光谷聯合控股有限公司
OPTICS VALLEY UNION HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 798

2014 ANNUAL REPORT

二零一四年年報

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CORPORATE INFORMATION

COMPANY NAME

Optics Valley Union Holding Company Limited

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited

STOCK CODE

798

STOCK NAME

OVU

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

Ms. Zhang Xuelian
Ms. Leung Ching Ching

AUTHORIZED REPRESENTATIVES

Mr. Huang Liping
Ms. Leung Ching Ching

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

FINANCIAL CONTROL COMMITTEE

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block D, Exhibition Centre
1 Guanshan Avenue
Optical Valley Software Park
Donghu New Technology
Development Zone
Wuhan, Hubei
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LEGAL ADVISORS

as to Hong Kong law
Morrison & Foerster
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15 Queen's Road Central
Hong Kong

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

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

AUDITOR

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

COMPLIANCE ADVISOR

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

Hankou Bank
Bank of Communications
Industrial and Commercial Bank of China

COMPANY WEBSITE

www.ovuni.com

FINANCIAL SUMMARY

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

	Year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Turnover from continuing operations	**1,928,948**	1,966,348	1,812,014	1,405,169	788,798
Gross profit					
Property development	**554,361**	624,125	474,337	310,936	240,636
Other business segments	**128,300**	88,065	102,299	64,567	44,623
	682,661	712,190	576,636	375,503	285,259
Profit before taxation	**632,018**	593,781	447,058	360,363	268,247
Profit from continuing operations	**415,190**	320,869	277,701	223,371	177,850
Profit attributable to non-controlling interests	**5,128**	17,685	66,425	112,071	66,569
Profit for the year	**420,318**	338,554	277,701	259,217	183,231

	As of 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Non-current assets	**1,054,621**	724,787	585,455	611,659	582,058
Current assets	**7,078,420**	6,358,684	4,963,036	3,617,124	2,319,467
Current liabilities	**3,659,076**	3,665,116	3,376,670	2,619,903	1,696,340
Net current assets	**3,419,344**	2,693,568	1,586,366	997,221	623,127
Total assets less current liabilities	**4,473,965**	3,418,355	2,171,821	1,608,880	1,205,185
Total equity	**2,585,039**	1,665,116	1,388,367	1,151,773	873,237
Non-current liabilities	**1,888,926**	1,753,239	783,454	457,107	331,948
Total equity and non-current liabilities	**4,473,965**	3,418,355	2,171,821	1,608,880	1,205,185

Note: figures for the years ended 31 December 2010, 2011 and 2012 were extracted from the Prospectus.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of the Group for the year ended 31 December 2014.

In 2014, the global economic growth remained uncertain and imbalanced. The US economy recovered strongly, yet the Euro Zone economy was on the verge of stagflation and recession and the growth of emerging market economies slowed down significantly. China's economic development entered into a "new norm", marked by a continuous decelerating growth rate and a new stage of medium-to-high gear growth.

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

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

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

RESULTS OF OPERATIONS

During the Reporting Period, the Group achieved a turnover of RMB1,928.9 million from the contributions of property developments and related business (inclusive of construction contracts and development management services), business operation services and property leasing, slightly decreased by 1.9% as compared to 2013; profit before tax amounted to RMB632.0 million and net profit for the year amounted to RMB420.3 million, representing an increase of 6.4% and 24.2% as compared to 2013, respectively. Profits attributable to shareholders increased by 29.4% to RMB415.2 million as compared to the same period of 2013. Earnings per share decreased by 5.1% to RMB11.0 cents. Equity attributable to Controlling Shareholders increased by 63.8% to RMB2,349.2 million. Net asset value per share amounted to RMB0.6, representing an increase of 20.2% as compared to the same period of 2013. The rate of core return on average share capital was 21.9%. The Board proposed a final dividend of HK3.2 cents (equivalent to RMB2.6 cents) per share for 2014.

BUSINESS REVIEW

Property Sales

In 2014, the Group achieved new contracted sales of RMB1,223.0 million with the new contracted sales area amounting to 155,000 sq.m., representing a decrease over the previous year. The decline in both sales and sales area is mainly attributable to the adjustment of the market and the Group's strategic adjustment by turning some properties for sale into properties for holding for rental income. The average contracted selling price amounted to RMB7,892.7 per sq.m., representing a year-on-year increase of 28.9%.

During the Reporting Period, the Group achieved property sales in four cities (namely Wuhan, Qingdao, Ezhou and Huangshi), of which the Wuhan project achieved contracted sales of RMB953.5 million, which accounted for 78.0% of the total contracted sales; projects in other cities achieved contracted sales of RMB269.5 million, which accounted for 22.0% of the total contracted sales. The Group made remarkable progress in the trans-regional development of its business.

Investment Properties

During the Reporting Period, the Group added new investment properties of 74,000 sq.m., primarily attributable to projects including Wuhan Creative Capital and Qingdao OVU International Marine Information Harbour (青島光谷國際海洋信息港). As of 31 December 2014, the Group held investment properties of 125,000 sq.m. in aggregate for rental revenue. The Group will gradually increase the holding of quality investment properties.

Land Bank

During the Reporting Period, given the slowdown in China's economy and mounting risks of real estate markets, the Group adopted an extremely prudent investment strategy in relation to the addition of land bank and did not add more acreage to its land bank. As at the end of 2014, the Group held a total land bank of 6.287 million sq.m. in six cities, namely Wuhan, Qingdao, Hefei, Shenyang, Ezhou and Huangshi, which can fulfil the Group's demand for development for at least the next five years.

Management Enhancement

The Group successfully listed on the Main Board of the Stock Exchange on 28 March 2014. The Group took this event as an opportunity to leverage on information technology to optimise and advance its professional management and control systems, strengthen capital planning and comprehensive budgeting management, fully implement the standardization process of project management system and enhance efficiency and quality of project management.

Financial Capital

During the Reporting Period, the Group continued to strengthen financial management and optimise debt structure. The Group obtained new loans through arrangements with various banks in Mainland China which amounted to RMB646.6 million in total. The Group maintained strategic cooperation relationships with various commercial banks in China. The channels and means of financing were increasingly diversified. The cost of financing was at a reasonable level, of which the average was 7.5%. The Group's debt structure was reasonable and long-term borrowings accounted for 53.2% of its total borrowings. The sufficient financial resources strongly supported the Group 's business development.

By the end of 2014, the Group's cash on hand was RMB1,076.8 million and the unutilized bank credit amounted to RMB3,241.0 million. The net capital ratio at the end of the Reporting Period decreased from 90.8% at the end of 2013 to 87.0% at the end of 2014, mainly due to the increase in ownership interest after the listing of the Group.

Human Resources

Following the increase of the Group's business scale and expansion to new cities, the demand for the quantity and quality of talented individuals was on the rise which posed challenges to the preservation and training capabilities of human resources. The Group made use of its own brand, "Stars of Optics Valley", to select high calibres from national higher education institutions on an on-going basis. Meanwhile, the Group continued to enhance on-the-job training and project training, which, coupled with effective monthly, quarterly and annual performance assessments and appraisals, nurtured a pool of talented individuals and constantly developed outstanding management professionals for the Group's projects that underpinned its continuous and stable business growth.

Corporate Governance

The Group is of the view that good corporate governance was essential for enhancing corporate profitability and maintaining sustainable development. The Group took its listing in Hong Kong as an opportunity to enhance its level of corporate governance constantly, and ensure that all of the Group's operation activities are in compliance with laws and regulations so as to minimise operational risks unswervingly. The Group made great efforts in increasing its operation transparency, improving procedures of corporate internal control and risk control and making continuous improvement accordingly.

Corporate Social Responsibility

The Group is dedicated to performing its social responsibility of good corporate citizenship and continuously enhancing its corporate value.

The Group continued to apply environmental protection and energy conservation concepts such as "low carbon" and "green construction" throughout its corporate development strategies, as well as the design, planning and construction of projects for building open, energy-saving and eco-friendly business parks.

The Group proactively developed district heating and cooling ("DHC") energy services systems which are energy-saving and environmental-friendly and effective in reducing carbon emission and operation costs of its business parks' customers. It achieved harmonious mutual success in terms of environmental, social and economic effectiveness. Currently, the Group implements and promotes the use of energy-saving and environmental-friendly DHC energy supply system across the nation, making contribution to the national energy development strategies which prioritize energy conservation.

Corporate Culture

The Group firmly adhered to the core value of "Honesty and integrity, Dedication and devotion, Credibility and compliance and Commitment to excellence" and strived for the creation of harmonious and solidary working atmosphere and corporate culture. The Group encouraged the corporate culture of "Learn to work" and "Work to learn" and was dedicated to setting up a study-oriented enterprise. Besides, the Group initiated an array of corporate culture activities that reinforced the importance of communication and cooperation among staff members in order to create a home-like atmosphere for the employees.

PROSPECT FOR 2015

Macro-economy

Stepping into 2015, the global economy is anticipated to continue to grow slowly, yet its development will still be imbalanced. It is expected that the US economy will continue to recover robustly while the Euro Zone economy may fall into recession and the overall growth of emerging market economies will continue to slow down. The global economy will face more risk in the future path of growth and this is likely to trigger new turmoil in the financial market.

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

Policies and Market

In 2015, in response to the demand of stable growth, the central government will continue to adopt proactive fiscal policies and steadfast monetary policies on the macro level and strengthen its financial support. Targeted easing will be the basis of the monetary policies while the means and measures will be more flexible and remain elastic.

In the real estate market, market supply and demand will be adjusted primarily through market mechanism and price, yet the regional and differentiated austerity measures will remain in place. The surplus of supply over demand in the real estate market will continue and may be subject to further adjustment, resulting in the continuation of market differentiation.

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

Looking ahead into 2015, the Group will give full play to its competitive edge to consolidate its leading market position in terms of development and operation services of thematic business parks, take advantage of and properly perform the vital role in China's new industrial services and push forward the transformation and sustainable development of the Group's business unwaveringly. With this end in view, the Group will foster business development in the following aspects:

Deepening of Services and Solid Operation

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

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

Increase in Scale of Leased Properties

The scale of the Group's business park projects is relatively large and these projects have longer development cycles and immense potential in value appreciation. Currently, the Group owns leased properties with an area of 125,000 sq.m. The rental revenue achieved in 2014 amounted to RMB39.6 million. While accelerating property sales, the Group plans to increase the holding of quality properties for long-term rental purpose so as to increase the value of the Group's assets. The Group will focus on enhancing the rental business scale for small-and-medium enterprises, increasing the scale of leased properties and increasing stable cash flows income while bolstering the development of enterprises in innovative industries.

Establishment of the O2O Internet Services Platforms

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

Deepening of the Market Segmentation Strategies

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

Creation of Art-related Commercial Operation System

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

Advancing the System of OVU Venture Services

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

Being the Leader of DHC Market

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

Improvement of Mechanism and Stimulation of Innovative Vitality

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

Dear shareholders, the Group has targeted China's emerging industrial services as the focus of its business transformation and development and is committed to developing into a leading emerging industrial services provider in China's market. In light of the invaluable opportunities of the innovative development of emerging industries strongly driven by China's economic transformation, structural adjustment and "new norm" of economy, as long as we make use of policies, grasp opportunities, adopt appropriate development strategies and enhance executive ability, it is certain that we will be able to consolidate the leading position of the Group in China's emerging industrial services market and create excellent returns to our Shareholders while making contribution to the economic innovation and industrial development of China. I hereby would like to express my sincere gratitude to all Shareholders, members of the Board, management, employees and business partners.

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

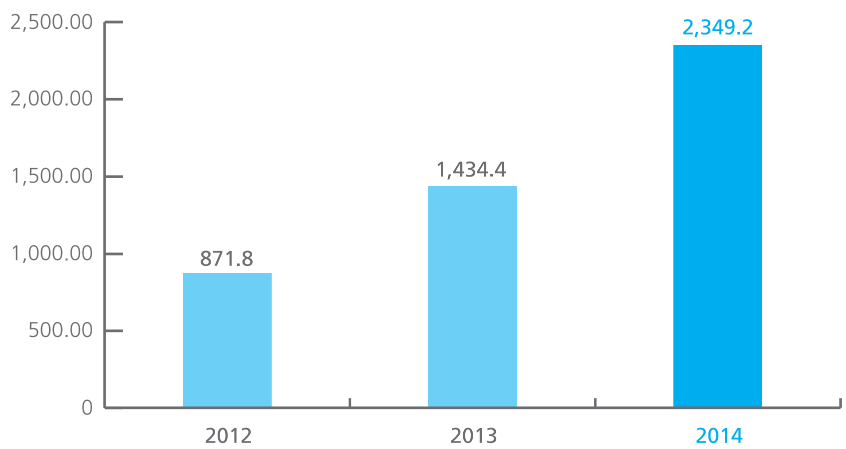
25 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

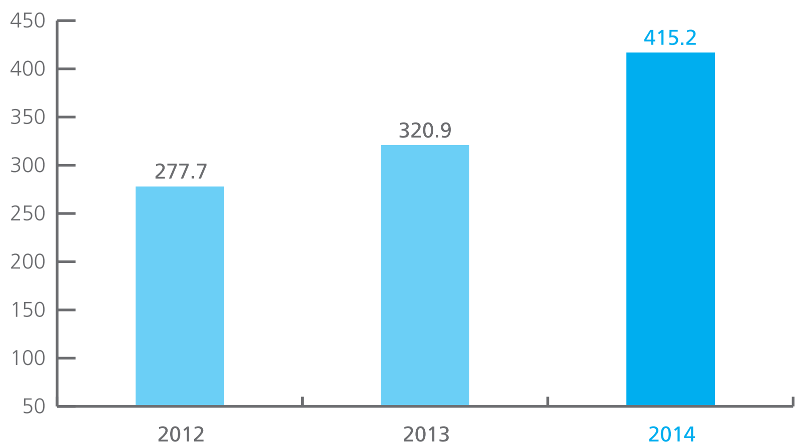
OVERALL PERFORMANCE

- Profit attributable to Shareholders of the Group increased by 29.4% to RMB415.2 million in 2014 from RMB320.9 million in 2013.
- Turnover of the Group decreased by 1.9% to RMB1,928.9 million in 2014 from RMB1,966.3 million in 2013.
- Newly completed area and the actual delivered area of the Group amounted to 469,000 sq.m. and 237,000 sq.m. in 2014, respectively.
- As of the end of 2014, total land bank of the Group amounted to 6.287 million sq.m., which meets the development requirements for the next five years.
- As of the end of 2014, equity attributable to Shareholders of the Group amounted to RMB2,349.2 million, representing an increase of 63.8% compared to the same period of 2013.
- Gross profit margin of the Group was 35.4% in 2014, which remained at a relatively high level in the industry.

