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**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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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 unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the six months ended 30 June 2021 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2020 as follows. These consolidated interim financial results have not been audited, but have been reviewed by the independent auditor of the Company and the audit committee of the Company (the “**Audit Committee**”).

# UNAUDITED INTERIM RESULTS OF THE GROUP FOR THE REPORTING PERIOD

## Interim Condensed Consolidated Statement of Profit or Loss

		Unaudited Six months ended 30 June	
		2021	2020
	Note	RMB'000	RMB'000
<b>Revenue</b>	4	<b>1,600,741</b>	923,241
Cost of sales		<u>(1,155,293)</u>	<u>(681,240)</u>
<b>Gross profit</b>		<b>445,448</b>	242,001
Other income and gains – net		<b>126,566</b>	28,723
Selling and distribution expenses		<b>(63,349)</b>	(46,802)
Administrative expenses		<b>(219,731)</b>	(140,030)
Other expenses		<b>(1,696)</b>	(767)
Net losses of impairment on financial and contract assets		<u><b>(14,949)</b></u>	<u>(9,179)</u>
<b>Operating profit before changes in fair value of investment properties</b>		<b>272,289</b>	73,946
Fair value gains on investment properties	9	<u><b>37,383</b></u>	<u>117,677</u>
<b>Operating profit after changes in fair value of investment properties</b>		<b>309,672</b>	191,623
Finance income	5	<b>31,161</b>	23,996
Finance costs	5	<u><b>(104,602)</b></u>	<u>(87,094)</u>
Net finance costs	5	<b>(73,441)</b>	(63,098)
Share of (losses)/profits of associates	10	<b>(65,044)</b>	544
Share of profits of joint ventures	11	<u><b>5,564</b></u>	<u>39,302</u>
<b>Profit before income tax</b>		<b>176,751</b>	168,371
Income tax expense	6	<u><b>(107,292)</b></u>	<u>(65,417)</u>
		<u><b>69,459</b></u>	<u>102,954</u>
<b>Profit attributable to:</b>			
– Owners of the Company		<b>109,184</b>	120,104
– Non-controlling interests		<u><b>(39,725)</b></u>	<u>(17,150)</u>
<b>Profit for the period</b>		<u><b>69,459</b></u>	<u>102,954</u>
<b>Basic and diluted earnings per share (RMB cents)</b>	8	<u><b>1.44</b></u>	<u>1.59</u>

The above interim condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

## Interim Condensed Consolidated Statement of Comprehensive Income

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>69,459</b>	102,954
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Currency translation differences	<u>1,451</u>	<u>(1,046)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>1,451</u>	<u>(1,046)</u>
<b>Total comprehensive income for the period</b>	<u><b>70,910</b></u>	<u>101,908</u>
<b>Attributable to:</b>		
– Owners of the Company	<b>110,635</b>	119,058
– Non-controlling interests	<u><b>(39,725)</b></u>	<u>(17,150)</u>
<b>Total comprehensive income for the period</b>	<u><b>70,910</b></u>	<u>101,908</u>

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Interim Condensed Consolidated Statement of Financial Position

		At 30 June 2021 <i>RMB'000</i> (Unaudited)	At 31 December 2020 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		405,160	435,971
Right-of-use assets		64,885	67,478
Investment properties	9	4,789,352	4,697,854
Intangible assets		54,589	57,342
Investments in associates	10	1,921,205	1,883,044
Investments in joint ventures	11	197,667	190,103
Financial assets at fair value through profit or loss		396,886	572,006
Trade and other receivables	15	372,303	380,593
Deferred income tax assets		81,551	72,258
		<u>8,283,598</u>	<u>8,356,649</u>
<b>Current assets</b>			
Properties under development	12	3,035,622	2,796,527
Completed properties held for sale	13	3,308,901	3,198,710
Inventories	14	79,471	71,540
Trade and other receivables	15	1,766,405	1,936,993
Prepaid income taxes		107,691	45,919
Financial assets at fair value through profit or loss		129,873	45,095
Contract assets		819,234	639,670
Deposits in banks with original maturities over three months		31,662	21,516
Restricted cash		233,913	188,460
Cash and cash equivalents		1,417,986	2,124,958
		<u>10,930,758</u>	<u>11,069,388</u>
<b>Current liabilities</b>			
Contract liabilities		575,640	382,995
Trade and other payables	16	3,094,353	3,279,130
Corporate bonds		353,588	1,334,501
Bank and other borrowings		3,256,333	3,061,350
Lease liabilities		85,176	81,518
Dividend payable		126,235	—
Current income tax liabilities		497,493	526,125
Current portion of deferred income		74,291	62,566
		<u>8,063,109</u>	<u>8,728,185</u>
<b>Net current assets</b>		<u>2,867,649</u>	<u>2,341,203</u>
<b>Total assets less current liabilities</b>		<u>11,151,247</u>	<u>10,697,852</u>

		At 30 June 2021 <i>RMB'000</i> (Unaudited)	At 31 December 2020 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>Non-current liabilities</b>			
Bank and other borrowings		1,727,501	1,214,345
Lease liabilities		428,684	458,148
Deferred income tax liabilities		439,090	462,467
Non-current portion of deferred income		<u>586,719</u>	<u>563,096</u>
		<u>3,181,994</u>	<u>2,698,056</u>
<b>Net assets</b>		<u><u>7,969,253</u></u>	<u><u>7,999,796</u></u>
<b>Equity</b>			
Share capital	17	623,048	623,048
Treasury shares	17	(121,056)	(121,056)
Reserves		2,844,846	2,963,354
Retained earnings		<u>3,524,636</u>	<u>3,415,452</u>
Total equity attributable to owners of the Company		6,871,474	6,880,798
Non-controlling interests		<u>1,097,779</u>	<u>1,118,998</u>
<b>Total equity</b>		<u><u>7,969,253</u></u>	<u><u>7,999,796</u></u>
<b>Total equity and non-current liabilities</b>		<u><u>11,151,247</u></u>	<u><u>10,697,852</u></u>

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

## 1 GENERAL INFORMATION

China Electronics Optics Valley Union Holding Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in integrated operation of industrial parks, development of industrial parks and industrial investment. The Group has operations mainly in the mainland China.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company has its listing on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

This interim financial information is presented in Renminbi (“**RMB**”), unless otherwise stated.

The interim financial information was approved for issuance on 26 August 2021 and has been reviewed, not audited.

## 2 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with International Accounting Standards (“**IAS**”) 34, ‘Interim financial reporting’, issued by the International Accounting Standards Board (“**IASB**”). The interim financial information does not include all the notes normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (the “**IFRS**”) and disclosure requirements under the Hong Kong Companies Ordinance; and any public announcements made by the Company during the Reporting Period.

## 3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding Reporting Period, except for the adoption of new and amended standards as set out below.

### (a) Amended standards adopted by the Group

Amendments to IFRS 9, IAS 39,  
IFRS 4 and IFRS 16

Interest Rate Benchmark Reform – Phase 2

The adoption of the amended standards did not have any material impact on the interim financial information.

- (b) The following new and amended standards that have been issued but not effective for the financial year beginning on 1 January 2021 and have not been early adopted

		Effective for annual periods beginning on or after
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Insurance Contracts (new standard)	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IFRS 3	Update reference to the conceptual framework	1 January 2022
Amendments to IFRS 16	Proceeds before intended use	1 January 2022
Amendments to IFRS 37	Onerous contracts – costs of fulfilling a contract	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 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

#### 4 SEGMENT INFORMATION

The Group manages its businesses by business lines (services and products in respect of industrial parks). During the second half of the year ended 31 December 2020, to better align with the Group's business strategy, the Group reclassified the industrial park property leasing business from industrial park development services segment into industrial park operation services segment. As a result, the segment information for the six months ended 30 June 2020 was re-presented for comparison purposes.

At 30 June 2021, the Group has the following three segments:

- Industrial park operation services: this segment represents the provision of industrial park operation services for nearly fifty industrial parks, including design and construction service, property management service, leasing service, energy service, dual-innovation services and other services for industrial parks. It also includes leasing park properties to generate rental income and capital gains from the appreciation in the properties' values in the long term.
- Industrial park development services: this segment represents the development and sales of industrial parks properties.
- Industrial investment: this segment represents the Group's industrial-related strategic investments in certain start-up companies. Management considers this segment not reportable for the six months ended 30 June 2021 according to IFRS 8.

