer relationship with them, at the same time, provide the Group with new channels of diversifying future income. During the Reporting Period, the "OVU Fund" and the Company's venture business department had entered into investment agreements with 8 companies, including Wuhan Echoliv Idea Technology Company Limited, Wuhan Shiyipingmi Technology Company Limited, Wuhan Shiyipingmi Investment Company Limited, Wuhan Huilian Infinite Technology Co., Ltd., Wuhan SunEn-Tech Co., Ltd., Wuhan Beida High-Technology Software Company Limited (武漢北大高科軟體股份有限公司), Wuhan Meizhi 37 Technology Co., Limited (武漢美質三七科技有限公司) and Wuhan Triples Information Technology Company Limited with an intended total investment amount of RMB51.5 million, of which, RMB26.0 million has been invested.

Full Name of Invested Companies	Intended Total Investment Amount (RMB 0'000)	Accumulated Investment Amount (RMB 0'000)	Shareholdings
Wuhan Echoliv Idea Technology Company Limited	3,000	750.4	67%
Wuhan Shiyipingmi Technology Company Limited	290	290	35%
Wuhan Shiyipingmi Investment Company Limited	10	10	50%
Wuhan Huilian Infinite Technology Co., Ltd.	300	300	6%
Wuhan SunEn-Tech Co., Ltd.	600	300	24%
Wuhan Beida High-Technology Software Company Limited	400	400	8%
Wuhan Meizhi 37 Technology Co., Limited	246	246	14.571%
Wuhan Triples Information Technology Company Limited	300	300	70%
	5,146	2,596.4	

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.

Growth in turnover from property leasing during 2013 to 2015 (RMB million)



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.

Major investment properties of the Group

No.	Property Name	Nature of Property	Area (sq.m.)
1	Optics Valley Software Park	Office and apartment	38,220
2	Creative Capital	Commercial	22,477
3	Qingdao OVU International Marine Information Harbour	Office	41,891
4	Qingdao Innocenter Public Rental Housing	Apartment	18,228
5	Hefei Optics Valley Financial Harbour	Office	54,250
6	Financial Harbour (Phase I)	Apartment	4,560
7	North Harbour Industrial Park	Office	3,959
8	Huangshi Top View	Commercial	15,462
9	Lido Garden	Commercial	6,922
10	Romantic Town	Commercial	392
11	Huanggang OVU Science and Technology City	Dormitory	9,441
	Total		215,802

Material Co-operation and Restructuring

On 14 December 2015, the Group entered into an agreement to acquire 100% shares of CEC Technology, a wholly-owned subsidiary of CECH, with a consideration of RMB699,854,600 (equivalent to approximately HKD846 million) for the equity transfer. On the same date, CECH also entered into an agreement to subscribe for 1,491,469,917 new Shares at HK$0.80 per Share, acquiring approximately 18.6% equity interests of the Group's enlarged share capital. On the same date, CECH entered into a placing agreement whereby it has conditionally agreed that a total of 1,450,000,000 Shares will be placed to CECH. Upon the completion of the transactions contemplated under the abovementioned agreements, CECH will become the largest single shareholder of the Group.

CEC Technology is a company under CECH specializing in developing electronic information industrial parks. The Group acquired land reserve and interests of existing projects in Xi'an, Beihai and Hainan, and interests of potential projects in Hainan, Beihai, Wenzhou via this acquisition to extend the market reach of the Group's business of industrial parks development. In addition, leveraging on the solid background of CEC Group in electronic information industry background and policy support, the Group's ability to acquire quality project resources and service contracts in the future will be enhanced significantly. In addition, as the sole professional carrier platform for CEC Group's industry park businesses in the future, the Group will act as an important role in integrating industry parks of CEC Group and real estate resources distributed in Beijing, Shanghai and Shenzhen, thereby increasing the efficiency of resources and the rate of asset securitization. Based on CEC Group professional technology and resources in areas of electronic information and intelligent facilities and equipment as well as the Group's rich experience in operation and management of industrial parks, the park operation and maintenance businesses of the Group will create more significant synergistic effect in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospect for 2016

Market Environment

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 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 multiarea 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.

Strategies of the Group

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 we have established business, including Wuhan, Qingdao, Shenyang, Hefei, Huangshi, Ezhou, Huanggang, and in Xi'an, Hainan, Beihai and 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.

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". We successfully operated an area of over 10,000 sq.m. 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. In 2016, OVU Maker Star will accelerate its deployment and cover dense cities with innovation resources, such as Beijing, Shanghai, Shenzhen, Chengdu and Dongguan, as soon as possible. The operation area has reached 100,000 sq.m. with 5,000 premises, and thus a nationwide innovative incubation network has been formulated. By then, as a new brand operated by the Group's industrial park and integrated with innovation resources, OVU Maker Star will soon reflect the market value of industrial park ecology established by the Internet epoch.

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.

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, we do 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 we 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. We 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 CEC Group's industrial background and brand advantages. As CEC 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 CEC Group. Given CEC 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.

MANAGEMENT DISCUSSION AND ANALYSIS

In the future, the Group will leverage on the opportunity and impetus offered by the strategic cooperation with CEC Group to speed up the integration between the teams and systems of Optic Valley and CEC Technology, establish and improve the rights and responsibilities system between the headquarters and development companies in different cities as well as different industrial chain companies and improve the operation efficiency of existing projects. Through active mergers and acquisition, the Group will carry out in-depth consolidation of the relevant assets of CEC Group's industrial parks, make orderly investment in new industrial parks, gear up its development efforts in innovative business and further increase the proportion of income from service-oriented businesses. Our target for 2016 is to achieve rapid growth for major operating benchmarks while to lay a solid foundation for continuous rapid growth in 2017 and 2018.

Financial Review

Results of Operations

Turnover

The Group generated turnover from property development and related businesses (including construction contract and development management services), business operation services and property leasing. During the Reporting Period, turnover of the Group decreased 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 Reporting period was sales of properties in our projects.

Turnover by operating segments

	Years ended 31 December			
	2015		2014	
	Turnover	**% of total**	Turnover	% 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, instead of external customers, has been the primary supplier of decoration and improvement services to the Group's project companies, 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 of 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), 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 Reporting Period, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Properties Sold

Cost of properties sold consisted primarily of costs incurred directly for the Group's property development activities, including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies. For the years ended 31 December 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 Reporting Period, 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 Reporting Period, overall gross profit of the Group decreased by RMB90.7 million, from RMB682.7 million in 2014 to RMB592.0 million in 2015. Overall gross profit margin decreased from 35.4% in 2014 to 31.1% in 2015, primarily due to the decline in gross profit of products of OVU Science and Technology City and Lido 2046 project.

Other Income

During the Reporting Period, 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 both approximately 3.4% of its total turnover for the same periods.

During the Reporting Period, 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.

During the Reporting Period, administrative expenses of the Group increased by RMB32.1 million from RMB135.0 million in 2014 to RMB167.1 million in 2015.

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 Reporting Period, 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 Reporting Period, 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 expenses 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 Profit/(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 for that period in proportion to its 50% equity interest in Wuhan Mason.

Income Tax

During the Reporting Period, income tax expenses of the Group 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 Reporting Period, 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 and Energy Conservation Technology Park, 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 and Energy Conservation Technology Park, 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 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 the sales of projects such as Creative Capital, Lido 2046, OVU Science and Technology City (Ezhou), 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, which 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 of our current assets comparing to the current liabilities. The increase was primarily due to the increases in properties under development and completed properties held for sale as the Group developed an increasing number of projects.

Net Gearing Ratio

Net gearing ratio of the Group, representing the ratio of interest bearing debts deducting total cash over total equity and multiplied by 100%, decreased from 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 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, primarily due to the equity transfer payment receipts of RMB350 million in advance resulting an increase in current liabilities as a result of 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 office equipment, relocation of office 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

Details of the Company's material acquisitions are set out on pages 64 to 68 of this annual report.

Material Disposals

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Hubei Science & Technology Investment is a substantial shareholder of the Company, Energy Conservation Technology Park and Wuhan Financial Harbour Development is thus a connected person of the Company.

The abovementioned transactions allow the Group to recuperate its funds and further improve the liquidity of the Group. Details of the abovementioned transactions are set out in the Company's circular dated 31 December 2015.

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 Energy Conservation Technology Park and Wuhan Financial Harbour Development, and Energy Conservation Technology Park and Wuhan Financial Harbour Development 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.

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 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, we 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 Reporting Period.

Event after Balance Sheet Date

For the major events that occurred after the balance sheet date, please refer to note 40 on page 192 of this annual report.

INVESTOR RELATIONS

The Group maintained effective communication with Shareholders and investors as well as information transparency. Following its listing, the Group has set up a special institution dedicated to the establishment of effective communication channels for Shareholders and investors in order to promote communication with investors. The Group has set up an information disclosure group, which consists of the responsible persons from relevant departments, with an aim to better coordinate information disclosure and improve the transparency and standardization thereof.

In addition to the publishing of interim and annual results, regular analysts meetings and investors' roadshows, the Group also made use of other means such as e-mail, telephone meetings, investors meetings and project on-site visits, to ensure that Shareholders and investors have access to the Group's latest information. In the meantime, we seek to obtain market feedback on the Group through communication with investors, which will enhance the Group's managerial decision-making process and allow us to provide better information services to investors.

CORPORATE SOCIAL RESPONSIBILITY REPORT

ENERGY SAVING AND ENVIRONMENTAL PROTECTION

As a socially responsible integrated corporate, the Group attaches great importance to environmental protection and resources saving.

With respect to the construction and development of industrial parks, upon full consideration of the coordination between site selection and the environment, the Group utilizes all available natural conditions and strictly adheres to the principle of green design in the three aspects of planning of industrial parks, site selection and positioning of the construction and construction design. Meanwhile, the Group continues to step up its efforts in applying environmental-friendly and energy-saving technology in its constructions. The energy consumption level is effectively reduced through the application of exterior protective structure technology, energy-saving monitoring system technology and adjustable heating end equipment technology.

In terms of building decoration, the Group focuses on technological capabilities and upholds the overarching principles of "Energy saving and environmental protection" and "Innovation and practicability". The Group puts great emphasis on the research and development of new environmental-friendly materials, speeds up technological innovation and product upgrade and accomplishes a number of works on technological innovation and product development and research. Through continuous efforts, the Group achieves new breakthroughs in energy-saving materials and relatively significant upgrade of technological system. The "GW" brand high-insulation glass products self-developed by the Group greatly reduces energy consumption and successfully enters the high-end market. The Group also completes the patent applications of 4 utility technologies, including energy-saving doors and windows, steel curtain wall, seamless aluminum plate connecting structure and frameless glass curtain wall with an energy-saving coefficient of K=1.46, of which the frameless glass curtain wall technology effectively reduces material cost and installation cycle.

Regarding to regional energy construction, the Group continues to enhance the standardized and refined management of the operation of energy stations and embarks on the work of energy saving and emission reduction on operation level. With Wuhan Optics Valley Software Park Phase V Energy Station as the experimental platform, the Group carries out research and development on automatic energy saving control, establishes a comprehensive automatic control system, mechanism and standard for the Company and further upgrades the energy saving and consumption reduction level of the energy stations. Based on our calculation, as compared with the standard air conditioners (VRV system) with the same services area, the energy stations in Phases I and II of Wuhan Financial Habour and Phase V of Optics Valley Software Park which apply the DHC system (with an energy supply area of 450,000 square meters) cut the emission of carbon dioxide by 27,394.743 tonnes for the whole year of 2015. As at 31 December 2015, the Group owned self-developed energy-saving control system and energy-saving technology and possessed up to 25 DHC-related energy-saving intellectual property rights. The DHC energy-saving and environmental protection technology, system integration and operational management have reached market-leading level.

PROMOTING AND SPREADING ARTS

During the Reporting Period, the Group established "Hubei Innovation Oneness Art Museum". Leveraging on the opportunity and platform offers by the museum, the Group makes significant contribution to elevate the art appreciation level and cultural well-being of the general public under the objectives of "Bringing the arts closer to the public and creating a harmonious atmosphere" through persistently renovating its management method and actively serving the public.

During the Reporting Period, the Group held 6 large-scale exhibitions for public welfare, which displayed 821 artifacts and received around 100,000 visitors. The Group also organized and held over 40 public educational activities. Through organizing such public activities, the Group promotes the spreading, exchanges and education of arts and in turn plays an important role in meeting the diversified cultural demand of the general public.

CORPORATE SOCIAL RESPONSIBILITY REPORT

During the course of organizing different activities, the Group emphasizes on the combination of academic achievement and participation of the general public. The wide ranges of activities organized by the Group include guided tours, sketching, seminars under specific topics, super classes and 30-day experience of living with the works of artists. The Group also organized activities such as campus ambassadors' recruitment campaign, dandelion public educational activities as well as masters of observation and display experience. The Group joined hands with various education institutions, including Central China Normal University, Wuhan University of Technology, Hubei Institute of Fine Arts, Jianghan University, Hubei University of Technology and Wuhan Institute of Technology, to establish public educational services bases and educational practice bases.

STAFF DEVELOPMENT AND GROWTH

The Group's human resource policy is set to primarily serve corporate sustainability, which incorporates the career planning of our staff into our corporate development. In particular, we put earnest effort into staff training, setting up exchange arrangement such as post shifting, dispatching expatriates, and temporary transfer, and nurturing a comprehensive skill set for our professionals. The Group also sets up a level and category-based training system, which consisted of new staff training, post-specific training, theme-based training, management training, network training, etc.

In terms of training and management, the Group established a multi-layered and multi-system Wechat online discussion and learning platform under the basis of product operational mindset and guidance of innovation and cost consciousness. The Group participated for the first time in oriented activities training characterized by combining fun and learning, and higher level of participation and self-motivation comparing with traditional trainings. In order to enhance coordinated capabilities of the team and basic professional capabilities, the Group strives to gain an in-depth understanding of the mindsets and common problems of the internal staff of the Company and introduces a series of related training activities targeting at major problems. The Group invites the responsible person to share their confusion and difficulties encountered during works and daily lives in order to help the employees to learn and improve through sharing and in turn closely aligning the value and growth of employees with the development of the Company.

SUPPORTING ENTREPRENEURSHIP

The Group actively responses to the national strategy of the Chinese government in promoting entrepreneurship and innovation among the masses and gives full support on promoting employment through entrepreneurship. As a supporting measure, the Group established OVU Maker Star, an entrepreneurship incubator services platform, in July 2015. Leveraging on its extensive science park network nationwide, OVU Maker Star adheres to the principle of "connecting business ventures to all resources", and actively recruits various kinds of innovative entrepreneurship teams. As at 31 December 2015, the Group has established around 10 services stations, provided office incubating area of approximately 10,000 square meters, recruited approximately 110 entrepreneurship teams and organized approximately 100 innovative entrepreneurship activities. Among which, Wuhan Creative Capital was licensed as Hubei Province Public Entrepreneurship Space, Wuhan City Public Entrepreneurship Space, Special Entrepreneurship Region of University Students in Wuhan City and Special Entrepreneurship Region of University Students in Hongshan District. Qingdao station gained the titles of Initiating Unit of Entrepreneur Union of Qingdao City, West Coast Public Entrepreneurship Space, Demonstration Base of the West Coast University Student Union and Entrepreneurship and Financial Superstore of the West Coast.

To boost the successful rate of entrepreneurial businesses, the Group continues to increase its efforts in resources integration, upgrades innovative entrepreneurship services model, and connects residing teams to numerous middle-to-late stage VC and PE investment institutions while providing innovature venture teams with entire cycle of financing services. The Group also actively organizes investment roadshows, entrepreneurship salons, promotion activities and a full range of one-stop online and offline services, including business and commercial registration, policy analysis, project reporting, promotion of products and services, matching of business contracting, tax and legal consultation, competition judgment and various multi-layered activities to create seamless match between entrepreneurs and entrepreneurial resources. During the Reporting Period, a total seed capital of approximately RMB47 million was secured for the incubating projects.

The Group's Major Awards

CORPORATE SOCIAL RESPONSIBILITY REPORT

List of Awards

Award	Organization	Project/Company
2014 China's Top 10 Business Parks	China's Top 10 Real Estate Research Team	Wuhan Optics Valley Union
Top 10 Largest Private Enterprises In Hubei Province	1st Top 10 Largest Private Entrepreneurs Selection Panel of Hubei Province	Wuhan Optics Valley Union
Hubei Famous Trademark	Hubei Administration for Industry & Commerce	Wuhan United Real Estate
Hubei Famous Trademark	Hubei Administration for Industry & Commerce	Wuhan Optics Valley Union
Oath Keeper	Wuhan Administration for Industry & Commerce Wuhan Promotion Association of Contracts Credibility Wuhan Enterprise Credit Promotion Association	Wuhan Optics Valley Union
Credit Grade Certificate AAA	Wuhan Enterprise Credit Management Services Centre	Wuhan Optics Valley Union
2nd Top 10 Most Influential Enterprises in Wuhan	Wuhan Enterprises Association Wuhan Entrepreneurs Association Wuhan Broadcast and TV Station Changjiang Daily Changjiang Interactive Media Network* (長江互動傳媒網)	Wuhan Optics Valley Union
Most Anticipated Hotel	Shanghai Jili Cultural Communication Company Limited* (上海基立文化傳播有限公司)	Ziyuan Hotel
Grade A Taxpayer	Wuhan National Taxation Bureau Wuhan Local Taxation Bureau	Wuhan Optics Valley Union
2015 Advanced Unit in Statistical Work	East Lake High-tech Development Zone Administrative Committee	Wuhan Optics Valley Union
FIDIC 2015 Outstanding Project	International Federation of Consulting Engineers	Future Technology City New Energy Research Institute

* The English translations of these entities are for reference only. The official names of these entities are in Chinese.

DIRECTORS AND SENIOR MANAGEMENT

As of the date of this annual report, the Board consists of nine Directors including three executive Directors, three non-executive Directors and three independent non-executive Directors. The following sets forth the profile of the Directors and senior management of the Company:

Executive Directors

Mr. Huang Liping (黃立平), aged 54, is the chairman of the Board, an executive Director, the president, the chairman of the Nomination Committee and a member of the Financial Control Committee of the Group. Mr. Huang is the ultimate Controlling Shareholder of the Group. Mr. Huang joined the Group in 1998, and was appointed as a Director on 15 July 2013. He is responsible for the overall strategy, business and investment planning of the Group. Mr. Huang has over 22 years of experience in business management. He was one of the founders of Hongtao K Group Company Limited (紅桃開集團股份有限公司). He also served as a director and the chairman of the board of Wuhan East Lake High Technology, a company listed on the Shanghai Stock Exchange (Shanghai stock code: 600133). Mr. Huang was the vice chairman of Wuhan United Real Estate from September 1998 to December 2002 and has been the chairman of the board of Wuhan United Real Estate since December 2002. He has been the chairman of the board of Wuhan Optics Valley Union since June 2005.

Mr. Huang received his bachelor's degree in vessels and ports electrification from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan Institute of Water Transportation Engineering (武漢水運工程學院)) in July 1983 and his double bachelor's degree in law from Central China Normal University (華中師範大學) in June 1986. He was qualified as a professor in economics management (經濟管理教授) and real estate appraiser (房地產估價師). Mr. Huang is the Vice President of Wuhan General Chamber of Commerce (武漢市總商會副會長), Vice President of Wuhan Enterprises Association (武漢市企業聯合會副會長), and Vice President of Wuhan Real Estate Association (武漢市房地產開發企業協會副會長). Mr. Huang has received various honors, awards and recognitions for his contributions to the society, including Award for Wuhan's Outstanding Entrepreneurial Youth in Technology (武漢傑出科技青年創業獎), one of the Top Ten Persons in Wuhan Real Estate Sector (武漢地產十大風雲人物), Medal of May Day Honorable Workers in Hubei Province (湖北五一勞動獎章), Hubei Outstanding Entrepreneurs for Year 2002 (Golden Bull Award) (2002年度湖北省優秀企業家(金牛獎)), Star of Wuhan Charity and Public Interest Affairs (武漢慈善公益之星), expert with special allowance (特殊津貼專家) of the State Council, etc..

Mr. Hu Bin (胡斌), aged 47, is an executive Director, the executive president and a member of the Remuneration Committee of the Group. Mr. Hu joined the Group in 1997 and was appointed as a Director on 6 March 2014. He is responsible for assisting the president of the Group on overall business operation and management and has been a vice general manager and a director of Wuhan United Real Estate since 1997. Mr. Hu has 18 years of experience in business management. Mr. Hu graduated from Hubei University of Economics (湖北經濟學院) (formerly known as Hubei Planning and Management Cadres College (湖北省計劃管理幹部學院)) in the bachelor's program of national economic management in July 2000 and from South-Central University for Nationalities (中南民族大學) in the master's program of China's ethnic economy in June 2003. He was granted the qualification as a senior economist in real estate. Mr. Hu received the awards of One of the China Real Estate Top 100 (中國房地產百傑) in 2006 and Medal of May Day Honorable Workers in Wuhan (武漢五一勞動獎章) in April 2012.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Chen Huifen (陳惠芬), aged 53, is an executive Director and the vice president of the Group. Ms. Chen joined the Group in August 2005 and was appointed as a Director on 6 March 2014. She is responsible for the project control center of the Group, the project department of Wuhan Hi-tech Medical Devices Business Park, the project department of Wuhan Future Technology City and is responsible for the preparation of consulting the management affairs department. Ms. Chen was the vice general manager of Wuhan Optics Valley Union from 2005 to March 2008 and has been a vice president of Wuhan Optics Valley Union since April 2008. Before joining the Group, she worked at Wuhan City Third Construction Engineering Co., Ltd. (武漢市第三建築工程公司), Wuhan City Comprehensive Development General Co., Ltd. (武漢市城市綜合開發總公司) and Wuhan East Lake High Technology.

Ms. Chen received her college diploma in industrial enterprise operation management from Wuhan City University of Broadcast and Television (武漢市廣播電視大學) in July 1986 and graduated from the Party School of the Central Committee of Hubei Province (中共湖北省黨校) in economics management (a training program) in February 2001. She was granted the qualification as a senior engineer, an international senior project manager, a registered property valuer, and a senior engineer in cost engineering.

