中电光谷

CEC OPTICS VALLEY

China Electronics Optics Valley Union Holding Company Limited

中 電 光 谷 聯 合 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 798)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

SUMMARY OF 2018 RESULTS

- As of 31 December 2018, the total revenue of the Group was RMB3,001.1 million, increased by 11.4% as compared to 2017, of which the income from sales of industrial parks accounted for 55.4%, and income from industrial park operation services and industrial park leasing accounted for 44.6%. The adjustment of income structure reflected the strategic effectiveness of transformation and reform of the Group.

- Profit attributable to owners of the Company was RMB541.5 million, representing an increase of 21.3% as compared to the same period of 2017. Of which, the core net profit of the Group was RMB451.0 million, representing an increase of 49.9% as compared to the same period of 2017. The post-tax fair value gains on industrial investment business was RMB96.8 million; the post-tax fair value gains on investment properties was RMB43.1 million.

- The core net profit margin of the Group was 15.0% in 2018, representing an increase of 3.8 percentage points as compared to 11.2% in 2017. Consolidated gross profit margin was 34.5% in 2018.

- In 2018, the Group has approximately 6,116,000 sq.m. of high quality industrial park land bank in 17 cities, representing an increase of 45.6% as compared to 2017, of which the land bank is primarily high quality industrial park land located in cities such as Chengdu, Changsha, Shanghai, Ningbo and Luoyang.

- As at 31 December 2018, the total bank borrowings and bonds payables of the Group was RMB4,791.6 million, of which corporate bonds payable was approximately RMB1,864.9 million, accounting for 38.9% of the total bank borrowings and bonds payables. Under the influence of interest rates of domestic capital market, the average borrowing cost slightly increased to 6.3% in 2018, as compared to 6.2% in 2017.

- The Board proposes to declare a final dividend of HK$2.50 cents (equivalent to approximately RMB2.13 cents) per Share, amounting to approximately HK$189.4 million in aggregate (equivalent to approximately RMB161.3 million) for the year ended 31 December 2018.

The board (the "**Board**") of directors (the "**Directors**") of China Electronics Optics Valley Union Holding Company Limited (the "**Company**"or "**CEOVU**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**us**") for the year ended 31 December 2018 ("**Reporting Period**"), together with the comparative figures for 2017 as follows.

AUDITED CONSOLIDATED FINANCIAL RESULTS OF THE GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**3,001,137**	2,692,899
Cost of sales	*4*	**(1,965,066)**	(1,705,765)
Gross profit		**1,036,071**	987,134
Other income and gains/(losses) – net	*3*	**223,890**	(22,271)
Selling and distribution expenses	*4*	**(86,107)**	(81,311)
Administrative expenses	*4*	**(295,294)**	(258,376)
Net impairment losses on financial and contract assets	*4*	**(3,480)**	–
Fair value gains on investment properties	*9*	**57,411**	246,581
Operating profit		**932,491**	871,757
Finance income	*5*	**67,680**	50,187
Finance costs	*5*	**(177,591)**	(117,691)
Net finance costs		**(109,911)**	(67,504)
Share of profits of associates	*10*	**64,336**	22,436
Share of profits of joint ventures		**16,777**	2,813
Profit before income tax		**903,693**	829,502
Income tax expense	*6*	**(312,777)**	(343,815)
Profit for the year		**590,916**	485,687
Profit for the year attributable to:			
– Owners of the Company		**541,486**	446,260
– Non-controlling interests		**49,430**	39,427
Profit for the year		**590,916**	485,687
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and diluted (RMB cents)	*7*	**7.07**	5.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**590,916**	485,687
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
– Revaluation of property, plant and equipment upon transfer to investment properties, net of tax	**14,878**	2,918
Items that may be reclassified to profit or loss:		
– Currency translation differences	**(177,136)**	176,864
Other comprehensive income for the year, net of tax	**(162,258)**	179,782
Total comprehensive income for the year	**428,658**	665,469
Total comprehensive income for the year is attributable to:		
Owners of the Company	**379,228**	626,042
Non-controlling interests	**49,430**	39,427
Total comprehensive income for the year	**428,658**	665,469

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		**454,026**	354,267
Investment properties	*9*	**2,566,060**	2,317,890
Land use rights		**3,394**	3,464
Intangible assets		**6,475**	6,297
Investments in associates	*10*	**1,517,876**	1,267,909
Investments in joint ventures		**190,117**	143,431
Financial assets at fair value through profit or loss		**235,127**	–
Available-for-sale financial assets		**–**	12,000
Trade and other receivables	*14*	**231,581**	75,833
Deferred income tax assets		**32,714**	37,515
		5,237,370	4,218,606
Current assets			
Properties under development	*11*	**2,356,821**	1,969,272
Completed properties held for sale	*12*	**2,399,282**	2,296,780
Inventories and contracting work-in-progress	*13*	**72,832**	308,844
Trade and other receivables	*14*	**1,921,211**	1,868,990
Current income tax assets		**15,406**	11,132
Financial assets at fair value through profit or loss		**30,500**	–
Available-for-sale financial assets		**–**	180,000
Contract assets		**785,452**	–
Deposits in banks with original maturities over three months		**15,637**	72,228
Restricted cash		**418,883**	308,628
Cash and cash equivalents		**1,927,200**	2,133,597
		9,943,224	9,149,471
Current liabilities			
Contract liabilities		**366,293**	–
Trade and other payables	*15*	**2,368,346**	2,213,237
Corporate bonds	*16*	**1,069,185**	26,368
Bank and other borrowings	*17*	**1,878,085**	1,357,880
Current income tax liabilities		**352,261**	300,614
Current portion of deferred income		**4,706**	5,565
		6,038,876	3,903,664
Net current assets		**3,904,348**	5,245,807
Total assets less current liabilities		**9,141,718**	9,464,413

		At 31 December	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Non-current liabilities			
Corporate bonds	*16*	**795,739**	1,372,780
Bank and other borrowings	*17*	**1,048,543**	911,623
Deferred income tax liabilities		**327,645**	269,184
Non-current portion of deferred income		**42,355**	50,081
		2,214,282	2,603,668
Net assets		**6,927,436**	6,860,745
Equity			
Share capital	*18*	**626,839**	634,716
Treasury shares	*18*	**(132,417)**	(122,469)
Reserves		**3,051,428**	3,390,702
Retained earnings		**2,556,537**	2,100,562
Total equity attributable to owners of the Company		**6,102,387**	6,003,511
Non-controlling interests		**825,049**	857,234
Total equity		**6,927,436**	6,860,745
Total equity and non-current liabilities		**9,141,718**	9,464,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1. ACCOUNTING POLICIES AND DISCLOSURES CHANGES

(i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual Reporting Period commencing 1 January 2018:

- International Financial Reporting Standards ("**IFRS**") 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property – Amendments to International Accounting Standards ("**IAS**") 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS 9 and IFRS 15. The impact of the adoption of these standards and the new accounting policies are disclosed below. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Impacts on the financial statements

IFRS 9 and IFRS 15 were generally adopted without restating comparative information. The reclassifications and the adjustments arising from adopting the new standards are therefore not reflected in the comparative financial position as at 31 December 2017, but are recognised in the opening financial position on 1 January 2018.

The following tables show the adjustments recognised for each individual line item.

Statement of financial position	31 December 2017 As originally presented *RMB'000*	Impact from IFRS 9 *RMB'000*	Impact from IFRS 15 *RMB'000*	1 January 2018 Restated *RMB'000*
Non-current assets				
Property, plant and equipment	354,267	–	–	354,267
Investment properties	2,317,890	–	–	2,317,890
Land use rights	6,297	–	–	6,297
Intangible assets	3,464	–	–	3,464
Investments in associates	1,267,909	–	–	1,267,909
Investments in joint ventures	143,431	–	–	143,431
Financial assets at fair value through profit or loss	–	12,000	–	12,000
Available-for-sale financial assets	12,000	(12,000)	–	–
Trade and other receivables	75,833	–	–	75,833
Deferred income tax assets	37,515	13,064	–	50,579
	4,218,606	13,064	–	4,231,670
Current assets				
Properties under development	1,969,272	–	(26,710)	1,942,562
Completed properties held for sale	2,296,780	–	–	2,296,780
Inventories and contracting work-in-progress	308,844	–	(275,694)	33,150
Trade and other receivables	1,868,990	(47,503)	–	1,821,487
Current income tax assets	11,132	–	–	11,132
Financial assets at fair value through profit or loss	–	180,000	–	180,000
Available-for-sale financial assets	180,000	(180,000)	–	–
Contract assets	–	(15,339)	286,816	271,477
Deposits in banks with original maturities over three months	72,228	–	–	72,228
Restricted cash	308,628	–	–	308,628
Cash and cash equivalents	2,133,597	–	–	2,133,597
	9,149,471	(62,842)	(15,588)	9,071,041

Statement of financial position	31 December 2017 As originally presented *RMB'000*	Impact from IFRS 9 *RMB'000*	Impact from IFRS 15 *RMB'000*	1 January 2018 Restated *RMB'000*
Current liabilities				
Contract liabilities	–	–	235,694	235,694
Trade and other payables	2,213,237	–	(266,138)	1,947,099
Corporate bonds	26,368	–	–	26,368
Bank and other borrowings	1,357,880	–	–	1,357,880
Current income tax liabilities	300,614	–	2,016	302,630
Current portion of deferred income	5,565	–	–	5,565
	3,903,664	–	(28,428)	3,875,236
Non-current liabilities				
Corporate bonds	1,372,780	–	–	1,372,780
Bank and other borrowings	911,623	–	–	911,623
Deferred income tax liabilities	269,184	–	3,210	272,394
Non-current portion of deferred income	50,081	–	–	50,081
	2,603,668	–	3,210	2,606,878
Net assets	6,860,745	(49,778)	9,630	6,820,597
Equity				
Share capital	634,716	–	–	634,716
Treasury shares	(122,469)	–	–	(122,469)
Reserves	3,390,702	–	–	3,390,702
Retained profits	2,100,562	(47,147)	7,335	2,060,750
Total equity attributable to owners of the company	6,003,511	(47,147)	7,335	5,963,699
Non-controlling interests	857,234	(2,631)	2,295	856,898
Total equity	6,860,745	(49,778)	9,630	6,820,597

IFRS 9 "Financial Instruments" – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 "Financial Instruments" from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	Notes	*RMB'000*
Closing retained earnings 31 December 2017 – IAS 39/IAS 18		2,100,562
Reclassify investments from available-for-sale to financial assets at fair value through profit or loss	*(a)*	–
Increase in provision for trade and other receivables and contract assets	*(b)*	(62,843)
Increase in deferred tax assets relating to loss allowance provisions	*(b)*	13,065
Decrease in non-controlling interests		2,631
Adjustment to retained earnings from adoption of IFRS 9 on 1 January 2018		(47,147)
Opening retained earnings 1 January 2018 – IFRS 9 (before restatement for IFRS 15)		2,053,415

(a) *Classification and measurement*

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed and has classified its financial instruments into the appropriate categories according to IFRS 9. As at 1 January 2018, the Group's investments in unlisted securities amounting to RMB12,000,000 were reclassified from available-for-sale to financial assets at fair value through profit or loss based on the business model applied to such financial assets; while the Group's investments in wealth management products amounting to RMB180,000,000 were reclassified from available-for-sale to financial assets at fair value through profit or loss as their cash flows do not represent solely payments of principal and interest.