**(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 did 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 six months ended 30 June 2021**

	<b>Industrial park operation services RMB'000</b>	<b>Industrial park development services RMB'000</b>	<b>Industrial investment RMB'000</b>	<b>Total RMB'000</b>
Segment revenue	<b>1,394,786</b>	<b>761,357</b>	–	<b>2,156,143</b>
– Recognition at point in time	<b>47,723</b>	<b>496,002</b>	–	<b>543,725</b>
– Recognition over time	<b>1,347,063</b>	<b>265,355</b>	–	<b>1,612,418</b>
Inter-segment revenue	<b>(485,050)</b>	<b>(70,352)</b>	–	<b>(555,402)</b>
Revenue from external customers	<b>909,736</b>	<b>691,005</b>	–	<b>1,600,741</b>
Segment results	<b>130,079</b>	<b>112,929</b>	<b>70,320</b>	<b>313,328</b>

**For the six months ended 30 June 2020**

	<b>Industrial park operation services RMB'000</b>	<b>Industrial park development services RMB'000</b>	<b>Industrial investment RMB'000</b>	<b>Total RMB'000</b>
Segment revenue	815,917	346,621	–	1,162,538
– Recognition at point in time	31,224	265,966	–	297,190
– Recognition over time	784,693	80,655	–	865,348
Inter-segment revenue	<b>(233,316)</b>	<b>(5,981)</b>	–	<b>(239,297)</b>
Revenue from external customers	<b>582,601</b>	<b>340,640</b>	–	<b>923,241</b>
Segment results	<b>86,118</b>	<b>41,382</b>	<b>(3,176)</b>	<b>124,324</b>

(b) Reconciliations of segment revenue and profit or loss

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>Revenue</b>		
Segment revenue	2,156,143	1,162,538
Elimination of inter-segment revenue	(555,402)	(239,297)
Revenue	<u>1,600,741</u>	<u>923,241</u>
<b>Profits</b>		
Segment results derived from the Group's external customers	313,328	124,324
Fair value gains on investment properties	37,383	117,677
Share of (losses)/profits of associates	(65,044)	544
Share of profits of joint ventures	5,564	39,302
Finance income	31,161	23,996
Finance costs	(104,602)	(87,094)
Depreciation and amortisation	(41,039)	(50,378)
Income tax expense	(107,292)	(65,417)
Profit for the period	<u>69,459</u>	<u>102,954</u>

5 PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>(a) Finance costs:</b>		
<b>Finance income:</b>		
Interest income	27,751	21,539
Income from wealth management products	<u>3,410</u>	<u>1,774</u>
Net foreign exchange gains	<u>–</u>	<u>683</u>
Sub-total	<u>31,161</u>	<u>23,996</u>
<b>Finance costs:</b>		
Interest expenses of bank and other borrowings	(143,324)	(149,594)
Interest expenses on leasing liabilities	(10,579)	(12,897)
Capitalised interest expenses	<u>49,301</u>	<u>75,397</u>
Sub-total	<u>(104,602)</u>	<u>(87,094)</u>
<b>Net finance costs</b>	<u>(73,441)</u>	<u>(63,098)</u>

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>(b) Staff costs:</b>		
Salaries, wages and other benefits	323,157	250,126
Contributions to defined contribution retirement schemes	16,814	3,932
	<u>339,971</u>	<u>254,058</u>

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>(c) Other items:</b>		
Depreciation	37,975	48,286
Amortisation	3,064	2,092
Cost of properties sold	446,705	187,797
Cost of construction and goods sold	263,224	173,345
Rentals income from investment properties	(115,802)	(98,492)

## 6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>Current income tax</b>		
PRC Corporate Income Tax ("CIT")	76,943	31,646
PRC Land Appreciation Tax ("LAT")	27,987	23,886
	<u>104,930</u>	<u>55,532</u>
<b>Deferred income tax</b>	<u>2,362</u>	<u>9,885</u>
	<u>107,292</u>	<u>65,417</u>

- (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.

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 the Reporting Period (six months ended 30 June 2020: nil).

**(ii) PRC CIT**

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 authority, the assessable profits of certain subsidiaries of the Group were calculated based on 8% to 11% of their respective gross revenues for the Reporting Period.

**(iii) PRC LAT**

LAT is levied on the industrial parks properties held 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 rights, borrowing costs and all qualified property development expenditures.

**7 DIVIDENDS**

The Board does not recommend the distribution of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

**8 EARNINGS PER SHARE**

**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB109,184,000 (six months ended 30 June 2020: RMB120,104,000). The weighted average number of ordinary shares (excluding treasury stocks) for the six months ended 30 June 2021 is approximately 7,574,352,000 (six months ended 30 June 2020: 7,574,352,000).

**(b) Diluted earnings per share**

There were no dilutive potential ordinary shares for the six months ended 30 June 2021 and the six months ended 30 June 2020 and therefore, diluted earnings per share equals to basic earnings per share.

## 9 INVESTMENT PROPERTIES

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Beginning of the period</b>	<b>4,697,854</b>	3,651,261
Transfer from completed properties held for sale	<b>40,991</b>	210,561
Transfer from Property, plant and equipment	<b>6,660</b>	–
Additions related to new subleasing contracts	<b>14,782</b>	26,733
Other additions	<b>147,916</b>	56,832
Fair value gains	<b>37,383</b>	117,677
Disposals	<b>(531)</b>	–
Transfer to properties under development	<b>(155,703)</b>	–
<b>End of the period</b>	<b><u>4,789,352</u></b>	<b><u>4,063,064</u></b>

Investment properties comprises a number of office buildings, plants and commercial facilities that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 years to 20 years.

The Group's investment properties carried at fair value were revalued as at transfer date and at 30 June 2021 by Cushman & Wakefield International Properties Advisers ("C&W"), an independent firm of surveyors. During the six months ended 30 June 2021, a total gain of RMB37,383,000 (six months ended 30 June 2020: RMB117,677,000), and deferred tax thereon of RMB9,346,000 (six months ended 30 June 2020: RMB29,419,000), were recognised in the consolidated statement of profit or loss for the period in respect of investment properties.

As at 30 June 2021, except for those property interests held under operating leases that were classified and accounted for as investment properties from adoption of IFRS 16, certain other investment properties of the Group with carrying value of RMB997,660,000 (31 December 2020: RMB1,026,810,000), were without building ownership certificate and the Group was in progress of obtaining the relevant building ownership certificate.

## 10 INVESTMENTS IN ASSOCIATES

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Beginning of the period</b>	<b>1,883,044</b>	1,554,483
Additions	<b>102,982</b>	–
Share of post-tax (losses)/profits of associates	<b>(65,044)</b>	544
Disposals	<b>(38,150)</b>	–
Gains from deemed partially disposal	<b>38,373</b>	–
De-registration of an associate	<b>–</b>	(148)
<b>End of the period</b>	<b><u>1,921,205</u></b>	<b><u>1,554,879</u></b>

## 11 INVESTMENTS IN JOINT VENTURES

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Beginning of the period</b>	<b>190,103</b>	182,591
Share of post-tax profits of joint ventures	<b>5,564</b>	39,302
Addition	<b>2,000</b>	—
	<hr/>	<hr/>
<b>End of the period</b>	<b>197,667</b>	221,893
	<hr/>	<hr/>

## 12 PROPERTIES UNDER DEVELOPMENT

	At 30 June	At 31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Expected to be completed for sale within one year</b>		
Properties under development for sale	<b>595,487</b>	390,961
	<hr/>	<hr/>
<b>Expected to be completed for sale after more than one year</b>		
Properties under development for sale	<b>2,440,135</b>	2,405,566
	<hr/>	<hr/>
	<b>3,035,622</b>	2,796,527
	<hr/>	<hr/>

## 13 COMPLETED PROPERTIES HELD FOR SALE

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

## 14 INVENTORIES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Work in progress	4,879	4,645
Finished goods	72,792	65,498
Raw materials	1,800	1,397
	<u>79,471</u>	<u>71,540</u>

## 15 TRADE AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
<b>Current portion</b>		
Trade receivables (i)	743,956	942,519
Notes receivables (i)	21,548	24,586
Other amounts due from related parties	20,697	20,762
Deposits receivable	27,877	21,617
Prepayments for construction cost and raw materials	151,598	117,356
Consideration receivable on disposal of an associate	–	22,820
Loans to third parties	562,582	569,350
Prepaid turnover tax and other taxes	136,979	119,945
Others	184,422	181,914
Less: loss allowance provision	<u>(83,254)</u>	<u>(83,876)</u>
	<u>1,766,405</u>	<u>1,936,993</u>
<b>Non-current portion</b>		
Trade receivables (i)	325,876	325,877
Loans to a third party	74	74
Receivables from finance leases	42,127	50,367
Loans to related parties	<u>4,226</u>	<u>4,275</u>
	<u>372,303</u>	<u>380,593</u>
<b>Total</b>	<u>2,138,708</u>	<u>2,317,586</u>

Trade receivables are generally due within 1 to 3 months from the date of billing. The non-current trade receivables are due and payable within eight years from the end of the Reporting Period. 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 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 month	118,137	246,908
1 to 3 months	77,805	195,187
3 to 6 months	50,752	66,386
Over 6 months	<u>823,138</u>	<u>759,915</u>
	<u><b>1,069,832</b></u>	<u><b>1,268,396</b></u>