Non-Executive Directors

Mr. Lu Jun (盧俊), aged 55, is a non-executive Director of the Company appointed on 6 March 2014. Mr. Lu has 36 years of experience in business management. Mr. Lu joined the Group in September 2008 and has held various positions within the Group, including supervisor of Wuhan Optics Valley Union from September 2008 to October 2010 period and director of Wuhan Optics Valley Union since October 2010 (including the vice chairman of its board since May 2011). Mr. Lu is the vice chairman of the board of Hubei Science & Technology Investment. He held senior positions with Changfa Group's Wuhan Company (長發集團武漢公司), Wuhan East Lake New Technology Development Zone Co., Ltd.* (武漢東湖新技術開發區發展總公司) and Wuhan Hi-Tech Holding Group Co., Ltd. (武漢高科國有控股集團有限公司), and served as vice director of Wuhan Municipal Bureau of Finance (武漢市財政局副處長), the chief in Productivity Promotion Center of East Lake New Technology Development Zone (東湖新技術開發區生產力促進中心主任) and also the chief of Land Reserve Center, East Lake New Technology Development Zone (東湖開發區土地儲備中心主任). Mr. Lu was granted the award as the outstanding Party affairs worker (優秀黨務工作者) by Wuhan Committee of the Communist Party of China (中國共產黨武漢市委員會) in June 2011.

Ms. Shu Chunping (舒春萍), formerly known as Shu Ru (舒茹), aged 53, is a non-executive Director of the Company appointed on 6 March 2014. Ms. Shu is a member of the Audit Committee and Remuneration Committee. Ms. Shu has been a director of Wuhan Optics Valley Union since March 2005 to August 2015. Ms. Shu is the vice general manager of Hubei Science & Technology Investment. She held senior positions with Wuhan Sante Cableway Group Co., Ltd. (武漢三特索道集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Shenzhen stock code: 002159), Wuhan Nanyang Catering & Entertainment Co., Ltd. (武漢南陽美食娛樂有限公司), Wuhan Hi-Tech Holding Group Co., Ltd. (武漢高科國有控股集團有限公司) and Wuhan East Lake High Technology, a company listed on the Shanghai Stock Exchange (Shanghai stock code: 600133). Ms. Shu received her master's degree in politics and economics from Central China Normal University (華中師範大學) in December 1999.

DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHANG Jie (張傑), aged 46, is a non-executive Director of the Company appointed on 12 June 2014. Mr. Zhang has over 22 years of experience in real estate management. Mr. Zhang is currently the general manager of the property construction and operation centre of Sunshine Insurance Group Corporation Limited (陽光保險集團股份有限公司), the Chairman of Beijing Sunshine Ronghe Property Company Limited (北京陽光融和置業有限公司), a shareholder of the Company, and the managing director of Hainan Sunshine Yihe Development Company Limited (海南陽光頤和發展有限公司) and Hainan Sunshine Xinhai Development Company Limited* (海南陽光鑫海發展有限公司), both subsidiaries of Sunshine Insurance Group Corporation Limited. Mr. Zhang worked with COFCO Corporation (中糧集團有限公司) from August 1993 to November 2011, during which period he had served as the assistant manager of three departments of the project management department, manager of the technology and equipment department of COFCO Property Development Company Limited (中糧置業發展有限公司), and the director of engineering, assistant to president and subsequently vice president of Sanya Yalong Development Company Limited (三亞亞龍灣開發股份有限公司). Mr. Zhang was a committee member of the Sanya Municipal Committee of the Fifth Chinese People's Political Consultative Conference from January 2007 to January 2012, and has been a member of the Standing Committee of the Sanya Municipal Committee of the Sixth Chinese People's Political Consultative Conference since January 2012. Mr. Zhang has also been the vice president of the Sanya Real Estate Association since 2002. Mr. Zhang graduated from Tsinghua University with a bachelor's degree in engineering in June 1993, and obtained a master's degree in engineering majoring in real estate management from Tsinghua University in May 2004. Mr. Zhang obtained a certificate of national registered real estate appraiser issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China in May 1998, and a certificate of supervising engineer issued by the Beijing Municipal Commission of Housing and Urban-Rural Development in December 1998.

Independent Non-Executive Directors

Mr. Qi Min (齊民), aged 65, is an independent non-executive Director of the Company appointed on 28 March 2014. Mr. Qi is the chairman of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee of the Company. Mr. Qi previously worked in Hubei Provincial Bureau of Statistics (湖北省統計局) and general office, research office of Hubei Provincial Government (湖北省人民政府) , and served as director of fiscal office of CPC Hubei Province (中共湖北省委). He served as a director and a vice general manager of Hubei Qingjiang Hydroelectric Development Co., Ltd. (湖北清江水電開發有限責任公司), the vice general manager and a director of Wuhan Hi-Tech Holding Group Co., Ltd. (武漢高科國有控股集團有限公司) and the chairman of board of Wuhan Sante Cableway Group Co., Ltd. (武漢三特索道集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Shenzhen stock code: 002159). Mr. Qi is the vice president of Hubei Association of Economics (湖北省經濟學會), a supervisor of Humanwell Healthcare Group Co., a company listed on the Shanghai Stock Exchange (Shanghai stock code: 600079) and a part-time professor of Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong University of Science (華中理工大學)). Mr. Qi received his bachelor's degree in economics from Wuhan University (武漢大學) in August 1982 and received his doctor's degree in economics from Huazhong University of Science and Technology (華中科技大學) in June 2002. He was granted the qualification as a senior economist. Mr. Qi was granted the award as China Outstanding Entrepreneur in Technology Companies (中國優秀民營科技企業家) in November 2002.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Leung Man Kit (梁民傑), aged 62, is an independent non-executive Director of the Company appointed on 28 March 2014. Mr. Leung is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Leung is an executive director of Chanceton Financial Group Limited, a company listed on the Stock Exchange (stock code: 8020), an independent non-executive director of NetEase (NASDAQ: NTES), a NASDAQ listed company, China Ting Group Holdings Limited, a company listed on the Stock Exchange (Hong Kong stock code: 3398), Orange Sky Golden Harvest Entertainment (Holdings) Limited, a company listed on the Stock Exchange (Hong Kong stock code: 1132), China Huiyuan Juice Group Limited, a company listed on the Stock Exchange (Hong Kong stock code: 1886) and Luye Pharma Group Ltd., a company listed on the Stock Exchange (Hong Kong stock code: 2186).

Mr. Leung held senior positions with Peregrine Capital Limited, SG Securities (HK) Limited (formerly known as Crosby Securities (HK) Limited) and UBS, AG, Hong Kong Branch. Mr. Leung was a director of Emerging Markets Partnership (Hong Kong) Limited, the principal advisor to the AIG Infrastructure Fund L.P., a director of Nuada Capital Limited (formerly known as Genesis Global Strategies Limited) and a corporate finance executive of BZR Capital Limited. Mr. Leung was an independent non-executive director of Anhui Expressway Company Limited, a company listed on the Stock Exchange (Hong Kong Stock Code: 0995), and Junefield Department Store Group Limited, a company listed on the Stock Exchange (Hong Kong stock code: 0758). Mr. Leung has 13 years of experience in financial management. He has been the chairman of the audit committee of various listed companies, and attended seminars in accounting or auditing. Mr. Leung received his bachelor's degree in social science from the University of Hong Kong in October 1977.

Ms. Zhang Shuqin (張樹勤), aged 62, is an independent non-executive Director of the Company appointed on 28 March 2014. She is a member of the Remuneration Committee and the Nomination Committee of the Company. Ms. Zhang was appointed as an independent non-executive director of Wuhan Optics Valley Union in April 2011. Ms. Zhang founded Hubei Dasheng Law Firm (湖北大晟律師事務所) in 1995 and has been a managing partner of the firm since then. Hubei Dasheng Law Firm was engaged by a subsidiary of Hubei Science & Technology Investment as its legal compliance advisor with a term from May 2014 to May 2015. As confirmed by Ms. Zhang, the legal fee received by Hubei Dasheng Law Firm from such subsidiary is insignificant as compared to the firm's total revenue. Ms. Zhang was engaged as an arbitrator by Wuhan Arbitration Commission (武漢仲裁委員會) in January 1997. Ms. Zhang ceased to be an independent non-executive director of Wuhan Gaode Hongwai Group Company Limited (武漢高德紅外股份有限公司), a company listed on the Shenzhen Stock Exchange (Shenzhen stock code: 002414), since April 2014. Ms. Zhang received her bachelor's degree in Chinese from Central China Normal University (華中師範大學) in January 1982. She was granted the qualification as first grade lawyer (一級律師資格) and the qualification as a lawyer engaged in securities law (證券法律業務從業律師資格). Ms. Zhang was awarded as one of the Outstanding Lawyers (優秀律師) in the Year of 1987 and 1989 and one of the Capable Women in Wuhan in the Year of 1992 (武漢市女能人) by Wuhan Federation of Trade Unions (武漢市總工會).

Senior Management

Mr. Wang Xianhong (王先紅), aged 46, is the vice president of the Group. Mr. Wang joined the Group in 1996 and is responsible for the work of Wuhan Optics Valley Union Architectural Design Institute Company Limited, the work of Huanggang Optics Valley Union Development Company Limited* (黃岡光谷聯合發展有限公司) and the aftermath work of the relevant project for Hingshancun in Hingshan District (洪山區). He served as the manager in comprehensive department and development department, the assistant to the general manager and the project manager of Wuhan United Real Estate, respectively. Mr. Wang received his bachelor's degree in infrastructure management engineering from Tianjin University (天津大學) in July 1991 and was qualified as a senior engineer.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Yuancheng (王元成), aged 51, is the vice president of the Group. Mr. Wang joined the Group in 1996 and is responsible for the management of Qingdao OVU Development, the investment management work of Qingdao OVU Fund and the management of Hefei OVU Development; for coordination in the work of Wuhan Lido Technology and Wuhan Lido Curtain Wall Manufacture Company Limited. He served as the manager of comprehensive technique department of Wuhan United Real Estate from 1996 to 2000, the general manager of Wuhan Lido Technology from 2000 to 2010 and has been the director of Wuhan Lido Technology since 2000. Mr. Wang received his college diploma in municipal construction engineering from Jianghan University (江漢大學) in August 1986 and obtained his master's degree in business administration from The University of Northern Virginia in July 2008. He was qualified as an engineer. Mr. Wang was awarded the Excellent Enterprise Manager (優秀企業經理) in Wuhan district.

Mr. Chen Tongju (陳同舉), aged 50, is the vice president of the Group. Mr. Chen joined the Group in 1996 and is responsible for property services, management of specialized facilities and equipment, construction and renovation of O2O system and also for the management work of the Group's office, human resources centre, Wuhan Lido Property Management, Shenzhen Lanyu Intelligent Company Limited* (深圳藍域智能有限公司), Creative Capital Hotel Branch of Wuhan Optics Valley Union (武漢光谷聯合創意天地酒店分公司), Wuhan Ziyuan Hotel Management Co., Ltd. and Wuhan Quanpai Catering Management Company Limited. Mr. Chen served as a director and supervisor of Wuhan United Real Estate from 1996 to 2011 and has been a director and a general manager of Wuhan Lido Property Management, Wuhan Quanpai Catering Management Co., Ltd. and Wuhan Ziyuan Hotel Management Co., Ltd. Mr. Chen received his bachelor's degree in law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan University of Economics (中南財經大學)) in July 1987 and his master's degree in western philosophy from Wuhan University (武漢大學) in July 1993. He was elected as the chairman of Hongshan Area Property Management Association (洪山區物業管理協會) and the vice chairman of Wuhan City Property Management Association (武漢市物業管理協會) in February 2006. He was qualified as a lecturer by Wuhan University (武漢大學講師) and was awarded the Top Ten Talents in Brand Building (創名牌十大優秀人物) in Wuhan, the Best Leader (最佳領導人) in property management in Wuhan and the honour of China Property Management Outstanding Contribution Entrepreneurs (中國物業管理傑出貢獻企業家).

Mr. Peng Tao (彭濤), aged 47, is the assistant president of the Group and is responsible for the work of Dongguan Solar Financial Port Project* (東莞陽光金融港項目) and Biolake Innovation Business Park Project and the building up of operation teams in Pearl River Delta region. He served as the chief engineer and the manager in engineering department of Wuhan Optics Valley Union from 2000 to 2008. Mr. Peng has been the member of the National Committee of the Chinese People's Political Consultative Conference of Hannan District (漢南區政協委員). Before joining the Group, he served as the chief of the design department of Wuhan Commercial Construction Design Institute (武漢市商業建築設計院). Mr. Peng graduated from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan University of Industry (武漢工業大學)) in the bachelor's program of industrial and civil construction engineering in June 1993 and was qualified as a senior engineer.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yao Hua (姚華), aged 44, is the assistant president and the general manager of the sales and marketing center of the Group. Ms. Yao joined the Group in 1998 and is responsible for the work of marketing centre (including the marketing and solicitation work of Creative Capital, Wuhan Innocenter, Optics Valley Financial Harbour and Optics Valley Software Park as well as the promotional work of the Group's brands). She is also responsible for the management of real estate career department (including Wuhan Optics Valley Union Real Estate Agency Co., Ltd.* (武漢光谷聯合不動產營銷代理有限公司), Lido Real Estate Agency Co., Ltd.* (麗島不動產代理有限公司) and Wuhan Creative Capital Commercial Management Co., Ltd* (武漢創意天地商業管理有限公司)) and Wuhan Qianbao Media Company Limited and oversees the management of Hefei Art Museum and Entrepreneurship Services Department. Ms. Yao was the head of sales and marketing of Wuhan United Real Estate from 1998 to 2006. Ms. Yao was the head of marketing and enterprise planning and the manager of the enterprise planning department of Wuhan Xuefu from 2006 to March 2008 and the head of the enterprise planning center of Wuhan Optics Valley Union from 2008 to 2010. Ms. Yao received her college diploma in arts education from Hubei Institute of Fine Arts (湖北美術學院) in July 1993 and graduated from Wuhan Textile University (武漢紡織大學) (formerly known as Wuhan University of Science and Engineering (武漢科技學院)) with a bachelor's degree of clothing arts design (a correspondence course) in June 2004 and was qualified as a senior economist.

Ms. Huang Min (黃敏), aged 41, is the chief financial officer, assistant president and the general manager of the finance center of the Group, responsible for the overall financial management and management of the audit room and Entrepreneurship Services Department of the Group. Ms. Huang joined the Group in 2002. She served as the manager in the finance department. Before joining the Group, Ms. Huang served as the accountant and chief accountant of Wuhan East Lake High Technology. Ms. Huang received her college diploma in auditing from Hubei College of Finance and Economics (湖北財經高等專科學校) in June 1996 and graduated from Zhongnan University of Economics and Law (中南財經政法大學) in the bachelor's program of accounting (a self-learning course) in June 2001. She received her master's degree in MBA from Wuhan University (武漢大學) in June 2006. Ms. Huang is a member of Hubei Institute of Certified Public Accountants and was qualified as a senior accountant in December 2006. She was awarded the first prize of Wuhan Professional Skills Competition (武漢市技能選拔賽一等獎) and Medal of May Day Honorable Workers in Wuhan (武漢五一勞動獎章) and the third prize of The Second "Jindie Cup" National Accounting Knowledge Competition ("金蝶杯"第二屆全國會計知識大賽三等獎).

Ms. Li Jingsong (李勁松), aged 45, is the assistant president and the general manager of the development center of the Group. Ms. Li joined the Group in 1996 and is responsible for the work of development center and assisting Mr. Hu Bin, Executive President of the Company, to carry out the reorganization work of China Electronics Technology. Ms. Li was the manager of the development department of Wuhan United Real Estate from 1996 to 2008, the deputy head of the development center of Wuhan Optics Valley Union from 2008 to 2011 and has been the general manager of the development center of Wuhan Optics Valley Union since 2011. Ms. Li received her college diploma in computer science from Hubei University (湖北大學) in July 1990 and was qualified as a senior operation manager.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang Yongping (黃永平), aged 43, is the assistant president and the general manager of the residential property management department of the Group. Mr. Huang joined the Group in 2000 and is responsible for the work of the residential career department of the Group and the sales of projects under Lido 2046. He also assists Mr. Hu Bin, Executive President of the Company, to carry out the final work of Wuhan Mason Property Company Limited and Wuhan Xuefu Property Co., Ltd.* (武漢學府房地產有限公司) and the reorganization work of China Electronics Technology. Mr. Huang has held various positions within the Group, including the project managers of Lido Mason and Lido 2046, the manager of the residence department and the vice manager of the sales department and the chairman of the labor committee of Wuhan United Real Estate and the head of sales and marketing of Wuhan Xuefu. Mr. Huang received his college diploma in administration from Hubei University (湖北大學) in July 1991 and his master's degree in administration from Central China Normal University (華中師範大學) in January 2000. He was awarded as one of Ten Outstanding Young Persons of Wuchang district, Wuhan city, Hubei Province (湖北省武漢市武昌區十大優秀青年) in 2000.

Ms. Zhang Xuelian (張雪蓮), aged 40, is the secretary to the Board and chief of the legal and compliance department of the Group, and also one of the joint company secretaries. Ms. Zhang joined the Group in 2008 and is responsible for the secretariat of the Board (including office in Hong Kong) and the legal and compliance department of the Group. She held various positions within the Group, including a supervisor of Wuhan Financial Harbour Development, the head of the administration center, secretary to the board of directors and the chief of the legal and compliance department of the Group. Before joining the Group, Ms. Zhang served as the secretary, representative of securities matters, general manager of the business development department, chief of the audit and legal compliance department, deputy general economist and supervisor of Wuhan East Lake High Technology. Ms. Zhang received her bachelor's degree in economics law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan College of Politics and Law (中南政法學院)) in July 1998. She was qualified as a senior operation specialist and a senior human resources management specialist, and a senior economist. Ms. Zhang attended training programs for company secretary to board, senior management and independent non-executive director of listed companies and received the relevant qualifications by the Shanghai Stock Exchange in June 2001, May 2007 and April 2008, respectively.

Mr. Ma Xin (馬欣), aged 34, is the general manager of the human resources center of the Group. Mr. Ma joined the Group in 2011 and is responsible for the work of the resources centre and is responsible for the preparation work of the Human Resources O2O Business Company. Before joining the Group, he held management positions with Tsingtao Beer South China Distribution Co., Ltd. (青島啤酒華南營銷有限公司), China Telling Communications Co., Ltd. (天音通信發展有限公司) and China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司). Mr. Ma received his bachelor's degree in business management from Sichuan University (四川大學) in July 1999 and was awarded the master's degree in business administration from the Hong Kong Asia Business College in March 2007. He was granted the qualification of attaining the senior level in human resources and level A of the corporate management in human resources.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yong Hui (雍暉), aged 47, is the general manager of Hefei OVU Development. Ms. Yong joined the Group in 1996 and is responsible for the work of Hefei OVU Development,. Ms. Yong worked at comprehensive technique department of Wuhan United Real Estate from November 1996 to December 2000 and Wuhan Lido Technology from January 2001 to October 2010. She served as the general manager of Wuhan Lido Technology from October 2010 to January 2015, and has been the general manager of Wuhan Lido Curtain Wall since January 2013. Before joining the Group, Ms. Yong worked in Wuhan Number Two Light Industry Scientific Research and Design Institute (武漢市二輕工業科學研究設計院). Ms. Yong received her college diploma in industrial and civil architecture from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan University of Industry (武漢工業大學)) in December 1989 and was qualified as an engineer. Ms. Yong was awarded as one of the Outstanding Enterprise Managers for Architecture and Decoration in Wuhan Area (武漢地區建築裝飾優秀企業經理).

Mr. Chen Dabin (陳大斌), aged 47, is the general manager of Wuhan Optics Valley Union. Mr. Chen joined the Group in 2003 and is responsible for the general operation of Huangshi OVU Development. Mr. Chen has been the vice general manager and the general manager of Huangshi Union Property Co., Ltd. (黃石聯合置業有限公司), now known as Huangshi OVU Development, since then. Before joining the Group, Mr. Chen served as the chief financial officer of Wuhan East Lake High Technology Chopper Biology Co., Ltd. (東湖高新農業生物工程有限公司), a subsidiary of Wuhan East Lake High Technology and Wuhan Kernel Bio-Tech Co., Ltd. (武漢科諾生物科技股份有限公司). Mr. Chen graduated from Harbin University of Science and Technology (哈爾濱科學技術大學), specializing in industry management and projects, in July 1989 and obtained the MBA certificate from Zhongnan University of Economics and Law (中南財經政法大學) in December 2000. He was qualified as a senior economist.

Joint Company Secretaries

Ms. Zhang Xuelian (張雪蓮), aged 40, is the secretary to the Board and chief of the legal and compliance department (集團法務室主任) of the Group. She is also one of the joint company secretaries of the Company. See the subsection headed "Senior Management" in this section for details of her biography.

Ms. Leung Ching Ching (梁晶晶), aged 35, is one of the joint company secretaries. She is a manager of Corporate Services of Tricor Services Limited. Ms. Leung is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Leung graduated from The Chinese University of Hong Kong and obtained the degree of bachelor of social science in December 2003. She also received a master of arts in professional accounting and information system from City University of Hong Kong in November 2006.

DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

Corporate Information and Global Offering

The Company was incorporated in the Cayman Islands on 15 July 2013 as an exempted company with limited liability. The Company's Shares were listed on the Main Board of the Stock Exchange on 28 March 2014.

Principal Activities

The Group is a large-scale business park developer and operator primarily focusing on the development and operation of thematic business parks and an industry operation service provider committed to becoming the market leader and providing suitable industry space, industry operation service, energy services, and entrepreneurship incubation service to a broader corporate customer base. In 2015, the Group has been receiving accreditation from within the industry, and was awarded "The Best Brand Influence 2015" at the industry forum held by www.focus.cn in 2015.