Growth in shareholders' equity during 2012 to 2014 (RMB million)



Growth in profit attributable to shareholders during 2012 to 2014 (RMB million)

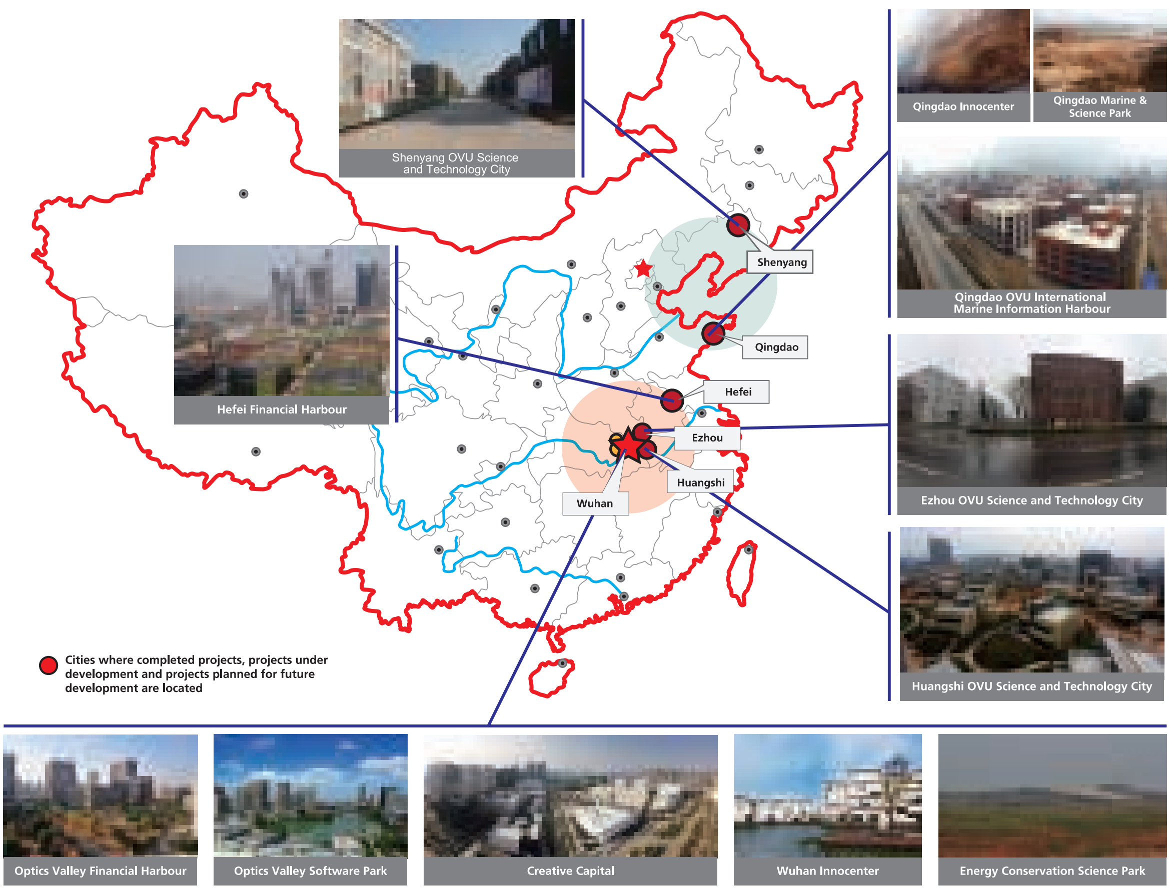


BUSINESS REVIEW

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

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

National distributor map of the projects of the Group



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

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

Sales Revenue

The Group generated turnover from sale of properties in business parks and related business (including construction contract and development management services), business operation services and property leasing. During the Reporting Period, turnover of the Group decreased slightly by approximately 1.9%, from RMB1,966.3 million for the year ended 31 December 2013 to RMB1,928.9 million for the year ended 31 December 2014. The major contributor to our turnover in the relevant periods was sales of properties of the Group's developments.

The turnover by operating segments

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

Property Development and Related Business

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

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

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

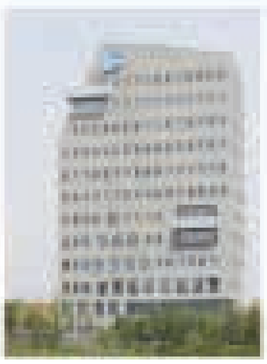
Projects under entrusted construction/construction agreement by the Group

Wuhan Financial Service Center of Bank of Communications GFA: 70,000 m^2

Comprehensive office building of Changjiang Securities GFA: appr. 10,000 m^2

Financial Service Center of Shenzhen Rural Commercial Bank GFA: appr. 15,000 m^2

Humanwell Group Headquarters GFA: approximately 23,000 m^2



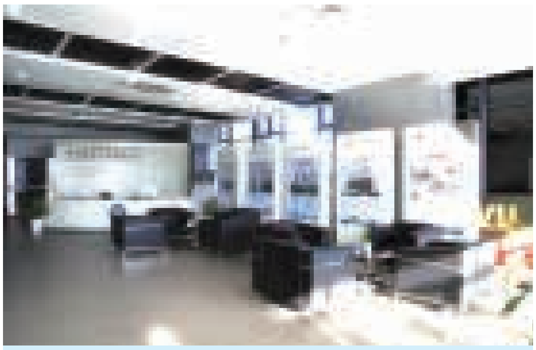
Pfizer (Wuhan) Research & Development Center GFA: 12,000 m^2

Wuhan City Vocational College Campus area: 1,380 mu

Business Operation Services

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

Of the turnover from business operation services, RMB131.1 million was generated from property management and service business, representing a year-on-year growth of 15%, and RMB38.5 million was generated from DHC energy services, representing a year-on-year growth of 73.4%.



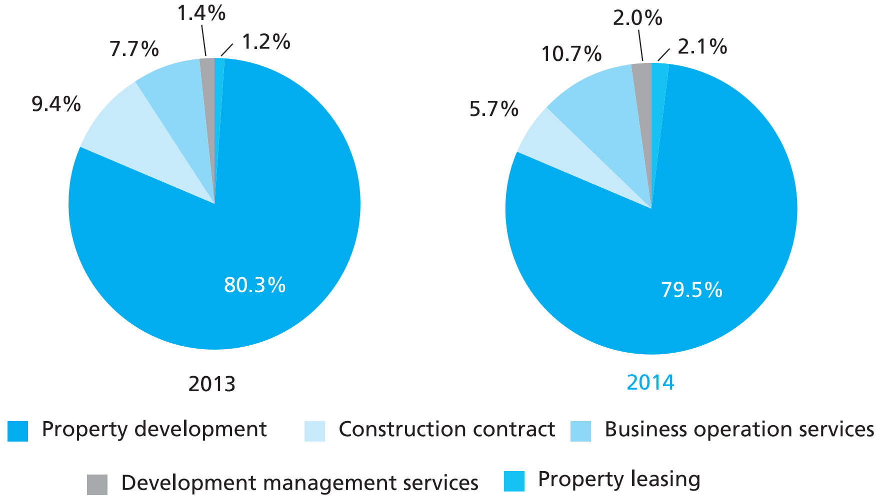
Enterprise service center

Property management

Property Leasing

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

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



Contracted Sales of Properties

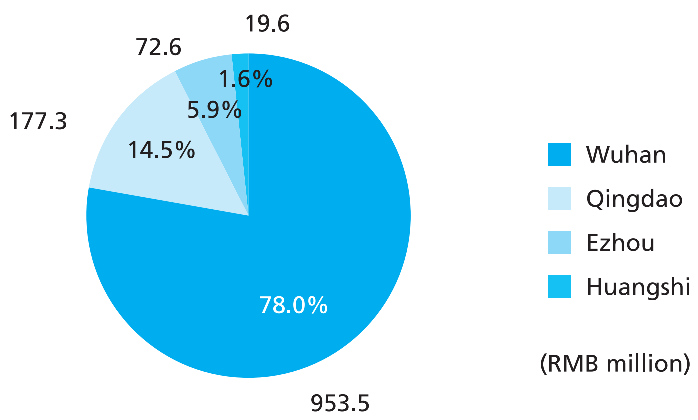
In 2014, the contracted sales of the Group's properties were RMB1,223.0 million; the contracted sales area was 154,953 sq.m.; and the average contracted selling price was RMB7,892.7 per sq.m., representing a growth of 28.9% as compared to the same period of 2013.

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

Summary regarding the sales of properties

	Contracted Amount (RMB '000)		Contracted Area (sq.m.)	
City and Project	**2014**	2013	**2014**	2013
Wuhan Optics Valley Software Park (Phase I–IV)	**—**	3,683	**—**	447
Wuhan Optics Valley Software Park (Phase V)	**109,845**	148,330	**12,100**	29,056
Wuhan Optics Valley Software Park (Phase VI)	**156,233**	4,975	**19,000**	913
Wuhan Creative Capital	**310,511**	—	**34,500**	—
Wuhan Financial Harbour (Phase I)	**—**	24,045	**—**	1,207
Wuhan Financial Harbour (Phase II)	**156,101**	840,665	**13,700**	125,839
Wuhan Innocenter	**6,580**	73,584	**1,000**	9,876
Wuhan Lido 2046	**210,091**	—	**18,500**	—
Wuhan Romantic Town	**4,115**	2,322	**500**	299
Qingdao OVU International Marine Information Harbour	**177,326**	219,698	**26,653**	34,964
Ezhou OVU Science and Technology City	**72,580**	68,559	**24,000**	23,264
Huangshi OVU Science and Technology City	**19,590**	—	**5,000**	—
Lido Top View	**—**	1,308	**—**	164
Total	**1,222,972**	1,387,169	**154,953**	226,029

Proportion of contribution to sales of properties by cities



Property Development and Completion

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

During the Reporting Period, the Group completed 8 phased projects for business parks located in Wuhan, Qingdao, Ezhou and Huangshi, with an aggregate newly completed area of 469,000 sq.m., and an area of new development of 591,000 sq.m. The Group had an aggregate area of approximately 1.0 million sq.m. under development as at the end of 2014.

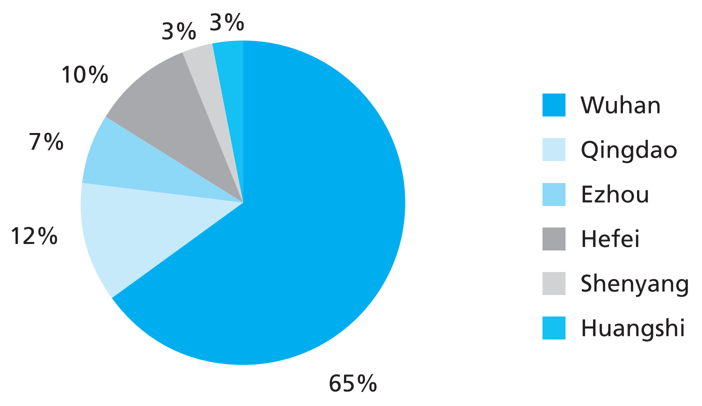
Completed areas of major projects by cities in 2014

City	**Project Name**		**Area of completion in 2014** ('000 sq.m.)
Wuhan			253
	Optics Valley Financial Harbour (Phase II)	138	
	Creative Capital	115	
Qingdao	Qingdao OVU International Marine Information Harbour		76
Ezhou	Ezhou OVU Science and Technology City		81
Huangshi	Huangshi OVU Science and Technology City		59
Total			469

Land Bank

During the Reporting Period, the Group has adopted an extremely prudent investment strategy in acquiring new land in response to the slowdown in economic growth of the Mainland, increased risks of the real estate market and the weak market demand. No new land was added to the Group's land bank during the Reporting Period. As at the end of 2014, the land bank held by the Group in six cities, namely Wuhan, Qingdao, Hefei, Shenyang, Ezhou and Huangshi, totaled 6.287 million sq.m., which can fulfill the Group's demand for development for at least the coming five years.

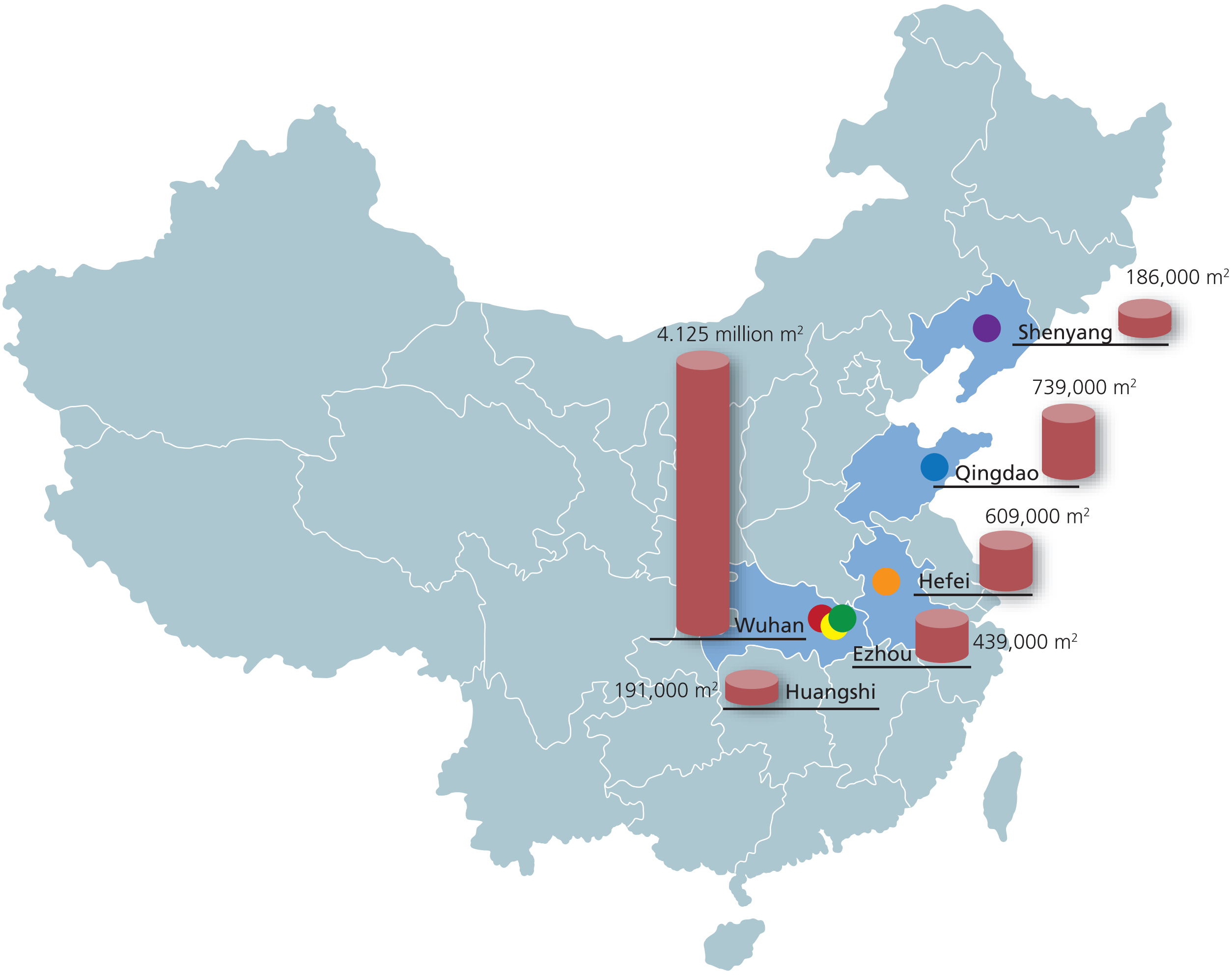
Proportion of distribution of land bank by cities