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

## 16 TRADE AND OTHER PAYABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade creditors and bills payable	1,792,662	2,243,560
Loans due to third parties	269,445	269,445
Other amounts due to related parties	91,640	92,094
Construction guaranteed deposits payable	436,111	153,145
Accrued payroll	18,789	61,382
Interests payable	33,174	40,085
Interests payable to related parties	–	7,777
Other payables and accruals	<u>452,532</u>	<u>411,642</u>
<b>Total</b>	<u><b>3,094,353</b></u>	<u><b>3,279,130</b></u>

As of the end of the Reporting Period, the ageing analysis of trade creditors and bills payables, based on the invoice date, is as follows:

	<b>At 30 June 2021 RMB'000</b>	<b>At 31 December 2020 RMB'000</b>
Within 1 month	<b>301,628</b>	1,230,706
1 to 12 months	<b>1,232,651</b>	581,654
Over 12 months	<b>258,383</b>	431,200
	<b><u>1,792,662</u></b>	<b><u>2,243,560</u></b>

## 17 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 in year 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:

	<b>At 30 June 2021</b>			<b>At 31 December 2020</b>		
	<b>No. of Shares ( '000)</b>	<b>RMB'000</b>	<b>Treasury shares RMB'000</b>	<b>No. of Shares ( '000)</b>	<b>RMB'000</b>	<b>Treasury Shares RMB'000</b>
<b>Ordinary shares, issued and fully paid:</b>						
At 1 January	<b>7,574,352</b>	<b>623,048</b>	<b>(121,056)</b>	7,574,352	623,048	(121,056)
Shares repurchased for cancellation	-	-	-	-	-	-
Shares cancelled	-	-	-	-	-	-
At the end of the period	<b><u>7,574,352</u></b>	<b><u>623,048</u></b>	<b><u>(121,056)</u></b>	<b><u>7,574,352</u></b>	<b><u>623,048</u></b>	<b><u>(121,056)</u></b>

As at 30 June 2021, the treasury shares amounting to 152,998,000 shares (31 December 2020: 152,998,000 shares) were all for a share award scheme purpose (31 December 2020: for the same purpose).

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL INFORMATION

The independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information for the six months ended 30 June 2021 in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

### HIGHLIGHTS OF THE FIRST HALF OF 2021

Faced with the uncertainties of the macroeconomic environment, the Group vigorously expanded the scale of integrated operations with stable income and cash flow, reached a decision in taking part in industrial parks catered for manufacturing businesses featuring quick customisation, and controlled the operational cash flow indicators with its overall excellent coordination to effectively cope with the uncertainties. During the Reporting Period, the Group achieved a revenue of RMB1,600.7 million, representing an increase of 73.4% as compared to the same period in 2020. The Group achieved a core profit after deducting the after-tax fair value changes from the investment property of RMB41.4 million, representing an increase of 181.9% as compared to the same period in 2020. The Group divested and sold 4.33% existing shares of Shenzhen Huada Beidou Technology Company Limited\* (深圳華大北斗科技有限公司) (“**Huada Beidou**”) and realised investment in the value of RMB65.0 million. The “Three-in-One” business layout of the development, operation and industrial investment of the industrial parks was further demonstrated by the above operating indicators, in which the ability to fight against risks has continued to improve.

For the six months ended 30 June 2021, the income from industrial park operation services accounted for 56.8% of the total revenue of the Group. Since 2019, the income from industrial park development services exceed 50.0% of the total revenue of the Group, which well reflected the Company’s strategic development pattern based on the integrated operation business of the industrial parks.

For the six months ended 30 June 2021, the Group’s income from industrial park development was RMB691.0 million, in which the proportion of income from industrial parks catered for manufacturing businesses featuring quick customisation has increased from 26.5% in the same period of the previous year to 31.5%, reflecting the Company’s industrial park layout strategy of “prioritize projects catered for manufacturing businesses and strictly control projects catered for use as offices”.

As at 30 June 2021, the Group’s total bank borrowings and bonds payable amounted to RMB5,337.4 million. Among which, current loans that supported the integrated operation transformation of industrial parks amounted to approximately RMB2,760.2 million, representing 51.7% of the total bank borrowings and total bonds payables, which was consistent with the income structure, and the debt-to-asset ratio was maintained under 58.5%. Benefiting from factors such as the adjustment of financing structure, the average borrowing cost decreased from 5.4% at the end of 2020 to 5.2% during the Reporting Period.

As at 30 June 2021, the Group has approximately 6,385,000 sq.m. of high-quality land bank for industrial parks in various cities. The high-quality lands for industrial parks are mainly located in cities such as Chengdu, Changsha, Shanghai, Qingdao and Chongqing.

\* For identification purpose only

## BUSINESS REVIEW

As of 30 June 2021, the Group has established a strategic landscape of “One Body Two Wings (一體兩翼)”, with “park operation as the main body, park development as the backbone and industrial investment as the driving force”. The Group has the following 3 segments: (i) industrial park operation services (including design and construction services, property management service, industrial park property leasing, energy services, digital park services, incubator and office sharing services, financial services in parks, group catering and hotel services, digital apartment services as well as recreation and entertainment); (ii) industrial park development services (including sales of industrial park and sales of ancillary residential properties); (iii) industrial investment (any property investment business relevant to industrial theme parks). In recent years, the income structure and composition of profit reflected the result of the Group’s strategic transformation and reform to a certain extent.

## REVENUE BY BUSINESS SEGMENTS

	Six months ended 30 June			
	2021		2020	
	Revenue (RMB'000)	% of total revenue	Revenue (RMB'000)	% of total revenue
<b>Industrial park operation services</b>	<b>909,736</b>	<b>56.8%</b>	582,601	63.1%
Design and construction services	289,034	18.1%	163,467	17.7%
Property management services	369,991	23.1%	242,138	26.2%
Industrial park property leasing	114,714	7.2%	96,347	10.4%
Energy services	27,729	1.7%	16,128	1.7%
Group catering and hotel services in the industrial parks	47,723	3.0%	31,224	3.4%
Financial services in the industrial parks	14,234	0.9%	8,335	0.9%
Others	46,311	2.9%	24,962	2.7%
<b>Industrial park development services</b>	<b>691,005</b>	<b>43.2%</b>	340,640	36.9%
Sales of industrial park	691,005	43.2%	339,578	36.8%
Sales of ancillary residential properties	—	—	1,062	0.1%
<b>Total</b>	<b>1,600,741</b>	<b>100.00%</b>	<b>923,241</b>	<b>100.00%</b>

## Industrial Park Operation Services

At the current stage, the Group has formed fifteen types of operation businesses, including digital industrial park system, digital apartment system, strategic planning for projects, project planning, construction and design, general contracting work, decoration work, real estate agency, regional energy services, property management, shared offices, long-term apartments leasing, and financial services in industrial parks, catering and hotels. In addition to offering a variety of one-stop industrial park operation services to enterprises stationed in the Group's industrial park, the Group also integrates and exports the above-mentioned capabilities of business operation, and has developed various portfolios of integrated operation services that take consultation and planning, information technology and digital park (apartment) solutions, integrated operation life cycle services, "P+EPC+O", smart facility equipment, investments solicitation, dual-innovation services and regional energy management as the entry points, in order to provide integrated operation services for the key projects of local government platform companies or large enterprises.

After continuous improvement and optimization of the digital industrial park system, a standardized model of "one park dispatching command center, three functional auxiliary platforms, and numerous sustainable development application scenarios (一個園區調度指揮中心、三大功能輔助平台、N個可持續發展應用場景)" has been formed, which has been chosen as a national-level topic for three consecutive years, among which the 2018 National Development and Reform Commission Topic – China Electronics Intelligent Industrial Park Platform was successfully concluded. The digital industrial park operation system is being gradually applied to cover 50 parks in 35 cities across the country, and it has been applied in national network security bases for demonstration purposes. The Group focuses on industrial park's digital operation capabilities and puts great effort into the National Network Security facilities in Wuhan, based on which intention to cooperate has been reached with Baotou, Chongqing and many other local governments in respect of digital integrated operation services. During the Reporting Period, the Group signed a digital industrial park integrated operation project with the Qingshan District Government of Baotou City, with a contract value of RMB18 million, achieving breakthroughs in external development of the digital industrial parks and parks business. In the future, the digital industrial park will further integrate digital apartments and smart platforms such as OVU Maker Star and CEC Energy Conservation to create a comprehensive information management platform.