During the Reporting Period, the Group has developed and operated a number of multi-theme business parks in Wuhan, Qingdao, Hefei, Shenyang, Ezhou, Huangshi and Huanggang. Based on its existing customer base and industry knowledge, development capabilities and operational expertise garnered over the years, the Group intends to replicate its mature development model in other cities and regions with voracious demand. The Group also engages in a variety of other business operations and activities, which mainly include:

- ***Providing business operation services to companies in the business parks.*** The Group provides enterprises in its business parks with diversified business operation services to facilitate their business operations and reduce their operational costs.

- ***Energy services.*** The Group provides DHC energy services to property owners such as the government, institutions and enterprises.

- ***Construction services.*** The Group provides construction services for decorating and renovating external parts and internal common areas of buildings to customers in its business parks as well as property development projects owned by third parties.

- ***Property leasing.*** The Group engages in property leasing and strategically holds and leases out certain properties which provide supporting services in its business parks as well as office properties suitable for general business purposes to generate recurring rental income.

- ***Enterprise incubation service.*** The Group uses OVU Maker Star — a superb incubation platform — to provide venture enterprises and teams with enterprise incubation space and related venture services.

- ***Providing management consultation services for business parks owned by third parties.*** Leveraging on the extensive experience in the field of industry property development and operation, we provide the local governments and large-scale corporations with full cycle of management consultation services encompassing industry planning, project planning, planning and design, project construction, marketing and promotion and project operation.

DIRECTORS' REPORT

Business Review

Details of the business review of the Company are set out on pages 11 to 33 of this annual report.

Principal Risks

Details of the principal risks and uncertainties faced by the Company are set out on page 43 of this annual report.

Future Development

Details of the Company's likely future business development are set out on pages 34 to 36 of this annual report.

Results and Final Dividends

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on pages 101 to 102 of this annual report.

The Board does not recommend any payment of final dividend for the year ended 31 December 2015.

Financial Summary and Financial Key Performance Indicators

A summary of the Group's results, assets and liabilities for the last five financial years is set out on pages 4 to 5 of this annual report. That summary does not form part of the audited consolidated financial statements.

Details of the financial key performance indicators are set out on pages 40 to 41 of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2015 are set out in note 10 to the financial statements on pages 145 and 146 of this annual report.

Share Capital

Details of movements in the share capital of the Company during the year ended 31 December 2015 are set out in note 30 to the financial statements on pages 173 to 178 of this annual report.

Purchase, Sale or Redemption of Shares of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2015.

Reserves

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2015 are set out in the consolidated statement of financial position on pages 104 and 105 of this annual report.

Distributable Reserves

The Company's reserves available for distribution, calculated in accordance with Cayman Islands law, amounted to approximately RMB274.3 million as of 31 December 2015.

Bank Loans and Other Borrowings

Particulars of movements of the bank loans and other borrowings of the Company and the Group as of 31 December 2015 are set out in notes 26 and 27 to the financial statements on pages 167 to 170 of this annual report.

Major Customers and Suppliers

For the year ended 31 December 2015, the percentage of turnover attributable to the Group's five largest customers from the sales of properties in their projects was approximately 8.5%, and the percentage of turnover attributable to its largest customer from the sales of properties in its projects was approximately 2.4%. During the Reporting Period, the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year. None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest customers and suppliers.

Compliance with laws and regulations

The Group has compliance procedures in place to ensure its compliance with relevant laws, rules and regulations. During the Reporting Period, the Group has complied with relevant laws and regulations which have material influence on its operation.

Major relationship between the Group and its employees, customers, suppliers and other parties

The Group recognizes the importance of employees, customers, suppliers and other parties to its sustainable development. The Group strives to maintain close relationship with its employees and provides quality services to its customers, while enhancing co-operation with suppliers and other parties. Details of the Group's employees are set out on page 42 of this annual report.

DIRECTORS' REPORT

Environmental Policies and Performance

Details of the Company's environmental policies and performance are set out on page 45 of this annual report.

Directors and Directors' Service Contracts

The Directors for the year ended 31 December 2015 and up to the date of this annual report were:

Executive Directors

Mr. Huang Liping *(Chairman and President)*
Mr. Hu Bin *(Executive President)*
Ms. Chen Huifen *(Vice President)*

Non-Executive Directors

Mr. Lu Jun
Ms. Shu Chunping
Mr. Zhang Jie

Independent Non-Executive Directors

Mr. Qi Min
Mr. Leung Man Kit
Ms. Zhang Shuqin

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

Each of Mr. Huang Liping, Mr. Hu Bin and Ms. Chen Huifen has entered into a service contract with the Company for an initial term of three years to serve as the executive Directors of the Company, commencing from 11 March 2014 and may be terminated by not less than one month's notice in writing served by either party on the other. Each of Mr. Lu Jun and Ms. Shu Chunping has entered into a letter of appointment with the Company for an initial term of three years to serve as the non-executive Directors of the Company, commencing from 11 March 2014 and Mr. Zhang Jie has entered into a letter of appointment with the Company for an initial term of three years to serve as a non-executive Director of the Company, commencing from 12 June 2014, and each of Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin has entered into a letter of appointment with the Company for an initial term of three years to serve as the independent non-executive Directors of the Company, commencing from the Listing Date.

None of the Directors of the Company has entered into any service contract with the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2015 or at any time during the year.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2015.

Non-Competition Undertakings

Each of the Controlling Shareholders has confirmed to the Company that each of them has complied with the non-competition undertakings that were provided to the Company on 14 March 2014. Details of the deed of non-competition are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus. The independent non-executive Directors have reviewed the status of compliance and confirmed that all of these non-competition undertakings have been complied with by the Controlling Shareholders.

Remuneration of Directors and Senior Management and five Individuals with Highest Emoluments

Details of the emoluments of the Directors and senior management and the five highest paid individuals are set out in notes 6 and 7 to the financial statements on pages 141 and 143 of this annual report.

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

Remuneration bands	Number of individuals
RMB2.0 million to 3.0 million	3
RMB1.0 million to 2.0 million	2

DIRECTORS' REPORT

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

As at 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register kept by the Company pursuant to section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Interests in the Company

Name of Director	Nature of Interest	Number of Shares Held[(1)]	Approximate Percentage of Shareholding
Mr. Huang Liping[(2)]	Interest in controlled corporation	2,079,460,089	51.99%
Mr. Hu Bin[(3)]	Beneficiary of a trust	42,192,000	1.05%
	Beneficial holder	28,128,000	0.70%
Ms. Chen Huifen[(3)]	Beneficiary of a trust	6,570,000	0.16%
	Beneficial holder	4,380,000	0.11%

Notes:

(1) All the above Shares are held in long position (as defined under Part XV of the SFO).

(2) Mr. Huang Liping holds 100% equity interests in each of AAA Finance and Lidao BVI. Under the SFO, Mr. Huang Liping is deemed to be interested in 1,787,700,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao BVI. On 20 July 2015, Hengxin PTC (as trustee) transferred 148,609,911 Shares to the beneficiaries. Hence, the Shares held by Hengxin PTC decreased accordingly to 171,760,089 Shares. As the sole shareholder of Hengxin PTC, Mr. Huang Liping is deemed to be interested in 171,760,089 Shares held by Hengxin PTC.

(3) Mr. Hu Bin and Ms. Chen Huifen are beneficiaries of 70,320,000 and 10,950,000 Shares of a trust set up pursuant to a trust deed executed on 13 September 2013 with Hengxin PTC as trustee. On 20 July 2015, Hengxin PTC (as trustee) transferred 28,128,000 Shares and 4,380,000 Shares to Mr. Hu Bin and Ms. Chen Huifen, respectively. Thus, Mr. Hu Bin is a beneficiary of 42,192,000 Shares in the trust, and also a beneficial holder of 28,128,000 Shares; Ms. Chen Huifen is a beneficiary of 6,570,000 Shares in the trust, and also a beneficial holder of 4,380,000 Shares.

Save as disclosed above, as at 31 December 2015, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate throughout the Reporting Period.

Directors' Interests in Competing Business

During the year ended 31 December 2015, none of the Directors had any interest in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

Contracts with Controlling Shareholders

No contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or their subsidiaries during the year ended 31 December 2015.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2015, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares Held(1)	Approximate Percentage of Shareholding
AAA Finance(2)	Beneficial owner	1,787,700,000	44.69%
Technology Investment HK(3)	Beneficial owner	479,910,000	12.00%
Hubei Science & Technology Investment(3)	Interest in controlled corporation	479,910,000	12.00%
Qianbao BVI(4)	Beneficial owner	291,020,000	7.28%
Mr. Tse Shing Ming(4)	Interest in controlled corporation	291,020,000	7.28%
Sunshine Life Insurance Co., Ltd.(5)	Beneficial owner	260,480,000	6.51%
Sunshine Insurance Group Corporation Limited(5)	Interest in controlled corporation	260,480,000	6.51%

DIRECTORS' REPORT

Notes:

(1) All the above Shares are held in long position (as defined under Part XV of the SFO).

(2) AAA Finance is wholly owned by Mr. Huang Liping, the Chairman and President of the Company. Mr. Huang Liping's interests therein are set out in the section headed "Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures" in this report.

(3) Hubei Science & Technology Investment holds 100% equity interest in Technology Investment HK. Under the SFO, Hubei Science & Technology Investment is deemed to be interested in all the Shares held by Technology Investment HK.

(4) Mr. Tse Shing Ming holds 100% equity interest in Qianbao BVI. Under the SFO, Mr. Tse is deemed to be interested in all the Shares held by Qianbao BVI. He is an uncle of the wife of Mr. Huang Liping and is not an associate of Mr. Huang Liping nor is a substantial shareholder of the Company for the purpose of the Listing Rules.

(5) Sunshine Life Insurance Co., Ltd. ("Sunshine Life") holds 260,480,000 Shares. Sunshine Life is a subsidiary of Sunshine Insurance Group Corporation Limited ("Sunshine Group") and therefore Sunshine Group is deemed to be interested in the 260,480,000 Shares held by Sunshine Life under the SFO.

Other than as disclosed above, as at 31 December 2015, the Company has not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Material Acquisitions

On 14 December 2015, CECH (as vendor) entered into an equity interest transfer agreement (the "Equity Interest Transfer Agreement") with the Company and AAA Finance & Investment Limited ("HK 3A") (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). 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 completion of Equity Transfer 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 not already owned or agreed to be acquired by CECH or parties acting in concert with it which would, if the completion of Equity Transfer 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 Limited ("CECM") upon the completion of the Equity Transfer pursuant to which the Company shall charge 375,118 shares of HK 3A, representing approximately 31.51% 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 regarding the loans granted to it by 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 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 (as defined below) and the Placing Conditions (as defined below) having been satisfied or waived (where applicable).

DIRECTORS' REPORT

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 thereunders;

  (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;

(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 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 at the EGM.

DIRECTORS' REPORT

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 Transactions").

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.

DIRECTORS' REPORT

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.

Connected Transactions

The details of the continuing connected transactions conducted by the Group for the year ended 31 December 2015 are as follows:

Continuing Connected Transactions Exempt from Reporting, Announcement and Independent Shareholders' Approval Requirements

(i) On 30 April 2013, Wuhan Qianbao Media Company Limited ("Wuhan Qianbao Media"), the Company's wholly-owned subsidiary, and Wuhan Qianbao Property Company Limited ("Wuhan Qianbao Property") entered into a trademark license agreement (the "Trademark License Agreement") whereby Wuhan Qianbao Property agreed to grant a license to Wuhan Qianbao Media for a consideration of RMB1,000 to use a trademark registered in the name of Wuhan Qianbao Property during the period from 1 May 2013 to 31 December 2015. The Trademark License Agreement has a term of three years. On 30 August 2013, Wuhan Optics Valley Union and Wuhan Qianbao Property entered into a trademark transfer agreement whereby Wuhan Qianbao Property agreed to transfer the "Qianbao" trademark to Wuhan Optics Valley Union at a total consideration of RMB10,000.

Wuhan Qianbao Property is owned by Mr. Huang Liping, a Director and Controlling Shareholder, as to more than 30% and is therefore his associate. Wuhan Qianbao Property is therefore the Company's connected person. The Trademark License Agreement constitutes a connected transaction of the Company exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) On 3 March 2014, in order to provide facilities to the Company's non-wholly owned subsidiaries for their working capital purposes, the Company, Hubei Science & Technology Investment, Energy Conservation Technology Park and Wuhan Financial Harbour Development entered into a framework facilities agreement (the "Framework Facilities Agreement"), whereby the Company and Huibei Science & Technology Investment agreed to procure their respective subsidiaries to provide loan facilities to Energy Conservation Technology Park and Wuhan Financial Harbour Development. The term of the Framework Facilities Agreement commences on the date of signing and will end on 31 December 2016. Each of Energy Conservation Technology Park and Wuhan Financial Harbour Development will be charged interest based on the prevailing interest rate as announced by the People's Bank of China.

Hubei Science & Technology Investment is a substantial shareholder of the Company and is therefore a connected person of the Company. Each of Energy Conservation Technology Park and Wuhan Financial Harbour Development is owned by Wuhan Optics Valley Union and Hubei Science & Technology Investment as to 70% and 30%, respectively. Therefore, Energy Conservation Technology Park and Wuhan Financial Harbour Development are the associates of Hubei Science & Technology Investment and accordingly connected persons of the Company. Pursuant to Rule 14A.89 of the Listing Rules, the financial assistance provided under the Framework Facilities Agreement are exempt from the reporting, announcement and independent shareholders' approval requirements as this constitutes financial assistance provided by the Company on normal commercial terms for the benefit of its connected persons and is in proportion to its respective equity interests in Energy Conservation Technology Park and Wuhan Financial Harbour Development.

Continuing Connected Transactions subject to the Reporting and Announcement Requirements but Exempt from Independent Shareholders' Approval Requirements

(i) On 19 October 2010 and 22 December 2008, Wuhan Optics Valley Union entered into entrusted construction agreements with Wuhan Future Science & Technology City Investment Construction Co., Ltd. (武漢未來科技城投資建設有限公司) ("Wuhan Future City") and Wuhan Optics Valley Bio-industry Base Construction Investment Co., Ltd. (武漢光谷生物產業基地建設投資有限公司) ("Wuhan Bio-industry Construction"), respectively, under which Wuhan Optics Valley Union was entrusted by Wuhan Future City and Wuhan Bio-industry Construction, respectively, to provide entrusted construction services in relation to Wuhan Future Technology City Qibu Region Phase 1 (武漢未來科技城步區一期) and Wuhan National Bio-Industry (Nine-Pinnacle Innovation) Base (武漢國家生物產業(九峰創新)基地) for the entire process from obtaining project planning permit until the delivery for usage upon project completion and qualified acceptance as well as quality assurance period (the "Entrusted Construction Agreement(s)"). Wuhan Optics Valley Union received commission and bonus in accordance with the terms of the Entrusted Construction Agreements, the details of which are set out in the section headed "Connected Transactions" in the Prospectus. The above entrusted projects are expected to be completed by June 2016 and December 2015, respectively.

Wuhan Future City and Wuhan Bio-industry Construction are associates of Hubei Science & Technology Investment, a substantial shareholder of the Company, as they are owned as to 62.22% and 64.3% by Hubei Science & Technology Investment, respectively. They are therefore connected persons of the Company. Therefore, the Entrusted Construction Agreements constitute continuing connected transactions of the Company and are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The annual caps for each of the years ending 31 December 2014, 2015 and 2016 in respect of the Entrusted Construction Agreement with Wuhan Future City are RMB5,590,000, RMB15,000,000 and RMB20,000,000, respectively, and the annual caps for each of the years ending 31 December 2014, 2015 and 2016 in respect of the Entrusted Construction Agreement with Wuhan Bio-industry Construction are RMB7,500,000, RM30,000,000 and RMB35,000,000 respectively. The transaction amounts paid by Wuhan Future City and Wuhan Bio-industry Construction, respectively to Wuhan Optics Valley Union under the Entrusted Construction Agreements for the year ended 31 December 2015 were RMB5,222,000 and RMB8,836,000, respectively.

DIRECTORS' REPORT

(ii) On 22 May 2015, Wuhan Optics Valley Union, an indirect wholly-owned subsidiary of the Company, entered into an investment agreement with Hubei Science & Technology Investment, Huanggang State-owned Asset Management Company* (黃岡市國有資產經營公司) ("Huanggang Asset Management") and Wuhan High Technology State-Owned Holding Group Company Limited* (武漢高科國有控股集團有限公司) ("Wuhan High Technology") in relation to the formation of a joint venture to be established in the PRC (the "Project Company"). Details of the terms are set out in the announcement of the Company dated 22 May 2015.

The Project Company was formed for the sole purpose of the Optics Valley Union Technology City (Huanggang) project, which is a business park development project in Huanggang, the PRC (the "Project"). The name of the Project Company is Huanggang Optics Valley Union Development Company Limited* (黃岡光谷聯合發展有限公司).

The Project Company was established with an initial registered capital of RMB200 million, which was contributed in cash by Wuhan Optics Valley Union as to RMB140 million, by Hubei Science & Technology Investment as to RMB20 million, by Huanggang Asset Management as to RMB20 million, and by Wuhan High Technology as to RMB20 million. Upon completion of the aforesaid capital contribution, the Project Company is owned as to 70% by Wuhan Optics Valley Union, and as to 10% by each of Hubei Science & Technology Investment, Huanggang Asset Management and Wuhan High Technology, respectively. It is contemplated that the capital commitment of Wuhan Optics Valley Union under the investment agreement will be funded by internal resources of the Group.

The Directors were of the view that the strategic cooperation of Wuhan Optics Valley Union and Hubei Science & Technology Investment, Huanggang Asset Management and Wuhan High Technology would complement each other in the development of the Project to promote mutual benefit, and would create good synergy based on the experience of Wuhan Optics Valley Union in the development and operation of commercial business parks and the experience of the joint venture partners.

Hubei Science & Technology Investment is indirectly interested in 12.0% of the issued share capital of the Company. Therefore Hubei Science & Technology Investment is a substantial shareholder and a connected person of the Company under the Listing Rules, and the transaction under the aforesaid investment agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquirers, each of Huanggang Asset Management and Wuhan High Technology and their ultimate beneficial owners were third parties independent of the Company and connected persons of the Company.

As all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the total commitment to be provided by Wuhan Optics Valley Union for the Project Company under the aforesaid investment agreement exceed 0.1% but are less than 5%, the investment agreement constitutes a connected transaction of the Company which is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Connected Transactions subject to the Reporting, Announcement and Independent Shareholders' Approval Requirements

Details of the connected transaction conducted by the Group for the year ended 31 December 2015 are set out in the section headed "Material Acquisitions" and "Material Disposals" in this Annual Report.

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Listing Rule 14A.56. A copy of the auditor's letter has been provided by the Company to Hong Kong Stock Exchange.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the aforesaid continuing connected transactions.

Related Party Transactions

During the year ended 31 December 2015, the Group conducted certain transactions with parties deemed as "related parties" under the applicable accounting standard. The details of these transactions are set out in note 36 to the consolidated financial statements on pages 188 to 189 of this annual report. The transactions mentioned in paragraph (c)(ii)(vi) and (c)(ii)(vii) of such note are "continuing connecting transactions" defined in the Listing Rules.

Use of Proceeds

The net proceeds from the Listing of the Company, after deducting underwriting fees and related expenses, amounted to approximately HKD761.4 million, which sum is intended to be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

DIRECTORS' REPORT

As at 31 December 2015, approximately RMB137.3 million was used as the land premiums and preliminary construction costs in respect of projects planned for future development, approximately RMB225.1 million was used as the development funds of the Group's projects under development and approximately RMB59.7 million was used as the working capital and for other general corporate purposes.

During the Reporting Period, the Group's net cash inflow from operating activities was RMB33.9 million, mainly used as the development funds of Wuhan Creative Capital, Lido 2046, Qingdao OVU International Marine Information Harbour (青島光谷國際海洋信息港), Ezhou OVU Science and Technology City, Huangshi OVU Science and Technology City, Hefei Financial Harbour and Shenyang OVU Science and Technology City.

Employee and Remuneration Policy

As at 31 December 2015, the Group had 4,356 employees in Hong Kong and the PRC. For the year ended 31 December 2015, the staff cost of the Group was approximately RMB225.0 million.

The employees' remuneration policy is determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and each employee's qualifications, position, seniority and performance.

The remuneration package of the employees includes basic salaries, allowances, bonuses and other employee benefits. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of the Group for determining salary increments, bonuses and promotion.

The Remuneration Committee was set up to develop the Group's emolument policy and remuneration structure of the Directors and senior management of the Group, having regard to the individual contribution and performance of the Directors and senior management of the Group and comparable market practices.

Details of the Company's key relationship with its employees are set out on page 46 of this annual report.

Post Balance Sheet Events

Details of major events after 31 December 2015 are set out in the section headed "Management Discussion and Analysis" in this annual report and note 40 to the consolidated financial statements on page 192 of this annual report.

Corporate Governance

For the year ended 31 December 2015, save for Mr. Huang Liping being both the chairman of the Board and president of the Group, the Company has been in compliance with all the applicable code provisions set forth in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 75 to 85 of this annual report.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers each of the independent non-executive Directors, namely Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin to be independent.

Sufficiency of Public Float

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

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

Closure of Register of Members

For the purpose of determining the Shareholders' eligibility to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Tuesday, 14 June 2016 to Thursday, 16 June 2016 (both days inclusive), during such period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 13 June 2016.

Audit Committee

The Audit Committee has reviewed together with the management and the external auditor the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2015.

DIRECTORS' REPORT

Auditor

The consolidated financial statements for the year ended 31 December 2015 have been audited by KPMG. A resolution for the appointment of PricewaterhouseCoopers as the Company's auditor is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Optics Valley Union Holding Company Limited
HUANG Liping
Chairman

Hong Kong, 24 March 2016

CORPORATE GOVERNANCE REPORT

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of Shareholders and to enhance the corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices. During the Reporting Period, the Company has complied with all applicable code provisions of the CG Code, with the exception that the roles of Chairman of the Board and President of the Group are both vested in Mr. Huang Liping, details of which are disclosed in the section headed "Chairman and Chief Executive" below.

Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' and relevant employees' dealings in the securities of the Company.

The Company, after making specific inquiries to all Directors and relevant employees, confirmed that all of them have complied with the required standards in the Model Code during the Reporting Period.

The Board of Directors

Board Responsibilities

The Board is at the core of the Company's corporate governance structure, and is responsible for the overall strategic leadership and planning of the Company. All important matters of the Company are reserved for the Board's decision and the Board retains the authority of deciding such matters, including formulating and monitoring the Company's long-term strategies and policy matters, reviewing financial results, approving annual budgets, monitoring and reviewing internal control and risk management systems, assuming responsibility for the corporate governance system of the Company, and upholding the core values of the Company. All Directors (including the non-executive Directors and independent non-executive Directors) possess extensive and valuable business experience and knowledge and high level of professionalism, which facilitate the smooth and efficient operation of the Board.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

Delegation by the Board

The Board relies on management for the day-to-day operation of the Company's business, and has delegated the authority and responsibility for the daily management, administration and operation of the Group as well as the implementation of the Board's policies and strategies to the senior management of the Group. The Board and senior management fully appreciate their respective responsibilities, and they complement each other in formulating and maintaining higher standards of corporate governance practices of the Company.

CORPORATE GOVERNANCE REPORT

Board Composition

The Board is structured with a view to ensuring that it is of high caliber and has a balance of skills and experience which meets the needs of the Company's business. The Board currently comprises nine members, consisting of three executive Directors, three non-executive Directors and three independent non-executive Directors as set out below.

Executive Directors
Mr. Huang Liping *(Chairman and President) (equivalent to the chairman and chief executive as stated in the CG Code)*
Mr. Hu Bin *(Executive President)*
Ms. Chen Huifen *(Vice President)*

Non-executive Directors
Mr. Lu Jun
Ms. Shu Chunping
Mr. Zhang Jie

Independent non-executive Directors
Mr. Qi Min
Mr. Leung Man Kit
Ms. Zhang Shuqin

Further description of the biographical details and backgrounds of the Board members are set out under the section headed "Directors and Senior Management" in this annual report. A list of the Directors is available on the designated website of the Stock Exchange and the website of the Company.

There is no financial, business, family or other material or relevant relationships among the Directors.

Non-executive Directors

Each of Mr. Lu Jun and Ms. Shu Chunping has entered into a letter of appointment with the Company for an initial term of three years commencing from 11 March 2014 and Mr. Zhang Jie has entered into a letter of appointment with the Company for an initial term of three years commencing from 12 June 2014. Under the Articles of Association, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. Retiring Directors shall be eligible for re-election at the annual general meeting at which they retire.

Independent Non-executive Directors

Independent non-executive Directors play an important role in the Board by bringing independent judgment and advice and thorough scrutiny of the Company's performance. During the Reporting Period, the Company has been in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing the appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with Rule 3.10A of the Listing Rules which requires that independent non-executive Directors appointed must represent at least one-third of the Board.

Each of Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin has entered into a letter of appointment with the Company to serve as independent non-executive Directors for an initial term of three years commencing from the Listing Date, subject to retirement by rotation in accordance with the Articles of Association.

Each of the independent non-executive Directors has confirmed his or her independence pursuant to Rule 3.13 of the Listing Rules, and the Company considers each of them to be independent according to the criteria set out in Rule 3.13 of the Listing Rules.

The Board will review and consider whether there are circumstances that are likely to affect the independence of the independent non-executive Directors on an ongoing basis.

Chairman and Chief Executive

Pursuant to code provision A.2.1 of the CG Code, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and president (having the same meaning as the chairman and chief executive referred 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 Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Company to make and implement decisions promptly and effectively. After taking into account the overall circumstances of the Company, the Board will continue to review and consider the separation of the duties of the chairman and president if and when appropriate.

Mr. Huang Liping, as 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 and that all Directors make full and active contribution to the Board's affairs. Mr. Huang Liping also takes the lead to ensure that the Board acts in the best interests of the Company and that there is effective communication with the Shareholders and that their views are communicated to the Board.

Appointment, Retirement and Re-Election of Directors

The Articles of Association provides that any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

The Nomination Committee is responsible for reviewing the Board's structure, size and composition and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning of Directors.

During the Reporting Period, at the annual general meeting held by the Company on 11 June 2015, Mr. Zhang Jie was re-elected as non-executive Director.

CORPORATE GOVERNANCE REPORT

Induction and Continuous Professional Development

The Directors have been provided with relevant training to ensure that they fully understand their responsibilities, duties and obligations as directors of a listed company. All Directors are encouraged to attend relevant training courses at the Company's expense.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of his/her responsibilities and obligations under the Listing Rules.

The Company provided training through external expert lectures in order to develop and update the Directors' knowledge and skills. The Company also provided all Directors with the latest information and relevant materials regarding the Listing Rules and other applicable regulatory requirements to ensure compliance with good corporate governance practices and enhance their awareness in this regard.

For the year ended 31 December 2015, all of the Directors have received relevant training on corporate governance and the relevant training records are as follows:

	Corporate Governance/ Updates on Relevant Laws, Rules and Regulations		Accounting/Finance/ Management or Other Professional Skills	
Name of Director	**Studied Materials**	**Attended Seminars/ Briefings**	**Studied Materials**	**Attended Seminars/ Briefings**
Executive Directors:				
Mr. Huang Liping		✓	✓	
Mr. Hu Bin		✓	✓	
Ms. Chen Huifen		✓	✓	✓
Non-executive Directors:				
Mr. Lu Jun		✓	✓	
Ms. Shu Chunping		✓	✓	
Mr. Zhang Jie		✓	✓	
Independent non-executive Directors:				
Mr. Qi Min		✓	✓	✓
Mr. Leung Man Kit		✓	✓	
Ms. Zhang Shuqin		✓	✓	✓

The Directors will continue to be updated by the Company on any changes or developments affecting their obligations as directors of a listed company.

Board Meetings

Notice of regular Board meetings is given to each Director at least 14 days before the meeting. The agenda and the relevant board papers are circulated to each Director at least 3 days before regular Board meetings to enable them to make informed decisions at the meeting.

Code provision A.1.1 of the CG Code requires that at least four regular Board meetings be held each year at approximately quarterly intervals, with active participation of a majority of directors entitled to attend the meetings, either in person or through other electronic means of communication. The Board held six Board meetings during the year ended 31 December 2015.

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and senior management members.

Board Committees

The Board has established four Board committees to oversee particular aspects of the Company's affairs, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Financial Control Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. The independent non-executive Directors, as members of the various Board committees, bring their range of experiences and expertise and provide objective perspectives to the committees. The Board has provided the Board committees with sufficient resources to discharge their duties, and the Board committees may seek independent professional advice as and when required at the Company's expense.

Audit Committee

The Audit Committee comprises three members. It is currently chaired by Mr. Leung Man Kit (independent non-executive Director), and its other members are Ms. Shu Chunping (non-executive Director) and Mr. Qi Min (independent non-executive Director). There is an overall majority of independent non-executive Directors.

The primary functions of the Audit Committee include the following:

- making recommendations to the Board on the appointment, reappointment and removal of external auditors, and to approve remuneration and terms of engagement of external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussing with the external auditors the nature and scope of the audit and the relevant reporting obligations before the audit commences;
- developing and implementing policy on engaging external auditors to provide non-audit services;

CORPORATE GOVERNANCE REPORT

- monitoring the integrity of the Company's financial statements and annual report and accounts and half-yearly reports, and to review significant financial reporting opinions contained in such statements and reports;

- reviewing the Company's financial controls, internal control and risk management systems and discussing the internal control system with management to ensure that management has performed its duty to establish an effective internal control system;

- considering major investigation findings on internal control matters as delegated by the Board or on the Audit Committee's own initiative, as well as management's response to these findings; and

- reviewing the Group's financial and accounting policies and practices.

The terms of reference of the Audit Committee are available on the website of the Company and the designated website of the Stock Exchange. The Audit Committee held three meetings during the year ended 31 December 2015 to review the annual results and report for the year ended 31 December 2014 as well as the interim results and report for the six months ended 30 June 2015, and review the effectiveness of the financial control, internal control, risk management system and internal audit function of the Company, and discuss material risks under concern in the audit work.

For the year ended 31 December 2015, the Audit Committee also held three meetings with external auditors without the presence of the executive Directors.

Remuneration Committee

The Remuneration Committee comprises five members. It is currently chaired by Mr. Qi Min (independent non-executive Director), and its other members are Mr. Hu Bin (executive Director), Ms. Zhang Shuqin (independent non-executive Director), Mr. Leung Man Kit (independent non-executive Director) and Ms. Shu Chunping (non-executive Director). It has an overall majority of independent non-executive Directors.

The primary functions of the Remuneration Committee include the following:

- assessing, reviewing and making recommendations to the Board in respect of the remuneration packages and overall benefits for the Directors and senior management of the Company;

- making recommendations to the Board on the remuneration policy and structure for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

- reviewing and approving the management's remuneration proposals with reference to corporate goals and objectives set by the Board;

- determining, with the delegated responsibility, the remuneration packages of individual executive directors and senior management, or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

- making recommendations to the Board on the remuneration of non-executive Directors; and

- ensuring that no Director or any of his associates is involved in deciding his own remuneration.

The terms of reference of the Remuneration Committee are available on the website of the Company and the designated website of the Stock Exchange. The Remuneration Committee held two meetings during the year ended 31 December 2015 to review the remuneration policies and structures of the Company, the remuneration packages for executive Directors and senior management as well as other relevant matters, and make recommendations to the Board in such regard.

Nomination Committee

The Nomination Committee comprises three members. It is currently chaired by Mr. Huang Liping (executive Director), and its other members are Mr. Qi Min (independent non-executive Director) and Ms. Zhang Shuqin (independent non-executive Director). It has an overall majority of independent non-executive Directors.

The primary functions of the Nomination Committee include the following:

- reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession plan for Directors; and
- reviewing the board diversity policy regularly.

The Company has adopted its board diversity policy on 6 March 2013. Board diversity can be attained through various factors, including but not limited to gender, age, cultural and educational background, professional expertise, independence, skills, knowledge and length of service. Decision shall ultimately be made based on the merits of and contribution to be made to the Board by the candidate.

The Nomination Committee has determined the policy for the nomination of directors. In identifying and selecting suitable candidates for directorships of the Company, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. The Nomination Committee reviewed the structure, size and diversity of the Board and considers that the Board has maintained a fine balance in terms of diversity of members and other aspects. The Nomination Committee will review the diversity policy of the Board when appropriate to ensure the effective implementation of such policy.

The terms of reference of the Nomination Committee are available on the website of the Company and the designated website of the Stock Exchange. The Nomination Committee held one meeting during the year ended 31 December 2015 to review the structure, size and composition of the Board, and provide opinions on the nomination of relevant persons to be Directors to the Board, and review the independence of independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

Financial Control Committee

The Financial Control Committee comprises three members, namely Mr. Huang Liping (executive Director), Mr. Wang Yuancheng (Vice President) and Ms. Huang Min (assistant president and the general manager of the finance center of the Group). The Financial Control Committee is chaired by Mr. Huang Liping. The establishment of the committee is one of the internal measures adopted for further reducing the Company's potential risk in relation to the minimum tax guarantee under the relevant contracts for the Hefei Financial Harbour project.

The primary duties of the Financial Control Committee are to assess the sufficiency of internal funds, obtain the standby banking facilities where necessary, further discuss the Company's potential risks and exposure level, evaluate sufficiency of the existing measures in place to minimize such risks, and formulate new business strategies and follow-up measures where appropriate.

The Financial Control Committee held one meeting during the year ended 31 December 2015 to discuss the potential liabilities and risks in relation to the abovementioned minimum tax guarantee.

Attendance Record of the Directors and Committee Members

The attendance record of each Director at the Board and Board committee meetings of the Company as well as the annual general meeting of the Company held during the year ended 31 December 2015 is as follows:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting[(1)]
Executive Directors:					
Mr. Huang Liping	6/6	—	—	1/1[(c)]	1/1
Mr. Hu Bin	6/6	—	2/2[(M)]	—	1/1
Ms. Chen Huifen	6/6	—	—	—	1/1
Non-executive Directors:					
Mr. Lu Jun	4/6	—	—	—	1/1
Ms. Shu Chunping	4/6	3/3[(M)]	2/2[(M)]	—	1/1
Mr. Zhang Jie	6/6	—	—	—	1/1
Independent non-executive Directors:					
Mr. Qi Min	6/6	3/3[(M)]	2/2[(C)]	1/1[(M)]	1/1
Mr. Leung Man Kit	6/6	3/3[(C)]	2/2[(M)]	—	1/1
Ms. Zhang Shuqin	6/6	—	2/2[(M)]	1/1[(M)]	1/1

Notes:

(1) The annual general meeting of the Company was held on 11 June 2015.

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

During the Reporting Period, the chairman of the Board convened one meeting among non-executive Directors (including non-executive Directors and independent non-executive Directors) without the presence of executive Directors.

Corporate Governance Functions

The corporate governance functions were performed by the Board. The primary governance functions include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring training and professional development of Directors and senior management;
- reviewing and monitoring the Company's compliance with the CG Code and other legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to Directors and employees of the Company; and
- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Accountability and Audit

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2015, presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects, and ensuring that the financial reports are prepared in accordance with applicable statutory requirements and accounting standards. To the best knowledge, information and belief of the Directors, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The management of the Company has provided the Board with such explanation and information necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

Auditor's Statement

The statement of the Company's independent external auditor, KPMG, on its reporting responsibilities in respect of the consolidated financial statements of the Group for the year ended 31 December 2015 is set out on pages 99 and 100 of this annual report.

Auditor's Remuneration

For the year ended 31 December 2015, the remuneration payable to KPMG by the Company is set out below:

Services provided by the auditor	Remuneration (RMB'000)
Audit services	2,000
Non-audit services	500
Total	2,500

CORPORATE GOVERNANCE REPORT

Internal Control

The Board acknowledges that it is its responsibility to maintain an adequate internal control system to safeguard Shareholders' investment and the Company's assets, and to review the effectiveness of such system on an annual basis, including considering the sufficiency of resources, staff qualifications and experience, training programmes for staff and budget for the Group's accounting and financial reporting functions.

The Board has conducted a review of the effectiveness of the internal control system of the Group and considers the internal control system to be effective and adequate.

As disclosed in the Prospectus, pursuant to the project investment agreement in respect of the Hefei Financial Harbour project entered into by the Group and Hefei local government on 10 January 2013, the state-owned land use right grant contract entered into with Hefei Municipal Land Resources Bureau on 2 September 2013 and the memorandum of understanding entered into with Hefei local government on 4 November 2013, in the event that the aggregate amount of taxes derived from the companies residing in the business park is less than RMB250.0 million for a certain period after the construction commencement date of the project, the Group is required to pay such shortfall to the relevant tax authorities (the "Minimum Tax Guarantee"). Since the Hefei Financial Harbour project is still in its initial stage, no tax is generated to satisfy the Minimum Tax Guarantee.

In order to mitigate the potential risks of the Minimum Tax Guarantee, the Company has established the Financial Control Committee. The Financial Control Committee will hold regular meetings every year in order to assess the adequacy of internal funds necessary for performing relevant obligations, obtain stand-by banking facilities if and when necessary, further discuss the Group's potential risks and exposure level, evaluate the sufficiency of existing measures in place to minimize such risks and formulate new business strategies and follow-up measures if and when appropriate.

Joint Company Secretaries

Ms. Zhang Xuelian, one of the Company's joint company secretaries, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and to ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. Leung Ching Ching, manager of Corporate Services of Tricor Services Limited, as a joint company secretary to assist Ms. Zhang Xuelian in discharging her duties as company secretary of the Company. Ms. Leung Ching Ching together with her primary corporate contact person at the Company, Ms. Zhang Xuelian, act as joint company secretaries of the Company.

The Company will provide funds for Ms. Zhang Xuelian for her to take not less than 15 hours of appropriate continuous professional training in each financial year as required under Rule 3.29 of the Listing Rules.

Shareholders' Rights

Convening of extraordinary general meeting and putting forward proposals

Pursuant to Article 64 of the Articles of Association, one or more Shareholders holding not less than one tenth of the paid-up capital of the Company having the right of voting at general meetings may request the Board to convene an extraordinary general meeting. Such requisition shall be made in writing to the Board or the company secretary and the business to be dealt with shall be specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene extraordinary general meeting shall be reimbursed to the requisitionist(s) by the Company.

Constitutional Documents

As of 31 December 2015 no amendment was made to the constitutional documents of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send their written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Communication with Shareholders and investor relations

The Board recognizes that it is accountable to its stakeholders, and values the importance of communications with Shareholders. The Company is dedicated to maintaining an open dialogue with its Shareholders, and it will continually improve its communications with Shareholders to obtain their feedback.

The Company has established a shareholder communication policy to ensure effective communication with its Shareholders. The Company's corporate website also serves as a channel for Shareholders to access information about the Group. Shareholders can obtain access to the Group's key corporate governance policies and documents, including the terms of reference of the various Board committees, as well as all communications for Shareholders including the Group's financial reports and announcements on the website.

Shareholders are welcome to send their requests for extraordinary general meetings, proposed resolutions or enquiries to the Board to the primary contact person of the Company as follows:

Optics Valley Union Holding Company Limited
Unit 2902, 29th Floor, China Insurance Group Building
No. 141 Des Voeux Road Central
Central
Hong Kong
Attention: Ms. Zhang Xuelian
Email: ovuIR@ovuni.com

MAJOR PROPERTIES INFORMATION

The following table sets forth an overview of the business park projects and residential projects held by the Group and its joint venture as of 31 December 2015.

	Project	Project Company	Location	Interest Attributed to the Group	A Total GFA[2] (square meters)	B GFA with Land Use Rights Obtained (square meters)
I.	**Completed Projects**					
Business Parks						
1	Optics Valley Software Park (Phase I-IV) (光谷軟件園一至四期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	508,826	457,360
2	Optics Valley Software Pack (Phase V) (光谷軟件園五期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	238,893	183,098
3	Optics Valley Software Park (Phase VI) (光谷軟件園六期)	Wuhan Optics Valley Software Park	1 Guanshan Avenue, Wuhan, Hubei Province	100%	100,106	80,290
4	Optics Valley Software Park Exhibition Center (Phase I) (光谷軟件園展示中心一期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	1,570	1,570
5	Optics Valley Software Park Exhibition Center (Phase II) (光谷軟件園展示中心二期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	26,319	20,717
6	Optics Valley Financial Harbour (Phase I) (光谷金融港一期)	OVU Financial Harbour Development	77 Guanggu Avenue, Wuhan, Hubei Province	100%	275,913	256,098
7	Optics Valley Financial Harbour (Phase II) (光谷金融港二期)	Wuhan Optics Valley Union	77 Guanggu Avenue, Wuhan, Hubei Province	100%	517,573	402,762
8	Wuhan Innovation Center (Phase I) (武漢創意天地一期)	Wuhan Optics Valley Union	16 Ye Zhi Hu West Road, Hongshan District, Wuhan, Hubei Province	100%	175,785	158,488
9	Wuhan Innocenter (Phase I) — Minghong (武漢研創中心一期 — 鳴鴻)	Wuhan Minghong	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	43,326	41,350
	Wuhan Innocenter (Phase I) — Huishen (武漢研創中心一期 — 匯盛)	Hubei Huisheng	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	18,091	17,681

Relationship among marked columns: *(A)=(C)+(D)+(E)+(F)+(G)*
(B)=(C)+(D)+(E)+(F)

MAJOR PROPERTIES INFORMATION

	C	D	G	E			F
				Saleable GFA			
GFA Completed[3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA[4] (square meters)	GFA Underground[5][9] (square meters)	GFA Sold[5] (square meters)	GFA Presold [5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	Leasable GFA[5][6] (square meters)
508,826	—	1,495	51,466	435,888	—	541	19,437
238,893	—	3,421	55,794	174,913	—	—	4,765
100,106	—	19,225	19,817	61,065	—	—	—
1,570	—	—	—	—	—	1,570	—
26,319	2,708	—	5,602	—	—	3,991	14,018
275,913	12,293	4,104	19,815	224,266	—	10,875	4,561
517,573	—	13,173	114,810	361,889	9,628	18,073	—
175,785	—	—	17,297	43,707	9,837	82,467	22,477
43,326	—	753	1,887	16,883	4,218	19,585	—
18,091	—	548	410	8,358	1,178	7,597	—

MAJOR PROPERTIES INFORMATION

Project	Project Company	Location	Interest Attributed to the Group	A Total GFA[2] (square meters)	B GFA with Land Use Rights Obtained (square meters)
I. Completed Projects (Continued)					
Business Parks (Continued)					
10 Wuhan Innocenter (Phase II) — Huisheng (武漢研創中心二期 — 匯盛)	Hubei Huisheng	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	53,353	43,316
11 Qingdao OVU International Marine Information Harbour (1.1 Area, 1.3 Area, 1.4 Area to1.6 Area) (青島光谷國際海洋信息港1.1區、1.3區、1.4區至1.6區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong Province	100%	278,628	219,584
12 Shenyang OVU Science and Technology City 瀋陽光谷聯合科技城	Shenyang OVU Development	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	100%	67,212	66,350
13 Ezhou OVU Science and Technology City (Phase I D2–D3, D5–D6, D8, C3, C7–C9, C2, D9) (鄂州光谷聯合科技城一期 D2–D3, D5–D6, D8, C3, C7–C9, C2, D9)	Hubei Technology Enterprise Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	80%	162,501	162,501
14 Huangshi OVU Science and Technology City (Phase I) (黃石光谷聯合科技城一期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	58,672	58,672
Subtotal				2,526,768	2,169,840

Relationship among marked columns: *(A)=(C)+(D)+(E)+(F)+(G)*
(B)=(C)+(D)+(E)+(F)