Land bank

No.	Project	City	Location	Usage	Interest Attributed to the Group	Land Bank (sq.m.)
1	Optics Valley Software Park (光谷軟件園)	Wuhan	1 Guanshan Avenue, Wuhan, Hubei Province	Industrial	100%	58,047
2	Optics Valley Financial Harbour (Phase I) (光谷金融港一期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	27,728
3	Optics Valley Financial Harbour (Phase II) (光谷金融港二期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	68,114
4	Optics Valley Financial Harbour (Phase III) (光谷金融港三期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	70%	350,463
5	Optics Valley Financial Harbour (Phase IV) (光谷金融港四期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Commercial	70%	658,333
6	Wuhan Innocenter (武漢研創中心)	Wuhan	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	Industrial	100%	207,510
7	Lido Mason (麗島美生)	Wuhan	No. 318 Minzu Avenue, Wuhan, Hubei Province	Residential	50%	4,840
8	Creative Capital (創意天地)	Wuhan	16 Ye Zhi Hu West Road, Hongshan District, Wuhan, Hubei Province	Commercial	100%	371,535
9	Lido 2046 (麗島2046)	Wuhan	175 Xiongchu Avenue, Wuhan, Hubei Province	Residential	100%	126,629
10	Energy Conservation Technology Park (節能科技園)	Wuhan	666 Gaoxin Avenue, Wuhan, Hubei Province	Industrial	70%	2,235,156
11	Romantic Town (麗島漫城)	Wuhan	46 Guanggu Boulevard, Wuhan, Hubei Province	Residential	51%	2,850
12	Others	Wuhan	N/A	Residential	100%	14,004
13	Qingdao OVU International Marine Information Harbour (青島光谷國際海洋信息港)	Qingdao	396 Emeishan Road, Qingdao, Shandong Province	Industrial	100%	405,255
14	Qingdao Innocenter (青島研創中心)	Qingdao	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	Industrial	100%	136,380
15	Qingdao Marine & Science Park (青島海洋科技園)	Qingdao	Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province, South of Zhang Jiang West Road, West of Jiangshan South Road, North of Binhai Avenue	Industrial	100%	197,050
16	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%	438,538
17	Huangshi OVU Science and Technology City (Phase I) (黃石光谷聯合科技城一期)	Huangshi	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	Industrial	100%	190,600
18	Shenyang OVU Science and Technology City (瀋陽光谷聯合科技城)	Shenyang	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	185,801
19	Hefei Financial Harbour (合肥金融港)	Hefei	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	Commercial	80%	608,660
	Total					6,287,493

Distribution of land bank by cities



INTRODUCTION OF MAJOR BUSINESS PARK PROJECTS

Hubei Province

Wuhan City

Optics Valley Financial Harbour

Location:	It is located in the East Lake New Technology Development Zone, adjacent to the junction of the Beijing-Zhuhai Highway (京珠高速公路) and Shanghai-Chengdu Highway (滬蓉高速公路), two key transportation routes connecting north to south, and east to west in China.
Scale:	The four-phased project occupies a total site area of 526,000 sq.m. and has a planned total GFA of 1.8 million sq.m.
Project positioning:	Financial back-office services, ITO/BPO services outsourcing and innovative financial services.
Details of the project:	The Optics Valley Financial Harbour provides an integrated and multifunctional platform for banks and financial institutions with easy access to financial back-office services, information technology outsourcing services, business process outsourcing services and other information services. It comprises integrated financial back-office service centers with supporting facilities, including distributed energy supply stations, canteens and recreation centers.
Goal:	It aims at attracting 10-20 financial institutions to set up comprehensive back-office centers, 50 specialized back-office centers and 200 supporting service outsourcing enterprises, offering approximately 100,000 jobs.
Enterprise residents:	People's Bank of China, China Construction Bank, Taikang Life Insurance, Changjiang Securities, Hankou Bank, Hubei Bank, Taiping Life Insurance, Guohua Life Insurance, Shenzhen Rural Commercial Bank, Home Credit Consumer Finance, Bank of Jiujiang, Dacheng Fund, Union Life, Taiwan MediaTek, Schneider Electric, Lenovo Group, Wistron Technology (緯創科技), CGN Power, etc.
Latest status:	As at 31 December 2014, 794,000 sq.m. in Phase I and Phase II was completed and basically delivered. There were over 100 enterprise residents. Phase III and Phase IV are currently under planning stage.

The view of Optics Valley Financial Harbour Phase I and II

Creative Capital

Location:	It is located between Nanhu Avenue in Hongshan District, Wuhan City, Zhonghuan Line and Yezhi Lake.
Scale:	The two-phased project occupies a total site area of 379,000 sq.m. and has a planned total GFA of 1.059 million sq.m.
Project positioning:	Creative and related industries, such as creative art, industrial design and digital media.
Details of the project:	It is designed to be an integrated and multifunctional platform for artists and cultural creative industries, including, among others, advertising and media, art design, fashion design, music, entertainment and internet games. The Creative Capital Phase I will comprise commercial and office facilities, art galleries, artists' creative studios, outdoor theaters and hotels. The Creative Capital Phase II occupies a total site area of approximately 185,000 sq.m. and has a planned total GFA of approximately 670,000 sq.m.
Goal:	Based in Wuhan, the Creative Capital aims at developing into a hub for nation-leading and world-renowned innovative industries and creative base which provide the venue for international art masters, well-known artists in China and young artists to create artworks and set up workshops. It will attract about 500 innovative enterprises to be residents, create over 5,000 jobs and achieve an industrial output of RMB10 billion.
Latest status:	As at 31 December 2014, 115,000 sq.m. were completed and 266,000 sq.m. were under construction. There were approximately 90 enterprises, institutions and artists residents.

As at 31 December 2014, Union Art Gallery, artists' workshops, the artwork auction market, art boutique hotel and Creative Shops Street have been delivered and in use. Union Art Gallery is now open. International Art Festival was held from October to December 2014. Over a hundred renowned local and international artists joined the exhibition and events with over 50,000 visitors.

The view of Creative Capital

Wuhan Innocenter

Location:	It is located in Canglong Island Technology Park (藏龍島科技園), the south of Optics Valley Avenue (武漢光谷大道), Wuhan and the bank of Tangxun Lake (湯遜湖畔).
Scale:	Planned total GFA of 220,000 sq.m.
Project positioning:	Technological research and development, engineering design and headquarters of technical SMEs.
Details of the project:	Office for research and development, canteen, training and conference center and supporting facilities.
Goal:	It aims at attracting hundreds of enterprises to be residents with annual output value of RMB10 billion, creating 2,000 jobs of middle- and high- income.
Latest status:	As at 31 December 2014, 113,000 sq.m. in Phase I and Phase II was completed. There were over 30 corporate residents.

The view of Wuhan Innocenter

Biolake Innovation Business Park

It is a national base of bio-industry. The Group is responsible for the whole construction process and operation of the project and offering advice in respect of all aspects of the project to Wuhan Government.

Location:	It is located at the south to Gaoxin Avenue in East Lake High-Tech Development Zone, Wuhan City, the east to Beijing-Guangzhou high-speed rail line, the north to Erfei Hill and the west to Optic Valley Third Road.
Scale:	Planned site area of 1,490 mu and planned total GFA of 1.05 million sq.m.
Project positioning:	Research and development and incubation of biotechnologies, research and development outsourcing, pilot run, etc.
Details of the project:	Research and development center, testing center, incubation center for new medicine, administrative service center, business center, apartment, hotel, etc.
Goal:	It aims at being a national leading and well-known bio-innovation base in Asia and the rest of the world.
Enterprise residents:	Tens of well-known enterprises such as Pfizer, Fresenius, Thermo Fisher, Honeywell, Bayer, WuXi PharmaTech, BGI and Sinopharm Medicine Holding.
Latest status:	The construction of the project commenced in December 2008, and is expected to be completed in December 2015. Currently, there are 100 corporate residents.

The view of Biolake

Wuhan Hi-Tech Medical Devices Business Park

The project is the largest base for medical devices and reproductive health industries in Central China. The Group is responsible for the whole construction process and operation of the project and offering advice in relation to all aspects of the project to the Wuhan Government.

Location:	It is located in Jiulong Industrial Park, a national bio-industrial park, in East Lake High-Tech Development Zone, Wuhan
Scale:	Planned area of Phase I of approximately 304 mu, and planned total GFA of 417,000 sq.m.
Project positioning:	Research and development of medical devices, product production and technical service.
Details of the project:	Incubation center for research and development, exhibition center, production factories, local amenities, etc.
Goal:	It aims at building a unique park for medical devices industry in China with 200 corporate residents, providing approximately 10,000 job opportunities and achieving sales income of RMB10 billion.
Enterprise residents:	Hubei Osteolink Biomaterial, Wuhan Zoncare Electronics, Wuhan Xinhua Zhongxin Bio Engineering Equipment, Wuhan Modern Sunshine, Wuhan Western Medical (武漢歐化醫學), Wuhan Landing Medical, Wuhan Chuangxin Electronics (武漢創鑫電子), Wuhan Gigaa Optronics, etc.
Latest status:	The construction of the project commenced in July 2010, and is expected to be completed and delivered for use in May 2015. Currently, there are 40 corporate residents.

The view of Hi-Tech Medical Devices Business Park

Wuhan Future Technology City Qibu Region
It is the only approved "future technology city" in Midwest China.

Location:	It is located along the north-south route of Gaoxin Avenue, East Lake High-Tech Development Zone.
Scale:	Planned total GFA of Phase I of 590,000 sq.m.
Project positioning:	It focuses on assisting talents who have returned from overseas to start innovative business and pooling the research and development resources of state-owned enterprises, aiming at the research and development and incubation of the strategic emerging industries.
Details of the project:	Research and development center, research and development area and incubation area for new energy, local amenities and industrial ancillary facilities.
Goal:	It aims at introducing and training 500 technical and innovative research and development teams with high standard, 1,000 technical and innovative enterprises and 200 research and development institutions, which will recruit over 100,000 technicians. It also aims at becoming an important research and development base with the highest standard for research and development of strategic emerging industries in China.
Enterprise residents:	Huawei Technologies Co., Ltd., China Electronics Corporation, China Aerospace Science & Industry Corporation, CNR, China Energy Conservation and Environmental Protection, ZTE Corporation, Xinsike USA (美國新斯科), China Telecom, China Mobile, China Unicom, etc.
Latest status:	The construction of the project commenced in October 2010, and is expected to be completed and delivered in November 2015. Currently, there are over 100 corporate residents.

The view of Future Technology City

Ezhou City

Ezhou OVU Science and Technology City

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

Location:	It is located in the Hubei Gedian High-Technology Industrial Development Zone.
Scale:	It occupies a total area of 1,053,000 sq.m. and has a planned total GFA of 1,306,000 sq.m.
Project positioning:	Electro-mechanical technology, information technology, new materials, biomedical technology, food processing, etc.
Details of the project:	It is designed to provide top-grade supporting facilities to SMEs for research and development of advanced technologies of opto-electronic information, electro-mechanical integration, new materials, energy conservation and environmental protection. The project will comprise office buildings for research and development, one to multi-storey customized buildings for product manufacturing and supporting facilities (including, among others, canteens and residential apartments).
Goal:	It aims at developing a base to showcase technology enterprise accelerators in China and industrial base of technical SMEs, forming effective research and development, incubation and accelerator system, attracting 500-1,000 technical SMEs and generating a production output of RMB6 billion per year.
Latest status:	As at 31 December 2014, 135,000 sq.m. was completed. There were about 18 enterprise residents.

The view of completed part and part under construction

Huangshi City

Huangshi OVU Science and Technology City

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

Location:	It is located at the intersection of Baoshan Road, the main road of Huangshi Golden Hill New Industrial Zone (core area of the Huangshi Economic Development Zone) and Jinshan Boulevard.
Scale:	The three-phased project occupies a total area of 489,000 sq.m. and has a planned total GFA of 677,000 sq.m.
Project positioning:	It targets the "high-end emerging industries" and focuses on the development of new industries such as new energy, new materials, photoelectron, biology and energy conservation and environmental protection.
Details of the project:	It is designed to provide an integrated and multifunctional platform for SMEs and start-up companies for the research and development of technologies relating to strategic emerging industries such as biotechnology, new energy, high-end equipment manufacturing (including optoelectronic devices), energy conservation and environmental protection and clean-energy vehicles. The project will comprise office buildings for research and development, customized buildings for product manufacturing, and supporting facilities providing commercial, residential, leisure and entertainment services (including, among others, hotels, shopping centers and residential apartments).
Goal:	After the completion of the project, there will be 30 headquarters of enterprises, 300 SMEs, generating an annual production output of RMB3 billion and an additional production output of RMB10 billion for related industries, and attract over 10,000 talents from innovative and high-tech businesses. As a result, it will form an integrated high-tech park with research and development facilities, incubation, headquarters and residential buildings.
Latest status:	As at 31 December 2014, 59,000 sq.m. was completed and 39,000 sq.m. was under construction.

The view of Huangshi Project

Shandong Province

Qingdao City

Qingdao OVU International Marine Information Harbour

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

Location:	It is located in the West Coast National Economic Development Zone, Qingdao and at the intersection of Emeishan Road and Fuchunjiang Road of Qingdao Economic and Technology Development Zone.
Scale:	The three-phased project occupies a total area of 1,324,000 sq.m., and a planned total GFA of 3,099,000 sq.m.
Project positioning:	Marine information, outsourcing of software and service.
Details of the project:	It will provide top-graded infrastructure to international corporations and fast-growing SMEs in the areas of software research and development, network communication and other technology and service outsourcing. The project will comprise office buildings and supporting facilities, including apartments, canteen and hotels.
Goal:	It aims at attracting 500 enterprises of marine information, marine research, modern marine service industry and software and service outsourcing, creating 120,000 employment opportunities and an annual production output of RMB15 billion and becoming a national showcase of marine information industry and a top and well-known business cluster district of software and service outsourcing in the world.
Latest status:	As at 31 December 2014, 157,000 sq.m. was completed, and 122,000 sq.m. was under construction and there were 38 enterprise residents.

The view of Qingdao OVU International Marine Information Harbour

Qingdao Innocenter

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

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

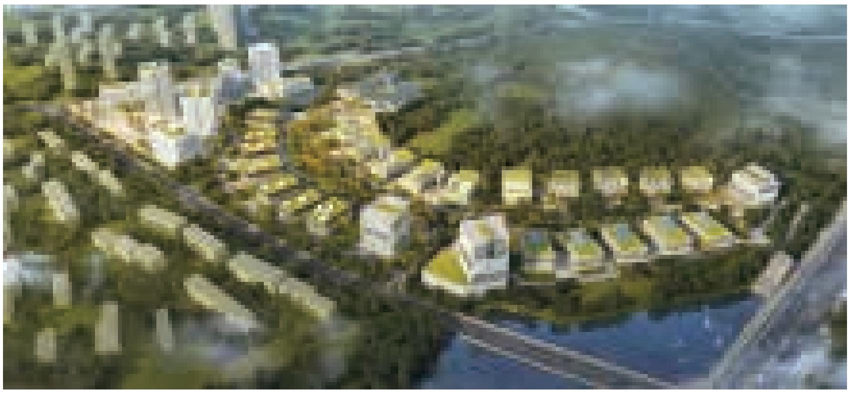
A planned layout of Qingdao Innocenter

Qingdao Marine & Science Park

It is an industrial base developed by the Group for the applied ocean technology to act as a platform for incubation and scientific achievements transformation of ocean technology enterprises.

Location:	It is located at Binhai Avenue, Qingdao Economic and Technical Development Zone.
Scale:	The planned area is 244 mu and the planned total GFA is approximately 200,000 sq.m.
Project positioning:	Research on ocean technology and technology service industry.
Details of the project:	Center for ocean technology, laboratory for academician, scientific research offices and supporting facilities
Goal:	It aims at developing into an innovative center of ocean technology of international standard, marine science education center and transformation center of ocean technology.
Latest status:	It is under the planning stage.

A planned layout of Qingdao Marine & Science Park



Anhui Province

Hefei City

Hefei Financial Harbour

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

Location:	It is located at the intersection of Huizhou Avenue and Jinxiu Avenue, Binhu New Zone, Hefei City.
Scale:	Planned GFA of approximately 610,000 sq.m.
Project positioning:	Financial back office services, special finance, etc.
Details of the project:	It comprises an integrated financial area, customized back-office area and service outsourcing, etc.
Goal:	After the completion of the project, it will attract both large and small financial institutions to set up middle- and back-offices and enterprises engaging in financial service outsourcing and e-commercial enterprises. A group of innovative financial institutions will be introduced and nurtured.
Latest status:	The construction of the project commenced in August 2014. As at 31 December 2014, 320,000 sq.m. was under construction.