During the Reporting Period, the Group provided comprehensive operation services such as planning consultation, EPC (Engineering Procurement Construction), design and construction, property management, regional energy, and park financing for key projects of local government platform companies and large enterprise, while offering diversified and one-stop industrial park operation services to enterprises stationed in its industrial park. The revenue of the industrial park operation services of the Group was RMB909.7 million, representing an increase of 56.1% as compared with the same period in 2020.

## *Design and Construction Services*

### *The “P+EPC+O” integrated operation services*

The “P+EPC+O” model takes planning (P-Planning) as the starting point, with an integrated delivery of design, procurement and construction (EPC-Engineering Procurement Construction) as the foothold, and with professional operations (O-Operations) to cooperate with investment entities to jointly complete the work of industrial services, forming a three-in-one responsibility structure. “P+EPC+O” is a complete integrated form of comprehensive operation. It takes business solicitation and operation services at the later stage as the ultimate goal to guide the planning consultation at the early stage, and controls the construction process of the management project through project planning and design to achieve the operation service goal. The “P+EPC+O” model is conducive to the realization of the strategic philosophy of “starting from the end” and the high-standard delivery structure of being responsible for the results, as well as the realization of the planning goal of “multiple compliance”. In response to the business opportunities brought by the “new infrastructure (新基建)” and “urban renewal (城市更新)” schemes implemented by local governments across the country, the Company has vigorously promoted the “P+EPC+O” business model, to upgrade the regional industries and to form a high-quality industrial agglomeration that provide integrated industrial operation services with “operational integration and capability specialization (運營綜合化、能力專業化)”.

During the Reporting Period, the Group’s design and construction service income was RMB289.0 million, representing an increase of 76.8% as compared to the same period of 2020. During the Reporting Period, the Company formed a multiple borderless working group with the management method of “Objectives and Key Results” as its target goals from start to finish to promote P+EPC+O business cooperation with local governments and platform companies in Chenzhou, Hongze, Taiyuan, Ningbo, Putian, Hulan and other areas and reached an overall cooperation intention. Currently, the Company has entered into a multi-project preliminary planning (P) type cooperation agreement and is actively promoting the implementation of cooperation agreements at EPC and other stages.

## **Property Management Services**

The property management system “seeks changes in steadiness(穩中求變)”. While steadily performing services on the industrial park and community properties, the Group facilitated the capacity building and organizational transformation of the property system through integrated operation with “i-Lido” app (i麗島App); OVU Park Pass\* (OVU園區通) and EMS Integrated Operation Platform and strives to develop a professional property service system with integrated operations which offers industrial park asset operations and value-added services, in order to provide households and enterprises in the industrial parks with real estate services, infrastructure services, big data services and living facility services. Meanwhile, the Group actively integrates its resources and owns Wuhan Lido Property Management Co., Ltd\* (武漢麗島物業管理有限公司) (“**Lidao Property**”), China Electronics Domainblue Smart Engineering (Wuhan) Co., Ltd.\* (中電藍域智能工程(武漢)有限公司), Wuhan ChuWei Defense Security Services Co., Ltd.\* (武漢楚衛防線保安服務有限公司), Lido Real Estate Agency, Lido Human Resources, Lixiang Life (麗享生活) and other whole-industry-chain property service systems to provide consulting and early intervention services for the development and construction companies, intelligent operation and asset management services for industrial parks, and professional support services for other property management companies and also provides property owners with all-rounded and one-stop property management services.

\* For identification purpose only

During the Reporting Period, the income from the property management services of the Group was RMB370.0 million, representing an increase of 52.8% as compared to the same period in 2020. At the end of June 2021, the area which property management services covered by Lidao Property reached 24,920,000 sq.m., representing an increase of 4,480,000 sq.m. or 21.9% as compared to the same period last year, of which corporate customer services accounted for 63.4%. Lidao Property had continuously won bids on providing property services to office building projects outside the Group's properties, which includes governments, schools, art galleries, office buildings of large corporates, rail transit, and multi-city mobile business offices with its smart service system. During the Reporting Period, the Group had new contracted projects with the Hubei Provincial Museum\* (湖北省博物館) and the second phase of Wuhan Rail Transit Line 8\* (武漢軌道交通8號線2標段) amounting to RMB30.7 million. In the future, Lidao Property will continue to promote the community management model of intelligent industrial parks and intelligent communities. At the same time, the revenue of property management services is expected to grow rapidly.

## **Industrial Park Properties Leasing**

During the Reporting Period, benefiting from the Group's comprehensive park integrated operation service model, the leasing business of the industrial parks has demonstrated a steady upward trend. The average occupancy rate remains at 80.0% of rentable properties. As of 30 June 2021, the total area of leased properties was 566,000 sq.m., achieving a revenue of RMB114.7 million, with a growth of 19.1% as compared to the same period in 2020 and formed a joint force with the industrial park development business to achieve a better concentration effect for various industries.

### ***1. Self-owned Properties Leasing***

During the Reporting Period, the area of the self-owned high-quality properties of the Group reached 453,000 sq.m., with an occupancy rate of over 78.0%, which will provide a stable cash flow for the Group, enhancing the model of business solicitation services for industrial parks and thus improving the image of our brand and lay the foundation for the Group's sustainable development.

### ***2. Incubator and Office Sharing Services***

The Group has actively followed the national strategy and the general trend of "mass entrepreneurship and innovation (大眾創業、萬眾創新)" to promote transformation and reform. The Group has further promoted the business model of industrial incubation and office sharing. With the foundation of integrated operation life cycle services, the Group has developed an innovative industrial resource sharing platform led by "state-owned enterprises, achieving coordinated innovation of all small, medium and large enterprises (央企帶動，大中小微企業聯合創新)". During the Reporting Period, Wuhan OVU Technology Co., Ltd.\* (武漢歐微優科技有限公司), a controlled subsidiary of the Group, has adjusted its business strategy to reduce the number of its outsourcing leased sites, and achieved an operating revenue of RMB41.8 million with an average occupancy rate of over 85.0%.

\* For identification purpose only

OVU Maker Star is operating 38 sites with a total area of 500,000 sq.m. in 21 innovative and entrepreneurial cities across the country including Beijing, Shanghai, Shenzhen, Wuhan, Chengdu, Xi'an, Changsha, Hefei etc. It invited over 150 service providers from different sectors such as human resources, legal, financial, marketing and promotion etc., and supported over 1,500 innovation teams and start-ups including Meituan Bike, Qihoo 360, HP China, Bilibili, Easylinkin Technology, Yuanfudao and Huohua Siwei, gathering over 80,000 innovative businessmen and entrepreneurs. As at 30 June 2021, OVU Maker Star has received honorary qualifications for its site operations with 19 awards in relation to industrial space of national standard, including two demonstration bases, six incubators, 10 co-working spaces and one advertising incubating platform that are up to national standard. It was awarded over 40 awards from institutions including the National Development and Reform Commission (“**NDRC**”), Torch High Technology Industry Development Center of the Ministry of Science and Technology, China Innovation and Entrepreneurship Trading Office and China Association for Science and Technology Enterprise Service Center. The digital space management platform self-developed by OVU Maker Star was recognized by the NDRC as a significant national level dual innovation construction project and demonstration base which fully supports the office incubation trends for emerging industries, including mobile working and cross-city resource sharing, providing enterprises with full ecological growth cycle services.

## Energy Services

Wuhan China Electronics Energy Conservation Co., Ltd\* (武漢中電節能有限公司) (“**CEC Energy Conservation**”, a subsidiary of the Group) has expanded its operation area of the energy service business system to innovate its energy business model, and has also expanded the scales of its three business: intelligence and intelligent control through the adoption of the intelligent control system (“**DHC**”). During the Reporting Period, CEC Energy Conservation contracted new energy projects, with the People’s Hospital of Shapingba, Chongqing\* (重慶沙坪壩人民醫院) and People’s Hospital of Chizhou\* (池州人民醫院), amounting to approximately RMB63.9 million. During the Reporting Period, the income from energy services of the Group was RMB27.7 million, which represents an increase of 72.0% as compared to the same period of 2020.

Through years of development and exploration, CEC Energy Conservation gradually established DHC as its core business with mechatronics engineering, EMC, and specialised pipelines as a feature of its energy service industry structure. As of 30 June 2021, CEC Energy Conservation had twenty-eight utility models, fourteen invention patents and six software copyrights relating to its self-developed energy-saving control system. Research and development for the CEC Energy Conservation’s smart self-controlled system was also essentially completed. In order to facilitate the development of the project, three regional companies were established in Hefei, Wuhan and Shanghai with an accumulated contracted operating service area of CEC Energy Conservation exceeding 10,000,000 sq.m., of which external operation services area was 1.400,000 sq.m..