The main effects resulting from this reclassification are as follows:

Financial assets – 1 January 2018	**Fair value through profit or loss** *RMB'000*
Closing balance 31 December 2017 – IAS 39	–
Reclassify investments from available-for-sale to financial assets at fair value through profit or loss	192,000
Opening balance 1 January 2018 – IFRS 9	192,000

The impact to the retained earnings on 1 January 2018 was insignificant as the related fair value reserve was negligible.

(b) Impairment of financial assets

The Group has three types of financial assets that are subject to IFRS 9's new expected credit loss model:

- trade receivables from revenue
- contract assets relating to property development and construction contracts, and
- other financial assets carried at amortised cost

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table above.

While bill receivables, deposits in banks with original maturities over three months, restricted cash and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified loss allowance was immaterial.

The loss allowances for trade and other receivables and contract assets as at 31 December 2017 reconcile to the opening loss allowances on 1 January 2018 as follows:

	Contract assets *RMB'000* *(i)*	**Trade receivables** *RMB'000* *(i)*	**Other receivables** *RMB'000* *(ii)*	**Total** *RMB'000*
At 31 December 2017 – calculated under IAS 39	–	–	–	–
Amounts restated through opening retained earnings	15,339	29,629	17,874	62,842
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	15,339	29,629	17,874	62,842

(i) *Trade receivables and contract assets*

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets, they have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance as at 1 January 2018 was determined as follows for trade receivables.

RMB'000	**Up to 3 months**	**3 to 6 months**	**6 to 9 months**	**9 months to 1 year**	**over 1 year**	**Total**
At 1 January 2018 Expected loss rate	–	1.50%	3.00%	4.50%	10.00%	
Gross carrying amount	211,432	25,538	31,409	4,699	280,919	553,997
Loss allowance provision	–	384	942	211	28,092	29,629

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Expected loss rate of contract assets is assessed to be 5.35% as at 1 January 2018, and the loss of allowance provision of contract assets amounted to RMB15,339,000 as at 1 January 2018.

The loss allowances decreased by RMB5,657,000 to RMB23,972,000 for trade receivables and increased by RMB11,634,000 to RMB26,673,000 for contract assets during the current Reporting Period.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

(ii) Other financial assets carried at amortised cost

Other financial assets at amortised cost mainly include loans to third parties, loans to related parties and other receivables (excluding prepayments). Applying the expected credit risk model resulted in the recognition of a loss allowance of RMB17,874,000 on 1 January 2018 (previous loss allowance was nil) and a further decrease in the allowance by RMB2,497,000 during the current Reporting Period.

IFRS 15 "Revenue from Contracts with Customers" – Impact of adoption

The Group has adopted IFRS 15 "Revenue from Contracts with Customers" from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules modified retrospectively and has restated the retained earnings as at 1 January 2018, while comparatives for the 2017 financial year have not been restated. In summary, the following adjustments were made to the amounts recognised in the financial position at the date of initial application (1 January 2018).

	Notes	**IAS 18 carrying amount* 31 December 2017** RMB'000	**Reclassification** RMB'000	**Re-measurements** RMB'000	**Offsetting** RMB'000	**IFRS 15 carrying amount 1 January 2018**
Contract assets	*(a),(b),(c)*	–	275,694	41,566	(30,444)	286,816
Properties under development	*(b)*	1,969,272	–	(26,710)	–	1,942,562
Contract liabilities	*(b),(c)*	–	266,138	–	(30,444)	235,694
Trade and other payables	*(c)*	2,213,237	(266,138)	–	–	1,947,099
Deferred tax liabilities	*(a),(b)*	269,184	–	3,210	–	272,394
Inventories and contracting work-in progress	*(c)*	308,844	(275,694)	–	–	33,150
Current income tax liabilities	*(b)*	300,614	–	2,016	–	302,630

* The amounts in this column are before the adjustments from the adoption of IFRS 9, in which the increase in the loss allowance for trade receivables and contract assets as stated above were not reflected.

The impact on the Group's retained earnings as at 1 January 2018 is as follows:

	Notes	**1 January 2018** *RMB'000*
Retained earnings – after IFRS 9 restatement		2,053,415
Recognition of asset for costs to fulfil a contract	*(a)*	131
Recognition of asset for contact assets in relation with revenue recognised over time, before offsetting related contract liabilities	*(b)*	41,435
Decrease in properties under development in relation with revenue recognised over time	*(b)*	(26,710)
Increase in current income tax liabilities	*(b)*	(2,016)
Increase in deferred tax liabilities	*(a),(b)*	(3,210)
Increase in non-controlling interests		(2,295)
Adjustment to retained earnings from adoption of IFRS 15 on 1 January 2018		7,335
Opening retained earnings 1 January – IFRS 9 and IFRS 15		2,060,750

(a) *Accounting for costs to fulfil a contract*

In 2017, expense amounting to RMB131,000 relating to commissions paid for certain pre-sale contracts were expensed as they did not qualify for recognition as an asset under any of the other accounting standards. However, the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered. They were therefore capitalised as costs to fulfil a contract following the adoption of IFRS 15 and included in contract assets in the statement of financial position on 1 January 2018. A deferred tax liability of RMB33,000 was recognised, resulting in net adjustment to retained earnings of RMB85,000. The asset is amortised on over the term of the specific contract it relates to and consistently with the pattern of recognition of the associated revenue. The asset is amortised on a straight line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

(b) Accounting for revenue from property development activities over time

In prior reporting periods, the Group accounted for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses. Under IFRS 15, properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress. The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

As at 1 January 2018, revenue from certain pre-sale property development contracts was satisfied to be recognised over time, which resulted in an increase in contract assets of RMB41,435,000 (representing RMB10,991,000 after offsetting with related contract liabilities amounting to RMB30,444,000 within the same contract) and a decrease in properties under development of RMB26,710,000. A deferred tax liability and a current tax liability of RMB3,177,000 and RMB2,016,000 were recognised respectively, resulting in net adjustment to retained earnings of RMB7,250,000.

(c) Presentation of assets and liabilities related to contracts with customers

The Group has also voluntarily changed the presentation of certain amounts in the balance sheet to reflect the terminology of IFRS 15 and IFRS 9:

- Contract assets recognised in relation to construction contracts were previously presented as part of inventory and contracting work-in-progress (RMB275,694,000 as at 1 January 2018, net of loss allowance).

- Contract liabilities in relation to construction contracts were previously included in trade and other payables (RMB266,138,000 as at 1 January 2018).

- Other current receivables and prepayments were previously presented together with trade receivables but are now presented as other financial assets at amortised cost (receivables) and other current assets (prepayments) in the balance sheet, to reflect their different nature.

(ii) New and amended standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the 31 December 2018 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Annual improvements project (amendments)	Annual improvements to 2015-2017 cycle	1 January 2019
IFRS 19 (amendments)	Plan amendment, curtailment or settlement	1 January 2019
IFRS 28 (amendments)	Long-term Interests in Associates and Joint Ventures	1 January 2019
IFRS 9 (amendments)	Prepayment features with negative compensation	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019
IFRS 3 (amendments)	Definition of business	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
IFRS 17	Insurance contracts	1 January 2021
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Except for IFRS 16, there are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the year ended 31 December 2018 in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of RMB388,625,000. The Group's operating leases mainly consisted of leased properties for self-occupied purpose and rental purpose. The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Management is yet assessing the impacts to the Group's financial position and financial performance for the coming year.

2. SEGMENT INFORMATION

The Group manages its businesses by business lines (products and services). In prior years, the Group had identified four segments, namely industrial park space services, industrial park operation services, design and construction services and industrial investment. During the first half of 2018, to better align with the Group's business strategy, the Group has combined the design and construction services segment into industrial park operation services segment, which represents the Group's comprehensive industrial park operation businesses. As a result of the above change, the segment information for the year ended 31 December 2017 was re-presented for comparison purposes. At 31 December 2018, the Group has the following three segments:

- Industrial park space services: this segment develops and sells industrial parks and ancillary residential properties. It also includes leasing self-owned park properties to generate rental income and capital gains from the appreciation in the properties' values in the long term.

- Industrial park operation services: this segment provides services relating to the construction of a number of office and residential buildings for some of the Group's customers, design and construction service for the certain projects under construction, property management service, energy service, financing service and other services for industrial parks.

- Industrial investment: this segment represents the Group's industrial-related strategic investments in certain start-up companies. Management considers this segment to be not reportable for the year ended 31 December 2017 as its revenue, profit or loss and assets are all less than 10% of those of the Group.

(a) Segment results

The measure used for assessing the performance of the operating segments is operating profit as adjusted by excluding fair value gains on investment properties. The Group's most senior executive management does not assess the assets and liabilities of the operating segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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

For the year ended 31 December 2018

	Industrial park space services *RMB'000*	Industrial park operation services *RMB'000*	Industrial investment *RMB'000*	Total *RMB'000*
Segment revenue	**1,912,725**	**1,439,306**	**–**	**3,352,031**
Inter-segment revenue	**(66,450)**	**(284,444)**	**–**	**(350,894)**
Revenue from external customers	**1,846,275**	**1,154,862**	**–**	**3,001,137**
Segment results	**615,202**	**138,104**	**121,774**	**875,080**
Depreciation and amortisation	**(21,365)**	**(47,237)**	**(133)**	**(68,735)**

For the year ended 31 December 2017

	Industrial park space services *RMB'000*	Industrial park operation services *RMB'000*	Total *RMB'000*
Segment revenue	1,900,582	996,103	2,896,685
Inter-segment revenue	(38,610)	(165,176)	(203,786)
Revenue from external customers	1,861,972	830,927	2,692,899
Segment results	542,008	83,168	625,176
Depreciation and amortisation	(20,437)	(14,790)	(35,227)

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

	2018	2017
	RMB'000	*RMB'000*
Segment results	**875,080**	625,176
Fair value gains on investment properties	**57,411**	246,581
Share of profits of associates	**64,336**	22,436
Share of profits of joint ventures	**16,777**	2,813
Finance income	**67,680**	50,187
Finance costs	**(177,591)**	(117,691)
Income tax expense	**(312,777)**	(343,815)
Profit for the year	**590,916**	485,687

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

	2018	2017
	RMB'000	*RMB'000*
Industrial park space services		
Sales of industrial park	**1,662,153**	1,721,922
Sales of ancillary residential properties	**17,808**	31,995
Self-owned park leasing	**166,314**	108,055
	1,846,275	1,861,972
Industrial park operation services		
Design and construction services	**472,934**	392,322
Property management services	**448,360**	291,711
Energy services	**96,123**	72,542
Group catering and hotel services	**51,871**	43,397
Industrial financial services	**26,304**	10,000
Others	**59,270**	20,955
	1,154,862	830,927
Total	**3,001,137**	2,692,899