The view of Hefei Financial Harbour

Liaoning Province

Shenyang City

Shenyang OVU Science and Technology City

Location:	It is located at the intersection of Fourth Ring Road and Seven Star Avenue, Shenbei New District, Shenyang City.
Scale of the project:	Phase I occupies an area of 126,000 sq.m. with a planned total GFA of approximately 186,000 sq.m.
Project positioning:	Equipment manufacturing, new materials, biological medicine and electronic information.
Details of the project:	Factories, research and development centers, conference centers, food court, apartments and shops.
Goal:	It aims at developing into a platform for public service, which will help SMEs to update and upgrade with the integration of upstream and downstream industries, and ultimately becoming a new driver for the transformation and upgrade of the regional economy.
Latest status:	The construction of the project commenced in September 2014. As at 31 December 2014, 78,000 sq.m. was under construction.

The view of Shenyang OVU Science and Technology City

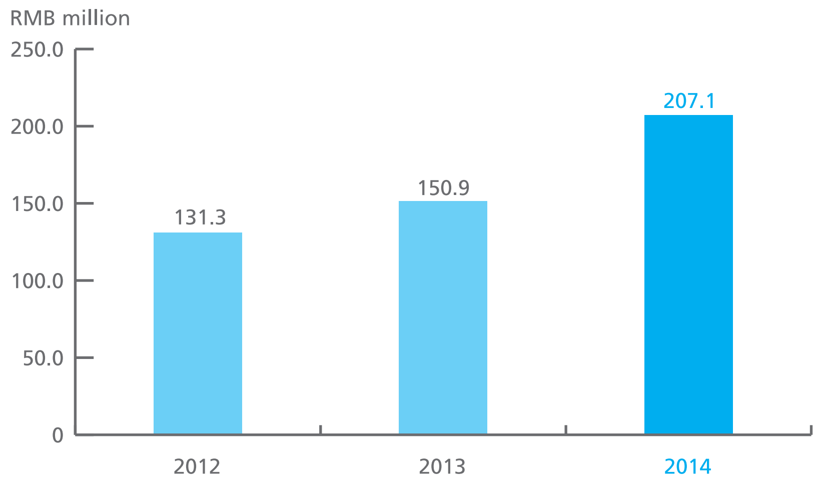
BUSINESS OPERATION SERVICES

Turnover of the Group from business operation services increased by RMB56.2 million from RMB150.9 million for the year ended 31 December 2013 to RMB207.1 million for the year ended 31 December 2014.

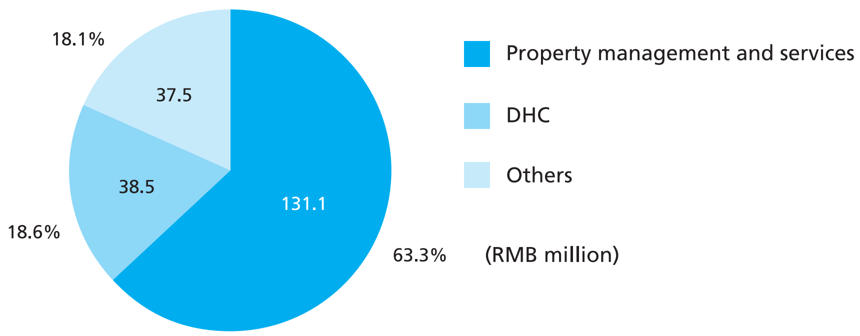
The Group provides the enterprises in its business parks with diversified one-stop business operation services to facilitate their business operations and reduce their operational costs. There are more than 10 types of operation services provided in the business parks, including property management and services, provision of district heating and cooling services, human resources and training, entrepreneurship service center, group catering services, apartment leasing, hotels, real estate agency and recreation and entertainment. The Group has been continuously enhancing the value-added operation services provided in its thematic business parks and adhering to its customer-oriented principle, aiming at creating an environment with well-established services and systems for enterprises as well as providing a comfortable business environment and a diversified and exciting community life for enterprises in its business parks.

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

Growth in turnover from business operation services during 2012 to 2014



Proportion of turnover contributed by business operation services in 2014



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

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

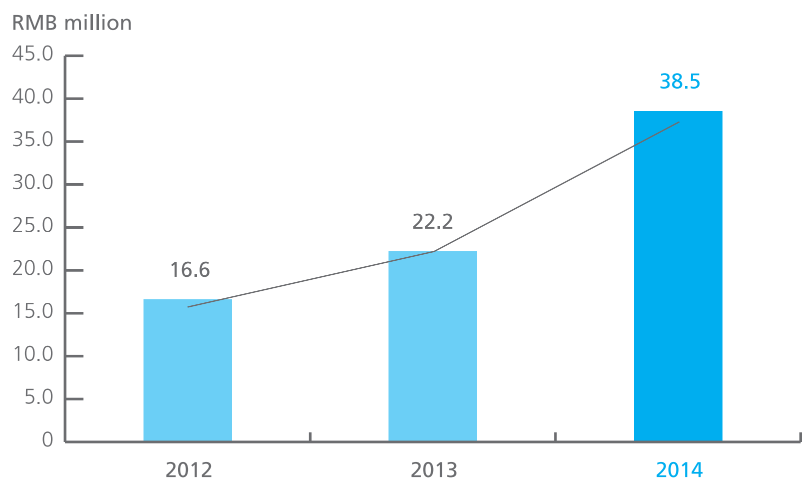
Enterprise service center

Lido Property

District Heating and Cooling Energy Services (DHC)

Turnover of the Group from services of district heating and cooling (DHC) increased by RMB16.3 million from RMB22.2 million for the year ended 31 December 2013 to RMB38.5 million for the year ended 31 December 2014.

The growth in turnover from DHC energy services business during 2012 to 2014



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

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

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

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

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

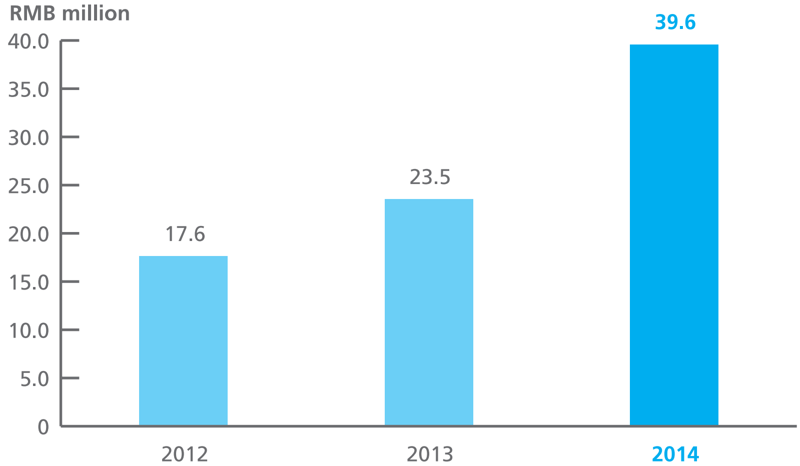
DHC power station

DHC power station

Property Leasing

The Group strategically holds and leases out certain properties with supporting services and office properties suitable for general business purpose in its business parks to generate recurring rental income. As at 31 December 2014, the Group held investment properties with a total GFA of 125,155 sq.m., and recorded rental income of RMB39.6 million, representing a growth of 68.2% compared to the same period of 2013.

Growth in turnover from property leasing during 2012 to 2014



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

Outlets in Wuhan Creative Capital

Qingdao OVU International Marine Information Harbour

Major investment properties of the Group

No.	Property Name	Nature of Property	Area (sq.m.)
1	Optics Valley Software Park	Office and apartment	24,605
2	Creative Capital	Commercial	5,620
3	Qingdao OVU International Marine Information Harbour	Office	9,385
4	Hefei Optics Valley Financial Harbour	Office and commercial	54,250
5	Financial Harbour (Phase I)	Apartment	4,560
6	North Harbour Industrial Park	Office	3,959
7	Huangshi Top View	Commercial	15,462
8	Lido Garden	Commercial	6,922
9	Romantic Town	Commercial	392
Total			125,155

Customer Services

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

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

Upholding its objectives of enhancing customer satisfaction and improving the innovative service system of its business parks, the Group has been proactively capturing the demand for services in the business parks and continued to further improve all service tasks based on the original service system. In addition, the Group has been constantly exploring, innovating and introducing numerous services which have unique features and are up to customers' satisfaction, including human resources services, collective household register services, business registration services and event organization services for events such as holding matchmaking parties and celebration parties. The aforesaid services are welcomed by enterprises and employees in the business parks.

Restaurant at the Optics Valley Software Park

Restaurant at the Optics Valley Financial Harbour

Matchmaking party

Recruitment fair

Celebration party held in business park

FINANCIAL REVIEW

Results of Operations

Turnover

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

Turnover indicated by operating segment

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

Property development and related businesses

Property development

Turnover of the Group from sale of properties decreased by RMB46.2 million from RMB1,580.0 million for the year ended 31 December 2013 to RMB1,533.8 million for the year ended 31 December 2014, primarily due to an increase in the average selling price of properties sold in 2014 as the Group's project entered into a more mature and advanced stage with well-developed infrastructure and supporting facilities.

Construction Contract

Turnover of the Group from construction contract decreased by RMB73.9 million from RMB184.6 million for the year ended 31 December 2013 to RMB110.7 million for the year ended 31 December 2014, primarily because of the decrease in area delivered by the Group, but Wuhan Lido Technology, instead of external customers, has been the primary supplier of decoration and improvement services to our project companies, as the Group strengthened our vertically integrated business model along the value-chain of the business park development industry.

Development Management Services

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

Business Operation Services

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

Property Leasing

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

Cost of Sales

Overview

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

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

Cost of Properties Sold

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

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

Gross Profit and Gross Profit Margin

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

Other Income

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

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of advertising and promotional expenses, sales and marketing staff cost, travel and communication expenses, office administration expenses, depreciation expenses and others. For the years ended 31 December 2013 and 2014, selling and distribution expenses of the Group were approximately 2.4% and 3.4% of its total turnover for the same periods, respectively.

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

Administrative Expenses

Administrative expenses primarily consisted of administrative staff costs, office administration expenses, travel, meeting and communication expenses, other indirect taxes, depreciation and amortization expenses, listing expenses, professional fees, and others. For the years ended 31 December 2013 and 2014, administrative expenses of the Group were approximately 7.2% and 7.0% of its total turnover for the same periods, respectively.

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

Other Expenses

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

Increase in Fair Value of Investment Properties

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

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

Finance Income

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

Finance Costs

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

Share of Profit/(Losses) of Associates

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

Share of Profit/(Losses) of Joint Ventures

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

Income Tax

During the Reporting Period, income tax expenses of the Group decreased by RMB43.5 million from RMB255.2 million in 2013 to RMB211.7 million, which was primarily due to (i) a decrease in PRC land appreciation tax of RMB68.3 million; (ii) a decrease in PRC corporate income tax of RMB26.0 million; and (iii) an increase in deferred tax of RMB 50.8 million. Effective tax rates of the Group were 43.0% and 33.5% for the years of 2013 and 2014, respectively.

Profit for the Year

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

Financial Position

Properties under Development

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

Completed Properties Held for Sale

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

Trade and Other Receivables

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

Trade and Other Payables

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

Liquidity and Capital Resources

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

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

In 2014, the Group's net cash generated from financing activities was RMB467.9 million, which was primarily due to proceeds from loans and borrowings, proceeds from the issue of corporate bonds and non-public fixed financing instruments. Cash inflow from financing activities was also related to proceeds from initial public offering, amounting to RMB600.9 million. Cash outflow from financing activities in 2014 was mainly related to repayment of bank and other loans, interest and other borrowing costs paid and dividend paid.

Key Financial Ratios

Current Ratio

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

Net Gearing Ratio

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

Indebtedness

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

As at 31 December 2014, unutilized banking facilities amounted to RMB1,441.0 million and unutilized other borrowings amounted to RMB1,800.0 million.

Contingent Liabilities

The Group provides guarantees for its customers' mortgage loans with PRC banks to facilitate their purchases of the Group's pre-sold properties. As at 31 December 2013 and 31 December 2014, the outstanding guarantees for mortgage loans granted to customers of its pre-sold properties were approximately RMB272.0 million and RMB306.1 million, respectively.

Net Current Assets

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

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

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

Capital Expenditure and Capital Commitment

Capital expenditure of the Group increased by RMB103.3 million from RMB179.8 million in 2013 to RMB283.1 million in 2014. 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 2013 and 31 December 2014, the Group’s outstanding balances of its commitments related to property development expenditure were RMB2,244.4 million and RMB265.9 million, respectively.

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

Employees

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

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

Pledged Assets

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

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

Market Risks

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

Liquidity Risk

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

Interest Rate Risk

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

Foreign Exchange Risk

The Group's functional currency is Renminbi and substantially all of its turnover, expenses, cash and deposits are denominated in Renminbi. The Group's exposure to currency exchange risks arises from certain of its cash and bank balances which are denominated in Hong Kong dollar. In the event of a depreciation of the Hong Kong dollar against Renminbi, the value of its cash and bank balances in Hong Kong dollar will decline. In addition, if the Group maintains any foreign currency denominated assets or liabilities, including raising any foreign currency-denominated debts, fluctuations in Renminbi exchange rates will have an impact on the value of such assets and liabilities, thus affecting its financial condition and results of operations. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposure regularly and considers exposure on its foreign exchange risk is not significant.

Credit Risk

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

Event after Balance Sheet Date

For the major events that occurred after the balance sheet date, please refer to note 38 on page 188 of this annual report.

INVESTOR RELATIONS

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

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

Management of the Group met with analysts and investors

Investors visited the Group's projects

CORPORATE SOCIAL RESPONSIBILITY REPORT

ENERGY CONSERVATION AND ENVIRONMENTAL PROTECTION

As an integrated enterprise which always bears its social responsibility, the Group pays close attention to environmental protection and resource conservation.

When developing a business park, the Group thoroughly considers the compatibility of the selected site and the surrounding environment and utilizes every available natural resource in the local area to ensure that we meet the criteria of a green design in all three areas including planning, site-selection and construction unit design. During the process of construction, we continue to implement more green and energy-saving technologies and adopted energy-saving exterior protective structure technology, energy-saving monitoring system technology and adjustable heating end equipment technology, thereby effectively reducing energy consumption.

With respect to decoration for buildings, the Group focuses on technological breakthroughs under the key principles of "energy saving", "highly functional" and "highly efficient". Through our exploration and experience gained through practical works, we completed a number of research and development projects on technical innovation and new products. In particular, we are applying for the utility model patents for our energy-saving doors and windows with supreme energy-saving coefficient (K=1.46) and steel curtain. In addition, the filtration indicators of the anti-fogging window products developed by the Group rank first in the PRC.

For details of regional energy construction, please refer to the section headed "District Heating and Cooling (DHC) Energy Services" in this annual report.

STAFF DEVELOPMENT AND GROWTH

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

The Group sets up two meetings for our staff and our senior management each year, with the aim of providing our senior management with an understanding of the flow of thoughts amongst the staff and their expectations and wishes for the Group, and also allowing the staff to better understand the Group's strategies and development.

The Group holds a roundtable each year, inviting relevant officers as guests, who would offer advice to the staff regarding problems and hardships in work and life. The Group hopes that the roundtable could allow the staff to learn and grow through sharing and we wish to see the staff's value and growth closely linked to the company's development.