\* For identification purpose only

## **Group Catering and Hotel Services**

Wuhan Quanpai Catering Management Co., Ltd.\* (全派餐飲管理有限公司) (“**Quanpai Catering**”) has been established for 10 years and is experienced in group catering management. It offers catering services that cover three major service models, namely contractual operation, technical support and operation and entrusted management, to serve various large-scale industrial parks, higher education institutions, enterprises and public institutions, hospitals etc. At the current stage, the Group provides catering service for more than 180,000 people every day.

Adhering to its positioning as an art boutique hotel, Wuhan Ziyuan Hotel, focusing on its brand effect, tapped into its potential, lowered costs and enhanced efficiency.

During the Reporting Period, the revenue from group catering and hotel services reached RMB47.7 million, representing an increase of 52.9% as compared to the same period of 2020.

## **Industrial Park Financial Services**

Hubei Zhongchuang Financing Guarantee Co., Ltd.\* (湖北中創融資擔保有限公司), a controlled subsidiary of the Group, has established an industrial park financial service platform centered on the provision of businesses in relation to the provision of guarantees, supplemented by commercial factoring and financial leasing, with financial guarantees for small and medium enterprises as its main business, featuring industrial park financial services as a specialised industrial park financial service platform. On that platform, it has established special cooperation on inclusive financing in the industrial parks with a number of financial institutions such as Industrial and Commercial Bank of China and Industrial Bank.

During the Reporting Period, industrial park financial services achieved a revenue of RMB14.2 million, representing an increase of 70.7% as compared to the same period of 2020.

## **Industrial Park Development Services**

During the Reporting Period, the revenue from industrial park development services of the Group was RMB691.0 million, representing an increase of 102.9% as compared to the same period in 2020. The booked sales were 103,000 sq.m., and continues to play the role of anchor while the industrial park development business has made steady progress.

\* For identification purpose only

For the six months ended 30 June 2021, properties sold and delivered include:

Properties sold and delivered	Six months ended 30 June					
	2021	Recognized		2020	Recognized	
	Revenue	Gross Floor Area	average selling	Revenue	GFA sold and	average selling
	(RMB'000)	(GFA) sold and	price	(RMB'000)	delivered	price
		delivered	(RMB per sq.m.)		(sq.m.)	(RMB per sq.m.)
		(sq.m.)				
Wuhan Creative Capital (武漢創意天地)	4,501	409	11,005	12,536	1,139	11,006
Wuhan Innocenter (武漢研創中心)	10,284	1,461	7,039	–	–	–
Ezhou OVU Science and Technology City (鄂州光谷聯合科技城)	28,996	8,200	3,536	13,359	3,780	3,517
Huangshi OVU Science and Technology City (黃石光谷聯合科技城)	854	115	7,426	–	–	–
Qingdao Research and Innovation Center (青島研創中心)	10,806	1,491	7,247	52,417	5,970	8,780
Qingdao International Marine Information Harbour (青島國際海洋信息港)	170	21	8,095	4,732	653	7,246
Qingdao Marine & Science Park (青島海洋科技園)	165,678	16,968	9,764	–	–	–
Shenyang OVU Science and Technology City (瀋陽光谷聯合科技城)	–	–	–	9,925	3,539	2,804
Shenyang CEOVU Information Harbour (瀋陽中電光谷信息港)	9,447	3,250	2,907	12,825	4,476	2,865
Hefei Financial Harbour (合肥金融港)	84,035	10,053	8,359	102,495	10,392	9,863
Changsha Information Security Industrial Park (長沙信息安全產業園)	130,559	19,936	6,549	68,362	10,301	6,636
Chengdu Chip Valley (成都芯谷)	2,981	355	8,397	9,843	1,348	7,302
Xi'an Innovation Project (中國電子西安產業園)	128,726	25,130	5,122	37,932	6,900	5,497
Luoyang Information Harbour (洛陽中電光谷信息港)	–	–	–	16,143	4,470	3,603
Xianyang Western Zhigu (咸陽西部智谷)	36,377	9,204	3,952	–	–	–
Shanghai CEC Information Harbour (上海中電信息港)	75,289	6,339	11,877	–	–	–
Others	2,302	–	–	71	7	10,143
Total	691,005	102,932	6,713	340,640	52,975	6,430

## Industrial Park Development Services

During the Reporting Period, the income from sales of industrial park of the Group was mainly contributed by three cities, namely Qingdao, Changsha and Xi'an. Among which, Qingdao Optics Valley Union Development Co., Ltd.,\* (青島光谷聯合發展有限公司) (“**Qingdao Company**”) created a new model of “government-enterprise interaction”, integrated resource platforms, and upgraded the investment model. During the Reporting Period, Qingdao Company formed a government – enterprise cooperation of “China Merchants – China Ocean Engineering Research Institute\* (招商中國海洋工研究院)” with Qingdao West Coast New Area Ocean Holdings Group Co., Ltd.\* (青島西海岸新區海洋控股集團有限公司) (“**Qingdao West Coast**”), a government platform, contracting for the first phase of Marine & Science Park of 18,000 sq.m., with contracted amount of RMB194.6 million, achieving sales revenue of RMB176.7 million, accounting for 25.6% of the revenue from the sales of industrial parks. The Changsha Information Security Industrial Park\* (長沙信息安全產業園) has exerted full effort and became the leading innovative complex in Changsha as the second national network security industrial park after Beijing, leading to an upgrade to the 4.0 version of the industrial landmark in Changsha. During the Reporting Period, 21 new customers including Hunan ChinaSoft Information System Co., Ltd.\* (湖南中軟信息系統有限公司) (“**Hunan ChinaSoft**”) and Hunan Xieying Technology Co., Ltd.\* (湖南攜贏科技有限公司) were stationed in the park, achieving sales revenue of RMB130.6 million, accounting for 18.9% of the revenue from the sales of industrial parks. Leveraging on the Economic Development Zone and the CEC Information Harbour as the carrier, Xi'an Industrial Park accelerated the construction of the inspection and testing industry ecology, realizing the payment collection of RMB211.8 million from projects such as Shaanxi Special Equipment Inspection and Testing Research Institute\* (陝西省特種設備檢驗檢測研究院), achieving sales revenue of RMB128.7 million, accounting for 18.6% of the revenue from the sales of industrial parks.

During the Reporting Period, the income from sales of industrial park of the Group was mainly contributed by up to 15 projects across 10 cities. This demonstrated that the layout of the Group's industrial park business in other major cities across the country has been widely recognized by the market and our clients, the multi-zone park layout is conducive to lowering system risks and ensuring the annual target of the revenue from sales of industrial parks can be achieved.

## Overview of the Sales of Industrial Park Projects

During the Reporting Period, the Group achieved a contracted sales of industrial parks for the area of 216,000 sq.m., representing an increase of 93.3% as compared with the same period last year, and achieved the contracted sales of industrial parks of RMB1,420.6 million, representing an increase of 109.0% as compared with the same period last year, which was mainly attributed to the projects in Changsha, Hefei, Qingdao, Caidian, Shanghai, etc., as well as the signing of sales agreements with a number of high-quality enterprises, such as Hunan ChinaSoft, Qingdao West Coast, and Shenzhen Feisu Innovation Technology Co., Ltd. \* (深圳市飛速創新技術股份有限公司). The introduction of high-quality customers in the first half of the year laid a solid foundation for achieving our annual operation targets.

\* For identification purpose only

For the six months ended 30 June 2021, the details of the Group's contracted sales amount and contracted area of sales of industrial parks are as follows:

City and project	Contracted amount (RMB'000)		Contracted area (sq.m.)	
	Six months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Changsha Information Security Industrial Park (長沙信息安全產業園)	276,931	275,390	39,660	40,139
Qingdao International Marine Information Harbour (青島國際海洋信息港)	34,891	63,752	4,408	6,748
Qingdao Research and Innovation Center (青島研創中心)	6,523	—	812	—
Qingdao Marine & Science Park (青島海洋科技園)	205,758	—	19,405	—
Hefei Financial Harbor (合肥金融港)	204,323	96,357	21,351	9,983
Caidian CEOVU Digital Industrial Park) (蔡甸數字產業園)	187,352	—	42,246	—
Shanghai CEC Information Harbour (上海中電信息港)	160,295	—	12,035	—
Xianyang Western Zhigu (咸陽西部智谷)	86,908	—	19,328	—
Shenyang CEOVU Information Harbour (瀋陽中電光谷信息港)	50,038	24,880	12,949	8,105
Luoyang China Electronics Optics Valley Information Harbour (洛陽中電光谷信息港)	45,804	26,944	10,990	6,615
Wuhan Innocenter (武漢研創中心)	34,975	—	4,445	—
Ezhou OVU Science and Technology City (鄂州光谷聯合科技城)	32,007	14,892	8,256	3,779
Xi'an Innovation Project (中國電子西安產業園)	28,225	65,533	6,636	11,037
Huanggang OVU Science and Technology City (黃岡光谷聯合科技城)	24,382	20,600	6,146	5,137
China Electronics Wenzhou Industrial Park (中國電子溫州產業園)	21,873	20,376	5,467	6,367
Wuhan Creative Capital (武漢創意天地)	19,569	7,324	1,408	634
Huangshi OVU Science and Technology City (黃石光谷聯合科技城)	792	1,090	163	239
Others	—	62,452	—	12,789
Total	<u>1,420,646</u>	<u>679,590</u>	<u>215,705</u>	<u>111,572</u>

## Development and Completion of Industrial Park

During the Reporting Period, the total area of new development in industrial parks was 292,000 sq.m. and the total area of new completion was 164,000 sq.m.. As at 30 June 2021, the total area under construction was approximately 1,263,000 sq.m..