3. OTHER INCOME AND GAINS/(LOSSES) – NET

	2018	2017
	RMB'000	*RMB'000*
Net gain on transfer from investment in associates to financial assets at fair value through profit or loss	**129,063**	–
Gain on disposal of investment properties	**46,745**	22,761
Gain from deemed partial disposal	**29,950**	29,474
Government subsidies	**26,811**	17,529
Loss on disposal of subsidiaries	**(12,658)**	(8,118)
Compensation income	**3,937**	–
Net gain on disposal of property, plant and equipment	**458**	7,253
Loss on disposal of a joint venture	**–**	(91,423)
Others	**(416)**	253
	223,890	(22,271)

4. EXPENSES BY NATURE

	2018	2017
	RMB'000	*RMB'000*
Cost of properties sold	**1,084,080**	1,054,607
Cost of construction services	**334,336**	290,455
Employee benefit expenses	**487,909**	380,745
Outsourcing costs for property management	**223,623**	133,261
Operating lease payments	**36,350**	17,405
Depreciation	**67,520**	34,332
Amortisation	**1,215**	895
Net impairment losses on financial and contract assets	**3,480**	–
Other professional service fees	**19,707**	15,319
Advertising costs	**16,632**	21,349
Auditors' remuneration		
– Audit services	**2,000**	2,000
– Non-audit services	**960**	960
Other expenses	**72,135**	94,124
Total cost of sales, selling and distribution expenses, administrative expenses and net impairment losses on financial and contract assets	**2,349,947**	2,045,452

5. FINANCE INCOME AND COSTS

	2018	2017
	RMB'000	*RMB'000*
Interest expenses	**(291,967)**	(221,411)
Capitalised interest expenses	**114,298**	101,801
Net foreign exchange gains	**78**	1,919
Finance costs	**(177,591)**	(117,691)
Interest income from loans provided to related parties	**17,602**	26,335
Interest income from deposits	**43,740**	17,404
Income from financial assets at fair value through profit or loss	**6,338**	6,448
Finance income	**67,680**	50,187
Net finance costs	**(109,911)**	(67,504)

Borrowing costs arising on financing specifically arranged for the construction of properties were capitalised using the rates ranged from 4.66% to 5.94% (2017: 5.23% to 5.70%) per annum, and other borrowing costs were capitalised using an average interest rate of 6.62% (2017: 6.65%) per annum.

6. INCOME TAX EXPENSE

	2018	2017
	RMB'000	*RMB'000*
Current tax:		
PRC Corporate Income Tax ("**CIT**")	**133,853**	168,283
Land Appreciation Tax ("**LAT**")	**110,010**	135,585
Total current tax	**243,863**	303,868
Deferred tax		
Origination and reversal of temporary differences	**68,914**	39,947
Income tax expense	**312,777**	343,815

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2018	2017
	RMB'000	*RMB'000*
Profit before tax	**903,693**	829,502
Tax calculated at domestic statutory tax rate of 25% *(Note (i) to (iii))*	**225,923**	207,376
Tax effects of:		
– Share of results of associates and joint ventures	**(20,278)**	(6,312)
– Expenses not deductible for tax purposes	**9,492**	36,161
– Adopting prescribed tax calculation method by PRC subsidiaries *(Note (iii))*	**1,678**	(5,509)
– Tax losses for which no deferred income tax asset was recognised	**13,454**	10,410
LAT in relation to properties sold *(Note (iv))*	**110,010**	135,585
Tax effects of LAT	**(27,503)**	(33,896)
Income tax expense	**312,777**	343,815

Notes:

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

(ii) No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiaries did not earn any income subject to Hong Kong Profits Tax for 2018.

(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 approvals from the local tax authorities, the assessable profits of certain subsidiaries of the Group were calculated based on 8% to 11% of their respective gross revenues for the year.

(iv) LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures (including lease charges of land use right, borrowing costs and all qualified property development expenditures).

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares repurchased by the Group *(Note 18)*.

	2018	2017
	RMB'000	*RMB'000*
Profit attributable to owners of the Company (RMB'000)	**541,486**	446,260
Weighted average number of ordinary shares in issue (thousands)	**7,658,774**	7,773,336
Basic earnings per share (RMB cents)	**7.07**	5.74

There were no potential dilutive ordinary shares in 2018 and 2017, diluted earnings per share therefore equals to basic earnings per share.

8. DIVIDENDS

The dividends paid in 2018 and 2017 were RMB129,370,000 (HK$2.00 cents per share) and RMB143,122,000 (HK$2.00 cents per share) respectively. The Board has resolved on 21 March 2019 to recommend for declaration and payment of a final dividend of HK$2.50 cent per share (equivalent to RMB2.13 cent per share), amounting to a total dividend of HK$189,359,000 (equivalent to RMB161,275,000), out of the share premium account of the Company. These financial statements do not reflect this dividend payable.

	2018	2017
	RMB'000	*RMB'000*
Proposed final dividend of HK$2.50 cents (2017: HK$2.00 cents) per ordinary share	**161,275**	129,370

9. INVESTMENT PROPERTIES

	2018	2017
	RMB'000	*RMB'000*
At fair value		
Opening balance at 1 January	**2,317,890**	2,220,540
Transfer from property, plant and equipment		
– Net book value	**3,283**	832
– Revaluation surplus	**19,838**	3,891
Transfer from properties under development and completed properties held for sale	**128,444**	247,525
Other additions	**95,869**	20,028
Fair value changes	**57,411**	246,581
Transfer to property, plant and equipment	**–**	(9,200)
Disposal of subsidiaries	**–**	(381,501)
Other disposals	**(56,675)**	(30,806)
Closing balance at 31 December	**2,566,060**	2,317,890

Amounts recognised in profit and loss for investment properties

	2018	2017
	RMB'000	*RMB'000*
Rental income	**129,532**	97,555
Direct operating expenses from property that generated rental income	**33,272**	19,261

As at 31 December 2018, the Group had no contractual obligations for future repairs and maintenance (2017: nil).

Certain bank loans granted to the Group were jointly secured by certain investment properties with an aggregate fair value of RMB299,292,000 (2017: RMB257,394,000) as at 31 December 2018.

Investment properties comprise a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 years to 17 years.

The Group's investment properties were valued at transfer dates and at 31 December 2018 and 2017 by Cushman & Wakefield International properties Advisers, an independent firm of surveyors. During 2018, a total gain of RMB57,411,000 (2017:RMB246,581,000), and deferred tax thereon of RMB14,353,000 (2017: RMB61,645,000), were recognised in the consolidated statement of profit or loss.

As at 31 December 2018, certain investment properties of the Group with carrying value of RMB344,950,000 (2017: RMB1,553,500,000),were without building ownership certificate. The Group was in progress of obtaining the relevant building ownership certificate.

10. INVESTMENTS IN ASSOCIATES

	2018 *RMB'000*	2017 *RMB'000*
At 1 January	**1,267,909**	444,715
Transfer from investment in a subsidiary	**–**	85,511
Other additions	**289,744**	685,773
Share of profits	**64,336**	22,436
Gain from deemed partial disposal	**29,950**	29,474
Dividend received	**(40,000)**	–
Transfer to financial assets at fair value through profit or loss	**(94,063)**	–
At 31 December	**1,517,876**	1,267,909

List of principal associates as at 31 December 2018 is as follows:

Name	Place of establishment and type of legal entity	Principal place of operation and activities	Registered and paid-in capital	Interest held
Hainan Resort Software Community Group Co., Ltd *(海南生態軟件園集團有限公司) (“**Hainan Software Community**”)	PRC, limited liability company	PRC, development and management of electronic information technology industrial parks	RMB1,600,000,000	20.00%
Shenzhen Huada Beidou Technology Company Limited *(深圳華大北斗科技有限公司) (“**Huada Beidou**”)	PRC, limited liability company	PRC, development and manufacturing of chips	RMB415,000,000	36.14%
China Electronics Corporation Beihai Industry Park Development Co., Ltd *(中國電子北海產業園發展有限公司)	PRC, limited liability company	PRC, property development	RMB200,000,000	30.00%
CLP Zhongjin (Xiamen) Intelligent Industry Equity Investment Fund Partnership *(中電中金(廈門)智慧產業股權投資基金合夥企業)	PRC, limited liability company	PRC, Limited Partnership	RMB843,600,000	27.48%

In the opinion of the directors, Hainan Software Community is a material associate to the Group. Hainan Software Community is a private company and there is no quoted market price available for its shares. The financial information of Hainan Software Community, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements, which is accounted for using the equity method, is shown as below:

	As at 31 December 2018	At at 31 December 2017
	RMB'000	*RMB'000*
Identifiable current assets and liabilities assumed		
Assets	**10,706,938**	8,654,225
Liabilities	**(2,707,175)**	(1,800,121)
Identifiable net current assets	**7,999,763**	6,854,104
Identifiable non-current assets and liabilities assumed		
Assets	**1,790,252**	834,035
Liabilities	**(5,303,634)**	(3,271,800)
Identifiable net non-current assets	**(3,513,382)**	(2,437,765)
Identifiable net assets	**4,486,381**	4,416,339
Identifiable net assets attributable to owners of the associate	**4,486,381**	4,416,339
Interest held by the Group	**20%**	20%
Carrying amount	**897,276**	883,268

	2018	2017
	RMB'000	*RMB'000*
Revenue	**702,906**	434,060
Profit after income tax	**262,122**	123,944
Total comprehensive profit	**262,122**	123,944

11. PROPERTIES UNDER DEVELOPMENT

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

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Expected to be completed for sale within one year		
Properties under development for sale	**1,217,789**	699,427
Expected to be completed for sale after more than one year		
Properties under development for sale	**1,139,032**	1,269,845
	2,356,821	1,969,272

As at 31 December 2018, properties under development with an aggregate carrying value of RMB24,084,000 (2017: RMB55,465,000) were pledged for certain bank loans granted to the Group.

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

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
In the PRC, with lease term of 40 years or more	**929,472**	841,667

12. COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC are stated at the lower of cost and net realisable value.

Completed properties held for sale with an aggregate carrying value of RMB1,109,258,000 (2017: RMB1,119,404,000) as at 31 December 2018 were pledged for certain bank loans granted to the Group.