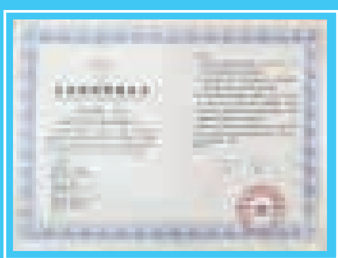
SOCIAL WELFARE AND SERVICE

As a caring enterprise which always bears social responsibility, the Group has always been committed to charitable welfare events. In 2014, by donating to the establishment of new countryside in Huangshi City, the Qingdao General Charity Institution, and the Huangdao District Experimental School (黃島區實驗學校), the Group has supported the establishment of local new countryside and the promotion of education. The Group also donated to Enshi Shejiabaxiang Weigan Primary School (恩施盛家壩鄉桅杆小學), sponsored the first free vocational school in China — BN Vocational School — and established a long-term working relationship with the school, providing internship and employment opportunities for its students.

Warm Winter Campaign: Sponsoring Weigan Primary School

Made caring donation to a centenarian professional school

THE GROUP'S MAJOR AWARDS



List of Awards

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

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

DIRECTORS AND SENIOR MANAGEMENT

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

EXECUTIVE DIRECTORS

Mr. Huang Liping (黃立平), aged 53, is the chairman of the Board, an executive Director, the president, the chairman of the Nomination Committee and a member of the Financial Control Committee of the Group. Mr. Huang is the ultimate Controlling Shareholder of the Group. Mr. Huang joined the Group in 1998, and was appointed as a Director on 15 July 2013. He is responsible for the overall strategy, business and investment planning of the Group. Mr. Huang has over 21 years of experience in business management. He was one of the founders of Hongtao K Group Company Limited (紅桃開集團股份有限公司). He also served as a director and the chairman of the board of Wuhan East Lake High Technology, a company listed on the Shanghai Stock Exchange (Shanghai stock code: 600133). Mr. Huang was the vice chairman of Wuhan United Real Estate from September 1998 to December 2002 and has been the chairman of the board of Wuhan United Real Estate since December 2002. He has been the chairman of the board of Wuhan Optics Valley Union since June 2005.

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

Mr. Hu Bin (胡斌), aged 46, is an executive Director, the executive president and a member of the Remuneration Committee of the Group. Mr. Hu joined the Group in 1997 and was appointed as a Director on 6 March 2014. He is responsible for assisting the president of the Group on overall business operation and management and has been a vice general manager and a director of Wuhan United Real Estate since 1997. Mr. Hu has 17 years of experience in business management. Mr. Hu graduated from Hubei University of Economics (湖北經濟學院) (formerly known as Hubei Planning and Management Cadres College (湖北省計劃管理幹部學院)) in the bachelor's program of national economic management in July 2000 and from South-Central University for Nationalities (中南民族大學) in the master's program of China's ethnic economy in June 2003. He was granted the qualification as a senior economist in real estate. Mr. Hu received the awards of One of the China Real Estate Top 100 (中國房地產百傑) in 2006 and Medal of May Day Honorable Workers in Wuhan (武漢五一勞動獎章) in April 2012.

Ms. Chen Huifen (陳惠芬), aged 52, is an executive Director and the vice president of the Group. Ms. Chen joined the Group in August 2005 and was appointed as a Director on 6 March 2014. She is responsible for the project control center of the Group, the project department of Wuhan Hi-tech Medical Devices Business Park, the project department of Wuhan Future Technology City and is responsible for the preparation of consulting management affair department. Ms. Chen was the vice general manager of Wuhan Optics Valley Union from 2005 to March 2008 and has been a vice president of Wuhan Optics Valley Union since April 2008. Before joining the Group, she worked at Wuhan City Third Construction Engineering Co., Ltd. (武漢市第三建築工程公司), Wuhan City Comprehensive Development General Co., Ltd. (武漢市城市綜合開發總公司) and Wuhan East Lake High Technology.

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

NON-EXECUTIVE DIRECTORS

Mr. Lu Jun (蘆俊), aged 54, is a non-executive Director of the Company appointed on 6 March 2014. Mr. Lu has 35 years of experience in business management. Mr. Lu joined the Group in September 2008 and has held various positions within the Group, including a supervisor of Wuhan Optics Valley Union from September 2008 to October 2010 period and a director of Wuhan Optics Valley Union since October 2010 (including the vice chairman of its board since May 2011). Mr. Lu is the vice chairman of the board and the general manager of Hubei Science & Technology Investment. He held senior positions with Changfa Group's Wuhan Company (長發集團武漢公司), Wuhan East Lake New Technology and Wuhan Hi-Tech Holding Group Co., Ltd. (武漢高科國有控股集團有限公司), and served as vice director of Wuhan Municipal Bureau of Finance (武漢市財政局副處長), the chief in Productivity Promotion Center of East Lake New Technology Development Zone (東湖新技術開發區生產力促進中心主任) and also the chief of Land Reserve Center, East Lake New Technology Development Zone (東湖開發區土地儲備中心主任). Mr. Lu was granted the award as the outstanding Party affairs worker (優秀黨務工作者) by Wuhan Committee of the Communist Party of China (中國共產黨武漢市委員會) in June 2011.

Ms. Shu Chunping (舒春萍), formerly known as Shu Ru (舒茹), aged 52, is a non-executive Director of the Company appointed on 6 March 2014. Ms. Shu is a member of the Audit Committee and Remuneration Committee. Ms. Shu joined the Group in March 2005 and has been a director of Wuhan Optics Valley Union since then. Ms. Shu is the vice general manger of Hubei Science & Technology Investment. She held senior positions with Wuhan Sante Cableway Group Co., Ltd. (武漢三特索道集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Shenzhen stock code: 002159), Wuhan Nanyang Catering & Entertainment Co., Ltd. (武漢南陽美食娛樂有限公司), Wuhan Hi-Tech Holding Group Co., Ltd. (武漢高科國有控股集團有限公司) and Wuhan East Lake High Technology, a company listed on the Shanghai Stock Exchange (Shanghai stock code: 600133). Ms. Shu received her master's degree in politics and economics from Central China Normal University (華中師範大學) in December 1999.

Mr. ZHANG Jie (張傑), aged 45, is a non-executive Director of the Company appointed on 12 June 2014. Mr. Zhang has over 21 years of experience in real estate management. Mr. Zhang is currently the general manager of the property construction and operation centre of Sunshine Insurance Group Corporation Limited (陽光保險集團股份有限公司), the Chairman of Beijing Sunshine Ronghe Property Company Limited (北京陽光融和置業有限公司), a shareholder of the Company, and the managing director of Hainan Sunshine Yihe Development Company Limited (海南陽光頤和發展有限公司) and Hainan Sunshine Xinhai Development Company Limited* (海南陽光鑫海發展有限公司), subsidiaries of Sunshine Insurance Group Corporation Limited. Mr. Zhang worked with COFCO Corporation (中糧集團有限公司) from August 1993 to November 2011, during which period he had served as the assistant manager of three departments of the project management department, manager of the technology and equipment department of COFCO Property Development Company Limited (中糧置業發展有限公司), and the director of engineering, assistant to president and subsequently vice president of Sanya Yalong Development Company Limited (三亞亞龍灣開發股份有限公司). Mr. Zhang was a committee member of the Sanya Municipal Committee of the Fifth Chinese People's Political Consultative Conference from January 2007 to January 2012, and has been a member of the Standing Committee of the Sanya Municipal Committee of the Sixth Chinese People's Political Consultative Conference since January 2012. Mr. Zhang has also been the vice president of the Sanya Real Estate Association since 2002. Mr. Zhang graduated from Tsinghua University with a bachelor's degree in engineering in June 1993, and obtained a master's degree in engineering majoring in real estate management from Tsinghua University in May 2004. Mr. Zhang obtained a certificate of national registered real estate appraiser issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China in May 1998, and a certificate of supervising engineer issued by the Beijing Municipal Commission of Housing and Urban-Rural Development in December 1998.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qi Min (齊民), aged 64, is an independent non-executive Director of the Company appointed on 28 March 2014. Mr. Qi is the chairman of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee of the Company. Mr. Qi previously worked in Hubei Provincial Bureau of Statistics (湖北省統計局) and general office, research office of Hubei Provincial Government (湖北省人民政府) , and served as director of fiscal office of CPC Hubei Province (中共湖北省委). He served as a director and a vice general manager of Hubei Qingjiang Hydroelectric Development Co., Ltd. (湖北清江水電開發有限責任公司), the vice general manager and a director of Wuhan Hi-Tech Holding Group Co., Ltd. (武漢高科國有控股集團有限公司) and the chairman of board of Wuhan Sante Cableway Group Co., Ltd. (武漢三特索道集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Shenzhen stock code: 002159). Mr. Qi is the vice president of Hubei Association of Economics (湖北省經濟學會), a supervisor of Humanwell Healthcare Group Co., Ltd., a company listed on the Shanghai Stock Exchange (Shanghai stock code: 600079.SH) and a part-time professor of Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong University of Science (華中理工大學)). Mr. Qi received his bachelor's degree in economics from Wuhan University (武漢大學) in August 1982 and received his doctor's degree in economics from Huazhong University of Science and Technology (華中科技大學) in June 2002. He was granted the qualification as a senior economist. Mr. Qi was awarded as China Outstanding Entrepreneur in Technology Companies (中國優秀民營科技企業家) in November 2002.

Mr. Leung Man Kit (梁民傑), aged 61, is an independent non-executive Director of the Company appointed on 28 March 2014. Mr. Leung is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Leung is an executive director of Chanceton Financial Group Limited, a company listed on the Stock Exchange (stock code: 8020), an independent non-executive director of NetEase (NASDAQ: NTES), a NASDAQ listed company, China Ting Group Holdings Limited, a company listed on the Stock Exchange (Hong Kong stock code: 3398), Orange Sky Golden Harvest Entertainment (Holdings) Limited, a company listed on the Stock Exchange (Hong Kong stock code: 1132), China Huiyuan Juice Group Limited, a company listed on the Stock Exchange (Hong Kong stock code: 1886) and Luye Pharma Group Ltd., a company listed on the Stock Exchange (Hong Kong stock code: 2186).

Mr. Leung held senior positions with Peregrine Capital Limited, SG Securities (HK) Limited (formerly known as Crosby Securities (HK) Limited) and UBS, AG, Hong Kong Branch. Mr. Leung was a director of Emerging Markets Partnership (Hong Kong) Limited, the principal advisor to the AIG Infrastructure Fund L.P., a director of Nuada Capital Limited (formerly known as Genesis Global Strategies Limited) and a corporate finance executive of BZR Capital Limited. Mr. Leung was an independent non-executive director of Infoserve Technology Corp., a company listed on the Stock Exchange (stock code: 8077), Anhui Expressway Company Limited, a company listed on the Stock Exchange (Hong Kong Stock Code: 0995), and Junefield Department Store Group Limited, a company listed on the Stock Exchange (Hong Kong stock code: 0758). Mr. Leung has 12 years of experience in financial management. He has been the chairman of the audit committee of various listed companies, and attended seminars in accounting or auditing. Mr. Leung received his bachelor's degree in social science from the University of Hong Kong in October 1977.

Ms. Zhang Shuqin (張樹勤), aged 61, is an independent non-executive Director of the Company appointed on 28 March 2014. She is a member of the Remuneration Committee and the Nomination Committee of the Company. Ms. Zhang was appointed as an independent non-executive director of Wuhan Optics Valley Union in April 2011. Ms. Zhang founded Hubei Dasheng Law Firm (湖北大晟律師事務所) in 1995 and has been a managing partner of the firm since then. Hubei Dasheng Law Firm was engaged by a subsidiary of Hubei Science & Technology Investment as its legal compliance advisor with a term from May 2014 to May 2015. As confirmed by Ms. Zhang Shuqin, the legal fee received by Hubei Dasheng Law Firm from such subsidiary is insignificant as compared to the firm's total revenue. Ms. Zhang was engaged as legal counsel by Wuhan Municipal Government in July 1992, an arbitrator by Wuhan Arbitration Commission (武漢仲裁委員會) in January 1997, a member of the Expert Advisory Committee of Wuhan Arbitration Committee (武漢仲裁委員會專家諮詢委員會) in November 1999 and a law enforcement supervisor (執法監督員) of Wuhan Municipal Politics and Law Committee (中國共產黨武漢市委員會政法委員會) in April 2002. Ms. Zhang ceased to be an independent non-executive director of Wuhan Gaode Hongwai Group Company Limited (武漢高德紅外股份有限公司), a company listed on the Shenzhen Stock Exchange (Shenzhen stock code: 002414), since April 2014. Ms. Zhang received her bachelor's degree in Chinese from Central China Normal University (華中師範大學) in January 1982. She was granted the qualification as first grade lawyer (一級律師資格) and the qualification as lawyer engaged in securities law (證券法律業務從業律師資格). Ms. Zhang was awarded as one of the Outstanding Lawyers (優秀律師) in the Year of 1987 and 1989 and one of the Capable Women in Wuhan in the Year of 1992 (武漢市女能人) by Wuhan Federation of Trade Unions (武漢市總工會).

SENIOR MANAGEMENT

Mr. Wang Xianhong (王先紅), aged 45, is the vice president of the Group. Mr. Wang joined the Group in 1996 and is responsible for the work of Huanggang operation team (黃岡工作組), aftermath work of relevant project for Hingshancun in Hingshan District (洪山區), work of Wuhan Optics Valley Union Architectural Design Institute Company Limited. He served as the manager in comprehensive department and development department, the assistant to the general manager and the project manager of Wuhan United Real Estate, respectively. Mr. Wang received his bachelor's degree in infrastructure management engineering from Tianjin University (天津大學) in July 1991 and was qualified as a senior engineer.

Mr. Wang Yuancheng (王元成), aged 50, is the vice president of the Group. Mr. Wang joined the Group in 1996 and is responsible for the work of Qingdao OVU Development and management of Shenyang OVU Development and Hefei OVU Development; for coordination in the work of Wuhan Lido Technology, Wuhan Lido Curtain Wall Manufacture Company Limited. He served as the manager of comprehensive technique department of Wuhan United Real Estate from 1996 to 2000, the general manager of Wuhan Lido Technology from 2000 to 2010 and has been the director of Wuhan Lido Technology since 2000. Mr. Wang received his college diploma in municipal construction engineering from Jianghan University (江漢大學) in August 1986 and obtained his master's degree in business administration from The University of Northern Virginia in July 2008. He was qualified as an engineer. Mr. Wang was awarded the excellent enterprise manager (優秀企業經理) in Wuhan district.

Mr. Chen Tongju (陳同舉), aged 49, is the vice president of the Group. Mr. Chen joined the Group in 1996 and is responsible for the management of Creative Capital Hotel Branch of Wuhan Optics Valley Union (武漢光谷聯合創意天地酒店分公司), Wuhan Ziyuan Hotel Management Co., Ltd., property services O2O system construction; management of the office of the Group, Wuhan Lido Property Management, Wuhan Quanpai Catering Management Company Limited, Wuhan Lido Human Resources Service Company Limited, Wuhan Optics Valley Energy Conservation Technology Company Limited. Mr. Chen served as a director and supervisor of Wuhan United Real Estate from 1996 to 2011 and has been a director and a general manager of Wuhan Lido Property Management, Wuhan Quanpai Catering Management Co., Ltd. and Wuhan Ziyuan Hotel Management Co., Ltd. Mr. Chen received his bachelor's degree in law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan University of Economics (中南財經大學)) in July 1987 and his master's degree in western philosophy from Wuhan University (武漢大學) in July 1993. He was elected as the chairman of Hongshan Area Property Management Association (洪山區物業管理協會) and the vice chairman of Wuhan City Property Management Association (武漢市物業管理協會) in February 2006. He was qualified as a lecturer by Wuhan University (武漢大學講師) and was awarded the Top Ten Talents in Brand Building (創名牌十大優秀人物) in Wuhan, the Best Leader (最佳領導人) in property management in Wuhan and the honour of China Property Management Outstanding Contribution Entrepreneurs (中國物業管理傑出貢獻企業家).