## Land Bank of Industrial Parks

During the Reporting Period, the Group owned approximately 6,385,000 sq.m. of high-quality land bank for the industrial parks in various cities, namely Wuhan, Shanghai, Qingdao, Changsha, Chengdu, Hefei, Shenyang, Chongqing, Xi'an, Wenzhou, Luoyang, Ezhou, Huangshi, Huanggang, Chengmai (Hainan), Zhuhai and Ningbo, which laid the foundation for the scale of industrial parks business to grow steadily during the “14th Five-Year Plan” period, and continues to play the role of anchor for the Group.

## Table of Land bank of Industrial Parks

An overview of the land bank for the industrial parks as of 30 June 2021 is as follows:

No.	Project	City	Location	Usage	Interest Attributable to the Group	Land Bank (sq.m.)
1	Optics Valley Software Park (光谷軟件園)	Wuhan	1 Guanshan Avenue, Wuhan, Hubei Province	Industrial	100%	34,988
2	Financial Harbour (Phase I) (金融港一期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	27,728
3	Financial Harbour (Phase II) (金融港二期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	29,492
4	Creative Capital (創意天地)	Wuhan	16 Yezhihu West Road, Hongshan District, Wuhan, Hubei Province	Commercial	100%	171,401
5	Wuhan Innocenter (武漢研創中心)	Wuhan	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	Industrial	100%	191,496
6	Lido 2046 (麗島2046)	Wuhan	175 Xiongchu Avenue, Wuhan, Hubei Province	Residential	100%	461
7	Others	Wuhan	N/A	Residential	100%	14,612
8	Qingdao OVU International Marine Information Harbour (青島國際海洋信息港)	Qingdao	396 Emeishan Road, Qingdao, Shandong Province	Industrial	100%	291,333
9	Qingdao Research and Innovation Center (青島研創中心)	Qingdao	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	Residential/Industrial	100%	68,488
10	Qingdao Marine & Science Park (青島海洋科技園)	Qingdao	South of Changjiang West Road, West of Jiangshan South Road, North of Binhai Avenue, Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province	Industrial	100%	171,981
11	Huanggang OVU Science and Technology City (黃岡光谷聯合科技城)	Huanggang	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	Industrial	70%	125,779

No.	Project	City	Location	Usage	Interest Attributable to the Group	Land Bank (sq.m.)
12	Shenyang OVU Science and Technology City (瀋陽光谷聯合科技城)	Shenyang	Intersection of Shengjing Avenue and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	1,715
13	Shenyang CEOVU Information Harbour (瀋陽中電光谷信息港)	Shenyang	Intersection of Qixing Street and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	68,831
14	Shenyang Maker Corporation (瀋陽創客公社)	Shenyang	Intersection of Qixing Street and Shenbei Road, Shenbei New District, Shenyang, Liaoning Province	Commercial	100%	36,716
15	Ezhou OVU Science and Technology City (鄂州光谷聯合科技城)	Ezhou	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	Industrial	80%	251,654
16	Huangshi OVU Science and Technology City (黃石光谷聯合科技城)	Huangshi	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	Industrial	100%	170,838
17	Lido Top View (麗島半山華府)	Huangshi	76 Hangzhou West Road, Huangshi Development Zone, Hubei Province	Residential	100%	16,461
18	Hefei Financial Harbour (合肥金融港)	Hefei	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	Commercial	100%	330,469
19	Xi'an Industrial Park (中國電子西安產業園)	Xi'an	West of Caotanshi Road, North of Shangji Road, Xi'an, Shaanxi Province	Industrial	73.91%	177,004
20	Wenzhou Industrial Park (中國電子溫州產業園)	Wenzhou	Jinhai Park, Wenzhou Economic and Technological Development Zone, Wenzhou, Zhejiang Province	Industrial	95%	189,912
21	Shanghai CEC Information Harbour (上海中電信息港)	Shanghai	Lot 114/1, 101 Street, Songjiang Industrial Park, Songjiang District	Scientific Research	100%	229,061
22	Chengdu Chip Valley (成都芯谷)	Chengdu	Group 1 of Fengle Community, Dongsheng Street, Group 7 of Guangrong Community, Peng Town	Scientific Research	80%	568,828
23	Luoyang Information Harbour (洛陽中電光谷信息港)	Luoyang	Intersection of Guanlin Road and Longshan Line, Luolong District, Luoyang City, Henan Province	Industrial/Commercial	70%	63,509
24	Changsha CEC Software Park (長沙信息安全產業園)	Changsha	Yuelu Avenue, High-tech Industrial Development Zone	Industrial	100%	414,931
25	Xianyang Western Zhigu (咸陽西部智谷)	Xianyang	3 Xinghuo Avenue, High-tech Industrial Development Zone, Qindu District, Xianyang City, Shaanxi Province	Industrial	50%	122,542
26	Tianjin Zhongdian Technology Innovation Park (天津中電科創園)	Tianjin	Huayuan Science and Technology Park, Tianjin High-tech Zone	Commercial	80%	111,955
27	Xinzhou CEOVU Manufacturing Center (新洲中電光谷智造中心)	Wuhan	100 meters northwest of the intersection of Jingdong Avenue and Wuyi South Road, Xinzhou District, Wuhan, Hubei Province	Industrial	100%	120,956
28	Caidian CEOVU Digital Industrial Park (蔡甸數字產業園)	Wuhan	Changfu Industrial Park, Caidian District, Wuhan	Industrial	100%	157,200
29	Chongqing Shapingba Electronic and Advanced Manufacturing Center (重慶沙坪壩中國電子先進智造中心)	Chongqing	Phase I of Qingfeng High-tech Industrial Park, Shapingba, Chongqing	Industrial	100%	97,885

No.	Project	City	Location	Usage	Interest Attributable to the Group	Land Bank (sq.m.)
30	Changsha Xingsha CEC Digital Intelligence Community (長沙星沙中電數智園)	Changsha	East of Huangxing Avenue, South of Luositang Road, Economic and Technological Development Zone, Changsha	Industrial	60%	82,600
31	Zhuhai Hengqin International Innovation Center (珠海橫琴國際創新中心)	Zhuhai	East of Fubang Road, Hengqin New District, Zhuhai, Guangdong Province	Commercial	30%	53,618
32	Ningbo Hangzhouwan Center, Blue Coast (寧波杭州灣中心·蔚藍海岸)	Ningbo	North of Binhai Sixth Road and East of Zhongxing First Road, Hangzhou Bay New District, Ningbo City	Residential/Industrial	31%	1,308,016
33	Hainan Resort Software Community (海南生態軟件園)	Chengmai	Southern section situated at 0.7km of the Eastern Extension of Nan Yi Ring Road, Chengmai County Old Town Economic Development Zone, Hainan Province	Industrial/ Commercial/ Residential/Science and Education	10%	682,190
Total						<hr/> 6,384,649 <hr/>

## Industrial Investment

Huada Beidou, a company invested by CEC Optics Valley (Shenzhen) Industry Development Co., Ltd.\* (中電光谷(深圳)產業發展有限公司), is mainly engaged in the design, integration, production, testing, sales and related businesses of chips, algorithm, module and end products. In February 2021, the Group transferred its 4.33% equity interest of Huada Beidou to Bosch (Shanghai) Venture Capital Co., Ltd.\* (博世(上海)創業投資有限公司) at a valuation of RMB1,500.0 million, recorded an investment return of RMB65.0 million and recognized an investment income of RMB39.9 million. From 2020 to 2021, a total of RMB138.6 million of investment return has been obtained. After the completion of such equity transfer, the Group's shareholding proportion in Huada Beidou is at 13.53%. In May 2021, Huada Beidou has introduced investors including Tianjin Jiutianshu Phase III Enterprise Management Partnership (Limited Partnership)\* (天津九天樹三期企業管理合伙企業(有限合伙)), Hangzhou Hongjinyu Optimal Investment Management Partnership (Limited Partnership)\* (杭州泓津聿優選投資管理合伙企業(有限合伙)), Qianhai CSSC (Shenzhen) Smart Ocean Private Equity Fund Partnership (Limited Partnership)\* (前海中船(深圳)智慧海洋私募股權基金合伙企業(有限合伙)) to complete the Series B financing with a post-investment valuation of RMB2,400.0 million. After the completion of such capital injection, the Group's shareholding proportion was adjusted to 10.14%, and recognized a diluted income of RMB34.6 million.