13. INVENTORIES AND CONTRACTING WORKING-IN-PROGRESS

	At 31 December 2018 RMB'000	2017 RMB'000
Gross amounts due from customers for contract work	**–**	275,694
Raw materials	**1,090**	1,343
Work in progress	**19,347**	9,813
Finished goods	**52,395**	21,994
	72,832	308,844

14. TRADE AND OTHER RECEIVABLES

	At 31 December 2018 RMB'000	2017 RMB'000
Current portion		
Trade receivables *(Note (a))*	**710,986**	536,464
Notes receivables	**18,124**	9,555
Deposits receivable	**26,188**	189,998
Consideration receivable on disposal of prepayments for acquisition of certain equity interests	**–**	81,628
Consideration receivable	**50,000**	50,000
Loans to related parties	**236,876**	165,866
Interest receivables from loans to related parties	**–**	6,423
Other amounts due from related parties	**56,606**	80,970
Loans to third parties	**487,773**	308,070
Prepayments for construction cost and raw materials	**170,908**	100,153
Prepaid turnover tax and other taxes	**59,233**	31,201
Others	**143,866**	308,662
Less: allowance provisions	**(39,349)**	–
	1,921,211	1,868,990
Non-current portion		
Loans to a third party	**152,021**	–
Prepayments for acquisition of certain properties	**67,895**	58,300
Trade receivables *(Note (a))*	**11,065**	17,533
Prepayments for acquisition of certain equity interests	**600**	–
	231,581	75,833
Total	**2,152,792**	1,944,823

Note:

(a) Trade receivable are due within 3 months to 12 months from the date of billing. As of the end of the Reporting Period, the ageing analysis of trade debtors and bills receivable, based on the invoice date (or date of revenue recognition, if earlier), is as follows:

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 1 month	**311,281**	142,601
1 to 3 months	**66,249**	68,831
3 to 6 months	**116,899**	25,538
Over 6 months	**227,622**	317,027
	722,051	553,997

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

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. This resulted in an increase of the loss allowance on 1 January 2018 by RMB29,629,000 for trade receivables and RMB17,874,000 for other receivables.

The loss allowance decreased by a further RMB5,657,000 to RMB23,972,000 for trade receivables and decreased by RMB2,497,000 to RMB15,377,000 for other receivables during the current Reporting Period.

15. TRADE AND OTHER PAYABLES

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade creditors and bills payable *(Note (a))*	**1,385,648**	1,074,880
Receipts in advance	**–**	266,138
Construction guaranteed deposits payable	**82,752**	67,859
Accrued payroll	**61,188**	37,374
Interests payable	**41,758**	5,932
Loans due to a third party	**269,445**	207,669
Loans due to a related party	**40,000**	100,000
Other amounts due to related parties	**63,312**	71,895
Other payables and accruals	**424,243**	381,490
Total	**2,368,346**	2,213,237

Note:

(a) As at 31 December 2018, the ageing analysis of trade creditors and bills payables, based on the invoice date, is as follows:

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 1 month	**979,170**	513,531
1 to 12 months	**181,231**	154,698
Over 12 months	**225,247**	406,651
	1,385,648	1,074,880

16. CORPORATE BONDS

	2018	2017
	RMB'000	*RMB'000*
As at 1 January	**1,399,148**	576,923
Net proceeds from bonds issued	**440,000**	792,445
Interest expenses	**120,916**	73,880
Coupon interest paid	**(95,140)**	(44,100)
As at 31 December	**1,864,924**	1,399,148
Representing:		
Current portion	**1,069,185**	26,368
Non-current portion	**795,739**	1,372,780
	1,864,924	1,399,148

In October 2013, the Group issued a 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 2018, interest payable for this bond amounted to approximately RMB7,350,000 (2017: RMB7,350,000).

In August 2017, the Group issued medium-term notes with maturity of 3 years with face value of RMB800,000,000 bearing annual interest rate of 6.38%. The actual proceed received by the Group was approximately RMB792,445,000. This note is denominated in RMB and issued at par. Interest was payable yearly while principal was repaid when the notes fell due. The annual effective interest rates of this note is 6.74%. As at 31 December 2018, interest payable for this note amounted to approximately RMB19,018,000 (2017: RMB19,018,000).

In July 2018, the Group issued short-term notes with maturity of 270 days with face value of RMB440,000,000 bearing annual interest rate of 6.5%. The actual proceed received by the Group was approximately RMB439,250,000. This note is denominated in RMB and issued at par. Interest was payable yearly while principal was repaid when the notes fell due. The annual effective interest rates of this note is 6.62%. As at 31 December 2018, interest payable for this note amounted to approximately RMB12,537,000.

The fair value of corporate bond approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of from 6.62% to 9.48% (2017: from 6.74% to 9.48%) and are within level 2 of the fair value hierarchy.

17. BANK AND OTHER BORROWINGS

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current		
Secured		
– Bank borrowings	**350,000**	250,000
– Current portion of non-current bank borrowings	**536,760**	422,880
	886,760	672,880
Unsecured		
– Bank borrowings	**929,500**	685,000
– Current portion of non-current bank borrowings	**61,825**	–
	991,325	685,000
	1,878,085	1,357,880
Non-current		
Secured		
– Bank borrowings	**1,184,760**	1,012,820
Less: Current portion of non-current bank borrowings	**(536,760)**	(422,880)
	648,000	589,940
Unsecured		
– Bank borrowings	**462,368**	321,683
Less: Current portion of non-current bank borrowings	**(61,825)**	–
	400,543	321,683
	1,048,543	911,623

Movements in borrowings are analysed as follows:

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Opening amount	**2,269,503**	2,653,000
Proceeds from borrowings	**2,554,380**	1,959,683
Repayments of borrowings	**(1,907,940)**	(2,191,736)
Disposal of a subsidiary	**–**	(150,000)
Exchange differences	**10,685**	(1,444)
Closing amount	**2,926,628**	2,269,503

The bank and other borrowings bear interest ranging from 2.15% to 6.90% per annum for year ended 31 December 2018 (2017: from 2.15% to 6.90%).

The Group's borrowings were repayable as follows:

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 1 year or on demand	**1,878,085**	1,357,880
After 1 year but within 2 years	**631,216**	486,490
After 2 years but within 5 years	**409,598**	402,859
After 5 years	**7,729**	22,274
	2,926,628	2,269,503

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

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Completed properties held for sale	**1,109,258**	1,199,404
Properties under development	**24,084**	55,465
Investment properties	**299,292**	257,394
Restricted cash	**32,371**	81,843
Property, plant and equipment	**–**	7,765
	1,465,005	1,601,871

The fair value of borrowings approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.36% (2017: 5.34%) and are within level 2 of the fair value hierarchy.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At 31 December 2018 *RMB'000*	2017 *RMB'000*
RMB	**2,694,260**	2,047,820
HK$	**232,368**	221,683
	2,926,628	2,269,503

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2018, none of the covenants relating to drawn down facilities had been breached (2017: nil).

18. SHARE CAPITAL AND TREASURY SHARES

The Company was incorporated on 15 July 2013 with authorised capital of 100,000 shares at HK$0.10 per share. As part of the reorganization during the year ended 31 December 2016, the authorised capital of the Company was increased to HK$1,000,000,000 divided into 10,000,000,000 shares of HK$0.10 each.

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

	At 31 December 2018			At 31 December 2017		
	No. of Shares *('000)*	*RMB'000*	**Treasury shares** *RMB'000*	No. of Shares *('000)*	*RMB'000*	Treasury shares *RMB'000*
Ordinary shares, issued and fully paid:						
At 1 January	**7,713,324**	**634,716**	**(122,469)**	8,000,000	658,680	(110,105)
Shares repurchased for cancellation purpose (a)	**–**	**–**	**(54,828)**	–	–	(189,695)
Shares cancelled (a)	**(95,112)**	**(7,877)**	**44,880**	(286,676)	(23,964)	177,331
At the end of the year	**7,618,212**	**626,839**	**(132,417)**	7,713,324	634,716	(122,469)

(a) During the year ended 31 December 2018, the Company repurchased a total of 113,704,000 shares at a total consideration of HK$64,777,420 (equivalent to RMB54,828,000) for cancellation purpose, out of which 13,244,000 shares, 57,708,000 shares and 24,160,000 shares were cancelled on 10 January 2018, 29 May 2018 and 19 July 2018 respectively. The excess of repurchasing consideration over the nominal amount of the canceled shares, amounting to RMB37,003,000, were deducted from share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Since 2015, the Group has firmly implemented the strategies of transformation and reform, seeking to achieve a sustainable development under the economic environment with uncertainties. After four years of proactive exploration and unremitting efforts, the Group has gradually transformed from a professional industrial park development operation group to an "innovative ecology" creator and an "industry resource sharing platform", forming a "system planning" and "integrated operation" methodology system and a full industrial chain coordination mechanism, in accordance with the innovative development ideology and the idea of "making changes steadily, making improvements amid changes". As 2018 is the year end of the strategic transformation and reform, the positive results reflected the effectiveness of the strategic transformation.

Result of Operations

In 2018, the Group generated a revenue of approximately RMB3,001.1 million, representing a growth of 11.4% as compared to 2017; the profit before tax and net profit for the year were RMB903.7 million and RMB590.9 million, respectively. Profit attributable to owners of the Company was approximately RMB541.5 million, representing an increase of 21.3% as compared to that in the same period of 2017. Core net profit of the Group (excluding post-tax fair value gains on investment properties and industrial investment business) amounted to approximately RMB451.0 million, representing an increase of 49.9% as compared to that in the same period of 2017. Equity attributable to owners of the Company increased by 1.6% to RMB6,102.4 million. Net asset value per share reached RMB0.8, representing an increase of 2.9% as compared to that in the same period of 2017.

Business Segment Analysis

As of 31 December 2018, the Group developed or operated various industrial parks in over 30 cities, including Wuhan, Qingdao, Hefei, Shenyang, Xi'an, Chengdu, Shanghai, Tianjin, Shenzhen, Chongqing, Wenzhou, Beihai, Ezhou, Huangshi, Huanggang, Chengmai (Hainan), Dongying, Luoyang, Changsha and Xianyang, committed to becoming the leading platform for sharing industrial resources in China, providing appropriate and overall solutions covering technology industrial park investment, development, business solicitation and operation, as well as providing ideal office, research, production sites and services to various kind of innovative enterprises, using entire life cycle of park zone intelligence management system as a foundation. As at 31 December 2018, the Group has the following three segments: (i) industrial park space services business (including sale and leasing services of industrial park space); (ii) industrial park operation services (including design and construction services, property management services, energy services, intelligent park services, incubator and office sharing services, industrial park financial services, group catering and hotel services, real estate marketing and agency, apartment leasing as well as recreation and entertainment); (iii) industrial investment (industrial-related equity investments business in various theme parks). The income structure and composition of profit in 2018 reflected the strategic effectiveness of transformation and reform.