Mr. Jiang Yongjin (姜永進), aged 49, is the chief financial officer of the Group. He joined the Group in February 2014 and is responsible for the financial management, financing and corporate communications of the Group outside the PRC. Mr. Jiang has more than 21 years of experience in investment, financing, investor relationship management and strategic planning. Before joining the Group, he worked for Sinochem Corporation in various positions and Sinochem Europe Holdings Plc in London, UK, in charge of the Sinochem Group's European investment, financing and strategic planning. Mr. Jiang worked for China Overseas Finance and Investment Co. as the deputy general manager and China Overseas Holding Ltd. as the general manager of its public relations department in charge of financing and investor and media relations. Mr. Jiang acted as the vice president and chief financial officer of Glorious Property Holding Limited, a company listed on the Stock Exchange (stock code: 845), responsible for its investment, financing and corporate communications.

Mr. Jiang obtained his bachelor's degree in economics from Shandong University (山東大學) in 1986, his master's degree in economics from the University of International Business and Economics (對外經濟貿易大學) in 1991 and his master's degree in business administration from the Richard Ivey Business School of the University of Western Ontario, Canada, in 2003. In October 2011, Mr. Jiang completed the Rongsheng & Glorious Global Leaders Program in The Wharton Business School, University of Pennsylvania. Mr. Jiang acquired his qualifications from the Certified General Accountants Association of Canada and is currently a member of the Canadian Certified General Accountants Association of Hong Kong.

Mr. Peng Tao (彭濤), aged 46, is the assistant president of the Group. Mr. Peng joined the Group in 2000 and is responsible for the work of Optics Valley new projects working group, Lido 2046 project management and Biolake Innovation Business Park project. He served as the chief engineer and the manager in engineering department of Wuhan Optics Valley Union from 2000 to 2008. Mr. Peng has been the member of National Committee of the Chinese People's Political Consultative Conference of Hannan District (漢南區政協委員). Before joining the Group, he served as the chief of the design department of Wuhan Commercial Construction Design Institute (武漢市商業建築設計院). Mr. Peng graduated from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan University of Industry (武漢工業大學)) in the bachelor's program of industrial and civil construction engineering in June 1993 and was qualified as a senior engineer.

Ms. Yao Hua (姚華), aged 43, is the assistant president and the general manager of the sales and marketing center of the Group. Ms. Yao joined the Group in 1998 and is responsible for the marketing centre, preparation work of art business system; promotion of the Group in 2015. She is also responsible for the management of real estate career department, Wuhan Qianbao Media Company Limited and Hefei art museum. Ms. Yao was the head of sales and marketing of Wuhan United Real Estate from 1998 to 2006. Ms. Yao was the head of marketing and enterprise planning and the manager of the enterprise planning department of Wuhan Xuefu from 2006 to March 2008 and the head of the enterprise planning center of Wuhan Optics Valley Union from 2008 to 2010. Ms. Yao received her college diploma in arts education from Hubei Institute of Fine Arts (湖北美術學院) in July 1993 and graduated from Wuhan Textile University (武漢紡織大學) (formerly known as Wuhan University of Science and Engineering (武漢科技學院)) in the bachelor's degree of clothing arts design (a correspondence course) in June 2004 and was qualified as a senior economist.

Ms. Huang Min (黃敏), aged 40, is the assistant president and the general manager of the finance center of the Group, responsible for the overall financial management; management of audit room of the Group. Ms. Huang joined the Group in 2002. She served as the manager in the finance department. Before joining the Group, Ms. Huang served as the accountant and chief accountant of Wuhan East Lake High Technology. Ms. Huang received her college diploma in audit from Hubei College of Finance and Economics (湖北財經高等專科學校) in June 1996 and graduated from Zhongnan University of Economics and Law (中南財經政法大學) in the bachelor's program of accounting (a self-learning course) in June 2001. She received her master's degree in MBA from Wuhan University (武漢大學) in June 2006. Ms. Huang is a member of Hubei Institute of Certified Public Accountants and was qualified as a senior accountant in December 2006. She was awarded the first prize of Wuhan Professional Skills Competition (武漢市技能選拔賽一等獎) and Medal of May Day Honorable Workers in Wuhan (武漢五一勞動獎章) and the third prize of The Second "Jindie Cup" National Accounting Knowledge Competition ("金蝶杯"第二屆全國會計知識大賽三等獎).

Ms. Li Jingsong (李勁松), aged 44, is the assistant president, the general manager of the development center of the Group. Ms. Li joined the Group in 1996 and is responsible for the development organization work of development center, new projects. Ms. Li was the manager of the development department of Wuhan United Real Estate from 1996 to 2008, the deputy head of the development center of Wuhan Optics Valley Union from 2008 to 2011 and has been the manager of the development center of Wuhan Optics Valley Union since 2011. Ms. Li received her college diploma in computer science from Hubei University (湖北大學) in July 1990 and was qualified as a senior operation manager.

Mr. Huang Yongping (黃永平), aged 42, is the assistant president and the general manager of the residential property management department of the Group. Mr. Huang joined the Group in 2000 and is responsible for the work of residential career department of the Group, Lido Mason and Lido 2046. Mr. Huang has held various positions within the Group, including the project managers of Lido Mason and Lido 2046, the manager of the residence department and the vice manager of the sales department and the chairman of the labor committee of Wuhan United Real Estate and the head of sales and marketing of Wuhan Xuefu. Mr. Huang received his college diploma in administration from Hubei University (湖北大學) in July 1991 and his master's degree in administration from Central China Normal University (華中師範大學) in January 2000. He was awarded as one of Ten Outstanding Young Persons of Wuchang district, Wuhan city, Hubei province (湖北省武漢市武昌區十大優秀青年) in 2000.

Ms. Zhang Xuelian (張雪蓮), aged 39, is the secretary to the Board and chief of the legal and compliance department of the Group, and also one of the joint company secretaries. Ms. Zhang joined the Group in 2008 and is responsible for the secretariat of the Board and the legal and compliance department of the Group. She held various positions within the Group, including a supervisor of Wuhan Financial Harbour Development, the head of the administration center, secretary to the board of directors and the chief of the legal and compliance department of the Group. Before joining the Group, Ms. Zhang served as the secretary, representative of securities matters, general manager of the business development department, chief of the audit and legal compliance department, deputy general economist and supervisor of Wuhan East Lake High Technology. Ms. Zhang received her bachelor's degree in economics law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan College of Politics and Law (中南政法學院)) in July 1998. She was qualified as a senior operation specialist and a senior human resources management specialist, and a senior economist. Ms. Zhang attended training programs for company secretary to board, senior management and independent non-executive director of listed companies and received the relevant qualifications by the Shanghai Stock Exchange in June 2001, May 2007 and April 2008, respectively.

Mr. Ma Xin (馬欣), aged 33, is the general manager of the human resources center of the Group. Mr. Ma joined the Group in 2011 and is responsible for human resources management and has been the general manager of the human resource center since then. Before joining the Group, he held senior positions with Tsingtao Beer South China Distribution Co., Ltd. (青島啤酒華南營銷有限公司), China Telling Communications Co., Ltd. (天音通信發展有限公司) and China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司). Mr. Ma received his bachelor's degree in business management from Sichuan University (四川大學) in July 1999 and was awarded the master's degree in business administration from the Hong Kong Asia Business College in March 2007. He was granted the qualification of attaining the senior level in human resources and level A of the corporate management in human resources.

Ms. Yong Hui (雍暉), aged 46, is the general manager of Hefei OVU Development. Ms. Yong joined the Group in 1996 and is responsible for the work of Hefei OVU Development,. Ms. Yong worked at comprehensive technique department of Wuhan United Real Estate from November 1996 to December 2000 and Wuhan Lido Technology from January 2001 to October 2010. She served as the general manager of Wuhan Lido Technology from October 2010 to January 2015, and has been the general manager of Wuhan Lido Curtain Wall Manufacture Co., Ltd. since January 2013. Before joining the Group, Ms. Yong worked in Wuhan Number Two Light Industry Scientific Research and Design Institute (武漢市二輕工業科學研究設計院). Ms. Yong received her college diploma in industrial and civil architecture from Wuhan University of Technology (武漢理工大學) (formerly known as Wuhan University of Industry (武漢工業大學)) in December 1989 and was qualified as an engineer. Ms. Yong was awarded as one of the Outstanding Enterprise Managers for Architecture and Decoration in Wuhan Area (武漢地區建築裝飾優秀企業經理).

Mr. Chen Dabin (陳大斌), aged 46, is the general manager of Wuhan Optics Valley Union. Mr. Chen joined the Group in 2003 and is responsible for the general operation of Huangshi OVU Development. Mr. Chen has been the vice general manager and the general manager of Huangshi Union Property Co., Ltd. (黃石聯合置業有限公司), now known as Huangshi OVU Development, since then. Before joining the Group, Mr. Chen served as the chief financial officer of Wuhan East Lake High Technology Chopper Biology Co., Ltd. (東湖高新農業生物工程有限公司), a subsidiary of Wuhan East Lake High Technology and Wuhan Kernel Bio-Tech Co., Ltd. (武漢科諾生物科技股份有限公司). Mr. Chen graduated from Harbin University of Science and Technology (哈爾濱科學技術大學), specializing in industry management and projects, in July 1989 and obtained the MBA certificate from Zhongnan University of Economics and Law (中南財經政法大學) in December 2000. He was qualified as a senior economist.

JOINT COMPANY SECRETARIES

Ms. Zhang Xuelian (張雪蓮), aged 39, is the secretary to the Board and chief of the legal and compliance department (集團法務室主任) of the Group. She is also one of the joint company secretaries of the Company. See the subsection headed "— Senior Management" in this section for details of her biography.

Ms. Leung Ching Ching (梁晶晶), aged 34, is one of the joint company secretaries. She is a manager of Corporate Services of Tricor Services Limited. Ms. Leung is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Leung graduated from The Chinese University of Hong Kong and obtained the degree of bachelor of social science in December 2003. She also received a master of arts in professional accounting and information system from City University of Hong Kong in November 2006.

DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

CORPORATE INFORMATION AND GLOBAL OFFERING

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

PRINCIPAL ACTIVITIES

The Group is a large-scale business park developer and operator primarily focusing on the development and operation of thematic business parks. According to the research results issued by the Development Research Center of the State Council, the Institute of Real Estate Studies of Tsinghua University and the China Index Academy in September 2014, the Group was awarded the "2014 Top Ten China commercial business parks in terms of brand value" while ranking top ten on the list of "2014 Top Thirty China industrial real estate developers" announced by media entities which include China Real Estate Business, You Yuan Qu (優園區) and Phoenix Real Estate Media.

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

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

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

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

- ***Providing development management services for business parks owned by third parties.*** As part of its strategic plan, the Group provides, on a selective basis, project planning and development management services primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them.

RESULTS AND FINAL DIVIDENDS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss on pages 99 to 100 of this annual report.

The Board proposed to declare a final dividend of HKD3.2 cents (equivalent to approximately RMB2.6 cents) per Share, approximately HKD128.0 million in aggregate (equivalent to approximately RMB103.3 million) for the year ended 31 December 2014, which will be payable to Shareholders whose names appear on the register of members of the Company on Friday, 19 June 2015, subject to Shareholders' approval at the forthcoming annual general meeting of the Company. The proposed final dividend is expected to be paid to the Shareholders on or before Tuesday, 30 June 2015.

FINANCIAL SUMMARY

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

PRE-EMPTIVE RIGHTS

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2014 are set out in note 12 to the consolidated financial statements on pages 140 and 141 of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2014 are set out in note 30 to the consolidated financial statements on pages 169 to 174 of this annual report.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's Shares during the year ended 31 December 2014.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2014 are set out in the consolidated statement of changes in equity on pages 105 and 106 of this annual report.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution, calculated in accordance with Cayman Islands law, amounted to approximately RMB282.1 million as of 31 December 2014.

BANK LOANS AND OTHER BORROWINGS

Particulars of movements of the bank loans and other borrowings of the Company and the Group as of 31 December 2014 are set out in notes 26 and 27 to the consolidated financial statements on pages 163 to 166 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, the percentage of turnover attributable to the Group's five largest customers from the sales of properties in their projects was approximately 38.1%, and the percentage of turnover attributable to its largest customer from the sales of properties in its projects was approximately 10.9%. During the Reporting Period, the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year. None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest customers and suppliers.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors for the year ended 31 December 2014 and up to the date of this annual report were:

Executive Directors

Mr. Huang Liping *(Chairman and President)*
Mr. Hu Bin *(Executive President) (appointed on 6 March 2014)*
Ms. Chen Huifen *(Vice President) (appointed on 6 March 2014)*

Non-Executive Directors

Mr. Lu Jun *(appointed on 6 March 2014)*
Ms. Shu Chunping *(appointed on 6 March 2014)*
Mr. Zhang Jie *(appointed on 12 June 2014)*

Independent Non-Executive Directors

Mr. Qi Min *(appointed on 28 March 2014)*
Mr. Leung Man Kit *(appointed on 28 March 2014)*
Ms. Zhang Shuqin *(appointed on 28 March 2014)*

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

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

Pursuant to Article 112 of the Articles of Association, Mr. Zhang Jie is required to retire at the forthcoming annual general meeting, and being eligible, will offer himself for re-election.

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2014 or at any time during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2014.

NON-COMPETITION UNDERTAKINGS

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and senior management and the five highest paid individuals are set out in notes 7 and 8 to the consolidated financial statements on pages 137 and 138 of this annual report.

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register kept by the Company pursuant to section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Interests in the Company

Name of Director	Nature of Interest	Number of Shares Held(1)	Approximate Percentage of Shareholding
Mr. Huang Liping(2)	Interest in controlled corporation	2,228,070,000	55.70%
Mr. Hu Bin(3)	Beneficiary of a trust	70,320,000	1.76%
Ms. Chen Huifen(3)	Beneficiary of a trust	10,950,000	0.27%

Notes:

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

(2) Mr. Huang Liping holds 100% equity interests in each of AAA Finance and Lidao BVI. Under the SFO, Mr. Huang Liping is deemed to be interested in the 1,787,700,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao BVI. Mr. Huang Liping is also the sole shareholder of Hengxin PTC. Under the SFO, Mr. Huang Liping is also deemed to be interested in the 320,370,000 Shares held by Hengxin PTC.

(3) Mr. Hu Bin and Ms. Chen Huifen are beneficiaries of 70,320,000 and 10,950,000 Shares, respectively, of a trust established pursuant to a trust deed dated 13 September 2013 with Hengxin PTC as trustee, representing 1.76% and 0.27% equity interests in the Company, respectively.

Save as disclosed above, as at 31 December 2014, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate throughout the period from the Listing Date to 31 December 2014.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2014, none of the Directors had any interest in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders during the year ended 31 December 2014.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares Held[(1)]	Approximate Percentage of Shareholding
AAA Finance[(2)]	Beneficial owner	1,787,700,000	44.69%
Technology Investment HK[(3)]	Beneficial owner	479,910,000	12.00%
Hubei Science & Technology Investment[(3)]	Interest in controlled corporation	479,910,000	12.00%
Hengxin PTC[(4)]	Trustee	320,370,000	8.01%
Qianbao BVI[(5)]	Beneficial owner	292,020,000	7.30%
Mr. Tse Shing Ming[(5)]	Interest in controlled corporation	292,020,000	7.30%
Sunshine Life Insurance Co., Ltd.[(6)]	Beneficial owner	260,480,000	6.51%
Sunshine Insurance Group Corporation Limited[(6)]	Interest in controlled corporation	260,480,000	6.51%

Notes:

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

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

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

(4) Mr. Hu Bin and Ms. Chen Huifen, the executive Directors of the Company, are beneficiaries of 70,320,000 Shares and 10,950,000 Shares, respectively, of a trust established pursuant to a trust deed dated 13 September 2013 with Hengxin PTC as trustee, representing 1.76% and 0.27% equity interests in the Company, respectively.