Wuhan Easylinkin Technology Co., Ltd.\* (武漢慧聯無限科技有限公司) ("**Easylinkin Technology**"), a company under Wuhan Optics Valley United Group Ltd. and wholly Easylinkin Technology invested by OVU Fund, is the leading integrated service provider of low-power wide-area Internet of Things in China, forming an influential low-power wide-area Internet industry chain in China. Easylinkin Technology has completed its business transformation during the Reporting Period, and has launched the LinkOS system that built an industrial alliance composed of more than 400 enterprises. As of the date of this announcement, Easylinkin Technology has commenced the C-round financing and the valuation remained stable during the Reporting Period.

Wuhan Lingdu Capital Investment and Management Co., Ltd.\* (武漢零度資本投資管理有限公司) ("**Lingdu Capital**"), a controlled subsidiary of the Group, is in charge of operating and managing certain industrial investment funds initiated and established by the Group's OVU Fund and relevant government and institutions. For six months ended 30 June 2021, the scale of industrial funds managed by Lingdu Capital exceeded RMB1,300.0 million, which has been applied to build an industrial ecosystem that features information technology application innovation and network security, digital cities, smart hardware, military-civilian integration, and network audio-visual. The industrial funds managed by Lingdu Capital invested in Shanghai Jiayun Information Technology Co., Ltd. ("**Jiayun Information**") in April 2018, with a shareholding of 9.9% and an estimated post-investment valuation of RMB45.0 million. During the Reporting Period, Jiayun Information obtained Angel + round financing from Nanjing Chuangyi Zhongnan Investment Fund Partnership (Limited Partnership)\* (南京創熠中南投資基金合夥企業(有限合夥)), with an estimated post-investment valuation of RMB90.0 million. After this round of dilution, the Company's shareholding ratio was 9.19%. The industrial funds managed by Lingdu Capital invested in Hunan Coollu Network Technology Co., Ltd. ("**Coollu Technology**") in December 2018, with a shareholding of 24.9% and an estimated post-investment valuation of RMB36.0 million. During the Reporting Period, Coollu Technology obtained a Series A financing from Zhuzhou Qifu Digital Intelligence Venture Capital Partnership (Limited Partnership)\* (株洲市啟賦數智創業投資合夥企業(有限合夥)), with an estimated post-investment valuation of RMB100.0 million. After this round of dilution, the Company's shareholding was 19.26%.

\* For identification purpose only

The Group, together with Zhongjin Capital Operation Co., Ltd.\* (中金資本運營有限公司) and others, established CEC & CICC (Xiamen) Electronic Industry Private Equity Investment Management Co. Ltd.\* (中電中金(廈門)電子產業私募股權投資管理有限公司), which is responsible for the establishment and management of CEC & CICC (Xiamen) Intelligent Industry Equity Investment Fund Partnership (L.P.)\* (中電中金(廈門)智能產業股權投資基金合夥企業(有限合夥)) (“**CEC & CICC Fund**”). With a total fund scale amounting to RMB5,000.0 million, CEC & CICC Fund focuses on the value chain of advanced manufacturing industries related to semiconductors and electronics, and is complementary to its investment portfolio in small and medium sized innovative technology companies. In the first half of 2021, CEC & CICC Fund has added six investment projects, including Hangzhou Vango Technologies, Inc.\* (杭州萬高科技股份有限公司), Goertek Microelectronics Co., Ltd.\* (歌爾微電子股份有限公司), Hunan Shenyi Hardware Standard Parts Co., Ltd.\* (湖南申億五金標準件有限公司), Nreal Ltd., Zhongxinke Mobile Communication Technology Co., Ltd.\* (中信科移動通信技術股份有限公司) and Beijing Leyan Technology Co., Ltd.\* (北京樂研科技有限公司) with an additional investment of RMB319.0 million. The industries covers smart meter chips, MEMS sensors, VR, engineering machinery devices, communication equipment, and network security equipment etc.

Industrial investment business synergistically supports the industrial park operation and industrial park development business, which significantly empowers the effects of the use of capital.

## **SUBSEQUENT IMPORTANT EVENTS**

From the end of the Reporting Period to the date of this announcement, the Group had no subsequent important events or other commitments that may materially affect the Group’s financial condition and operation.

## **FUTURE PROSPECT**

### **Continuing to Improve Risk Analysis and Targeted Risk Control Capability**

Uncertainties exist in macroeconomic changes, economic development and structure changes, the characteristics of industries in different regions and individual, industrial park business. In the second half of 2021, the Group will strengthen its capability to identify and respond to various risks, give full play to the advantages of professional industrial services, and vigorously expand the comprehensive operation business of no allowance, remuneration system and participation in local tax sharing. The Group will also strengthen the decision-making and management of industrial park investment, select the best investment projects, make reserve for Chongqing and Mianyang projects which have been approved earlier, and implement the control target totalled less than RMB500.0 million as set at the beginning of the year. By expanding the application scale of supply chain finance and guiding quick customization, we can achieve the goal of positive annual net operating cash flow.

\* For identification purpose only

## **Further Improving Our Digital Capabilities and to Accelerate the Construction of the Network Safety and Informatization Industry Ecology**

2021 is the “year of digitalization development” for CEOVU. In the second half of the year, we will continue to promote the application of “Park Connect (園區通)” throughout all the industrial parks under the Company, and upgrade and open up projects, financial information systems and the Park Connect systems to promote the integration of industry and finance. By improving and strengthening the Park Connect digital platform, we can fully realize the goal of two improvements (efficiency improvement and capacity improvement) and two controls (cost control and risk control) and effectively promote organizational coordination and integrated operation.

With digital industrial parks as the application scenario, connection is intended to be made with the Group’s main business of digital city which is expected to leverage the Group’s industrial resource advantages in the ecological construction of the national network information industry relying on the PKS (Phytium Technology + KylinSoft + Security System of China Electronic Cloud) base, and fully utilize resources from different aspects to collaborate in the establishment and construction of the “ecological innovation center of the electronic network and information industry of China”. Under the strategic guidance to further strengthen the building of the core strength and organisational platform of the electronic network and information industry, the Group will vigorously expand the integrated operation services of the industrial parks, and take initiative to act, aiming to give confidence to the market and the government and to bring attention to the regional industrial clusters, in order to support and accelerate the ecological construction of the electronic network and information industry.

## **Enhancing the Strategic Investment and Organizational Guarantee of the Integrated Operation Business**

The Group’s future strategic development focuses on integrated operations. The nature of the integrated operation business is characterized by light assets, which investments mainly concerns human resources that meets the need of the Group’s operation. In addition, as every aspect of the “P+EPC+O” business is inter-related, we have to maintain and cultivate sufficient operational talents in advance. Our next step is to systematically increase the investment in the talent pool in this regard. Meanwhile, the Group will establish an institutional culture that is compatible with the “P+EPC+O business”, and take corresponding organizational reform measures to ensure the realization of the strategic goal of operating under the theme as an integrated operation business.

## **Strengthening the Category-specific Guidance on Industrial Park Development to Promote Business Solicitation**

After the Chinese New Year this year, as the Group has unfolded the state of “being in a battlefield when it begins”, it will continue to demonstrate its determination of joining the battle of development in the second half of the year. First of all, the Group will give full support to Changsha, Qingdao and Hefei for being its pillars, which take the lead to set examples for companies from other cities so as to maintain higher standards of budget implementation this year. The Group will also arrange relevant departments to organize special actions against the shortcomings of companies in Shanghai, Chengdu, Shenyang, Xi'an, Wenzhou, etc., to effectively solve key problems, and to encourage these teams to catch up and strive to achieve the goals. The parks catered for manufacturing business will continue to perform along the lines of promoting quick and customized services as well as collection of receivables from sales, so as to achieve the goal of a substantial increase in the revenue of the parks catered for manufacturing business in 2021. With an eye on making continuous and better use of the core radiating roles of two central cities, Shanghai and Shenzhen, the synergy of internal business solicitation will be promoted in a practical manner.

## **Continuing to Deploy the Synergy on Industrial Investment**

In the second half of the year, Lingdu Capital will continue to promote the implementation of investment business and post-investment management and it will strive to complete the establishment of the CEC Xiangtou Investment Fund\* (中電襄投基金) and the divestment in respect of Easylinkin Technology's existing shares, so as to coordinate the development of the park business with the relevant funds.