Revenue by Business Segments

	For the year ended 31 December			
	2018		2017	
	Revenue *(RMB'000)*	**% of total**	Revenue *(RMB'000)*	% of total
Industrial park space services	**1,846,275**	**61.5**	1,861,972	69.1
Sales of industrial park	**1,662,153**	**55.4**	1,721,922	63.9
Self-owned park leasing	**166,314**	**5.5**	108,055	4.0
Sales of ancillary residentials	**17,808**	**0.6**	31,995	1.2
Industrial park operation services	**1,154,862**	**38.5**	830,927	30.9
Design and construction services	**472,934**	**15.8**	392,322	14.6
Property management services	**448,360**	**14.9**	291,711	10.8
Energy services	**96,123**	**3.2**	72,542	2.7
Group catering and hotel services	**51,871**	**1.7**	43,397	1.6
Industrial park financial services	**26,304**	**0.9**	10,000	0.4
Others	**59,270**	**2.0**	20,955	0.8
Total	**3,001,137**	**100.0**	2,692,899	100.0

I. Industrial Park Space Services

In 2018, the income from the industrial park space services business of the Group was RMB1,846.3 million, which remained basically stable compared to the income of 2017. Among which, the sales income from industrial park was RMB1,662.2 million, representing a decrease of 3.5% as compared to the same period of 2017, with a booked sales area of 330,000 sq.m., representing an increase of 18.3% as compared to the same period last year, which was mainly attributable to the higher unit price of the Hefei Financial Harbor Project and the Creative Capital Project, of which the recognized revenue accounted for a slight decrease as compared to 2017. It is noteworthy that the proportion of income from sale of industrial park to total revenue decreased from 63.9% in 2017 to 55.4% in 2018, representing a decrease of 8.5 percentage points, and the Company is gradually getting rid of the over-reliance on the sales business of the industrial park. Industrial park lease income amounted to RMB166.3 million, representing a growth of 53.9% as compared to the same period of 2017, with a self-owned property lease area of 276,000 sq.m. and occupancy rate of over 81.0%. The leasing of high quality properties steadily contributed to the revenue of the Company. There were no new residential property projects in 2018, but there was a remaining sales income of RMB17.8 million from Lidao 2046 project.

1. Sales of Industrial Park Business

1.1 Sales of Self-owned Industrial Parks

In 2018, the income from the sale of self-owned industrial park space services was mainly generated from Hefei, Wuhan, Wenzhou, Qingdao and Ezhou, among which, the sales income from Hefei project reached RMB317.6 million, accounting for 19.1% of the income from sales of industrial parks. The sales income from Qingdao project was RMB288.4 million, accounting for 17.4% of the income from sales of industrial parks. The sales income from Wenzhou project was RMB261.5 million, accounting for 15.7% of the income from sales of industrial parks. The sales income from Ezhou project was RMB172.1 million, accounting for 10.4% of the income from sales of industrial parks. Excluding the projects in Wuhan, the proportion of sales from projects in other cities reached 84.2%, representing a further growth as compared to last year. This demonstrated that the layout of self-owned industrial park business in other major cities across the country has been widely recognized by the market and our clients, the multi-zone industrial layout is conducive to lowering the risk of system and ensuring the achievement of annual target of sale income of the industrial parks.

The growth in the sales area from industrial park was mainly attributable to: (1) the recognition from our clients as to the location, design and construction standard of the industrial properties provided by the Group; (2) that flexible and appropriate business solicitation strategies were adopted by the Group according to the demands of our customers; (3) the strong support of full industrial park operation services to the sales of industrial properties of the Company.

1.2 Development and Progress of the Industrial Parks

Due to the in-depth adjustment of industrial structure in China, timely adjustments were made to the strategies of different themed industrial park space services in different cities. In general, during 2018, the total area of construction commenced in industrial parks was 363,000 sq.m., decreasing by 30.4% as compared to that of 521,000 sq.m. in 2017. Completed construction area amounted to 291,000 sq.m., increasing by 30.9% as compared to that of 222,000 sq.m. in 2017. As at the end of 2018, the total area under construction was approximately 699,000 sq.m.

1.3 Land Bank of the Industrial Parks

During the Reporting Period, the Group has approximately construction area 6,116,000 sq.m. of high quality land bank in 17 cities, including Wuhan, Shanghai, Qingdao, Changsha, Chengdu, Hefei, Shenyang, Luoyang, Xi'an, Wenzhou, Beihai, Ezhou, Huangshi, Huanggang, Chengmai (Hainan), Zhuhai, and Ningbo. representing an increase of 45.6% as compared to 2017, of which the land bank is primarily high quality industrial park land located in cities such as Shuangliu District in Chengdu city, Yuelu District in Changsha city, Songjiang District in Shanghai city, Ningbo and Luoyang.

2. *Industrial Park Leasing*

During the Reporting Period, the rental income of industrial parks was RMB166.3 million, with a growth of 53.9% as compared to the same period of 2017. The area of the self-owned quality properties reached 276,000 sq.m., with an occupancy rate of over 81.0%. These will provide a stable and sustainable cash flow to the Group, further optimizing the model of business solicitation services for parks and promoting brand effectiveness continuously.

3. *Sales of Ancillary Residentials*

Ancillary residential properties achieved a sales income of RMB17.8 million, the income dropped by 44.3% as compared to last year, which was attributable to there was no new residential projects in 2018 and there was only a remaining sales from Lidao 2046 project.

II. Industrial Park Operation Services

During the Reporting Period, the turnover of the industrial park operation services of the Group was RMB1,154.9 million, representing an increase of 39.0% as compared to the same period of 2017. After four years of transformation and reform, the Group provides a variety of integrated operational service to enterprises stationed in our industrial parks, including design and construction services (including governmental procurement services, PPP service, EPC integrated design and construction services, project management and consultation services), property management service, energy services, intelligent park services, incubator and office sharing services, industrial park financial services, group catering and hotel services, real estate marketing and agency, apartment leasing as well as recreation and entertainment. The income from industrial operation services accounted for 38.5% of the total revenue in 2018. In terms of composition, the income from design and construction services and property management services accounted for 79.8% of the income from industrial park operation services, and is the major source of income of the industrial park operation services currently.

Design and construction services

Governmental Procurement, EPC Integrated Design and Construction Services

In recent years, the governmental procurement services, which originate from the reform tide of local exploration, has been promoted as a national strategy. The central government and local authorities issued numerous laws and regulations, particularly in fields such as development of new industrial cities and industrial parks, to support, encourage and regulate governmental procurement, which offered greater opportunity for enterprises carrying out business relating to the industrial property development and operation. With the comprehensive consultation service and the construction consultation service experience gained from various governmental projects, namely Wuhan Biolake and Wuhan Future Science Town, the Group is working wholeheartedly in the area of governmental procurement services in order to seek for a breakthrough in the income size and model.

Meanwhile, through the integration and optimization of the industry chain resource in design institutions and construction subsidiaries within the Group, we provide the government, institutions and related corporations with comprehensive EPC integrated design and construction services, ranging from design, tender and procurement to construction.

Project Management and Consultation Services

In 2018, guided by the overall idea of building an "industrial resources sharing platform", the Group's consultation and management business has been expanded through synergy between strategic resource allocation and industrial ecosystem establishment, and has developed in a sustainable, innovative way in all respects. The Group assisted China Electronics Corporation Limited* (中國電子信息產業集團有限公司) ("**CEC**") in actively carrying out strategic industrial cooperation in Yinchuan, cooperated with China Electronics International Information Service Co., Ltd.* (中國中電國際信息服務有限公司) to expand industrial innovation cooperation in Shenzhen, Chengdu and Tianjin, and carried out business in respect of industrial and intelligent parks in Guangzhou and Hefei together with Wuhan Easylinkin Technology Co., Ltd. *(武漢慧聯無限科技有限公司) ("**Easylinkin Technology**"). In Chongqing, the consultation business promoted the establishment of the Group's first technology industry development company, strengthening the linkage between government and enterprises, and continuously promoting local industry innovation and development. In Xianyang, Xiaogan, Putian, Yan'an and Xinyang, the consultation business was self-enhancing by offering a two-way idea of planning and design, and practicing the Group's methodology of system planning and integrated operation.

During the Reporting Period, the Group's design and construction service income exceeded RMB472.9 million, representing an increase of 20.6% as compared to the same period of 2017.

Property Management Services

During the Reporting Period, the income from the property management services of the Group was RMB448.4 million, representing an increase of 53.7% as compared to the same period of 2017, among which, income from property management services provided to industrial park projects accounted for 50% and income from property management service provided to residential projects accounted for 50%. During the Reporting Period, the area covered by the property management service reached 20,892,000 sq.m., of which the area covered by corporate customer services accounted for 50.8%.

During the Reporting Period, the Group utilized the Internet-of-Things, BIM 3D visualization technology and mobile Internet technology to reform its existing property management model, which substantially reduced staff costs and improved management efficiency as well as customers' satisfaction. At the same time, Lido Property became the first property management company granted qualifications to the sales of power in Hubei Province in 2018, by taking the advantage of the opening of national grid to qualification of sales of power.

By the integrated application of sensors, Internet-of-Things and the operation & management software and platforms, the Group has initially established its own management model applicable to intelligent parks. Taking into account both the potential booming prospect of this efficient and visualizable management model and the strong demand from customers, the Group plans to promote this management model in the coming three years. The operating income from this business segment is expected to experience rapid growth.

Energy Services

During the Reporting Period, the income from energy services (DHC) of the Group was RMB96.1 million, representing an increase of 32.5% as compared to 2017. Through years of development and exploration, Wuhan China Electronics Energy Conservation Co., Ltd *(武漢中電節能有限公司) ("**CEC Energy Conservation**") gradually established the ecological business system featuring "DHC as core business and mechatronics engineering, EMC, special pipe and intelligent automatic control as major business", completing its planning and layout for future strategic development. As of December 2018, CEC Energy Conservation had 24 utility models, 9 patents for invention and 4 software copyrights relating to its self-developed energy saving control system. In 2018, CEC Energy Conservation also undertook the energy service business of two large-scale commercial complexes such as Creative Optics Valley (北辰光谷里) and Hanyang Smart Eco-city (漢陽智慧生態城).

Currently, CEC Energy Conservation's business is carried out mainly in Wuhan and Hefei, and we will speed up our pace in implementing the transformation of the DHC energy service business from an endogenous approach to a market-oriented approach. Development will be accelerated by adopting a variety of measures such as autonomous investment and operation, agent construction operation and management consultation. Through the strategic cooperation with competitive enterprises within the same district, we strive to dominate the domestic DHC market swiftly and become the leader in China's DHC market.

Group Catering and Hotel Services

Based on the industrial park, Quanpai Catering (全派餐飲) not only provides services for the Group, but also promotes the business atmosphere in the park at the same time, attracting various business into the park and improving its comprehensive service ability. Since it was set up 7 years ago, Quanpai Catering has gradually established its brand in the group catering industry in Wuhan. It is continuously expanding the market on top of the solid foundation laid. At present, Quanpai Catering has 27 market projects, among which 8 were new during the Reporting Period. Adhering to its positioning of an art boutique hotel, Ziyuan Hotel tapped the potential, lowered the cost and enhanced the efficiency under the premise of focusing on its brand effect. In 2018, group catering and hotel services realized an output of RMB93.9 million and a revenue of RMB51.9 million.