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

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

Other than as disclosed above, as at 31 December 2014, the Company has not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

The details of the continuing connected transactions conducted by the Group for the year ended 31 December 2014 are as follows:

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

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

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

(ii) Two banks in the PRC granted a loan facility of RMB330 million to the Group on 26 April 2012 for a term of 13 years at a floating interest rate of 10% above the five years RMB loan benchmark interest rate published by the People's Bank of China at the time of drawdown. This facility is guaranteed by the Group's connected persons, being Mr. Huang Liping and his spouse.

The financial assistance provided by Mr. Huang Liping and his spouse is on normal commercial terms where no security over the Group's assets was granted in respect of such financial assistance, and as such, such financial assistance is exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

The loan was fully repaid on 24 April 2014.

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

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

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

(iv) On 28 November 2012, Donghu Branch of Wuhan Lido Property Management entered into a property management agreement, as supplemented by a supplemental agreement signed in December 2013, with Wuhan Future City Asset Management, pursuant to which Donghu Branch of Wuhan Lido Property Management agreed to provide certain property management services to Wuhan Future City Asset Management in relation to Tower 3 and 4, District A04, Longshan Innovation Park (Phase 1), Wuhan Future Technology City (武漢未來科技城龍山創新園一期A04區3, 4樓) during the period of two years commencing from 28 November 2012 (the "Property Management Agreement") for a management fee of RMB4.5 per sq.m. per month payable quarterly and expenses payable quarterly according to the actual amount incurred. Details of the Property Management Agreement are set out in the section headed "Connected Transactions" in the Prospectus.

Wuhan Future City Asset Management is an associate of Hubei Science & Technology Investment as it is wholly owned by Hubei Science & Technology Investment, a substantial shareholder of the Company, and it is therefore a connected person of the Company. Therefore, the Property Management Agreement constitutes a connected transaction of the Company and is subject to the reporting, annual review and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The total fee paid by Wuhan Future City Asset Management to Donghu Branch of Wuhan Lido Property Management under the Property Management Agreement for the year ended 31 December 2014 was RMB1.7 million.

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

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

The annual caps for each of the years ending 31 December 2014, 2015 and 2016 in respect of the Entrusted Construction Agreement with Wuhan Future City are RMB5,590,000, RMB 5,590,000 and RMB2,796,000, respectively, and the annual caps for each of the years ending 31 December 2014 and 2015 in respect of the Entrusted Construction Agreements with Wuhan Bio-industry Construction are both RMB7,500,000. The transaction amounts paid by Wuhan Future City and Wuhan Bio-industry Construction, respectively to Wuhan Optics Valley Union under the Entrusted Construction Agreements for the year ended 31 December 2014 were RMB6,768,000 and RMB7,896,000, respectively, which exceeded the 2014 annual caps. Pursuant to Rule 14A.54 of the Listing Rules, if an annual cap is exceeded in respect of a given transaction, the Company is required to re-comply with the requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in respect of the annual caps of the Entrusted Construction Agreements, on an aggregated basis, is more than 0.1% but less than 5%, accordingly the transactions under the Entrusted Construction Agreements are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company has made an announcement in respect of the exceeded annual caps for the continuing connected transactions on 24 March 2015.

(vi) On 23 May 2014, Wuhan Optics Valley Union and Shanghai Jingzhao Aoxi Investment Center ("Shanghai Jingzhao") entered into an equity transfer agreement pursuant to which Wuhan Optics Valley Union agreed to transfer 12% equity interest in Hefei OVU Development to Shanghai Jingzhao at a consideration of RMB12,000,000 (the "Equity Transfer Agreement"). Upon completion of the equity transfer under the Equity Transfer Agreement, Hefei OVU Development was owned as to 80% by Wuhan Optics Valley Union and as to 20% by Shanghai Jingzhao. Accordingly, Shanghai Jingzhao became a substantial shareholder of Hefei OVU Development and thus a connected person of the Company.

As a result, upon completion of the equity transfer under the Equity Transfer Agreement, the entrustment loan arrangements pursuant to an entrustment loan agreement dated 27 September 2013 entered into between Shanghai Jingzhao (as lender), Hefei OVU Development (as borrower) and Bank of Communications Co., Ltd. (Wuchang Branch) (as entrustee bank), which was entered into prior to completion of the aforesaid equity transfer, in relation to an entrusted term loan in the amount of RMB138.0 million for purposes of financing the development of the Heifei Financial Harbour project which is wholly owned and developed by Hefei OVU Development had become a continuing connected transaction of the Company (the "Entrustment Loan Agreement").

The terms of the aforesaid loan as stipulated in the Entrustment Loan Agreement is two years, which shall mature on 29 September 2015, and interest shall be payable at 12% per annum. The details of the terms thereof are set out in the announcement of the Company dated 23 May 2014.

As Hefei OVU Development falls within the scope of "insignificant subsidiary" under Rule 14A.09 of the Listing Rules, following the coming into effect of the new Chapter 14A of the Listing Rules in July 2014, Shanghai Jingzhao is no longer a connected person of the Company. If Hefei OVU Development ceases to constitute an "insignificant subsidiary", the Company will re-comply with the applicable requirements under Chapter 14A of the Listing Rules.

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

KPMG, the auditor of the Company, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on the work performed, KPMG provided a qualified letter to the Company in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules stating that, except for the continuing connected transactions in respect of the entrusted construction services under the Entrusted Construction Agreement with Wuhan Future City and the entrusted construction services under the Entrusted Construction Agreements with Wuhan Bio-industry Construction which amounted to RMB6,768,000 and RMB7,896,000 (net of business tax and other sales related taxes) during the year ended 31 December 2014 that have exceeded the maximum annual value of RMB5,590,000 and RMB7,500,000, nothing has come to KPMG's attention that the transactions (i) have not been approved by the Directors; (ii) were not entered into, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and (iv) have exceeded the maximum aggregate annual value disclosed in the Prospectus. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2014, the Group conducted certain transactions with parties deemed as "related parties" under applicable accounting standard. The details of these transactions are set out in note 35 to the consolidated financial statements on pages 183 to 186 of this annual report. The transactions mentioned in paragraph (c)(ii)(vi) and (c)(ii)(vii) of such note are "continuing connecting transactions" defined in the Listing Rules.

USE OF PROCEEDS

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

As at the date of this annual report, approximately RMB131.6 million was used as the land premiums and preliminary construction costs in respect of projects planned for future development, approximately RMB225.1 million was used as the development funds of the Group's projects under development and approximately RMB59.7 million was used as the working capital and for other general corporate purposes.

During the Reporting Period, the Group's net cash outflow from operating activities was RMB828.0 million, mainly used as the development funds of Wuhan Creative Capital, Lido 2046, Qingdao OVU International Marine Information Harbour (青島光谷國際海洋信息港), Ezhou OVU Science and Technology City, Huangshi OVU Science and Technology City, Hefei Financial Harbour and Shenyang OVU Science and Technology City.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2014, the Group had 4,087 employees in Hong Kong and the PRC. For the year ended 31 December 2014, the staff cost of the Group was approximately RMB213.2 million.

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

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

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

POST BALANCE SHEET EVENTS

Details of major events after 31 December 2014 are set out in the section headed "Management Discussion and Analysis" in this annual report and note 38 to the consolidated financial statements on page 188 of this annual report.

CORPORATE GOVERNANCE

For the year ended 31 December 2014, save for Mr. Huang Liping being both the chairman of the Board and president of the Group, the Company has been in compliance with all the applicable code provisions set forth in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 72 to 83 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUFFICIENCY OF PUBLIC FLOAT

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

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Tuesday, 9 June 2015 to Thursday,11 June 2015 (both days inclusive), during such period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 8 June 2015.

For the purpose of determining the Shareholders' entitlement to the final dividend, the register of members of the Company will also be closed from Wednesday, 17 June 2015 to Friday, 19 June 2015 (both days inclusive), during which period no transfer of shares will be registered. To ensure the entitlement to the final dividend, which will be resolved and voted on at the forthcoming annual general meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 16 June 2015.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and the external auditor the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2014.

AUDITOR

The consolidated financial statements for the year ended 31 December 2014 have been audited by KPMG. A resolution for the reappointment of KPMG as the Company's auditor is to be proposed at the forthcoming annual general meeting of the Company.

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

Hong Kong, 25 March 2015

CORPORATE GOVERNANCE REPORT

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of Shareholders and to enhance 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. The CG Code has been applicable to the Company with effect from the Listing Date. From the Listing Date to 31 December 2014 (the "Relevant Period"), the Company has complied with all applicable code provisions of the CG Code, with the exception that the roles of Chairman of the Board and President of the Group are both vested in Mr. Huang Liping, details of which are disclosed in the section headed "Chairman and Chief Executive" below.

SECURITIES TRANSACTIONS

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

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

THE BOARD OF DIRECTORS

Board Responsibilities

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

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

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

Delegation by the Board

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

Board Composition

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

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

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

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

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

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

Non-executive Directors

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

Independent Non-executive Directors

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE

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

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

APPOINTMENT, RETIREMENT AND RE-ELECTION OF DIRECTORS

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

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

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

During the Reporting Period, Mr. Zhang Jie was appointed as a non-executive Director of the Company with effect from 12 June 2014. Pursuant to the Articles of Association, Mr. Zhang is subject to retirement and re-election at the annual general meeting of the Company to be held on 11 June 2015. At the annual general meeting held by the Company on 12 June 2014, Mr. Huang Liping, Mr. Hu Bin and Ms. Chen Huifen were re-elected as the executive Directors, Mr. Lu Jun and Ms. Shu Chunping were re-elected as the non-executive Directors, and Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin were re-elected as the independent non-executive Directors.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

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

For the year ended 31 December 2014, all of the Directors have received relevant training on corporate governance and the relevant training records are as follows:

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

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

BOARD MEETINGS

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

Code provision A.1.1 of the CG Code requires that at least four regular Board meetings be held each year at approximately quarterly intervals, with active participation of a majority of directors entitled to attend the meetings, either in person or through other electronic means of communication. The Board held four Board meetings at approximately quarterly intervals during the year ended 31 December 2014.

DIRECTORS' AND OFFICERS' INSURANCE

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

BOARD COMMITTEES

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

Audit Committee

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

The primary functions of the Audit Committee include the following:

- making recommendations to the Board on the appointment, reappointment and removal of external auditors, and to approve remuneration and terms of engagement of external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussing with the external auditors the nature and scope of the audit and the relevant reporting obligations before the audit commences;
- developing and implementing policy on engaging external auditors to provide non-audit services;
- monitoring the integrity of the Company's financial statements and annual report and accounts and half-yearly reports, and to review significant financial reporting opinions contained in such statements and reports;
- reviewing the Company's financial controls, internal control and risk management systems and discussing the internal control system with management to ensure that management has performed its duty to establish an effective internal control system;
- considering major investigation findings on internal control matters as delegated by the Board or on the Audit Committee's own initiative, as well as management's response to these findings; and
- reviewing the Group's financial and accounting policies and practices.

The terms of reference of the Audit Committee are available on the website of the Company and the designated website of the Stock Exchange. The Audit Committee held four meetings during the year ended 31 December 2014 to review the annual results and report for the year ended 31 December 2013 as well as the interim results and report for the six months ended 30 June 2014, and review the financial control, internal control and risk management system of the Company, and discuss material risks under concern in the audit work.

For the year ended 31 December 2014, the Audit Committee also held three meetings with external auditors without the presence of the executive Directors.

Remuneration Committee

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

The primary functions of the Remuneration Committee include the following:

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

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

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

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

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

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

The terms of reference of the Remuneration Committee are available on the website of the Company and the designated website of the Stock Exchange. The Remuneration Committee held two meetings during the year ended 31 December 2014 to review the remuneration policies and structures of the Company, the remuneration packages for executive Directors and senior management as well as other relevant matters, and make recommendations to the Board in such regard.

Nomination Committee

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

The primary functions of the Nomination Committee include the following:

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

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

The terms of reference of the Nomination Committee are available on the website of the Company and the designated website of the Stock Exchange. The Nomination Committee held two meetings during the year ended 31 December 2014 to review the structure, size and composition of the Board, and provide opinions on the nomination of relevant persons to be Directors to the Board, and review the independence of independent non-executive Directors.

Financial Control Committee

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

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

As the Hefei Financial Harbour project is still in early stage, the Financial Control Committee did not hold meeting in 2014 to discuss potential obligations or risks relating to the aforesaid minimum tax guarantee.

ATTENDANCE RECORD OF THE DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings of the Company as well as the annual general meeting of the Company held during the year ended 31 December 2014 is as follows:

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

Notes:

(1) The AGM of the Company was held on 12 June 2014.

(2) Mr. Zhang Jie was appointed as a non-executive Director of the Company on 12 June 2014.

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2014, presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects, and ensuring that the financial reports are prepared in accordance with applicable statutory requirements and accounting standards. To the best knowledge, information and belief of the Directors, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

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

Auditor's Statement

The statement of the Company's independent external auditor, KPMG, on its reporting responsibilities in respect of the consolidated financial statements of the Group for the year ended 31 December 2014 is set out on pages 97 and 98 of this annual report.

Internal Control

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

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

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

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

Auditor's Remuneration

For the year ended 31 December 2014, the total remuneration paid or payable to the Company's auditor, KPMG, for audit and audit related services amounted to RMB2 million. The Company has not paid any remuneration to the Company's auditor for non-audit services.

JOINT COMPANY SECRETARIES

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

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

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

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting and putting forward proposals

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

Constitutional Documents

Pursuant to the special resolution passed by Shareholders on 12 March 2014, the amended and restated Articles of Association of the Company was approved and became effective from 28 March 2014. Subsequently, as of 31 December 2014 no amendment was made to the constitutional documents of the Company.

Communication with Shareholders and investor relations

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

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

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

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

MAJOR PROPERTIES INFORMATION

The following table sets forth an overview of the business park projects and residential projects held by the Group and its joint venture as of 31 December 2014.