MAJOR PROPERTIES INFORMATION

	C	D	G	E			F
				Saleable GFA			
GFA Completed[3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA[4] (square meters)	GFA Underground[5][9] (square meters)	GFA Sold[5] (square meters)	GFA Presold [5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	Leasable GFA[5][6] (square meters)
53,353	3,058	—	10,036	—	—	40,259	—
278,628	—	1,940	59,044	76,162	3,170	96,421	41,891
67,212	—	3,556	862	11,395	19,639	31,759	—
162,501	—	—	—	82,051	—	80,450	—
58,672	—	—	—	7,134	—	51,538	—
2,526,768	18,058	48,215	356,839	1,503,710	47,670	445,127	107,149

MAJOR PROPERTIES INFORMATION

Project	Project Company	Location	Interest Attributed to the Group	A Total GFA[(2)] (square meters)	B GFA with Land Use Rights Obtained (square meters)
I. Completed Projects (Continued)					
Residential Properties					
15 Romantic Town (麗島漫城)	Wuhan Xuefu	46 Guanggu Boulevard, Wuhan, Hubei Province	51%	158,876	144,473
16 Lido Top View (麗島半山華府)	Huangshi OVU Development	76 Xin Qu Er Lu, Hangzhou West Road, Tuanchenglushan Huangshi, Hubei Province	100%	148,271	148,271
17 Lido 2046 (麗島2046)	Wuhan Optics Valley Union	175 Xiongchu Avenue, Wuhan, Hubei Province	100%	126,629	114,351
Investment Properties					
18 Lido Garden 麗島花園	Wuhan United Real Estate	1 Luoshi Road, Wuhan, Hubei Province	100%	198,119	198,119
19 North Harbour Industrial Park (Lido Property) 北港工業園（麗島物業）	Wuhan United Real Estate	38 Shucheng Road, Wuhan, Hubei Province	100%	3,083	3,083
20 Lido Garden (Lido Property) 麗島花園（麗島物業）	Wuhan United Real Estate	1 Luoshi Road, Wuhan, Hubei Province	100%	1,122	1,122
21 North Harbour Industrial Park (Lido Technology) 北港工業園（麗島科技）	Wuhan United Real Estate	38 Shucheng Road, Wuhan, Hubei Province	100%	3,683	3,683
Subtotal				206,008	206,008
Subtotal				**3,166,550**	**2,782,941**
22 Lido Mason [(11)] (麗島美生)	Wuhan Mason	No. 318 Minzu Avenue, Wuhan, Hubei Province	50%	153,437	130,260

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MAJOR PROPERTIES INFORMATION

		C	D	G	E			F
					Saleable GFA			
	GFA Completed(3) (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA(4) (square meters)	GFA Underground(5)(9) (square meters)	GFA Sold(5) (square meters)	GFA Presold (5)(8) (square meters)	GFA Available for Sale(5)(7) (square meters)	Leasable GFA(5)(6) (square meters)
	158,876	—	636	14,403	141,623	—	1,822	392
	148,271	—	1,189	—	130,165	164	1,291	15,462
	125,510	—	1,185	10,909	65,851	10,953	36,613	—
	198,119	—	—	—	191,197	—	—	6,922
	3,083	1,248	—	—	—	—	—	2,298
	1,122	—	—	—	—	—	1,122	—
	3,683	2,023	—	—	—	—	—	1,661
	206,008	3,270	—	—	191,197	—	1,122	10,881
	3,165,431	**21,328**	**51,225**	**382,150**	**2,032,546**	**58,786**	**485,975**	**133,883**
	151,090	—	839	23,177	128,138	—	1,282	—

MAJOR PROPERTIES INFORMATION

Project		Project Company	Location	Estimated Completion Date[1]	Interest Attributed to the Group	A Total GFA[2] (square meters)	B GFA with Land Use Rights Obtained (square meters)
II	**Projects under Development**						
Business Parks							
1	Creative Capital (創意天地)	Wuhan Optics Valley Union	16 Ye Zhi Hu West Road, Hongshan District, Wuhan, Hubei Province	1 April 2016	100%	209,227	156,627
2	Ezhou OVU Science and Technology City (Phase I C1) (鄂州光谷聯合科技城一期C1)	Hubei Technology Enterprise Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	1 April 2016	80%	15,983	15,174
3	Huangshi OVU Science and Technology City (Phase I) (黃石聯合科技城一期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	1 May 2016	100%	38,404	37,710
4	Hefei Financial Harbour (合肥金融港)	Hefei OVU Development	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	1 November 2016	80%	320,604	320,604
5	Shenyang OVU Science and Technology City (瀋陽聯合科技城)	Shenyang OVU Development	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	1 February 2017	100%	1,715	1,715
6	Qingdao Innocenter Public Housing (青島研創公租房)	Qingdao OVU Development	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	1 July 2017	100%	25,656	21,296
	Subtotal					**611,588**	**553,127**

Relationship among marked columns: *(A)=(C)+(D)+(E)+(F)+(G)*
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MAJOR PROPERTIES INFORMATION

	C	D	G	E Saleable GFA			F
GFA Completed(3) (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA(4) (square meters)	GFA Underground(5)(9) (square meters)	GFA Sold(5) (square meters)	GFA Presold (5)(8) (square meters)	GFA Available for Sale(5)(7) (square meters)	Leasable GFA(5)(6) (square meters)
—	—	69	52,600	—	2,677	153,881	—
—	—	—	808	—	—	15,174	—
—	—	—	694	—	—	37,710	—
—	—	—	—	—	23,345	243,008	54,250
—	1,715	—	—	—	—	—	—
—	—	—	4,359	—	—	3,068	18,228
—	**1,715**	**69**	**58,461**	**—**	**26,022**	**452,842**	**72,478**

MAJOR PROPERTIES INFORMATION

Project	Project Company	Location	Estimated Completion Date[1]	Interest Attributed to the Group	A Total GFA[2] (square meters)	B GFA with Land Use Rights Obtained (square meters)
III Projects Planned for Future Development						
Business Parks						
1 Wuhan Innocenter (Phase III) — Minghong (武漢研創中心三期) — 鳴鴻	Wuhan Minghong	Intersection of Guanggu Avenue, and Yangqiaohu Avenue, Wuhan, Hubei Province	May 2019	100%	57,113	50,003
2 Wuhan Innocenter (Phase III) — Huisheng (武漢研創中心三期) — 匯盛	Hubei Huisheng	Intersection of Guanggu Avenue, and Yangqiaohu Avenue, Wuhan, Hubei Province	May 2019	100%	57,155	50,003
3 Qingdao Optics Valley Software Park Zones 1.2, 1.7 (青島光谷軟件園1.2、1.7區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong	December 2019	100%	167,216	140,738
4 Qingdao Marine & Science Park (Phase I) (青島海洋科技園一期)	Qingdao OVU Development	South of Zhang Jiang West Road, West of Jiangshan South Road, North of Binhai Avenue, Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province	December 2019	100%	197,050	—
5 Qingdao Innocenter (青島研創中心)	Qingdao OVU Development	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	October 2018	100%	110,724	—
6 Shenyang OVU Science and Technology City 瀋陽聯合科技城	Shenyang OVU Development	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	November 2018	100%	116,734	103,321
7 Ezhou OVU Science and Technology City (Phase I) (鄂州光谷聯合科技城一期)	Hubei Technology Enterprise Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	September 2018	80%	299,677	263,132

Relationship among marked columns: *(A)=(C)+(D)+(E)+(F)+(G)*
(B)=(C)+(D)+(E)+(F)

MAJOR PROPERTIES INFORMATION

	C	D	G	E Saleable GFA			F
GFA Completed(3) (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA(4) (square meters)	GFA Underground(5)(9) (square meters)	GFA Sold(5) (square meters)	GFA Presold (5)(8) (square meters)	GFA Available for Sale(5)(7) (square meters)	Leasable GFA(5)(6) (square meters)
—	—	200	7,110	—	—	49,803	—
—	—	200	7,152	—	—	49,803	—
—	2,922	—	26,477	—	—	137,816	—
—	6,800	—	30,000	—	—	160,250	—
—	—	—	14,578	—	—	96,146	—
—	—	—	13,413	—	—	103,321	—
—	—	—	36,545	—	—	263,132	—

MAJOR PROPERTIES INFORMATION

Project	Project Company	Location	Estimated Completion Date(1)	Interest Attributed to the Group	A Total GFA(2) (square meters)	B GFA with Land Use Rights Obtained (square meters)
III Projects Planned for Future Development (Continued)						
Business Parks (Continued)						
8 Hefei Financial Harbour (合肥金融港)	Hefei OVU Development	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	October 2020	80%	288,056	140,227
9 Huangshi OVU Science and Technology City (Phase I) (黃石聯合科技城一期)	Huangshi OVU Development	Intersection of Baosan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	December 2018	100%	93,524	93,524
10 Huanggang OVU Science and Technology City (黃岡光谷聯合科技城)	Huangang OVU Development	Intersection of Central Ring Road and North of Xingang Road, Huangzhou District, Huanggang, Hubei Province	December 2017	70%	155,334	155,334
Subtotal					**1,542,582**	**996,281**
I to III Total					**5,320,720**	**4,332,349**

MAJOR PROPERTIES INFORMATION

GFA Completed[3] (square meters)	C GFA Held for Group's Own Use (square meters)	D Non-Saleable and Non-Leasable GFA[4] (square meters)	G GFA Underground[5][9] (square meters)	E Saleable GFA GFA Sold[5] (square meters)	GFA Presold [5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	F Leasable GFA[5][6] (square meters)
—	—	—	147,829	—	—	140,227	—
—	—	—	—	—	—	93,524	—
—	—	—	—	—	—	145,893	9,441
—	**9,722**	**400**	**283,105**	**—**	**—**	**1,239,914**	**9,441**
3,165,431	**32,765**	**51,694**	**723,717**	**2,032,546**	**84,808**	**2,178,732**	**215,802**

MAJOR PROPERTIES INFORMATION

Notes:

(1) The estimated completion date of a project reflects the Group's best estimate based on its current development plan for the projects.

(2) "Total GFA" in respect of each completed property is based on figures provided in the record of acceptance examination upon project completion in respect of the project for which the Group has obtained the permit, or in some case, its internal records and estimates based on an independent report. "Total GFA" in respect of each project under development is based on figures provided in (i) the construction works commencement permit in respect of the project for which the Group has obtained the permit but not yet obtained the record of acceptance examination upon project completion, (ii) the planning permit for construction works (建設工程規劃許可證) in respect of the project for which the Group has obtained the planning permit for construction works but not yet obtained the construction works commencement permit, or (iii) the Group's internal records and estimates. It includes attributable value of amenities.

(3) "GFA Completed" is based on figures provided in real property certificates, construction and planning permits, surveying reports or records for the acceptance examination upon project completion (竣工驗收備案證明) by the relevant government departments.

(4) "Non-Saleable and Non-Leasable GFA" of properties includes the GFA of certain area above ground used as public car parking spaces and other ancillary facilities.

(5) The following figures are based on the Group's internal records and estimates: (a) "GFA Sold", (b) "GFA Pre-sold", (c) "GFA Available for Sale", (d) "Leasable GFA" and (e) "Underground GFA".

(6) "Leasable GFA" represents the total GFA of investment properties in each project which the Group holds and leases for recurring rental income.

(7) "Saleable GFA" in respect of each completed project represents the GFA designated by the Group for sale but has not been sold; "Saleable GFA" in respect of each project under development represents estimated GFA that is designated by us for sale, being among the GFA that is leasable or saleable according to the pre-sale permit (預售許可證) or, where the pre-sale permit is not yet available, the Group's internal records and estimates.

(8) Figures for "GFA Pre-sold" are based on the Group's internal records. A property is pre-sold when a binding sales agreement has been executed.

(9) "Underground GFA" of properties includes the GFA of certain underground areas used as car parking spaces and other ancillary facilities (including storage rooms, equipment facilities and power supply stations). Save for Lido Garden, the Group does not have titles to or land use rights of the underground car parking spaces in respect of its projects other than an entitlement to use (使用權) them in accordance with the relevant construction and planning permits and the local general practices in Wuhan. The Group has titles to the underground car parking spaces in Lido Garden.

(10) The total GFA of 3,083 sq.m. excludes the construction of insulation structure for fire prevention. With the total GFA of that structure included, the total GFA would be 3,546 sq.m..

(11) During the Reporting Period, as the Group only holds a 50% equity interest in the project company, the project company's financial information was not included in the Group's consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of Optics Valley Union Holding Company Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Optics Valley Union Holding Company Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 101 to 192, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Note	**2015** **RMB'000**	2014 RMB'000
Turnover	2	**1,903,840**	1,928,948
Cost of sales		**(1,311,834)**	(1,246,287)
Gross profit		**592,006**	682,661
Other income	3	**37,436**	9,303
Selling and distribution expenses		**(64,083)**	(66,324)
Administrative expenses		**(167,093)**	(135,031)
Other expenses	3	**(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	11	**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	**(243,438)**	(211,700)
Profit for the year		**504,590**	420,318

The notes on pages 110 to 192 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	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)	8	**12.50**	11.03

The notes on pages 110 to 192 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 30(c).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 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	9	**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	9	**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

The notes on pages 110 to 192 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	10	**274,915**	278,784
Investment properties	11	**1,225,700**	527,510
Intangible assets	12	**4,248**	4,354
Interest in associates	14	**13,215**	761
Interest in joint ventures	15	**36,051**	165,249
Other investments	16	**13,000**	10,000
Deferred tax assets	28(b)	**68,318**	67,963
		1,635,447	1,054,621
Current assets			
Properties under development	17	**2,443,551**	2,545,744
Completed properties held for sale	18	**2,317,286**	1,993,088
Inventories and contracting work-in-progress	19	**232,544**	243,855
Trade and other receivables	20	**610,373**	1,215,158
Current tax assets	28(a)	**6,661**	3,800
Restricted cash	21	**150,466**	139,798
Cash and cash equivalents	22(a)	**901,364**	936,977
		6,662,245	7,078,420
Non-current assets classified as held for sale	23	**19,000**	—
Assets of disposal group held for sale	24	**576,736**	—
		7,257,981	7,078,420
Current liabilities			
Trade and other payables	25	**2,075,713**	1,964,900
Loans and borrowings	26	**1,292,316**	1,170,800
Corporate bonds payable	27	**531,434**	384,627
Current tax liabilities	28(a)	**126,372**	134,743
Current portion of deferred income	29	**4,087**	4,006
		4,029,922	3,659,076
Liabilities directly associated with non-current assets classified as held for sale	23	**2,598**	—
Liabilities of disposal group held for sale	24	**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

The notes on pages 110 to 192 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**2015 RMB'000**	2014 RMB'000
Non-current liabilities			
Loans and borrowings	26	**991,000**	968,046
Corporate bonds payable	27	**560,544**	802,637
Deferred tax liabilities	28(b)	**171,676**	82,187
Non-current portion of deferred income	29	**36,783**	36,056
		1,760,003	1,888,926
Net assets		**3,052,260**	2,585,039
Capital and reserves			
Share capital	30	**316,800**	316,800
Reserves	30	**2,448,836**	2,032,420
Total equity attributable to equity shareholders of the Company		**2,765,636**	2,349,220
Non-controlling interests	30	**286,624**	235,819
Total equity		**3,052,260**	2,585,039

Approved and authorised for issue by the board of directors on 24 March 2016.

Huang Liping
Director

Hu Bin
Director

The notes on pages 110 to 192 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Exchange reserve RMB'000	Property Revaluation reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015		316,800	284,062	584,780	957	—	233,594	929,027	2,349,220	235,819	2,585,039
Changes in equity for 2015:											
Profit for the year		—	—	—	—	—	—	499,886	499,886	4,704	504,590
Other comprehensive income		—	—	—	305	17,925	—	—	18,230	—	18,230
Total comprehensive income for the year		—	—	—	305	17,925	—	499,886	518,116	4,704	522,820
Appropriation to statutory reserve		—	—	—	—	—	29,470	(29,470)	—	—	—
Acquisition of equity interests from a non-controlling equity holder		—	—	(759)	—	—	—	—	(759)	759	—
Dividend declared during the year	30(c)	—	—	—	—	—	—	(100,941)	(100,941)	—	(100,941)
Acquisition of subsidiaries	30(h)	—	—	—	—	—	—	—	—	5,342	5,342
Capital injection from non-controlling equity holders	30(h)	—	—	—	—	—	—	—	—	40,000	40,000
At 31 December 2015		316,800	284,062	584,021	1,262	17,925	263,064	1,298,502	2,765,636	286,624	3,052,260

The notes on pages 110 to 192 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014		8	—	584,780	782	198,396	650,459	1,434,425	230,691	1,665,116
Changes in equity for 2014:										
Profit for the year		—	—	—	—	—	415,190	415,190	5,128	420,318
Other comprehensive income		—	—	—	175	—	—	175	—	175
Total comprehensive income for the year		—	—	—	175	—	415,190	415,365	5,128	420,493
Appropriation to statutory reserve		—	—	—	—	35,198	(35,198)	—	—	—
Dividend declared during the year	30(c)	—	—	—	—	—	(101,424)	(101,424)	—	(101,424)
Issue of new shares under initial public offering ("IPO"), net of listing expenses		79,200	521,654	—	—	—	—	600,854	—	600,854
Capitalisation issue	30(d)	237,592	(237,592)	—	—	—	—	—	—	—
At 31 December 2014		316,800	284,062	584,780	957	233,594	929,027	2,349,220	235,819	2,585,039

The notes on pages 110 to 192 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	**2015 RMB'000**	2014 RMB'000
Operating activities			
Cash generated from/(used in) operations	22(b)	**196,803**	(660,867)
Income tax paid		**(162,938)**	(167,152)
Net cash generated from/(used in) operating activities		**33,865**	(828,019)
Investing activities			
Interest received		**34,305**	16,672
Investment income received		**483**	3,500
Proceeds from disposal of property, plant and equipment		**855**	407
Proceeds from sales of other investments		**—**	122,220
Dividends from joint ventures		**—**	25,000
Proceeds from capital reduction in a joint venture		**60,000**	—
Payment received for proposed disposal of equity interests in certain subsidiaries		**350,000**	—
Additions of investment properties		**(60,300)**	(15,692)
Acquisition of property, plant and equipment		**(31,707)**	(17,537)
Acquisition of interest in associates		**(13,098)**	—
Acquisition of interest in joint ventures		**(3,400)**	—
Acquisition of interest in other investment		**(3,000)**	—
Deposit paid for potential acquisition of certain equity interest in a property development company	20	**(50,000)**	—
Acquisition of intangible assets		**(381)**	(705)
Net cash generated from investing activities		**283,757**	133,865

The notes on pages 110 to 192 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Financing activities			
Proceeds from corporate bonds		**199,000**	590,620
Proceeds from initial public offering		**—**	600,854
Proceeds from loans and borrowings		**1,544,620**	1,948,500
Repayment of corporate bonds		**(300,000)**	(70,000)
Repayment of bank and other loans		**(1,400,150)**	(1,866,984)
Repayment of loans from non-controlling equity holders		**(18,842)**	(164,759)
Repayment of loans from other related party		**(20,000)**	(96,737)
Increased in restricted cash		**(10,668)**	(136,168)
Interest and other borrowing costs paid		**(285,523)**	(206,484)
Dividend paid		**(100,941)**	(130,924)
Capital injection from non-controlling equity holders		**40,000**	—
Net cash (used in)/generated from financing activities		**(352,504)**	467,918
Net decrease in cash and cash equivalents		**(34,882)**	(226,236)
Cash and cash equivalents at 1 January		**936,977**	1,163,239
Effect of foreign exchange rate changes		**(623)**	(26)
Cash and cash equivalents at 31 December		**901,472**	936,977
Representing:			
Cash and cash equivalents	22(a)	**901,364**	936,977
Cash and cash equivalents included in disposal group held for sale	24	**108**	—
		901,472	936,977

The notes on pages 110 to 192 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies

(a) Reporting entity

Optics Valley Union Holding Company Limited (the "Company") was incorporated in the Cayman Islands which shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 March 2014. The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures. They were authorised for issue by the Company's board of directors on 24 March 2016.

(b) 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"). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective in the current year. Note 1(c) 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.

(c) Changes in accounting policies

The IASB has issued a number of 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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amendments to IFRSs are discussed below:

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

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(d) Basis of measurement

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand except for per share data, as the Group's principal activities were carried out in the People's Republic of China (the "PRC"). The measurement basis used in preparation of the consolidated financial statements is the historical cost basis except for investment properties (See Note 1(l)) and certain financial assets (See Note 1(h)), which are stated at their fair value.

Non-current assets and disposal groups held for sale are stated at the lower of carry amount and fair value less costs to sell (See Note 1(w)).

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 35.

(f) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the group and other parties) are considered. An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (See Note 1(w)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(f) Basis of consolidation (Continued)

(ii) Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that is no evidence of impairment.

(g) Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (See Note 1(w)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 1(m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associates or the joint ventures, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

1 Significant Accounting Policies (Continued)

(g) Associates and joint ventures (Continued)

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(h)).

(h) Financial instruments

(i) Derivative financial assets

Derivative financial assets are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(ii) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(h) Financial instruments (Continued)

(ii) Non-derivative financial assets (Continued)

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets classified as held-for-trading comprise short-term sovereign debt securities actively managed by the Group's treasury department to address short-term liquidity needs.

Financial assets designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses (see Note 1(m)).

Held-to-maturity financial assets comprise debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 1(m)).

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

1 Significant Accounting Policies (Continued)

(h) Financial instruments (Continued)

(ii) Non-derivative financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 1(m)) and foreign exchange differences on available-for-sale debt instruments (see Note 1(v)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(iii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

(iv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

— the cost of materials and direct labour;

— any other costs directly attributable to bringing the assets to a working condition for their intended use;

— when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

— capitalised borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Reclassification to investment property

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

(iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(i) Property, plant and equipment (Continued)

(iv) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self- constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current period of significant items of property, plant and equipment are as follows:

	Years	Estimated residual value as a percentage of costs
Buildings	20–30	3%–5%
Machines	3–10	3%–5%
Motor vehicles	5–10	3%–10%
Furniture, office equipment and others	3–10	3%–10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see Note 1(l)); and

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see Note 1(l)) or is held for development for sale (see Note 1(n)).