Industrial Park Financial Services

As of 31 December 2018, Wuhan Lingdu Capital Investment Co., Ltd* (武漢零度資本投資管理有限公司) ("**Lingdu Capital**"), a controlling subsidiary of the Group, took full charge of operating the Group's OVU Fund. Lingdu Capital developed rapidly and identified six investment directions, including smart cities, intelligent manufacturing, healthcare big data, civil-military integration, integrated circuits and cultural and creative entertainment, with its scale of assets under management already reaching RMB4.0 billion; it possesses high-quality professional teams in areas such as investment, financing, fund management and project investment and its core team has extensive experience in entrepreneurship, corporate operation, risk control and investment management as well as in-depth knowledge in domestic and overseas markets. As of 31 December 2018, together with relevant government and other institutions, initiated to establish certain funds with a total scale exceeding RMB650 million. As of 31 December 2018, the Group initiated and organized an entrepreneurship competition named "Yizhidu Show* (億隻獨SHOW)", organized jointly with CEC the CEC Partner Conference* (中電合作夥伴大會), the CEC i plus innovation and creativity competition* (中電 i+創新創意大賽) and the Uzbekistan "One Belt, One Road" Business Inspection* (烏茲別克斯坦「一帶一路」商務考察) to gather rich resources for its entrepreneurship incubation service and to extensively enhance its market position and reputation in entrepreneurship incubation service market. As of 31 December 2018, the Group has entered into investment agreements with 24 companies involving a total amount of RMB160 million. Such companies include Easylinkin Technology, Wuhan Beida High-Technology Software Company Limited* (武漢北大高科軟件股份有限公司) and Huada Beidou.

In 2018, the Group coordinated with companies including Xiamen Jinyuan Investment Group Co., Ltd.* (廈門金圓投資集團有限公司), Zhongjinqirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership)* (中金啟融(廈門)股權投資基金合夥企業(有限合夥)) to establish CLP Zhongjin (Xiamen) Intelligent Industry Equity Investment Fund* (中電中金(廈門)智慧產業股權投資基金) ("**CLP Zhongjin Fund**"), which will have a profound impact on the new development strategies of our industrial parks. CLP Zhongjin Fund is a unique investment platform established by CLP and Zhongjin Capital for their target industry, with an expected total scale of RMB5 billion, of which the scale of subscribed funds reached RMB2.82 billion in 2018. It focuses on the value chain of advanced manufacturing industries related to semiconductors and electronics, and is a complementary investment portfolio to small and medium-sized innovative technology companies. CLP Zhongjin Fund has an independent investment committee and decision-making program. Their professional management team has excellent industry and investment background as well as market-based incentive mechanism. CLP Zhongjin Fund will make use of the industry resources of the fund management team and CLP's unique advantage of being a central enterprise to achieve the business expansion of the invested company and the penetration of the Chinese market through various effective methods. Meanwhile, it creates synergies and seizes the upstream of the capital market by virtue of China's huge network of listed companies.

The controlling subsidiary of the Group, Growing Business Innovation and Guarantee Co., Ltd.* (成長企業創新擔保有限公司) built up a financial service platform in parks with guarantee businesses as focus, factoring and financial leasing as complements, providing financing guarantee service for SMEs as core business and financial services for industrial parks as feature. In 2018, we provided 29 financing services of an amount of RMB240.7 million in total. Various businesses achieved zero overdue and zero risk throughout the year.

Other Industrial Park Operation Services

Intelligent Park Services

During the Reporting Period, the Group made a historic move in industrial ecological development with intelligent park development as its focus. With industrial park application scenarios as its motive and objective, key technology as the point to break through and new intelligent city construction as its general goal, the Group formed an "intelligence park system", an Internet-of-Things industrial ecosystem based on core technologies such as low-power WANs for Internet-of-Things, Beidou navigation positioning chip, ultra-high frequency RFID, indoor maps, passive switching, intelligent control and cloud computing. Combining the above with offline service resources such as Lido Property, Lido Technology, Domainblue Smart and Quanpai Life (全派生活), we preliminarily established the industrial park operation system with core competitiveness, achieving a dual dimension park service system with building space and data space in parallel.

Since its establishment, Domainblue Smart has been actively conceiving its business modes and constructing its business units. In 2018, through optimizing its technical service, Domainblue Smart continuously tested the competence of its business units to fully prepare for the marketization of the output, online and offline facilities and equipment integrated operation service in 2019.

Incubator and Office Sharing Services

During the Reporting Period, the Group established a controlling subsidiary – Wuhan OVU Technology Co., Ltd.* (武漢歐微優科技有限公司), which was fully responsible for the operation of OVU Maker Star. During the Reporting Period, the output was RMB55.0 million.

As at 31 December 2018, there were 33 OVU Maker Star sites distributed in 17 cities across the country, including Wuhan, Shenzhen, Qingdao, Hefei, Xi'an, Beihai, Ezhou and Huangshi, representing an increase of 8 sites as compared to 2017, with a management area of 397,000 sq.m. Among the 33 OVU Maker Star sites, 16 are located in Wuhan city, creating more than 17,000 jobs, and the average leasing rate thereof was above 85.0%. We provided services for over 800 teams in total accumulatively. The innovation team and small and micro enterprises which settled down were extremely energetic, and realized the synergistic development with the businesses such as industrial investment and industrial park space leasing. Through the cooperation with CEC Information to operate the CEC i-Valley Project in Shenzhen Huaqiang North, the pace of opening up the business in first-tier cities of the Company was accelerated.

In addition, the Group also provided more than ten types of industrial park operation related services, including apartment leasing, real estate agency, recreation and entertainment. It also offers collective household register services and business and commercial registration services, as well as organizes activities for parks, such as blind dates and social parties. These services were all highly praised by the enterprise residents and their staff, helping the Group to strengthen its customers' loyalty.

III. Industrial Investment

Since the end of 2016, the Group has invested in three industrial funds of CLP Zhongjin Fund and Lingdu Capital Management, having financing investments in 40 leading enterprises engaging in integrated circuit, information security, Internet-of-Things, big data, intelligence equipment, artificial intelligence, sports and competition, culture and entertainment and intelligent park service.

Easylinkin Technology is the first low-power integrated service provider of wide-area Internet of Things, forming the most influential low-power wide-area Internet industry chain in China. The company now focuses on vertical industries including intelligent, safe community co-built with public security bureau, intelligent building and meter reading, and are replicating widely. Easylinkin Technology obtained the A-round financing led by IDG in 2017, and finished the B-round financing led by China Growth Capital in 2018. Easylinkin Technology's post-investment valuation was approximately RMB830 million. In 2018, operating income of Easylinkin Technology amounted to over RMB200 million, demonstrating a rapid business growth. The Group has changed its investment in associate to a financial investment role, and recognised the revenue of approximately RMB131.9 million from investment in Easylinkin Technology through financial assets at fair value through profit or loss during the year.

Huada Beidou is mainly engaged in the design, integration, production, testing, sales and related business of chips, algorithm, module and end products. Navigation and positioning chips of Huada Beidou, which adopted the integrated RF baseband design, is the first of its kind in China which ranked in the top 10 of an international ranking for professional navigation and positioning of chips. Meanwhile, it is credited with several awards issued by the domestic integrated circuit industry and navigation and positioning industry. The operating income of Huada Beidou in 2017 was approximately RMB33.2 million, while the operating income of in 2018 was over RMB100 million, which showed a significant growth in results. Currently, Huada Beidou has communicated with certain investment institutions, indicating an optimistic growth.

Headquartered in Shanghai, Ruizhang Technology Co., Ltd.* (瑞章科技有限公司)provides information technology of Internet-of-Things and industrial application solutions. It has the world-leading RFID product performance R&D center and testing center, and it has independently developed core products of Internet-of-Things including chips, volume labels, antennas, readers, hand-held devices, integrated circuits, middleware, cloud platforms and big data. Its main business is concentrated in the five areas including smart retail, smart logistics, smart manufacturing, intelligent security and intelligent books.

PROSPECT FOR 2019

2019 is the first year after China's reform and opening up for 40 years, and also the first year for the Group to move towards a new growth period. The Company will, at a new starting point, implement high-quality "one platform and two methodologies", being "Industrial Resource Sharing Platform", "System Planning" Methodology and "Integrated Operation" Methodology, in accordance with the major requirements from CEC building a strategic and core theme with competitiveness as well as deepening the market-based structural reform. The Company will also deepen transformation and reform, further enhance organizational capability, seize the development opportunities, focus on its strengths and overcome weaknesses, and achieve steady growth of income, striving for an achievement with industrial park leasing and industrial park operation service income in aggregate accounting for more than 50% in the end of the year of the new growth strategic period, i.e. 2022, achieving solidly a change in the income structure, and setting itself off again to achieve more goals.

Strategies of the Group

Further promote the construction of the "Industrial Resource Sharing Platform"

Constructing the "Industrial Resource Sharing Platform" is the business essence and core value of the Group's integrated operation business. Through an effective resource integration in respect of enterprises, people, construction, equipment, capital, technology, brands and services, the Company effectively promotes the industry cluster and achieves an aim of resource sharing. In 2019, the Company will further promote the construction of the "Industrial Resource Sharing Platform", especially to strengthen the formation of a strategic partnership system, fully engage with the core resources of CEC, strengthen comprehensive cooperation with local platform companies, tap into the social capital and social group resources and serve high-quality regional economic development and industrial upgrading.

Seeking a regional comprehensive development and creating a new circumstance of new growth

In 2019, the Company will maximise brand advantages of companies in urban areas such as Qingdao, Hefei, Wuhan, Shenyang, Changsha, Wenzhou, Ezhou, Xi'an, Huangshi, Huanggang and Chengmai (Hainan). On the basis of ensuring the steady development of the industrial park development business, we will actively coordinate with the industry chain business in the system and seek regional comprehensive development and achieve high-quality business development. We will accelerate the progress of new projects in Chengdu, Shanghai, Xianyang, Ningbo, Luoyang and other cities, give full play to the brand advantages of CEC and CEOVU, strive to establish a foothold, expand the scale of parks, strengthen business synergies, bring our regional integration advantages into play, and strive to proceed to a new stage in the new growth period.

Promote rapid development of consulting management and EPC business with "System Planning Methodology" as a guide

In 2019, we will take the "System Planning Methodology" as a guide to promote the rapid development of consulting management, Engineering Procurement Construction ("**EPC**") and other businesses. The "System Planning Methodology" is an important tool that can help us to adapt to local conditions and explore economic development in different regions, solve industrial agglomeration, as well as promote industrial upgrading. In 2019, we continue to deepen the diversified development of consulting business centred on system planning and industrial upgrading solutions. While effectively integrating various resources and promoting industrial clusters, we will create an industrial ecology to serve regional economic development and industrial upgrading.

The consulting business concerns regional urban development strategies, industrial ecology needs and functional planning. We must give full play to our accumulated experience of professional success, make good use of the "System Planning", leverage on the advantages of the fact that CEC system has long been successful in cooperating with local governments, adapt to local conditions and expand our business in multiple channels comprehensively. At the same time, relying on the promotion of consulting business, we will fully utilise the company's qualifications and introduce a number of industrial chain businesses such as EPC, DHC, integrated operation, shared office, industrial investment, and interior decoration to form a synergistic development effect. As of the date of the publication of this results announcement, the Group's CLP Optics Valley Design Institute is the leader of the EPC business. It has successfully won the bid for the Xianyang Qidian Science and Technology City project with a total cost of RMB3.3 billion. Other EPC businesses are also actively planning.