In the second half of this year, CEC & CICC Fund is expected to perform in project investment by maintaining strict project screening standards. Meanwhile, it will accelerate the launch and divestment of invested projects to ensure its effective operation in all aspects of investment, management and divestment.

\* For identification purpose only

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the revenue of the Group was RMB1,600.7 million, representing an increase of 73.4% as compared to the same period of 2020. The following table sets forth the revenue of the Group by business segment:

	For the six months ended 30 June			
	2021		2020	
	Revenue (RMB'000)	% of total	Revenue (RMB'000)	% of total
<b>Industrial park operation</b>				
services	909,736	56.8%	582,601	63.1%
Design and construction services	289,034	18.1%	163,467	17.7%
Property management services	369,991	23.1%	242,138	26.2%
Industrial park property leasing	114,714	7.2%	96,347	10.4%
Energy services	27,729	1.7%	16,128	1.7%
Group catering and hotel services in the industrial parks	47,723	3.0%	31,224	3.4%
Financial services in the industrial parks	14,234	0.9%	8,335	0.9%
Others	46,311	2.9%	24,962	2.7%
<b>Industrial park development</b>				
services	691,005	43.2%	340,640	36.9%
Sales of industrial park	691,005	43.2%	339,578	36.8%
Sales of ancillary residential properties	—	—	1,062	0.1%
Total	<u>1,600,741</u>	<u>100.00%</u>	<u>923,241</u>	<u>100.00%</u>

### Cost of Sales

Cost of sales primarily consisted of (i) cost of properties sold in respect of the Group's industrial park development business (mainly includes land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies); and (ii) cost of industrial park operation services.

During the Reporting Period, cost of sales of the Group amounted to RMB1,155.3 million, representing an increase of RMB474.1 million or 69.6% over the same period in 2020. As of 30 June 2020 and 30 June 2021, the cost of sales of the Group represented 73.8% and 72.2%, respectively, of the revenue of the Group.

### **Gross Profit and Gross Profit Margin**

During the Reporting Period, the overall gross profit of the Group was RMB445.4 million, representing an increase of RMB203.4 million as compared with the same period in 2020. Overall gross profit margin was 27.8%, representing an increase of 1.6 percentage points from 26.2% in the same period of 2020. Among which, the gross profit margin of industrial park development business declined slightly, which was mainly due to the structural impact of increase in the proportion of revenue from industrial parks catered for manufacturing business within the industrial park development business. Although the gross profit margin of developing industrial parks catered for manufacturing business within the lower than that of the parks catered for office use, industrial parks catered for manufacturing business within the can effectively implement the business model of responsive customization, which is characterized by short cycle of cash return and low capital possession, with basically no capital holding requirement, and controllable risk. The adjustment of the income structure of the industrial park development business in the first half of the year reflects the Company's industrial parks layout strategy of "prioritize projects catered for manufacturing business within the strictly control projects catered for office use" and the excellent layout of multi-location and multi-industrial park projects is conducive to the sustainable growth of this type of business.

The gross profit margin of the industrial park operation has increased slightly, and this type of business investment is small, which can achieve a stable growth of business scale and ensuring the sustainable growth of income and operating net cash flow, which is conducive to reducing operating risks and promoting high-quality development of the Company.

### **Other Income and Gains/(Losses) – Net**

During the Reporting Period, other income and gains/(losses), net of the Group was RMB126.6 million, increased RMB97.9 million as compared to the net gain of RMB28.7 million for the same period in 2020 primarily due to the disposal of 4.33% equity interests of Huada Beidou and the latest round of financing of Huada Beidou which achieved a disposal gain and diluted gain of RMB74.5 million.

### **Selling and Distribution Expenses**

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

During the Reporting Period, selling and distribution expenses of the Group was RMB63.3 million, which have increased by RMB16.5 million as compared to the same period of 2020. The increase is mainly due to income recorded significant increase during the Reporting Period, resulting in an increase in sales and distribution expenses.

## 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 the Reporting Period, administrative expenses of the Group was RMB219.7 million, which have increased by RMB79.7 million as compared to the same period of 2020. The increase was mainly due to the new addition of companies from cities such as Tianjin, Caidian, Xinzhou and Nantong as well as the establishment of integrated operation units for Chenzhou, Harbin, Putian during the Reporting Period, which were necessary expenses incurred for the Company's strategic business reserves.

## Fair Value Changes of Investment Properties

During the Reporting Period, fair value gains on the Group's investment properties was RMB37.4 million, representing a decrease of RMB80.3 million as compared with the same period in 2020, primarily due to the completion of the collaborative signing of a leasing contract with an area of 20,000 sq.m., by Qingdao Company and local Investment Promotion Bureau regarding Shandong Kexun Information Technology Co., Ltd.\* (山東科訊信息科技有限公司) during the same period last year, resulting in the larger area transferred from inventory to the investment properties and thus a greater increase of loss of changes in fair value in the same period last year.

## Income Tax Expense

During the Reporting Period, income tax expense of the Group was RMB107.3 million, representing an increase of RMB41.9 million as compared with the same period in 2020, which was primarily due to (i) an increase in PRC land appreciation tax expense of RMB4.1 million resulting from the Group's higher income from sales of industrial parks in the first half of 2021; (ii) an increase in PRC corporate income tax expense of RMB45.3 million; (iii) a decrease in deferred income tax of RMB7.5 million.

## Profit for the Reporting Period

As a result of the foregoing, during the Reporting Period, the profit attributable to owners of the Group was RMB109.2 million, representing a slight decrease as compared with the same period last year, which was primarily due to the recognition of share of loss of associates of RMB60.2 million in respect of Hainan Resort Software Community Group Co., Ltd.\* (海南生態軟件園集團有限公司) ("**Hainan Resort Software**") during the Reporting Period, among which the amounts attributable to owners of the Group was RMB30.1 million.

## Liquidity and Capital Resources

The Group primarily uses cash to pay construction costs, land costs, infrastructure costs and finance costs incurred in connection with its park developments, repayment of debts and allocation of working capital and general recurrent expenses. The Group's cash inflow is mainly from the pre-sale and sale of its properties, proceeds from bank loans and other borrowings.

\* For identification purpose only

In the first half of 2021, the Group's net cash outflow from operating activities was RMB281.6 million, representing a significant improvement as compared with the net cash from operating activities of RMB519.9 million in the same period in 2020.

In the first half of 2021, the Group's net cash outflow from financing activities was RMB519.0 million, mainly due to the partial repayment of bank borrowings by the Group.

### **Indebtedness**

The Group's total outstanding indebtedness decreased by RMB272.8 million from RMB5,610.2 million as at 31 December 2020 to RMB5,337.4 million as at 30 June 2021.

### **Capital Expenditures and Capital Commitments**

During the Reporting Period, capital expenditure of the Group was RMB13.7 million. Capital expenditures of the Group was primarily related to expenditure for purchases of property, plant and equipment and purchases of intangible assets.

As at 30 June 2021, the Group's outstanding commitments related to property development expenditure and investment was RMB917.2 million.

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.

### **Employees**

As of 30 June 2021, the Group had 6,969 full-time employees. The employment cost of the Group was approximately RMB339.9 million for the Reporting Period, representing an increase of RMB85.8 million as compared to the same period last year, mainly due to (i) social insurance reductions and exemptions due to the impact of the epidemic during the same period last year; (ii) the increase in the size of the Group's subsidiaries in the current period. 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. 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 managed and operated by the relevant local government authorities. The Group is required to make contributions to such schemes of an amount ranging from 16.0% to 20.0% of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension obligations 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.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the Reporting Period.

## **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 the shareholders of the Company (the “**Shareholders**”) and to enhance the corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the basis of its corporate governance practices. During the Reporting Period, the Company has complied with the principles and code provisions of the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTION**

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

Having made specific enquiries with all the Directors, all the Directors confirmed that they have complied with the standards as set out in the Model Code throughout the Reporting Period.

## **REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE**

The Audit Committee has reviewed together with the management and the independent auditor the accounting principles and policies adopted by the Group and the unaudited interim results for the six months ended 30 June 2021.

## **DIVIDEND**

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

## **PUBLICATION OF INTERIM RESULTS AND 2021 INTERIM REPORT**

This announcement is published on the websites of the Company (<http://www.ceovu.com>) and the Stock Exchange (<http://www.hkexnews.hk>). The 2021 interim 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**  
**Liu Guilin**  
*Chairman*

Wuhan, the People's Republic of China  
26 August 2021

*As at the date of this announcement, the directors of the Company are Mr. Liu Guilin, Mr. Xiang Qunxiong, Mr. Zhang Jie and Ms. Sun Ying as non-executive Directors; Mr. Qi Min, Mr. Qiu Hongsheng and Ms. Chan Ching Har Eliza as independent non-executive Directors; Mr. Huang Liping and Mr. Hu Bin as executive Directors.*