(k) Intangible assets

(i) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 1(m)).

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(k) Intangible assets (Continued)

(iii) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current period are as follows:

Computer software with finite useful lives is amortised from the date it is available for use and its estimated useful lives is 3 to 10 years.

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(l) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 1(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and properties that are being constructed or developed for future use as investment properties.

Investment properties are stated in the statement of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 1(t)(ii).

(m) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(m) Impairment (Continued)

(i) Non-derivative financial assets (Continued)

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for- sale equity security is recognised in other comprehensive income.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 1(m)(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash- generating unit (CGU) exceeds its recoverable amount.

1 Significant Accounting Policies (Continued)

(m) Impairment (Continued)

(ii) Non-financial assets (Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

— Properties held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realizable value is determined by reference to management estimates based on prevailing market conditions.

— Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including: land use right (see Note 1(j)), aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see Note 1(u)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(n) Property development (Continued)

— Completed properties held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(o) Inventories

Inventories mainly include construction materials, pesticide products and low value consumables. Inventories are stated at cost and comprise all costs of purchase. They are computed on a weighted average basis, less provision for obsolescence. When inventories are consumed, the carrying amount of inventories is recognised as an expense in the year in which the consumption occurs. Any obsolete and damaged inventories are written off to the profit or loss.

(p) Construction contracts in progress

Construction contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognised to date (see Note 1(t)(v)) less progress billings and recognised losses.

In the statement of financial position, construction contracts in progress for which costs incurred plus recognised profits exceed progress billings and recognised losses are presented as trade and other receivables. Contracts for which progress billings and recognised losses exceed costs incurred plus recognised profits are presented as deferred income/revenue. Advances received from customers are presented as deferred income/revenue.

(q) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non- monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

1 Significant Accounting Policies (Continued)

(q) Employee benefits (Continued)

The employees of the Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(r) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

— temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

— taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(r) Tax (Continued)

(ii) Deferred tax (Continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(s) Financial guarantees issued, provisions and contingent liabilities (Continued)

(i) Financial guarantees issued (Continued)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of properties

Revenue from sales of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the buyers.

Revenue from sales of properties excludes business tax or other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position as receipts in advance.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(t) Revenue recognition (Continued)

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Energy supply initial fee

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

(iv) Service fee income

Service fee income in relation to design and development management services, property management service, advertising service and other ancillary services are recognised when such services are provided to customers.

(v) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliable, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the assets upon meeting the relevant conditions, if any, attaching to them.

1 Significant Accounting Policies (Continued)

(u) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that are recognised in profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions and deferred consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss and contingent consideration, impairment losses recognised on financial assets (other than trade receivables), losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

(v) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of group's companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(v) Foreign currency (Continued)

(i) Foreign currency transactions (Continued)

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see (ii)); and

- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the translation differences is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amounts is reclassified to profit or loss.

(w) Non-current assets held for sale

A non-current asset (or disposal group comprising assets and liabilities) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the group will retain a noncontrolling interest in the subsidiary after the sale.

1 Significant Accounting Policies (Continued)

(w) Non-current assets held for sale (Continued)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(x) Related parties

(i) A person, or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 Significant Accounting Policies (Continued)

(x) Related parties (Continued)

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are individually material may be aggregated if they share a majority of these criteria.

2 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. The operating segments with similar economic characteristics have been aggregated to form the following 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

2 Turnover and Segment Reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

2 Turnover and Segment Reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

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 joint ventures	29,774	—	—	—	—	29,774
Increase in fair value of investment properties	103,780	1,100	—	—	500	105,380

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

2 Turnover and Segment Reporting (Continued)

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

	2015 RMB'000	2014 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

2 Turnover and Segment Reporting (Continued)

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

	2015 RMB'000	2014 RMB'000
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

(c) Geographical information

No geographical information is presented as the operations, major customers and assets of the Group are substantially located in the PRC. The Group has a large number of customers and there was no significant revenue derived from specific external customers in 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

3 Other Income and Other Expenses

Other income

	2015 RMB'000	2014 RMB'000
Government grants (Note)	**28,391**	7,809
Net gain on disposal of non-current assets	**27**	6
Compensation income	**8,378**	358
Others	**640**	1,130
	37,436	9,303

Note: In 2015 and 2014, the Group received government subsidies from different local government bureaus as a recognition of the Group's contribution in the relevant districts.

Other expenses

	2015 RMB'000	2014 RMB'000
Net loss on disposal of property, plant and equipment	**—**	(42)
Penalty	**(7,557)**	(210)
Donations	**(2,064)**	(160)
Others	**(327)**	(102)
	(9,948)	(514)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

4 Profit Before Taxation

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

(a) Finance (income)/costs

	2015 RMB'000	2014 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 (Note)	**(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)

Note: The borrowing costs have been capitalised at rates ranging from 5.22% to 12.00% (in 2014: 6.00% to 12.00%) per annum (see Note 26) in 2015.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

4 Profit Before Taxation (Continued)

(b) Staff costs

	2015 RMB'000	2014 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

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution pension schemes (the "Schemes") which are administered and operated by the relevant local government authorities. The Group is required to make contributions to the 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 has no other material obligation for the payment of pension benefits associated with these schemes beyond the annual contributions described above.

(c) Other items

	2015 RMB'000	2014 RMB'000
Depreciation	**22,353**	17,943
Amortisation	**487**	682
Auditor's remuneration		
— Audit service	**2,000**	1,500
— Non-audit service	**500**	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 Statement of Profit or Loss

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

	2015 RMB'000	2014 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 (See Note 23(b) and 28(b))	**85,757**	32,772
Total income tax expense	**243,438**	211,700

(b) Income tax recognised in other comprehensive income

Certain owner-occupied buildings were transferred to investment properties (see Note 10) in 2015, the Group remeasured the properties to fair value and recognised a revaluation gain of RMB23,900,000 (2014: Nil) and related tax RMB5,975,000 (2014: Nil) in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

5 Income Tax in the Consolidated Statement of Profit or Loss (Continued)

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

	2015 RMB'000	2014 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

(i) Pursuant to the rules and regulations of the British Virgin Island ("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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

6 Directors' Remuneration

Details of directors' remuneration are as follows:

	For the year ended 31 December 2015				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Huang Liping	—	738	1,044	17	1,799
Hu Bin	—	622	1,200	17	1,839
Chen Huifen	—	427	1,060	17	1,504
	—	1,787	3,304	51	5,142
Non-executive directors					
Lu Jun	—	—	—	—	—
Shu Chunping	—	—	—	—	—
Zhang Jie	—	—	—	—	—
	—	—	—	—	—
Independent non-executive directors					
Zhang Shuqin	—	192	8	—	200
Leung Man Kit	—	251	—	—	251
Qi Min	—	192	8	—	200
	—	635	16	—	651

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

6 Directors' Remuneration (Continued)

	For the year ended 31 December 2014				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Huang Liping	—	702	2,196	14	2,912
Hu Bin	—	586	2,376	14	2,976
Chen Huifen	—	395	1,665	14	2,074
	—	1,683	6,237	42	7,962
Non-executive directors					
Lu Jun	—	—	—	—	—
Shu Chunping	—	—	—	—	—
Zhang Jie	—	—	—	—	—
	—	—	—	—	—
Independent non-executive directors					
Zhang Shuqin	—	144	8	—	152
Leung Man Kit	—	178	—	—	178
Qi Min	—	144	8	—	152
	—	466	16	—	482

No directors of the Company waived or agreed to waive any remuneration during the year.

During the year, there were no amounts paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

7 Individuals with Highest Emoluments

In 2015, of the five individuals with the highest emoluments, three are directors of the Company whose emoluments are disclosed in Note 6 (2014: three). The aggregate of the emoluments in respect of the other two (2014: two) individuals are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other emoluments	**3,270**	3,347
Retirement scheme contributions	**17**	28
	3,287	3,375

The emoluments of these two individuals with the highest emoluments are within the following bands:

	2015	2014
HKD1,500,001 to HKD2,000,000	**1**	2
HKD2,000,001 to HKD2,500,000	**—**	—
HKD2,500,001 to HKD3,000,000	**1**	—

8 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 for 2015, after adjusting for the capitalisation issue on 28 March 2014 (see Note 30). The deemed weighted average number of shares is calculated as follows:

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

8 Earnings Per Share (Continued)

(a) Basic earnings per share (Continued)

The weighted average number of shares in issue for 2014 consisted of 3,000,000,000 ordinary shares issued at 1 January 2014, comprising 100,000 ordinary shares issued in previous years and 2,999,900,000 ordinary shares issued pursuant to the capitalisation issue, as if the shares were outstanding from 1 January 2014, and 1,000,000,000 ordinary shares issued on 28 March 2014 under IPO.

	2015 '000	2014 '000
Deemed weighted average number of shares		
Issued ordinary shares at 1 January	**4,000,000**	3,000,000
Effect of issuance of new shares	**—**	764,384
Deemed weighted average number of shares at 31 December	**4,000,000**	3,764,384

(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.

(c) Potential issue of ordinary shares after the reporting period

On 14 December 2015, the Company entered into a subscription agreement with China Electronics Corporation Holdings Company Limited ("CECH"), pursuant to which the Company has conditionally agreed to allot and issue, and CECH has conditionally agreed to subscribe in cash of 1,491,469,917 new ordinary shares at a subscription price of HK$0.8 per share (collectively referred to as the "Proposed CECH Subscription"). On the same date, the Company entered into a placing agreement with China Everbright Securities (HK) Limited ("China Everbright"), pursuant to which the China Everbright has conditionally agreed to place, on a fully underwritten basis, 1,450,000,000 new ordinary shares at a placing price of HK$0.8 per share (collectively referred to as the "Proposed Placing"). The Proposed CECH Subscription and the Proposed Placing are subject to the fulfilment of certain conditions and obtaining relevant approvals as described in the circular issued by the Company dated 25 February 2016.

See note 33(c) for potential issue of ordinary shares in relation to acquisition of subsidiaries.

No ordinary shares in relation to the above potential ordinary share transactions were issued up to the date of approval of these financial statements.

9 Other Comprehensive Income

	2015 RMB'000	2014 RMB'000
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China, net of nil tax	**305**	175
Revaluation of properties, plant and equipment, net of tax	**17,925**	—
Total	**18,230**	175

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

10 Property, Plant and Equipment

	Buildings RMB'000	Machines RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2014	88,268	72,123	29,127	18,395	3,772	211,685
Transfer from construction in progress	—	9,401	—	2,065	(11,466)	—
Transfer from inventory	—	—	—	—	105,936	105,936
Other additions	—	12	1,743	7,845	7,937	17,537
Disposals	—	—	(1,216)	(250)	—	(1,466)
Other reduction	(1,743)	—	—	—	—	(1,743)
At 31 December 2014	86,525	81,536	29,654	28,055	106,179	331,949
At 1 January 2015	**86,525**	**81,536**	**29,654**	**28,055**	**106,179**	**331,949**
Transfer from construction in progress	**95,632**	**16,260**	**—**	**13,777**	**(125,669)**	**—**
Transfer from completed properties held for sale	**25,910**	**—**	**—**	**—**	**—**	**25,910**
Additions through acquisition of subsidiaries	**—**	**—**	**—**	**864**	**—**	**864**
Revaluation of buildings reclassified to investment properties	**23,900**	**—**	**—**	**—**	**—**	**23,900**
Transfer to investment properties — depreciation offset	**(1,589)**	**—**	**—**	**—**	**—**	**(1,589)**
Transfer to investment properties	**(62,600)**	**—**	**—**	**—**	**—**	**(62,600)**
Other additions	**2,705**	**738**	**846**	**3,711**	**23,707**	**31,707**
Disposals	**—**	**—**	**(902)**	**(1,145)**	**—**	**(2,047)**
At 31 December 2015	**170,483**	**98,534**	**29,598**	**45,262**	**4,217**	**348,094**
Accumulated depreciation:						
At 1 January 2014	(4,724)	(9,505)	(14,676)	(7,340)	—	(36,245)
Charge for the year	(2,901)	(6,305)	(4,465)	(4,272)	—	(17,943)
Written back on disposals	—	—	815	208	—	1,023
At 31 December 2014	(7,625)	(15,810)	(18,326)	(11,404)	—	(53,165)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

10 Property, Plant and Equipment (Continued)

	Buildings RMB'000	Machines RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2015	**(7,625)**	**(15,810)**	**(18,326)**	**(11,404)**	**—**	**(53,165)**
Charge for the year	**(4,361)**	**(8,208)**	**(4,874)**	**(4,910)**	**—**	**(22,353)**
Additions through acquisition of subsidiaries	**—**	**—**	**—**	**(469)**	**—**	**(469)**
Transfer to investment properties — depreciation offset	**1,589**	**—**	**—**	**—**	**—**	**1,589**
Written back on disposals	**—**	**—**	**417**	**802**	**—**	**1,219**
At 31 December 2015	**(10,397)**	**(24,018)**	**(22,783)**	**(15,981)**	**—**	**(73,179)**
Net book value:						
At 31 December 2015	**160,086**	**74,516**	**6,815**	**29,281**	**4,217**	**274,915**
At 31 December 2014	78,900	65,726	11,328	16,651	106,179	278,784

The buildings are all situated on land in the PRC held under medium-term leases.

During the year ended 31 December 2015, certain owner-occupied buildings were transferred to investment properties, as they were no longer used by the Group and were leased out to certain third parties (see Note 11). Immediately before transfer, the Group remeasured the properties to fair value and recognised a gain of RMB23,900,000 (related tax effect of RMB5,975,000) in other comprehensive income. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment properties at the reporting date (see Note 11(b)).

As at 31 December 2015, certain buildings of the Group with an aggregate carrying value of RMB127,130,000 (31 December 2014: RMB62,177,000) were without building ownership certificates. As at 31 December 2015, the Group was in progress of obtaining the relevant building ownership certificates.

As at 31 December 2015, property, plant and equipment that were fully depreciated but still in use were amounted to RMB12,189,000 (31 December 2014: RMB8,092,000).

Property, plant and equipment with an aggregate carrying value of RMB48,655,000 (31 December 2014: RMB61,386,000) as at 31 December 2015 were pledged for certain bank loans granted to the Group (see Note 26).

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11 Investment Properties

(a) Reconciliation of carrying value

	Investment properties RMB'000
At 1 January 2014	298,200
Additions	123,930
Fair value adjustment	105,380
At 31 December 2014	527,510
Representing:	
Cost	225,176
Valuation	302,334
	527,510
At 1 January 2015	**527,510**
Additions	**60,300**
Transfer from Property, plant and equipment	**62,600**
Transfer from Completed properties held for sale	**248,652**
Fair value adjustment	**345,638**
Transfer to non-current assets classified as held for sale	**(19,000)**
At 31 December 2015	**1,225,700**
Representing:	
Cost	564,219
Valuation	661,481
	1,225,700
Book value:	
At 31 December 2015	**1,225,700**
At 31 December 2014	527,510

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

11 Investment Properties (Continued)

(a) Reconciliation of carrying value (Continued)

Investment properties comprise a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 year to 12 years. No contingent rents are charged. See Note 33 for further information.

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 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 (31 December 2014: RMB33,357,000) as at 31 December 2015 (see Note 26), and certain properties under development and completed properties held for sale of the Group (see Notes 17 and 18).

All investment properties of the Group were revalued as at 31 December 2015 and 2014 on an open market value basis calculated by reference to net rental income allowing for reversionary income potential.

11 Investment Properties (Continued)

(b) Fair value measurement of properties

Fair value hierarchy

The table below analyses recurring investment properties carried at fair value, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

— Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

— Level 3: unobservable inputs for the asset or liability.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
At 31 December 2015			
Investment properties	**—**	**—**	**1,225,700**
At 31 December 2014			
Investment properties	—	—	527,510

There were no transfers between level 1 and level 2, or transfers into or out of level 3. The Group's policy is to recognise transfers out of level 3 as of the date of the event or change in circumstances that caused the transfer.

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(Expressed in thousand of Renminbi unless otherwise indicated)

11 Investment Properties (Continued)

The Group's investment properties were revalued as at 31 December 2015 and 2014 by an independent firm of surveyors, Savills, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. Investment properties are accounted for using the fair value model.

The following table shows the valuation techniques used in the determination of fair values within level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation models.

	Valuation technique	Significant unobservable inputs	Range
At 31 December 2015			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m.)	17.2–143.0
		Capitalisation rate	3.75%–7.0%
At 31 December 2014			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m.)	17.0–90.0
		Capitalisation rate	3.8%–7.0%

The fair value of investment properties are determined using the income capitalisation method by capitalising the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate. As at 31 December 2015, it is estimated that with all other variables held constant, an increase/decrease in market monthly rental rate by 5% would have increased/decreased in Group's profit by RMB51,949,000 (31 December 2014: RMB21,886,000). The fair value measurement is also negatively correlated to capitalisation rate. As at 31 December 2015, it is estimated that with all other variables held constant, a decrease/increase in capitalisation rate by 0.5% would have increased/decreased the Group's profit by RMB71,700,000 (31 December 2014: RMB32,890,000).

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12 Intangible Assets

	Software RMB'000
Cost:	
At 1 January 2014	6,173
Additions	705
Disposals	(21)
At 31 December 2014	6,857
At 1 January 2015	6,857
Additions	381
At 31 December 2015	7,238
Accumulated amortisation:	
At 1 January 2014	(1,841)
Charge for the year	(682)
Disposals	20
At 31 December 2014	(2,503)
At 1 January 2015	(2,503)
Charge for the year	(487)
At 31 December 2015	(2,990)
Net book value:	
At 31 December 2015	4,248
At 31 December 2014	4,354

NOTES TO THE FINANCIAL STATEMENTS

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13 Investments in Subsidiaries

The following list contains the particulars of principal subsidiaries of the Group as at 31 December 2015. The class of shares held is ordinary unless otherwise stated. The particulars of these subsidiaries are set out below:

Name of company	Date and place of incorporation/ establishment	Paid-in/ registered capital	Effective interest held by the Company		Principal activities
			Direct	Indirect	
AAA Holdings Limited ("BVI 3A")	17 June 1997 British Virgin Islands ("BVI")	USD100/USD50,000	100%	—	Investment holding
AAA Finance & Investment Limited ("HK 3A") 三A銀信投資有限公司	13 December 1996 Hong Kong	HKD1,190,476/ HKD10,000,000	—	100%	Investment holding
United Real Estate (Wuhan) Co., Ltd. ("Wuhan United Real Estate") 聯合置業(武漢)有限公司*	23 July 1993 The PRC	RMB100,000,000	—	100%	Property development
Wuhan Optics Valley Union Group Co., Ltd. ("Wuhan Optics Valley Union") 武漢光谷聯合集團有限公司*	24 July 2000 The PRC	RMB480,000,000	—	100%	Property development
Wuhan Optics Valley Financial Harbour Development Co., Ltd. ("OV Financial Harbour Development") 武漢光谷金融港發展有限公司*	24 July 2008 The PRC	RMB10,000,000	—	100%	Property development
Huangshi Optics Valley Union Development Co., Ltd. ("Huangshi OVU Development") 黃石光谷聯合發展有限公司*	24 January 2005 The PRC	RMB100,000,000	—	100%	Property development
Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development") 青島光谷聯合發展有限公司*	1 September 2011 The PRC	RMB200,000,000	—	100%	Property development
Wuhan Xuefu Property Co., Ltd. ("Wuhan Xuefu") 武漢學府房地產有限公司*	29 April 1999 The PRC	RMB60,000,000	—	51%	Property development

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

13 Investments in Subsidiaries (Continued)

Name of company	Date and place of incorporation/ establishment	Paid-in/ registered capital	Effective interest held by the Company		Principal activities
			Direct	Indirect	
Hubei Huisheng Technology Development Co., Ltd. ("Hubei Huisheng") 湖北匯盛科技發展有限公司*	8 December 2005 The PRC	RMB21,000,000	—	100%	Property development
Wuhan Minghong Technology Development Co., Ltd. ("Wuhan Minghong") 武漢鳴鴻科技發展有限公司*	8 February 2001 The PRC	RMB30,000,000	—	100%	Property development
Wuhan Optics Valley Union Architectural Design Institute Co., Ltd. ("OVU Architectural Design Institute") 武漢光谷聯合建築設計研究院有限公司*	21 April 2011 The PRC	RMB6,000,000	—	100%	Property development
Wuhan Lido Technology Company Limited ("Wuhan Lido Technology") 武漢麗島科技有限公司*	13 December 2000 The PRC	RMB190,000,000	—	100%	Construction services
Wuhan Lido Curtain Wall Manufacture Co., Ltd. ("Wuhan Lido Curtain Wall") 武漢麗島幕牆製造有限公司*	17 November 2011 The PRC	RMB10,000,000	—	100%	Construction services
Wuhan Jitian Construction Co., Ltd. ("Wuhan Jitian Construction") 武漢吉天建設工程有限公司*	11 June 2001 The PRC	RMB210,000,000	—	100%	Construction services
Wuhan Optics Valley Energy Conservation Technology Co., Ltd. ("OV Energy Conservation Technology") 武漢光谷節能技術有限公司*	26 July 2010 The PRC	RMB60,000,000	—	87%	Energy-saving technique development
Wuhan Lido Property Management Co., Ltd. ("Wuhan Lido Property Management") 武漢麗島物業管理有限公司*	19 July 2000 The PRC	RMB210,000,000	—	100%	Property management services