Upgrade the operating business system of the Industrial Park based on "integrated operation" to reach a new level

In 2019, with the assistance of the intelligent park system, the industry chain business represented by Lido Property, OVU Maker Star, Quanpai Catering, Real estate company and CEC Energy Conservation requires positive synergy for empowering urban companies and providing professional support to the system, assisting urban companies to construct an industrial system and create the capability of integrated operation. It also accelerates its organizational transformation to create an opportunity to a new business growth and breakthrough.

Urban companies in Wuhan, Qingdao, Heifei, Shenyang, Xi'an, Huangshi and Huanggang need to actively promote the transformation of integrated operation under professional abilities, professional qualifications and support of the business system of industrial chain company, having its integrated operation business to become bigger and stronger gradually. Under the premise of operating a self-owned industrial park with good performance, it is going to take the initiative to undertake industrial park operation business and expand into a broader operating markets.

Opening up our minds and establish a corporate culture conducive to deepening transformation and reform

The premise of organizational reform is to change our concept. In 2019, we will further open up our minds, abandon our old practice to stick with the past, avoid being mindless and indifference, in order to enhance the insight and imagination of our management in the new growth period, and establish a corporate culture conducive to deepening transformation and reform.

Financial Review

Revenue

The revenue of the Group is generated from the income from industrial park space services and industrial park operation services. During 2018, the revenue of the Group was RMB3,001.1 million during the year, increasing by RMB308.2 million or 11.4% as compared to the same period of 2017.

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

	For the year ended 31 December			
	2018		2017	
	Revenue *(RMB'000)*	**% of total**	Revenue *(RMB'000)*	% of total
Industrial park space services	**1,846,275**	**61.5**	1,861,972	69.1
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Others	**59,270**	**2.0**	20,955	0.8
Total	**3,001,137**	**100.0**	2,692,899	100.0

Industrial Park Space Services

In 2018, the revenue of the industrial park space services of the Group was RMB1,846.3 million, which remained basically stable compared to the income of 2017. Among which, the sales income from industrial park was RMB1,662.2 million, representing a decrease of 3.5% as compared to the same period of 2017, with a booked sales area of 330,000 sq.m., representing an increase of 18.3% as compared to the same period last year, which was mainly attributable to the higher unit price of the Hefei Financial Harbor Project and the Creative Capital Project, of which the recognized revenue accounted for decreased as compared to 2017. It is noteworthy that the proportion of income from sale of industrial park to total revenue decreased from 63.9% in 2017 to 55.4% in 2018, representing a decrease of 8.5 percentage points. The Company is gradually getting rid of the over-reliance on the sales business of the industrial park. Industrial park leasing income was RMB166.3 million, representing an increase of 53.9% as compared to the same period of 2017, with a self-owned property lease area of 276,000 sq.m.. The occupancy rate was over 81.0%. The leasing of high quality properties steadily contributed to the revenue of the Company. There were no new residential property projects in 2018, but there was a remaining sales income of RMB17.8 million from Lidao 2046 project.

Industrial Park Operation Services

During 2018, the revenue of the park operation services was RMB1,154.9 million, representing an increase of 39.0% as compared to the same period of 2017. After four years of transformation and reform, the Group provides a variety of integrated operation service to enterprises stationed in our industrial park, including design and construction services (including governmental procurement services, PPP services, EPC integrated design and construction services and project management and consultation services), property management services, energy services, intelligent park services, incubator and office sharing services, industrial park financial services, group catering and hotel services, real estate marketing and agency, apartment leasing and recreation and entertainment. The income from industrial park operation services accounted for 38.5% of the total revenue in 2018. In terms of composition, the income from design and construction services and property management services accounted for 79.8% of the income from industrial park operation services, and is the major source of income of the industrial park operation services currently.

COST OF SALES

Overview

Cost of sales primarily consisted of (i) cost of properties sold in respect of the Group's industrial park space services business (mainly includes land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies), (ii) cost of construction services (mainly includes construction costs for decoration and improvement services provided by Wuhan Lido Technology Co., Ltd.), and (iii) cost of industrial park operation services.

During 2018, cost of sales of the Group was RMB1,965.1 million, increased by RMB259.3 million as compared to the same period of 2017. For the years ended 31 December 2017 and 2018, cost of sales of the Group accounted for approximately 63.3% and 65.5% of the Group's revenue, respectively.

Cost of Sales of Industrial Parks

Cost of sales of industrial parks 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.

During 2018, the cost of properties sold of the Group was RMB1,054.4 million, increasing by RMB8.8 million or 0.8% as compared to the same period of 2017. For the years ended 31 December 2017 and 2018, cost of properties sold of the Group accounted for 61.3% and 53.7% of its total cost of sales, respectively.

Gross Profit and Gross Profit Margin

As a result of the foregoing, during 2018, overall gross profit of the Group was RMB1,036.1 million, increased by RMB48.9 million as compared to the same period of 2017. Overall gross profit margin was 34.5%, decreased by 2.2% as compared to 36.7% of last year.

Other Income and Gains/(Losses) — NET

During 2018, other income and gains of the Group was RMB223.9 million, as compared to loss of RMB22.3 million for the same period of 2017, primarily consisted of revenue amounting to RMB131.9 million from recognizing investment in Easylinkin Technology through the financial assets at fair value through profit or loss by the Group, revenue amounting to RMB30.0 million from dilution of the Group's equity due to the capital injection from other investors of Easylinkin Technology, and revenue amounting to RMB46.7 million from the disposal of some investment properties by the Group.

Selling and Distribution Expenses

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

During 2018, selling and distribution expenses of the Group was RMB86.1 million, which have increased by RMB4.8 million as compared to the same period of 2017. For the years ended 31 December 2017 and 2018, selling and distribution expenses of the Group accounted for approximately 3.0% and 2.9% of the Group's revenue, respectively.

Administrative Expenses

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

During 2018, administrative expenses of the Group was RMB295.3 million, increasing by RMB36.9 million as compared to the same period of 2017, primarily due to the increase in staff costs and office administration expenses as a result of increase in subsidiaries as the Group adopted a prudent but expansive operation strategy in 2018. For the years ended 31 December 2017 and 2018, administrative expenses of the Group accounted for approximately 9.6% and 9.8% of the Group's revenue, respectively, which remained basically stable.

Fair Value Gains on Investment Properties

During 2018, gains from changes in fair value on the Group's investment properties were RMB57.4 million, decreasing by RMB189.2 million as compared to the same period of 2017, primarily due to the disposal of some investment properties by the Group during the year.

For the years ended 31 December 2017 and 2018, the fair value gains on investment properties contributed to 29.7% and 6.4% of the Group's profit before income tax, respectively. The decrease weighting of fair value gains in the profit for the year was mainly attributable to a increase in profit from the Group's core business and an decrease in the gains from changes in fair value.

Finance Income

During 2018, finance income of the Group was RMB67.7 million, increased by RMB17.5 million as compared to the same period of 2017, primarily due to an increase of gains from wealth management as the Group enhanced the management of idle funds.

Finance Costs

During 2018, finance costs of the Group was RMB177.6 million, increased by RMB59.9 million as compared to the same period of 2017, primarily due to the increase of the Group's interest-bearing liabilities.

Share of Profis of Associates

During 2018, the profits of associates shared by the Group was RMB64.3 million, representing an increase of RMB41.9 million as compared to the same period of 2017, primarily consisted of the Group's share of profits from its associates, Hainan Software Community.

Share of Profits of Joint Ventures

The Group had a share of profits of joint ventures of RMB16.8 million for the year ended 31 December 2018, which primarily consisted of the Group's share of profits from Ningbo Excellence Optics Valley Real Estate Co., Ltd.* (寧波卓越光谷置業有限公司).

Income Tax Expense

During 2018, income tax expense of the Group was RMB312.8 million, increasing by RMB31.0 million as compared to the same period of 2017, which was primarily due to the decrease of RMB25.6 million in expenditure of LAT, where the effective tax rates of the Group were 41.4% and 34.6% for the years of 2017 and 2018, respectively.

Profit Attributable to Owners of the Company and Core Net Profit

As a result of the foregoing, during the year, the profit attributable to owners of the Company was RMB541.5 million, increased by RMB95.2 million as compared to the same period of 2017. However, after deduction of the post-tax fair value gains on investment properties and industrial investment business, the core net profit in 2018 was approximately RMB451.0 million, representing a increase of 49.9% as compared to the same period of 2017.

Basic Earnings Per Share

The basic earnings per share increased from RMB5.74 cents in 2017 to RMB7.07 cents in 2018.

FINANCIAL POSITION

Properties under Development

As at 31 December 2018, the carrying amount of the Group's properties under development was RMB2,356.8 million, which has increased by RMB387.5 million as compared to that as at 31 December 2017.

Completed Properties Held for Sale

As at 31 December 2018, the carrying amount of completed properties held for sale of the Group was RMB2,399.3 million, increased by RMB102.5 million as compared to that as at 31 December 2017, the main reason for which is that the increase in the amount of completed projects of the Group during the year was higher than the cost of the properties sold during the year.

Trade and Other Receivables

As at 31 December 2018, the Group's trade and other receivables was RMB2,152.8 million, increased by RMB208.0 million as compared to that as at 31 December 2017, primarily due to an increase in trade receivables from sale of properties. In accordance with the terms of the relevant sale and purchase agreements, the model of recovery from sale of properties can be classified into bank mortgage loans, one-off payment or installment payments.

Trade and Other Payables

As at 31 December 2018, the Group's trade and other payables was RMB2,368.3 million, increased by RMB155.1 million as compared to that as at 31 December 2017, primarily due to the increase in the area of work-in-progress of the Group in 2018, which resulted in the increase of amounts payable for related contract work.

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 park 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, proceeds from bank loans and other borrowings and proceeds from the Company's issue of medium-term notes.

In 2018, the Group's net cash outflow from operating activities was RMB354.1 million, which was mainly consisted of the increased expense of high quality industrial park land in cities such as Chengdu, Changsha, Luoyang and the increased construction expenses of industrial park project under construction where the area increased as compared to 2017.

In 2018, the Group's net cash inflow from financing activities was RMB826.9 million, which was mainly from the proceeds from the Company's issuance of medium-term notes and new bank borrowings drawn, partially offset by the repayment of bank borrowings, other borrowings, as well as the payment of interests and dividends.

KEY FINANCIAL RATIOS

Current Ratio

The current ratio of the Group, that is, total current assets divided by total current liabilities, decreased from 2.34 on 31 December 2017 to 1.65 on 31 December 2018. This is mainly due to the increase in the Group's bank loans and corporate bonds due within one year.

Net Gearing Ratio

The net gearing ratio of the Group, that is, interest-bearing debt less total cash to total equity ratio multiplied by 100%, increased from 19.1% on 31 December 2017 to 30.4% on 31 December 2018, mainly due to the expansion of interest-bearing debt at the end of the period.