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

13 Investments in Subsidiaries (Continued)

Name of company	Date and place of incorporation/ establishment	Paid-in/ registered capital	Effective interest held by the Company Direct	Effective interest held by the Company Indirect	Principal activities
Wuhan Quanpai Catering Management Co., Ltd. ("Wuhan Quanpai Catering Management") 武漢全派餐飲管理有限公司*	7 June 2011 The PRC	RMB3,000,000	—	100%	Catering services
Wuhan Qianbao Media Co., Ltd. ("Wuhan Qianbao Media") 武漢市千寶廣告傳播有限公司*	29 December 2003 The PRC	RMB300,000	—	100%	Advertising services
Wuhan Optics Valley Union Real Estate Agency Co., Ltd. 武漢光谷聯合不動產營銷代理有限公司*	16 September 2011 The PRC	RMB5,000,000	—	100%	Property agency services
Shenyang Optics Valley Union Development Co., Ltd. ("Shenyang OVU Development") 瀋陽光谷聯合發展有限公司*	29 May 2012 The PRC	RMB100,000,000	—	100%	Property development
Hubei Technology Enterprise Accelerator Co., Ltd. ("Hubei Technology Enterprise Accelerator") 湖北科技企業加速器有限公司*	18 May 2012 The PRC	RMB150,000,000	—	80%	Property development
Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd. ("Energy Conservation Technology Park") 武漢光谷節能科技園有限公司*	8 December 2011 The PRC	RMB200,000,000	—	70%	Property development
Wuhan Financial Harbour Development Co., Ltd. ("Wuhan Financial Harbour Development") 武漢金融港開發有限公司*	5 December 2011 The PRC	RMB200,000,000	—	70%	Property development
Wuhan Optics Valley Software Park Co., Ltd. ("Optics Valley Software Park") 武漢光谷軟件園有限公司*	8 September 2005 The PRC	RMB10,000,000	—	100%	Property development

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(Expressed in thousand of Renminbi unless otherwise indicated)

13 Investments in Subsidiaries (Continued)

Name of company	Date and place of incorporation/ establishment	Paid-in/ registered capital	Effective interest held by the Company Direct	Effective interest held by the Company Indirect	Principal activities
Wuhan Lido Real Estate Agent Co., Ltd. 武漢麗島房地產代理有限公司*	20 February 2012 The PRC	RMB1,000,000	—	100%	Property agency service
Wuhan Lido Human Resources Service Co., Ltd. 武漢麗島人力資源服務有限公司*	15 May 2012 The PRC	RMB500,000	—	100%	Human resources service
Wuhan Shangyuan Construction Labor Co., Ltd. 武漢尚源建築勞務有限公司*	19 November 2012 The PRC	.RMB5,000,000	—	100%	Supporting service for construction
Wuhan Ziyuan Hotel Management Co., Ltd. 武漢紫緣酒店管理有限公司*	1 February 2013 The PRC	RMB2,000,000	—	100%	Hotel management
Wuhan Optics Valley Energy Conservation Engineering Co., Ltd 武漢光谷節能工程有限公司*	23 January 2013 The PRC	RMB5,000,000	—	100%	Electrical and mechanical service
Hefei Optics Valley Union Development Co., Ltd ("Hefei OVU Development") 合肥光谷聯合發展有限公司*	13 September 2013 The PRC	RMB100,000,000	—	80%	Property development
Wuhan Creative Capital Commercial Management Co., Ltd 武漢創意天地商業管理有限公司*	27 March 2014 The PRC	RMB5,000,000	—	100%	Hotel management
Hubei Qianbao Design and Engineering Co., Ltd 湖北千寶設計工程有限公司*	14 April 2014 The PRC	RMB10,000,000	—	100%	Electrical and mechanical service
Wuhan Ziyuantang Art Co., Ltd 武漢紫緣堂藝術品有限公司*	15 February 2015 The PRC	RMB100,000,000	—	100%	Exhibition and Art-related service
Wuhan Echoliv Idea Technology Company Limited 武漢擎木創意科技有限公司*	24 March 2011 The PRC	RMB8,300,000/ RMB40,000,000	—	67%	House furnishing services

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13 Investments in Subsidiaries (Continued)

Name of company	Date and place of incorporation/ establishment	Paid-in/ registered capital	Effective interest held by the Company Direct	Effective interest held by the Company Indirect	Principal activities
Wuhan Triples Information Technology Company Limited 武漢瑞普思信息技術有限公司*	12 June 2012 The PRC	RMB3,334,000	—	70%	Information technology development
Huanggang Optics Valley Union Development Co Ltd. (Huanggang Optics Valley Union) 黄岡光谷聯合發展有限公司*	19 June 2015 The PRC	RMB70,000,000/ RMB200,000,000	—	70%	Property development
Wuhan Optics Valley Union Properties Investment Fund Limited Partnership 武漢光谷聯合產業投資基金合夥企業(有限合夥)	28 May 2015 The PRC	RMB12,000,000/ RMB100,000,000	—	99%	Investment fund

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these entities are in Chinese.

14 Interest in Associates

The associates of the Group, which are all unlisted corporate entities, are individually immaterial to the Group.

Summary financial information of those associates for the year ended 31 December 2015 and 2014 are disclosed below:

	2015 RMB'000	2014 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**13,215**	761
Aggregate amount of the Group's share of these associates:		
Loss for the year	**(644)**	(385)
Other comprehensive income	**—**	—
Total comprehensive income	**(644)**	(385)

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15 Interest in Joint Ventures

The Group has the following interest in a material joint venture:

Name of company	Place of establishment	Paid-in/ registered capital RMB'000	Effective interest held by the Group as at 31 December 2015	2014	Principal activity
Wuhan Mason Property Company Limited ("Wuhan Mason") 武漢美生置業有限公司*	The PRC	30,000	**50%**	50%	Property development

Note: During the year ended 31 December 2015, the registered capital of Wuhan Mason was reduced by RMB120,000,000. Such amount was returned to its equity holders in proportion to their respective equity interest.

* The entity is a PRC limited liability company. The English translation of the company name is for reference only. The official name of the entity is in Chinese.

Summarised financial information on the material joint venture for the year ended 31 December 2015 and 2014 — Group's effective interest is disclosed below:

	2015 RMB'000	2014 RMB'000
Turnover	**21,008**	233,539
Cost of sales	**(18,030)**	(142,706)
Expenses	**(4,339)**	4,128
Income tax expenses	**—**	(23,774)
(Loss)/profit for the year	**(1,361)**	71,187

	2015 RMB'000	2014 RMB'000
Non-current assets	**115**	405
Current assets	**33,806**	217,984
Non-current liabilities	**(723)**	(997)
Current liabilities	**(396)**	(58,230)
Equity	**32,802**	159,162
Revaluation surplus on acquisition	**—**	8,434
Elimination of unrealised profit on downstream sales	**—**	(2,347)
Carrying amount in the consolidated financial statements	**32,802**	165,249

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(Expressed in thousand of Renminbi unless otherwise indicated)

15 Interest in Joint Ventures (Continued)

Aggregate information of joint ventures that are not individually material:

	2015 RMB'000	2014 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**3,249**	—
Aggregate amount of the Group's share of these joint ventures:		
Loss for the year	**(150)**	—
Other comprehensive income	**—**	—
Total comprehensive income	**(150)**	—

16 Other Investments

	2015 RMB'000	2014 RMB'000
Equity securities — unlisted	**13,000**	10,000

As at 31 December 2015 and 2014, the Group's other investments were not considered to be impaired.

17 Properties Under Development

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

	2015 RMB'000	2014 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.

17 Properties Under Development (Continued)

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

	2015 RMB'000	2014 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 (see Note 26).

18 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 (see Note 26).

19 Inventories and Contracting Work-In-Progress

	2015 RMB'000	2014 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

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(Expressed in thousand of Renminbi unless otherwise indicated)

19 Inventories and Contracting Work-In-Progress (Continued)

(i) Gross amounts due from customers for contract work

	2015 RMB'000	2014 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
Representing:		
Gross amounts due from customers for contract work included in inventories and contracting work-in-progress	**194,300**	234,794

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

20 Trade and Other Receivables

	2015 RMB'000	2014 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 (Note 36(d))	**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

20 Trade and Other Receivables (Continued)

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

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

Amount due from a related party is unsecured, interest free and has no fixed terms of repayment. The details on the Group's credit policy are set out in Note 31(a).

(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, prepayments 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 of two subsidiaries as described in Note 24.

(iii) During the year ended 31 December 2015, the Group was in 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

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

	2015 RMB'000	2014 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 RMB'000	2014 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

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21 Restricted Cash

	2015 RMB'000	2014 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

22 Cash and Cash Equivalents

(a) Cash and cash equivalents comprise:

	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

As at 31 December, the cash and bank balances of the PRC subsidiaries of the Group is not freely convertible into other currencies and subject to Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

22 Cash and Cash Equivalents (Continued)

(b) Reconciliation of profit before taxation to cash generated from/(used in) operations:

	Note	**2015 RMB'000**	2014 RMB'000
Profit before taxation		**748,028**	632,018
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortisation	12	**487**	682
Depreciation	10	**22,353**	17,943
Loss on disposal of property, plant and equipment	3	**—**	42
Gain on disposal of non-current assets	3	**(27)**	(6)
Finance income	4(a)	**(34,788)**	(20,076)
Finance costs	4(a)	**12,474**	12,922
Increase in fair value of investment properties	11	**(345,638)**	(105,380)
Share of losses of associates		**644**	385
Share of losses/(profits) of joint ventures		**7,598**	(29,774)
		411,131	508,756
Change in assets and liabilities			
Increase in properties under development, completed properties held for sale and inventories and contracting work-in-progress		**(206,920)**	(617,951)
Decrease/(increase) in trade and other receivables		**78,483**	(317,185)
Decrease in trade and other payables		**(85,891)**	(234,487)
Cash generated from/(used in) operations		**196,803**	(660,867)

NOTES TO THE FINANCIAL STATEMENTS

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23 Non-Current Assets Classified as Held for Sale/Liabilities Directly Associated with Non-Current Assets Classified as Held for Sale

During the year ended 31 December 2015, the Group entered into sale agreements with certain independent third parties to dispose of certain units of its investment properties. The sales are expected to conclude and complete in 2016. As at 31 December 2015, the non-current assets classified as held for sale and the liabilities directly associated with such assets are as follows:

(a) Non-current assets classified as held for sale:

	2015 RMB'000
Investment properties	
— Cost	**8,608**
— Fair value adjustments	**10,392**
	19,000

(b) Liabilities directly associated with non-current assets classified as held for sale:

	2015 RMB'000
Deferred tax liabilities	**2,598**

At 31 December 2015, there was no pledge of non-current assets classified as held for sale.

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24 Disposal Group Held for Sale

On 17 November 2015, Wuhan Optics Valley Union, an indirect wholly-owned subsidiary of the Group, entered into sale and purchase agreements, pursuant to which Wuhan Optics Valley Union has conditionally agreed to sell its 70% equity interests in two of its subsidiaries, namely Energy Conservation Technology Park and Wuhan Financial Harbour Development, to Hubei Science & Technology Investment Group Co., Ltd (referred to as "Hubei Science & Technology Investment"), a non-controlling equity holder of the Company, at a consideration of RMB267,310,000 and RMB270,122,000 respectively (collectively referred to as the "Proposed Disposals"). Details of the Proposed Disposals are set out in the Company's announcement dated 17 November 2015.

Pursuant to the Proposed Disposals, management of the Group committed to a plan to disposal of its 70% equity interest in Energy Conservation Technology Park and Wuhan Financial Harbour Development. Accordingly, assets and liabilities of these Companies are presented as disposal group held for sale.

(a) Impairment losses relating to the disposal group

At 31 December 2015, there is no impairment loss relating to the disposal group.

(b) Assets and liabilities of disposal group held for sale

At 31 December 2015, the disposal group was stated at carrying amount and comprised the following assets and liabilities.

	2015 RMB'000
Trade and other receivables	**576,628**
Cash and cash equivalents	**108**
Assets of disposal group held for sale	**576,736**
Trade and other payables	**48,645**
Liabilities of disposal group held for sale	**48,645**

(c) Cumulative income or expenses included in other comprehensive income

There are no cumulative income or expenses included in other comprehensive income relating to the disposal group held for sale.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

25 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 (Note 36(d))	**5,000**	93,336
	355,000	152,598
Total	**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

Trade payables mainly represent amounts due to contractors. Payment to contractors is by instalments according to progress and agreed milestones. The Group normally retains 5% of the contract prices as retention payment.

Included in trade payables were retention payables which were expected to be settled after more than one year amounted to RMB118,137,000 as at 31 December 2015 (31 December 2014: RMB85,388,000).

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26 Loans and Borrowings

Interest bearing loans and borrowings were repayable as follows:

	2015 RMB'000	2014 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

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26 Loans and Borrowings (Continued)

	2015 RMB'000	2014 RMB'000
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 current and non-current loans and borrowings were repayable as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year or on demand	**1,292,316**	1,170,800
After 1 year but within 2 years	**421,180**	507,046
After 2 years but within 5 years	**569,820**	461,000
	991,000	968,054
	2,283,316	2,138,846

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 OVU Development (31 December 2014: RMB295,216,000). The share pledged borrowings is an entrusted loan provided by a non-controlling equity holder.

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26 Loans and Borrowings (Continued)

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 RMB'000	2014 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. Further details of the Group's management of liquidity risk are set out in Note 31(b). As at 31 December 2015, none of the covenants relating to the drawn down facilities had been breached (31 December 2014: Nil).

27 Corporate Bonds Payable

	2015 RMB'000	2014 RMB'000
As at 1 January	**1,187,264**	622,190
Net proceeds from bonds issued during the year (Note)	**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

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27 Corporate Bonds Payable (Continued)

Note: 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).

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.

In March 2015, the Group 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.

28 Income Tax in the Consolidated Statement of Financial Position

(a) Current tax assets/(liabilities) in the consolidated statement of financial position represents:

	2015 RMB'000	2014 RMB'000
Prepaid PRC Corporate Income Tax	**5,131**	2,024
Prepaid PRC Land Appreciation Tax	**1,530**	1,776
Current tax assets recognised in the consolidated statement of financial position	**6,661**	3,800
PRC Corporate Income Tax	**(73,049)**	(64,532)
PRC Land Appreciation Tax	**(53,323)**	(70,211)
Current tax liabilities recognised in the consolidated statement of financial position	**(126,372)**	(134,743)

28 Income Tax in the Consolidated Statement of Financial Position (Continued)

(b) Deferred tax assets/(liabilities) recognised

(i) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year ended 31 December 2015 and 2014 are as follows:

	Temporary differences arising from LAT provision	Revaluation of investment properties	Unused tax losses (Note)	Unrealised gain on intra-group transaction	Revaluation arising from business combination	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	**18,322**	**(76,081)**	**14,207**	**20,000**	**(1,041)**	**10,369**	**(14,224)**
Credited/(charged) to the consolidated statement of profit or loss	**(4,171)**	**(83,812)**	**182**	**11,712**	**50**	**(7,120)**	**(83,159)**
Charged to other comprehensive income	**—**	**(5,975)**	**—**	**—**	**—**	**—**	**(5,975)**
At 31 December 2015	**14,151**	**(165,868)**	**14,389**	**31,712**	**(991)**	**3,249**	**(103,358)**
At 1 January 2014	33,127	(49,737)	16,148	19,919	(1,802)	893	18,548
Credited/(charged) to the consolidated statement of profit or loss	(14,805)	(26,344)	(1,941)	81	761	9,476	(32,772)
At 31 December 2014	18,322	(76,081)	14,207	20,000	(1,041)	10,369	(14,224)

Note: In assessing the realisability of deferred tax assets in respect of the Group's subsidiaries which suffered tax losses in current or preceding period, management considers the projected future taxable income of these subsidiaries. Accordingly, the Group has recognised deferred tax assets of RMB14,389,000 as at 31 December 2015 (2014: RMB14,207,000) as the Group estimates that these subsidiaries have properties development projects which are probable to generate sufficient future taxable profits to support their utilisation.

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28 Income Tax in the Consolidated Statement of Financial Position (Continued)

(b) Deferred tax assets/(liabilities) recognised (Continued)

(ii) Reconciliation to the consolidated statement of financial position:

	2015 RMB'000	2014 RMB'000
Net deferred tax assets recognised on the consolidated statement of financial position	**68,318**	67,963
Net deferred tax liabilities recognised on the consolidated statement of financial position	**(171,676)**	(82,187)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(r)(ii), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB18,070,000 as at 31 December 2015 (2014: RMB9,490,000). The directors consider it is not probable that future taxable profits against which the tax losses can be utilised will be available from these subsidiaries.

The unrecognised tax losses will expire in the following years:

	2015 RMB'000	2014 RMB'000
2016	**5,448**	5,448
2017	**2,236**	2,236
2018	**1,010**	1,010
2019	**796**	796
2020	**8,580**	—

(d) Deferred tax liabilities not recognised

The Group provided deferred tax liabilities on 40% of profit for the year since the Group controls the dividend policy and it has been determined that it will only distribute 40% of the profit for the year in the foreseeable future. At 31 December 2015, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB745,219,000 (2014: RMB547,925,000). Deferred tax liabilities of RMB37,261,000 (2014: RMB27,396,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

29 Deferred Income

	2015 RMB'000	2014 RMB'000
Connection fee	**40,870**	40,062
Less: Amount included under current liabilities	**4,087**	4,006
Amount included under non-current liabilities	**36,783**	36,056

The deferred income primarily represents the prepaid service fee from customers for energy supply service in the business parks.

30 Share Capital, Reserves and Dividends

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between 1 January 2014 to 31 December 2015 are set out below:

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained Profits/ (accumulated loss) RMB'000	Total RMB'000
At 1 January 2014	8	—	262,062	1,343	263,413
Profit for the year	—	—	—	98,140	98,140
Dividend declared during the year	—	—	—	(101,424)	(101,424)
Issue of new shares under IPO net of listing expenses	79,200	521,654	—	—	600,854
Capitalisation issue	237,592	(237,592)	—	—	—
At 31 December 2014	316,800	284,062	262,062	(1,941)	860,983
At 1 January 2015	**316,800**	**284,062**	**262,062**	**(1,941)**	**860,983**
Profit for the year	**—**	**—**	**—**	**93,127**	**93,127**
Other comprehensive income	**—**	**—**	**53,294**	**—**	**53,294**
Dividend declared during the year	**—**	**—**	**—**	**(100,941)**	**(100,941)**
At 31 December 2015	**316,800**	**284,062**	**315,356**	**(9,755)**	**906,463**

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

30 Share Capital, Reserves and Dividends (Continued)

(b) Share capital

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

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

	Note	**2015** No. of shares ('000)	**2015** RMB'000	2014 No. of shares ('000)	2014 RMB'000
Ordinary shares, issued and fully paid:					
At 1 January		**4,000,000**	**316,800**	100	8
Capitalisation issue	30(d)	**—**	**—**	2,999,900	237,592
Issue of new shares		**—**	**—**	1,000,000	79,200
At the end of the year		**4,000,000**	**316,800**	4,000,000	316,800

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

(c) Dividends

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

	2015 RMB'000	2014 RMB'000
Final dividend proposed after the end of the year of nil per ordinary share (2014: HKD3.20 cents)	**—**	103,283

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

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

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

30 Share Capital, Reserves and Dividends (Continued)

(d) Capitalisation issue

Pursuant to written resolutions of the Company's shareholders passed on 12 March 2014, 2,999,900,000 ordinary shares of HKD0.10 each were issued at par value on 28 March 2014 by way of capitalisation of HKD299,990,000 (equivalent to approximately RMB237 million) from the Company's share premium account.

On 28 March 2014, the Company was successfully listed on the Stock Exchange following the completion of its IPO of 1,000,000,000 shares of HKD0.10 each issued at a price of HKD0.83 per share. The proceeds of HKD100,000,000 (equivalent to approximately RMB79 million) representing the par value, were credited to the Company's share capital account. The remaining proceeds of HKD661,435,000 (equivalent to approximately RMB522 million), after the issuing expenses of HKD68,565,000 (equivalent to approximately RMB54 million), were credited to the Company's share premium account.

(e) PRC statutory reserve

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

(f) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 1(v).

(g) Other reserves

Other reserves are resulted from transactions with owners in their capacity as equity holders. The balances comprise capital reserve surplus/deficit arising from difference between disposal/acquisition consideration and its net assets at the respective date of disposal/acquisition.

(h) Non-controlling interests

See accounting policy in Note 1(f).

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before and after any intra-group eliminations.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

30 Share Capital, Reserves and Dividends (Continued)

(h) Non-controlling interests (Continued)

31 December 2015

	Wuhan Xuefu	Hubei Technology Enterprise Accelerator	Energy Conservation Technology Park	Wuhan Financial Harbour Development	OV Energy Conservation Technology	Hefei Optic Valley Union	Huanggang Optics Valley Union	Other individually immaterial subsidiaries	Intra-group eliminations	Total
In thousands of RMB										
Effective NCI percentage	49%	20%	30%	30%	13%	20%	30%			
Non-current assets	6,532	1,220	1	—	74,214	129,888	2,274			
Current assets	103,171	305,152	298,548	281,949	108,841	1,185,149	68,435			
Non-current liabilities	(680)	(21,300)	—	—	(51,963)	(529,281)	(93)			
Current liabilities	(6,100)	(108,233)	(98,654)	(82,041)	(46,243)	(667,767)	(2,017)			
Net assets	102,923	176,839	199,895	199,908	84,849	117,989	68,599			
Carrying amount of NCI	50,432	35,368	59,968	59,972	11,310	23,598	39,580	4,807	1,589	286,624
Revenue	2,168	130,411	—	—	47,864	—	—			
Profit/(loss)	426	16,985	(14)	(32)	6,235	6,745	(1,401)			
Other comprehensive income	—	—	—	—	—	—	—			
Total comprehensive income	426	16,985	(14)	(32)	6,235	6,745	(1,401)			
Profit allocated to NCI	209	3,397	(4)	(10)	831	1,349	(420)	(535)	(113)	4,704
Other comprehensive income allocated to NCI	—	—	—	—	—	—	—			
Cash flows from operating activities	(562)	(14,531)	(251)	(2)	8,557	(118,206)	(23,425)			
Cash flows from investing activities	326	—	—	—	(828)	(662)	(92)			
Cash flows from financing activities (dividends to NCI: nil)	—	3,535	—	—	(2,937)	135,023	70,000			
Net increase/(decrease) in cash and cash equivalents	(236)	(10,996)	(251)	(2)	4,792	16,155	46,483			

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

30 Share Capital, Reserves and Dividends (Continued)

(h) Non-controlling interests (Continued)

31 December 2014

	Wuhan Xuefu	Hubei Technology Enterprise Accelerator	Energy Conservation Technology Park	Wuhan Financial Harbour Development	OV Energy Conservation Technology	Hefei OVU Development	Intra-group eliminations	Total
In thousands of RMB								
Effective NCI percentage	49%	20%	30%	30%	20%	20%		
Non-current assets	7,232	887	4	23	67,071	56,180		
Current assets	103,745	282,965	294,934	276,443	99,113	565,279		
Non-current liabilities	(658)	(8,000)	—	—	(89,062)	(162,218)		
Current liabilities	(7,823)	(115,996)	(95,029)	(76,527)	(28,508)	(347,996)		
Net assets	102,496	159,856	199,909	199,939	48,614	111,245		
Carrying amount of NCI	50,223	31,971	59,973	59,982	9,723	22,249	1,698	235,819
Revenue	4,688	80,361	—	—	47,162	—		
Profit/(loss)	2,076	8,049	(1)	—	3,256	11,367		
Other comprehensive income	—	—	—	—	—	—		
Total comprehensive income	2,076	8,049	(1)	—	3,256	11,367		
Profit allocated to NCI	1,017	1,610	—	—	651	2,273	(423)	5,128
Other comprehensive income allocated to NCI	—	—	—	—	—	—		
Cash flows from operating activities	(1,397)	(53,793)	(36)	(584)	(4,733)	(172,762)		
Cash flows from investing activities	—	(93)	—	—	(2,039)	(754)		
Cash flows from financing activities (dividends to NCI: nil)	—	19,800	—	—	11,272	133,980		
Net (decrease)/increase in cash and cash equivalents	(1,397)	(34,086)	(36)	(584)	4,500	(39,536)		

During the year ended 31 December 2015, Wuhan Optics Valley Union established a 70% owned subsidiary, namely Huanggang Optics Valley Union, together with several independent third parties, which collectively held the remaining 30% equity interests. The capital contribution from the non-controlling equity holders was RMB 40,000,000.