Indebtedness

As at 31 December 2018, the Group's total outstanding indebtedness was RMB5,101.0 million, which have increased by RMB1,124.7 million as compared to that as at 31 December 2017.

As at 31 December 2018, the Group's unutilized banking facilities amounted to RMB1,214.0 million and unutilized other borrowings amounted to RMB2,300.0 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 2017 and 31 December 2018, the outstanding guarantees for mortgage loans granted to customers of its pre-sold properties were approximately RMB770.6 million and RMB675.3 million, respectively.

Net Current Assets

Current assets of the Group consist primarily of properties under development, completed properties held for sale, trade and other receivables, inventories and contracted work-in progress, short-term deposits with original maturities over three months, restricted assets and cash and cash equivalents. Total current assets of the Group were approximately RMB9,943.2 million as at 31 December 2018, as compared to RMB9,149.5 million as at 31 December 2017. As at 31 December 2017 and 31 December 2018, aggregate cash and cash equivalents of the Group amounted to approximately RMB2,133.6 million and RMB1,927.2 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, the current portion of deferred income and current tax liabilities. Trade and other payables mainly represent costs related to its development activities. Total current liabilities of the Group were approximately RMB6,038.9 million as at 31 December 2018, as compared to RMB3,903.7 million as at 31 December 2017.

As at 31 December 2018, the Group had net current assets of approximately RMB3,904.3 million as compared to RMB5,245.8 million as at 31 December 2017. The net current assets of the Group decreased mainly due to the increase of RMB1,563.0 million in bank loans and corporate bonds due within one year as compared to the beginning of the period.

Capital Expenditures and Capital Commitments

Capital expenditure of the Group increased by RMB129.9 million from RMB37.0 million in 2017 to RMB166.9 million in 2018. Capital expenditures of the Group were primarily related to expenditure for purchases of property, plant and equipment and purchases of intangible assets.

As at 31 December 2017 and 31 December 2018, the Group's outstanding balances of its commitments related to property development expenditure and investment commitment were RMB1,310.2 million and RMB911.1 million, respectively.

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

Material Acquisitions

On 13 August 2018, China Elections Options Valley (Shenzhen) Industry Development Company Limited*(中電光谷(深圳)產業發展有限公司) ("**CEOVU Shenzhen**"), an indirect wholly owned subsidiary of the Company, entered into an agreement with Beijing Zhonghong Chengtou Property Co., Ltd.*(北京中宏誠投置業有限公司) ("**Beijing ZHCT**"), pursuant to which CEOVU Shenzhen has purchased, and Beijing ZHCT has sold, 35.0% of the equity interest of China Electronics Wenzhou Industrial Park Development Co., Ltd.*(中國電子溫州產業園發展有限公司) for the consideration of RMB233.5 million.

On 13 August 2018, the transaction was completed. There is no material acquisition affecting the Group after the year ended 31 December 2018.

Material Disposals

On 31 October 2018, the Group (through China Electronics Optics Valley Union Company Limited and Wuhan Optics Valley Union Group Co., Ltd.*(武漢光谷聯合集團有限公司) ("**Wuhan OVU**"), both being wholly-owned subsidiaries of the Company) and Chengdu Xingu Business Parks Development Co., Ltd.*(成都芯谷產業園發展有限公司) (the "**JV Company**") (which was a wholly-owned subsidiary of Wuhan OVU prior to the completion of this transaction) entered into a Capital Injection Agreement with Chengdu Shuangliu Xingcheng Construction Investment Co., Ltd.*(成都雙流興城建設投資有限公司) ("**Shuangliu Xingcheng**"), pursuant to which the Group agreed to contribute in aggregate RMB390.0 million, and Shuangliu Xingcheng agreed to contribute RMB100.0 million, for the increase in the registered capital of the JV Company (the "**Capital Contribution**"). As the Group's interest in the JV Company would be diluted from 100.0% to 80.0% following completion of the Capital Contribution, the Capital Contribution constituted a deemed disposal of the Group's interest in the JV Company pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The transaction was completed on 16 November 2018. Upon completion of the Capital Contribution, the registered capital of the JV Company increased from RMB10.0 million to RMB500.0 million and the JV Company has become owned as to 80.0% by the Group and 20.0% by Shuangliu Xingcheng and has remained as a subsidiary of the Company.

There is no material disposal affecting the Group after the year ended 31 December 2018.

Significant Events After the End of the Year

There are no significant subsequent events affecting the Group which have occurred since 31 December 2018 and up to the date of this announcement.

Employees

As at 31 December 2018, the Group had 5,481 full-time employees. The employment cost of the Group was approximately RMB487.9 million for the year ended 31 December 2018. 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. The remuneration package of the employees includes basic salaries, allowances, bonuses and other employee benefits. The Group has implemented measures for assessing employees' performance and promotion and a system of employee compensation and benefits. The remuneration packages of employees include salaries and bonuses. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority.

Pursuant to the relevant labor rules and regulations in China, the Group participates in statutory contribution pension schemes which are administered and operated by the relevant local government authorities. The Group is required to make contributions to such schemes from 18.0% to 20.0% of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension payable to retired employees. The Group's contributions to the statutory contribution pension schemes are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in such contributions.

Pledged Assets

As at 31 December 2018, the Group had pledged certain of its assets with a total net book value of RMB1,609.0 million for the purpose of securing outstanding bank borrowings and corporate bonds, including investment properties, properties under development for sale, completed properties held for sale and property, plant and equipment and restricted cash.

Market Risks

The Group 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 RMB5,101.0 million as at 31 December 2018. 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 revenue, 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 minimise any credit risk associated with these receivables. The Group has no concentration of credit risk in view of its large number of customers. The Group did not record significant bad debt losses during the year.

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

During the Reporting Period, the Company repurchased a total of 113,704,000 shares of the Company ("**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate consideration of HK$64,777,420. On 10 January 2018, 29 May 2018 and 19 July 2018, the Company cancelled 13,244,000 Shares, 57,708,000 Shares and 24,160,000 Shares, respectively, being Shares repurchased during the period between 19 December 2017 and 21 June 2018. On 24 January 2019, the Company cancelled 43,860,000 Shares repurchased, being Shares repurchased during the period between 5 December 2018 and 11 January 2019.

Particulars of the repurchases are as follows:

Month	Number of Shares repurchased	Purchase price per share Highest	Lowest	Aggregate consideration
		(HK$)	*(HK$)*	*(HK$)*
January, 2018	1,300,000	0.72	0.72	936,000
March, 2018	8,508,000	0.68	0.64	5,655,480
April, 2018	10,344,000	0.68	0.65	6,950,760
May, 2018	46,492,000	0.66	0.64	30,094,000
June, 2018	15,224,000	0.67	0.63	9,965,200
December, 2018	31,836,000	0.385	0.305	11,175,980
	113,704,000			64,777,420

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2018.

SHARE AWARD SCHEME

A share award scheme was adopted by the Company on 22 December 2016 (the "**Share Award Scheme**").

The purposes of the Share Award Scheme are (i) to recognise the contributions by certain directors, officers and/or employees and to incentivize them in order to retain them for the continual operation and development of the Group, and (ii) to attract suitable personnel for further development of the Group. Details of the Share Award Scheme are set out in the Company's announcement dated 22 December 2016.

During 2016, the trustee appointed by the Company for the purpose of the Share Award Scheme purchased a total of 152,998,000 Shares at a total consideration of HK$122,928,380 (equivalent to RMB110,105,000) according to the Share Award Scheme. As at 31 December 2018, none of the 152,998,000 Shares has been granted.

CORPORATE GOVERNANCE

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

The Company has adopted the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices. During the year, the Company has been in compliance with the principles and code provisions of the CG Code, except for code provision A.2.1.

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

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

Save as disclosed above, during the year, the Company has been in compliance with all principles and code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company.

Having made specific enquiry with all the Directors, the Company confirmed that all the Directors have complied with the required standards in the Model Code during the year.

CHANGE IN DIRECTOR'S INFORMATION

From 1 January 2018 to the date of this announcement, the change in the information of the Directors of the Company are as follows:

Mr. Huang Liping, an executive director of the Company, has ceased to be the vice-president of Wuhan General Chamber of Commerce (武漢市總商會), Wuhan Enterprise Confederation (武漢市企業聯合) and Wuhan Real Estate Development Business Association (武漢房地產開發企業協會).

Mr. Leung Man Kit, an independent non-executive director of the Company, has ceased to be an executive director of Unitas Holdings Limited (宏海控股集團有限公司) (stock code: 08020) and an independent non-executive director of China Huiyuan Juice Group Limited (中國匯源果汁集團有限公司) (stock code: 01886) since November 2018 and January 2019 respectively.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes threreto for the year ended 31 December 2018 have been agreed by PricewaterhouseCoopers ("**PwC**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Accounting Standards Board and consequently, no assurance has been expressed by PwC on this announcement.

REVIEW OF THE ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee was established with terms of reference in compliance with the CG Code, and comprises three members, namely Mr. Leung Man Kit (independent non-executive director), Ms. Wang Qiuju (non-executive director) and Mr. Qi Min (independent non-executive director). The Audit Committee has reviewed together with the management and the external auditor the accounting principles and policies adopted by the Group and the audited annual results for the year ended 31 December 2018.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on 13 June 2019. A notice convening the AGM will be published and despatched to the Shareholders in due course.

FINAL DIVIDEND

The Board proposed to declare a final dividend of HK$2.50 cents (equivalent to approximately RMB2.13 cents) per share of the Company, approximately HK$189.4 million in aggregate (equivalent to approximately RMB161.3 million) for the year ended 31 December 2018 on the basis of 7,574,352,000 Shares in issue as at the date hereof, which will be payable to Shareholders whose names appear on the register of members of the Company on 21 June 2019, subject to approval of the Shareholders at the AGM. The proposed final dividend is expected to be paid to the Shareholders on or before 5 July 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of the Shareholders to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 10 June 2019 to 13 June 2019 (both days inclusive), during such period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfers 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 6 June 2019.

For the purpose of determining the entitlement of Shareholders to the final dividend, the register of members of the Company will also be closed from 20 June 2019 to 21 June 2019 (both days inclusive), during such period no transfer of shares will be registered. To ensure the entitlement to the final dividend, which will be resolved and voted by the Company at the AGM, all transfers 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 19 June 2019.

PUBLICATION OF ANNUAL RESULTS AND 2018 ANNUAL REPORT

This announcement is published on the websites of the Company (http://www.ceovu.com) and the Stock Exchange (http://www.hkexnews.hk). The 2018 Annual Report will be despatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

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

Hong Kong

21 March 2019

As at the date of this announcement, the directors of the Company are Mr. Huang Liping and Mr. Hu Bin as executive directors; Ms. Wang Qiuju, Mr. Xiang Qunxiong, Mr. Zhang Jie and Ms. Sun Ying as non-executive directors; Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin as independent non-executive directors.

* *For identification purpose only*