During the year ended 31 December 2015, Wuhan Optics Valley Union made capital injection of RMB20,000,000 in the paid-in capital of OV Energy Conservation Technology, which led to a 7% decrease in equity interests of non-controlling equity holders.

During the year ended 31 December 2015, Wuhan Optics Valley Union made capital injection to acquire 67% and 70% equity interests of Wuhan Echoliv Idea Technology Company Limited and Wuhan Triples Information Technology Company Limited respectively, which led to increase in non-controlling interests of RMB3,895,000 and RMB1,447,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

30 Share Capital, Reserves and Dividends (Continued)

(i) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and securities afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

31 Financial Risk Management and Fair Value

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. The Group's exposure to these risks and financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

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 maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Except for the financial guarantees given by the Group as set out in Note 34, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in Note 34.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 20.

31 Financial Risk Management and Fair Value (Continued)

(b) Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms.

Details of maturity analysis for financial liabilities are disclosed in Notes 25, 26 and 27.

For the year ended 31 December 2015

	Carrying amount RMB'000	Contractual cash flow RMB'000	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
Loans and borrowings	**2,283,316**	**2,470,445**	**1,389,046**	**456,424**	**624,975**	—
Corporate bonds payable (Note)	**1,091,978**	**1,316,200**	**583,900**	**44,100**	**688,200**	—
Amount due to a related party	**5,000**	**5,000**	**5,000**	—	—	—
Amounts due to non-controlling equity holders	**350,000**	**350,000**	**350,000**	—	—	—
Trade and other payables (excluded receipts in advance)	**1,458,928**	**1,458,928**	**1,340,791**	**118,137**	—	—
At 31 December 2015	**5,189,222**	**5,600,573**	**3,668,737**	**618,661**	**1,313,175**	—

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(Expressed in thousand of Renminbi unless otherwise indicated)

31 Financial Risk Management and Fair Value (Continued)

(b) Liquidity risk (Continued)

For the year ended 31 December 2014

	Carrying amount RMB'000	Contractual cash flow RMB'000	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
Loans and borrowings	2,138,846	2,344,817	1,283,041	556,451	505,325	—
Corporate bonds payable (Note)	1,187,264	1,495,200	394,200	368,700	732,300	—
Amount due to a related party	93,336	93,336	93,336	—	—	—
Amounts due to non-controlling equity holders	59,262	59,262	59,262	—	—	—
Trade and other payables (excluded receipts in advance)	1,443,475	1,443,475	1,358,087	85,388	—	—
At 31 December 2014	4,922,183	5,436,090	3,187,926	1,010,539	1,237,625	—

Note: The RMB600,000,000 long-term corporate bond issued in 2013 is, at the option of the bondholder, redeemable at its par value on the third year (see Note 27).

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, restricted and pledged deposits and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents, restricted and pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank loans and other borrowings of the Group are disclosed in Note 26. The Group does not carry out any hedging activities to manage its interest rate exposure.

31 Financial Risk Management and Fair Value (Continued)

(c) Interest rate risk (Continued)

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	At 31 December 2015		At 31 December 2014	
	Effective interest rate % per annual	RMB'000	Effective interest rate % per annual	RMB'000
Fixed rate borrowings:				
Loans and borrowings	**7.15%**	**1,724,466**	5.59%	1,390,216
Long-term corporate bonds	**9.48%**	**567,894**	9.48%	559,646
Long-term non-public debt financing instruments	**9.64%**	**311,719**	9.64%	308,039
Short-term non-public debt financing instruments	**8.14%**	**212,365**	9.17%	319,579
		2,816,444		2,577,480
Variable rate borrowings:				
Loans and borrowings	**5.23% – 8.00%**	**558,850**	6.00% – 7.69%	748,630
Total borrowings		**3,375,294**		3,326,110
Fixed rate borrowings as a percentage of total net borrowings		**83.44%**		77.49%

Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately RMB2,096,000 (2014: RMB2,807,000), assuming such interest increase/decrease in interest rates has no financial impact on the capitalised interest expense.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such a change in interest rates. The analysis is performed on the same basis for the year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

31 Financial Risk Management and Fair Value (Continued)

(d) Currency risk

Almost all the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. Exposures to currency exchange rates arise from certain of the Group's cash and cash equivalents, trade and other receivables and trade and other payables which are denominated in HKD. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign exchange risk.

	2015 **RMB'000**	2014 RMB'000
Cash and cash equivalents	**5,435**	15,015
Trade and other receivables	**2**	2
Trade and other payables	**(1,514)**	(56)
Net exposure arising from recognised assets and liabilities	**3,923**	14,961

Sensitivity analysis

The foreign currency sensitivity analysis is calculated based on the major net foreign currency exposure of the Group as at the balance sheets dates, assuming 5% shift of RMB against HKD.

Result from a 5% strengthening of the RMB against HKD on the profit after tax and retained profits as at 31 December 2015 is RMB147,000 (31 December 2014: RMB562,000). A 5% weakening of the RMB against HKD as at the same dates would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

(e) Fair value

The carrying amounts of the Group's financial instruments are carried at amounts not materially different from their fair value as at 31 December 2015 and 2014.

32 Acquisition of Subsidiaries

On 6 May 2015, pursuant to a capital injection agreement signed by Wuhan Optics Valley Union and Wuhan Echoliv Idea Technology Company Limited, Wuhan Optics Valley Union made capital injection of RMB7,504,000 in Wuhan Echoliv Idea Technology Company Limited. After the capital injection, Wuhan Optics Valley Union held 67% equity interest. Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2015 would not have increased materially.

On 14 December 2015, pursuant to a investment agreement signed by Wuhan Optics Valley Union and Wuhan Triples Information Technology Company Limited, Wuhan Optics Valley Union made capital injection of RMB3,000,000 in Wuhan Triples Information Technology Company Limited. After the capital injection, Wuhan Optics Valley Union held a 70% equity interest in Wuhan Triples Information Technology Company Limited. Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2015 would not have increased materially.

33 Commitments

(a) Operating lease commitment

— **Lessor**

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 12 years, with an option to renew the leases after that date at which time all terms are renegotiated. Further details of the carrying value of the properties are contained in Note 11.

The Group's total future minimum lease rental receivable under non-cancellable operating leases are as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year	**32,926**	20,491
After 1 year but within 5 years	**57,579**	34,956
After 5 years	**6,450**	8,255
	96,955	63,702

— **Lessee**

The Group leases a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year	**1,952**	2,502
After 1 year but within 5 years	**688**	2,734
	2,640	5,236

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

33 Commitments (Continued)

(b) Commitments related to development expenditure

As at 31 December 2015 and 2014, commitments outstanding not provided for in the consolidated financial statements are as follows:

	2015 **RMB'000**	2014 RMB'000
Contracted but not provided for	**358,105**	265,948

(c) Commitments related to acquisition of subsidiaries

On 14 December 2015, the Company and HK 3A, a wholly-owned subsidiary of the Group, entered into an equity interest transfer agreement with China Electronics Corporation Holdings Company Limited ("CECH"). Pursuant to the agreement, the Company and HK 3A have conditionally agreed to acquire 100% of the equity interest in China Electronics Technology Development Co., Ltd ("CEC Technology"), a directly wholly owned subsidiary of CECH, at a consideration of RMB699,854,600 (equivalent to approximately HK$846 million), which shall be satisfied by the allotment and issue of 1,058,530,083 consideration shares to be issued by the Company to CECH at the consideration price of HK$0.8 per consideration share (collectively referred to as the "Proposed Acquisition").

The Proposed Acquisition is subject to the fulfilment of certain conditions and obtaining relevant approvals as described in the circular issued by the Company dated 25 February 2016.

34 Contingent Liabilities

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

34 Contingent Liabilities (Continued)

The maximum amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties is as follows:

	2015 RMB'000	2014 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**471,823**	306,088

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as during the periods under guarantees, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors.

35 Accounting Estimates and Judgements

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note 31 contains information about the assumptions and their risk factors relating to the fair value of financial instruments. Key sources of estimation uncertainty are as follows:

(a) Write-down of inventories for property development

As explained in Note 1(n), the Group's land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, provision for completed properties held for sale, properties held for future development and under development for sale may be resulted. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

35 Accounting Estimates and Judgements (Continued)

(b) Construction contracts

As explained in policy Notes 1(p) and 1(t)(v) revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in Note 19 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(c) Recognition of deferred tax assets

Deferred tax assets are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(d) Provision for PRC LAT

As explained in Note 5(c), the Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of the reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

35 Accounting Estimates and Judgements (Continued)

(e) Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

When the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

(f) Valuation of investment properties

As described in Note 11, investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

In determining the fair value, the valuers have based on a method of valuation which involves, inter-alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of the current market condition.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

36 Material Related Party Transactions

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions.

(a) Name and relationship with a related party

Transactions with the following party are considered as related party transactions:

Name of party	Relationship with the Group
Wuhan Mason	Joint venture

(b) Key management personnel remuneration

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

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 6 and certain of the highest paid employees as disclosed in Note 7, is as follows:

	2015 **RMB'000**	2014 RMB'000
Wages, salaries and other benefits	**24,504**	23,476
Retirement scheme contributions	**252**	216
	24,756	23,692

The above remuneration to key management personnel is included in "staff costs" (see Note 4(b)).

(c) Transactions with a related party

The directors consider that all related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

	2015 **RMB'000**	2014 RMB'000
Sales of materials (Note (i))	**573**	245
Business operation service (Note (ii))	**809**	544
Construction contract revenue (Note (iii))	**381**	35
Development management service (Note (iv))	**1,020**	1,992
Interest expense (Note(v))	**—**	4,694

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

36 Material Related Party Transactions (Continued)

(c) Transactions with a related party (Continued)

Notes:

(i) Wuhan Optics Valley Union sold certain construction materials to Wuhan Mason.

(ii) Wuhan Lido Property Management provided property management services to Wuhan Mason.

(iii) Wuhan Lido Technology provided construction service to Wuhan Mason.

(iv) Wuhan Optics Valley Union provided construction management service to Wuhan Mason.

(v) Wuhan Mason charged interest to Wuhan Optics Valley Union for the amounts payable to Wuhan Mason.

(d) Balances with a related party

Balances with a related party were mainly resulting from the funding arrangements with it. Balances as at 31 December 2015 and 2014 and major terms of these balances are as follows:

	2015 **RMB'000**	2014 RMB'000
Amount due from a related party		
Trade related:		
Wuhan Mason	**1,002**	287
Amount due to a related party		
Non-trade related:		
Wuhan Mason	**5,000**	93,336

The amounts due from/to a related party as at 31 December 2015 and 2014 were expected to be recovered/ repaid within one year.

(e) Applicability of the Listing Rules relating to connected transactions

None of the above related party transactions falls under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

37 Company Level Statement of Financial Position

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**740**	880
Investments in subsidiaries		**798,062**	761,104
		798,802	761,984
Current assets			
Cash and cash equivalents		**425**	294
Trade and other receivables		**107,236**	101,036
		107,661	101,330
Current liabilities			
Trade and other payables		**—**	2,331
		—	2,331
Net current assets		**107,661**	98,999
Total assets less current liabilities		**906,463**	860,983
Net assets		**906,463**	860,983
Capital and reserves			
Share capital	30(a)	**316,800**	316,800
Reserves	30(a)	**589,663**	544,183
Total equity		**906,463**	860,983

Approved and authorised for issue by the board of directors on 24 March 2016.

Huang Liping
Director

Hu Bin
Director

(Expressed in thousand of Renminbi unless otherwise indicated)

38 Immediate and Ultimate Controlling Party

At 31 December 2015, the directors considered the ultimate controlling party of the Group to be AAA Finance and Investment Holdings Limited, which is incorporated in the BVI with limited liability and beneficially owned by the Controlling Shareholder.

39 Possible Impact of Amendments, New Standards and Interpretations Issued But Not Yet Effective for the Year Ended 31 December 2015

Up to the date of this report, the IASB has issued the following new standards, amendments to standards and interpretations which are not yet effective for the year ended 31 December 2015, and which have not been adopted in preparing the consolidated financial statements.

Of these developments, the following relate to matter that may be relevant to the Group:

	Effective for accounting periods beginning on or after
Annual improvements to *IFRSs 2012–2014 cycle*	1 January 2016
Amendments to IFRS 10 and IAS 28, *Sale or contribution of Assets between an investor and its associate or joint venture*	1 January 2016
Amendments to IFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to IAS 1, *Disclosure initiative*	1 January 2016
Amendments to IAS 16 and IAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
IFRS 15, *Revenue from contracts with customers*	1 January 2018
IFRS 9, *Financial instruments*	1 January 2018
IFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standard is expected to be in the period of initial application. So far it has concluded that, except for IFRS 15, IFRS 9 and IFRS 16 in relation to which it is not practicable to provide a reasonable estimate about the impact on the Group's financial statements until the Group performs a detailed review, the adoption of them is unlikely to have a significant impact on the Group's result of operations and financial position.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

40 Subsequent Events

(a) On 16 January 2016, the Company held an extraordinary general meeting, during which a resolution in respect of the Proposed Disposals of Energy Conservation Technology Park and Financial Harbour Development (details please see Note 24) was passed. The Proposed Disposals had been completed on 18 January 2016.

(b) On 16 March 2016, the Company held an extraordinary general meeting , during which resolutions in respect of the Proposed Acquisition of CEC Technology (details please see Note 33(c)), the Proposed CECH Subscription and the Proposed Placing were passed. The completion of such proposed transactions are still subject to the fulfillment of certain other conditions as set out in the Company's circular dated 25 February 2016.

DEFINITIONS

"AAA Finance"	AAA Finance and Investment Holdings Limited, a limited liability company incorporated in the BVI on 10 July 2013 which is wholly owned by Mr. Huang Liping, one of the Company's Controlling Shareholders
"Articles of Association"	the amended and restated articles of association of the Company
"associates" or "close associates"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the Board of directors of the Company
"BVI"	the British Virgin Islands (BVI)
"CEC"	China Electronics Information Industrial Parks Company Limited* (中國電子信息產業園有限公司), a state-owned company established under the laws of the PRC and the ultimate controlling shareholder of CECH
"CEC Technology"	China Electronics Technology Development Co., Ltd* (中國電子科技開發有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of CECH as at the date of this annual report
"CECH"	China Electronics Corporation Holdings Company Limited (中國電子集團控股有限公司)*, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", 'we", "us" or "our"	Optics Valley Union Holding Company Limited (光谷聯合控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2013 under the Cayman Islands Companies Law
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	Mr. Huang Liping, AAA Finance and Lidao BVI, both of which are wholly owned by Mr. Huang Liping
"Directors"	director(s) of the Company
"Energy Conservation Technology Park"	Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.* (武漢光谷節能科技園有限公司), a limited liability company incorporated in the PRC on 8 December 2011 and a wholly-owned subsidiary of Hubei Science & Technology Investment
"Financial Control Committee"	the financial control committee of the Company
"Group"	the Company and its subsidiaries

DEFINITIONS

"Hefei OVU Development"	Hefei Optics Valley Union Development Co., Ltd.* (合肥光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 13 September 2013 and a 80.0% owned subsidiary of Wuhan Optics Valley Union, and thus a subsidiary of the Company
"Hengxin PTC"	Hengxin Global (PTC) Limited, a limited liability company incorporated in the BVI on 12 August 2013 and the Shareholder of the Company
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huangshi OVU Development"	Huangshi Optics Valley Union Development Co., Ltd.* (黃石光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 24 January 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Hubei Huisheng"	Hubei Huisheng Technology Development Co., Ltd.* (湖北匯盛科技發展有限公司), a limited liability company incorporated in the PRC on 8 December 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Hubei Science & Technology Investment"	Hubei Science & Technology Investment Group Co., Ltd.* (湖北省科技投資集團有限公司), a limited liability company incorporated in the PRC on 28 July 2005 and a substantial shareholder of the Company
"Hubei Technology Enterprise Accelerator"	Hubei Technology Enterprise Accelerator Co., Ltd.* (湖北科技企業加速器有限公司), a limited liability company incorporated in the PRC on 18 May 2012 and an 80.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Lidao BVI"	Lidao Investment Limited, a limited liability company incorporated in the BVI on 10 July 2013, which is wholly owned by Mr. Huang Liping, one of our Controlling Shareholders
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	28 March 2014, the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee of the Company

DEFINITIONS

"Optics Valley Software Park"	Wuhan Optics Valley Software Park Co., Ltd.* (武漢光谷軟件園有限公司), a limited liability company incorporated in the PRC on 8 September 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"OV Financial Harbour Development"	Wuhan Optics Valley Financial Harbour Development Co., Ltd.* (武漢光谷金融港發展有限公司), a limited liability company incorporated in the PRC on 24 July 2008 and a wholly owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Prospectus"	the prospectus of the Company dated 18 March 2014
"Qianbao BVI"	Qianbao Investment Limited, a limited liability company incorporated in the BVI on 10 July 2013 and a Shareholder of the Company
"Qingdao OVU Development"	Qingdao Optics Valley Union Development Co., Ltd.* (青島光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 1 September 2011 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Remuneration Committee"	the remuneration committee of the Company
"Renminbi" or "RMB"	the lawful currency of China
"Reporting Period"	the 12-month period from 1 January 2015 to 31 December 2015
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholders"	holder(s) of our Share(s) from time to time
"Shares"	ordinary shares of HKD0.10 each in the capital of the Company
"Shenyang OVU Development"	Shenyang Optics Valley Union Development Co., Ltd.* (瀋陽光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 29 May 2012 and a 95.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Technology Investment HK"	Hubei Science & Technology Investment Group (Hong Kong) Company Limited (湖北省科技投資集團(香港)有限公司), a limited liability company incorporated in Hong Kong on 11 July 2013 and a substantial shareholder of the Company
"Wuhan East Lake High Technology"	Wuhan East Lake High Technology Group Co., Ltd.* (武漢東湖高新集團股份有限公司), a limited liability company incorporated in the PRC on 12 January 1993 and listed on the Shanghai Stock Exchange (stock code: 600133) and a connected person of the Company

DEFINITIONS

"Wuhan Financial Harbour Development"	Wuhan Financial Harbour Development Co., Ltd.* (武漢金融港開發有限公司), a limited liability company incorporated in the PRC on 5 December 2011 and a wholly-owned subsidiary of Hubei Science & Technology Investment
"O2O"	Online To Offline, a linkage between online and offline business opportunities
"Wuhan Lido Property Management"	Wuhan Lido Property Management Co., Ltd.* (武漢麗島物業管理有限公司), a limited liability company incorporated in the PRC on 19 July 2000 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Wuhan Lido Technology"	Wuhan Lido Technology Co., Ltd.* (武漢麗島科技有限公司), a limited liability company incorporated in the PRC on 13 December 2000 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Wuhan Mason"	Wuhan Mason Property Co., Ltd.* (武漢美生置業有限公司), formerly known as Mason Property (Wuhan) Co., Ltd.* (美生置業(武漢)有限公司), a limited liability company incorporated in the PRC on 11 January 2007 and is owned as to 50% by Wuhan Optics Valley Union
"Wuhan Minghong"	Wuhan Minghong Technology Development Co., Ltd.* (武漢鳴鴻科技發展有限公司), a limited liability company incorporated in the PRC on 8 February 2001 and a wholly owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Wuhan Optics Valley Union"	Wuhan Optics Valley Union Group Company Limited* (武漢光谷聯合集團有限公司, formerly known as 武漢光谷聯合股份有限公司), a limited liability company incorporated in the PRC on 24 July 2000 and a wholly-owned subsidiary of Wuhan United Real Estate, and an indirect subsidiary of the Company
"Wuhan United Real Estate"	United Real Estate (Wuhan) Co., Ltd.* (聯合置業(武漢)有限公司), a limited liability company incorporated in the PRC on 23 July 1993 and a wholly-owned subsidiary of AAA Finance & Investment Limited, and an indirect subsidiary of the Company
"Wuhan Xuefu"	Wuhan Xuefu Property Co., Ltd.* (武漢學府房地產有限公司), a limited liability company incorporated in the PRC on 29 April 1999 and a 51.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company

In this annual report, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language which are marked with "*" is for identification purpose only.

OVU

光谷聯合控股有限公司

OPTICS VALLEY UNION HOLDING COMPANY LIMITED