	Project	Project Company	Location	Interest Attributed to the Group	A Total GFA[2] (square meters)	B GFA with Land Use Rights Obtained (square meters)
I.	**Completed Projects**					
	Business Parks					
1	Optics Valley Software Park (Phase I-IV) (光谷軟件園一至四期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	508,826	457,360
2	Optics Valley Software Pack (Phase V) (光谷軟件園五期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	238,893	183,098
3	Optics Valley Software Park (Phase VI) (光谷軟件園六期)	Wuhan Optics Valley Software Park	1 Guanshan Avenue, Wuhan, Hubei Province	100%	100,106	80,290
4	Optics Valley Software Park Exhibition Center (Phase I) (光谷軟件園展示中心一期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	1,570	1,570
5	Optics Valley Software Park Exhibition Center (Phase II) (光谷軟件園展示中心二期)	Wuhan Optics Valley Union	1 Guanshan Avenue, Wuhan, Hubei Province	100%	26,319	20,717
6	Optics Valley Financial Harbour (Phase I) (光谷金融港一期)	OVU Financial Harbour Development	77 Guanggu Avenue, Wuhan, Hubei Province	100%	275,913	256,098
7	Optics Valley Financial Harbour (Phase II) (光谷金融港二期)	Wuhan Optics Valley Union	77 Guanggu Avenue, Wuhan, Hubei Province	100%	517,573	431,927
8	Wuhan Innovation Center (Phase I) (武漢創意天地一期部分)	Wuhan Optics Valley Union	16 Ye Zhi Hu West Road, Hongshan District, Wuhan, Hubei Province	100%	115,111	97,814
9	Wuhan Innocenter (Phase I) — Minghong (武漢研創中心一期 — 鳴鴻)	Wuhan Minghong	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	43,326	41,350
	Wuhan Innocenter (Phase I) — Huishen (武漢研創中心一期 — 匯盛)	Hubei Huisheng	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	18,091	17,681
	Subtotal				1,845,728	1,587,905

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

	C	D	G	E			F
				Saleable GFA			
GFA Completed[3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA[4] (square meters)	GFA Underground[5][9] (square meters)	GFA Sold[5] (square meters)	GFA Presold [5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	Leasable GFA[5][6] (square meters)
508,826	143	1,495	51,466	435,071	—	1,214	19,437
238,893	—	3,516	55,794	173,406	1,506	4,670	—
100,106	—	19,225	19,817	61,065	—	—	—
1,570	—	—	—	—	—	1,570	—
26,319	8,620	—	5,602	—	—	6,928	5,168
275,913	12,293	4,104	19,815	224,266	—	10,875	4,560
517,573	—	45,644	85,646	341,585	16,086	28,612	—
115,111	—	—	17,297	17,720	16,780	57,694	5,620
43,326	—	753	1,887	14,933	6,168	19,585	—
18,091	—	548	410	6,505	3,031	7,597	—
1,845,728	21,056	75,285	257,734	1,274,551	43,571	138,745	34,785

Project	Project Company	Location	Interest Attributed to the Group	A Total GFA(2) (square meters)	B GFA with Land Use Rights Obtained (square meters)
I. Completed Projects (Continued)					
Business Parks (Continued)					
10 Wuhan Innocenter (Phase II) — Huisheng (武漢研創中心二期 — 匯盛)	Hubei Huisheng	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	100%	53,353	43,316
11 Qingdao OVU International Marine Information Harbour (1.1 Area, 1.4 to 1.5 Area) (青島光谷國際海洋信息港1.1區、1.4至1.5區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong Province	100%	156,954	122,743
12 Ezhou OVU Science and Technology City (Phase 1 D2–D3, D5–D6, C7–C9, C2, D9) (鄂州光谷聯合科技城一期 D2–D3, D5–D6, C7–C9, C2, D9)	Hubei Technology Enterprise Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	80%	135,097	135,097
13 Huangshi OVU Science and Technology City (Phase I) (黃石光谷聯合科技城一期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	100%	58,672	58,672
Subtotal				2,249,804	1,947,733

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

	C	D	G	E			F
				Saleable GFA			
GFA Completed[3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA[4] (square meters)	GFA Underground[5][9] (square meters)	GFA Sold[5] (square meters)	GFA Presold[5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	Leasable GFA[5][6] (square meters)
53,353	3,058	—	10,036	—	—	40,259	—
156,954	—	1,940	32,271	40,589	6,992	65,777	9,385
135,097	—	—	—	39,622	8,085	87,390	—
58,672	—	—	—	1,624	—	57,048	—
2,249,804	24,114	77,225	300,041	1,356,386	58,648	389,219	44,170

Project	Project Company	Location	Interest Attributed to the Group	A Total GFA[2] (square meters)	B GFA with Land Use Rights Obtained (square meters)
I. Completed Projects (Continued)					
Residential Properties					
14 Romantic Town (麗島漫城)	Wuhan Xuefu	46 Guanggu Boulevard, Wuhan, Hubei Province	51%	158,876	144,473
15 Lido Top View (麗島半山華府)	Huangshi OVU Development	76 Xin Qu Er Lu, Hangzhou West Road, Tuanchenglushan Huangshi, Hubei Province	100%	148,271	148,271
Subtotal				307,147	292,744
Investment Properties					
16 Lido Garden 麗島花園	Wuhan United Real Estate	1 Luoshi Road, Wuhan, Hubei Province	100%	198,119	198,119
17 North Harbour Industrial Park (Lido Property) 北港工業園(麗島物業)	Wuhan United Real Estate	38 Shucheng Road, Wuhan, Hubei Province	100%	3,083[10]	3,083[10]
18 Lido Garden (Lido Property) 麗島花園(麗島物業)	Wuhan United Real Estate	1 Luoshi Road, Wuhan, Hubei Province	100%	1,122	1,122
19 North Harbour Industrial Park (Lido Technology) 北港工業園(麗島科技)	Wuhan United Real Estate	38 Shucheng Road, Wuhan, Hubei Province	100%	3,683	3,683
Subtotal				206,007	206,007
Subtotal				**2,762,958**	**2,446,484**
20 Lido Mason[11] (麗島美生)	Wuhan Mason	No. 318 Minzu Avenue, Wuhan, Hubei Province	50%	153,437	130,260

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

	C	D	G	E			F
				Saleable GFA			
GFA Completed[3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA[4] (square meters)	GFA Underground[5][9] (square meters)	GFA Sold[5] (square meters)	GFA Presold[5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	Leasable GFA[5][6] (square meters)
158,876	—	636	14,403	141,623	—	1,822	392
148,271	—	1,189	—	130,165	164	1,291	15,462
307,147	—	1,825	14,403	271,788	164	3,113	15,854
198,119	—	—	—	191,197	—	—	6,922
3,083	1,248	—	—	—	—	—	2,298
1,122	—	—	—	—	—	1,122	—
3,683	2,023	—	—	—	—	—	1,661
206,007	3,271	—	—	191,197	—	1,122	10,881
2,762,958	**27,385**	**79,050**	**314,444**	**1,819,371**	**58,812**	**393,454**	**70,905**
151,090	—	839	23,177	124,581	2,437	2,402	—

Project	Project Company	Location	Estimated Completion Date[1]	Interest Attributed to the Group	A Total GFA[2] (square meters)	B GFA with Land Use Rights Obtained (square meters)
II Projects under Development						
Business Parks						
1 Wuhan Creative Capital (武漢創意天地)	Wuhan Optics Valley Union	16 Ye Zhi Hu West Road, Hongshan District, Wuhan, Hubei Province	April 2016	100%	274,144	211,694
2 Qingdao OVU International Marine Information Harbour Zones 1.3, 1.6 (青島光谷國際海洋信息港1.3, 1.6區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong	August 2015	100%	122,008	94,117
3 Ezhou OVU Science and Technology City (Phase I C3) (鄂州光谷聯合科技城一期C3)	Hubei Technology Enterprise Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	August 2015	80%	17,841	17,841
4 Huangshi OVU Science and Technology City (Phase I) (黃石光谷聯合科技城一期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	September 2015	100%	38,102	38,102
5 Hefei Financial Harbour (合肥金融港)	Hefei OVU Development	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	May 2017	80%	320,604	244,500
6 Shenyang OVU Science and Technology City 瀋陽光谷聯合科技城	Shenyang OVU Development	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	November 2015	100%	77,997	77,152
Subtotal					850,695	683,406
Residential Properties						
7 Lido 2046 (麗島2046)	Wuhan Optics Valley Union	175 Xiongchu Avenue, Wuhan, Hubei Province	December 2015	100%	126,629	114,351
Subtotal					**977,324**	**797,756**

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

	C	D	G	E			F
				Saleable GFA			
GFA Completed[3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA[4] (square meters)	GFA Underground[5][9] (square meters)	GFA Sold[5] (square meters)	GFA Presold[5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	Leasable GFA[5][6] (square meters)
—	—	69	62,449	—	—	211,625	—
—	—	—	27,891	—	3,964	90,153	—
—	—	—	—	—	—	17,841	—
—	—	—	—	—	—	38,102	—
—	—	—	76,104	—	—	190,250	54,250
—	—	1,779	845	—	—	75,373	—
—	—	1,848	167,289	—	3,964	623,344	54,250
—	—	1,228	12,278	—	18,500	94,623	—
—	**—**	**3,076**	**179,567**	**—**	**22,464**	**717,967**	**54,250**

	Project	Project Company	Location	Estimated Completion Date[1]	Interest Attributed to the Group	A Total GFA[2] (square meters)	B GFA with Land Use Rights Obtained (square meters)
III	**Projects Planned for Future Development**						
Business Parks							
1	Optics Valley Financial Harbour (Phase III) (光谷金融港三期)	Wuhan Financial Harbour Development	77 Guanggu Avenue, Wuhan, Hubei Province	December 2017	70%	350,463	—
2	Optics Valley Financial Harbour (Phase IV) (光谷金融港四期)	Wuhan Financial Harbour Development	77 Guanggu Avenue, Wuhan, Hubei Province	May 2019	70%	658,333	—
3	Wuhan Innocenter (Phase III) — Minghong (武漢研創中心三期) — 鳴鴻	Wuhan Minghong	Intersection of Guanggu Avenue, and Yangqiaohu Avenue, Wuhan, Hubei Province	May 2017	100%	57,113	50,003
4	Wuhan Innocenter (Phase III) — Huisheng (武漢研創中心三期) — 匯盛	Hubei Huisheng	Intersection of Guanggu Avenue, and Yangqiaohu Avenue, Wuhan, Hubei Province	May 2017	100%	57,155	50,003
5	Energy Conservation Technology Park (節能科技園)	Energy Conservation Technology Park	666 Gaoxin Avenue, Wuhan, Hubei Province	February 2021	70%	2,235,156	—
6	Qingdao OVU International Marine Information Harbour Zones 1.2, 1.7 (青島光谷國際海洋信息港1.2、1.7區)	Qingdao OVU Development	396 Emeishan Road, Qingdao, Shandong	December 2018	100%	167,216	140,738
7	Qingdao Marine & Science Park (Phase I) (青島海洋科技園一期)	Qingdao OVU Development	Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province, South of Zhang Jiang West Road, West of Jiangshan South Road, North of Binhai Avenue	April 2017	100%	197,050	167,050

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

	C	D	G	E			F
				Saleable GFA			
GFA Completed[3] (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA[4] (square meters)	GFA Underground[5][9] (square meters)	GFA Sold[5] (square meters)	GFA Presold [5][8] (square meters)	GFA Available for Sale[5][7] (square meters)	Leasable GFA[5][6] (square meters)
—	6,583	2,074	91,972	—	—	249,834	—
—	—	—	162,133	—	—	496,200	—
—	—	200	7,110	—	—	49,803	—
—	—	200	7,152	—	—	49,803	—
—	—	3,000	519,736	—	—	1,712,420	—
—	2,922	—	26,477	—	—	137,816	—
—	6,800	—	30,000	—	—	160,250	—

Project		Project Company	Location	Estimated Completion Date[1]	Interest Attributed to the Group	A Total GFA[2] (square meters)	B GFA with Land Use Rights Obtained (square meters)
III	**Projects Planned for Future Development (Continued)**						
Business Parks (Continued)							
8	Qingdao Innocenter (青島研創中心)	Qingdao OVU Development	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	June 2017	100%	136,380	117,443
	— Industrial				100%	110,724	96,146
	— Residential				100%	25,656	21,297
9	Shenyang OVU Science and Technology City 瀋陽光谷聯合科技城	Shenyang OVU Development	Intersection of Sheng Jing Da Jie and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	November 2017	100%	107,664	94,234
10	Ezhou OVU Science and Technology City (Phase I) (鄂州光谷聯合科技城一期)	Hubei Technology Enterprise Accelerator	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	September 2017	80%	325,224	287,871
11	Hefei Financial Harbour (合肥金融港)	Hefei OVU Development	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	October 2018	80%	288,056	216,331
12	Huangshi OVU Science and Technology City (Phase I) (黃石光谷聯合科技城一期)	Huangshi OVU Development	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	December 2017	100%	93,826	93,826
	Subtotal					**4,810,016**	**1,217,499**
	I to III Total					**8,550,299**	**4,461,740**

	C	D	G	E			F
				Saleable GFA			
GFA Completed(3) (square meters)	GFA Held for Group's Own Use (square meters)	Non-Saleable and Non-Leasable GFA(4) (square meters)	GFA Underground(5)(9) (square meters)	GFA Sold(5) (square meters)	GFA Presold(5)(8) (square meters)	GFA Available for Sale(5)(7) (square meters)	Leasable GFA(5)(6) (square meters)
—	—	—	18,937	—	—	117,443	—
—	—	—	14,578	—	—	96,146	—
—	—	—	4,359	—	—	21,297	—
—	—	—	13,430	—	—	94,234	—
—	—	—	37,353	—	—	287,871	—
—	—	—	71,725	—	—	216,331	—
—	—	—	—	—	—	93,826	—
—	**16,305**	**5,474**	**1,004,962**	**—**	**—**	**3,783,274**	**—**
2,762,958	**43,690**	**87,600**	**1,498,973**	**1,819,371**	**81,276**	**4,894,695**	**125,155**

Notes:

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the consolidated financial statements of Optics Valley Union Holding Company Limited ("the Company") and its subsidiaries (together "the Group") set out on page 99 to 188, which comprise the consolidated and company statements of financial position as at 31 December 2014, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

25 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Note	**2014 RMB'000**	2013 RMB'000
Turnover	3	**1,928,948**	1,966,348
Cost of sales		**(1,246,287)**	(1,254,158)
Gross profit		**682,661**	712,190
Other income	4	**9,303**	21,981
Selling and distribution expenses		**(66,324)**	(47,450)
Administrative expenses		**(135,031)**	(141,922)
Other expenses	4	**(514)**	(911)
Results from operating activities before changes in fair value of investment properties		**490,095**	543,888
Increase in fair value of investment properties	13	**105,380**	6,542
Results from operating activities after changes in fair value of investment properties		**595,475**	550,430
Finance income		**20,076**	15,263
Finance costs		**(12,922)**	(12,597)
Net finance income	5(a)	**7,154**	2,666
Share of losses of associates	16	**(385)**	(439)
Share of profits of a joint venture	17	**29,774**	41,124
Profit before taxation		**632,018**	593,781
Income tax	6	**(211,700)**	(255,227)
Profit for the year		**420,318**	338,554

The notes on pages 109 to 188 form part of these financial statements.

	Note	**2014 RMB'000**	2013 RMB'000
Attributable to:			
Equity shareholders of the Company		**415,190**	320,869
Non-controlling interests		**5,128**	17,685
Profit for the year		**420,318**	338,554
Basic earnings per share (RMB cents)	10	**11.03**	11.62

Details of Dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 30(c).

The notes on pages 109 to 188 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Profit for the year		**420,318**	338,554
Other comprehensive income for the year (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China, net of nil tax	11	**175**	(486)
Other comprehensive income for the year		**175**	(486)
Total comprehensive income for the year		**420,493**	338,068
Attributable to:			
Equity shareholders of the Company		**415,365**	320,383
Non-controlling interests		**5,128**	17,685
Total comprehensive income for the year		**420,493**	338,068

The notes on pages 109 to 188 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	12	**278,784**	175,440
Investment properties	13	**527,510**	298,200
Intangible assets	14	**4,354**	4,332
Interest in associates	16	**761**	1,146
Interest in a joint venture	17	**165,249**	160,475
Other investments	18	**10,000**	10,000
Deferred tax assets	28(b)	**67,963**	75,194
		1,054,621	724,787
Current assets			
Other investments	18	**—**	122,220
Properties under development	19	**2,545,744**	2,946,308
Completed properties held for sale	20	**1,993,088**	992,615
Inventories and contracting work-in-progress	21	**243,855**	200,072
Trade and other receivables	22	**1,215,158**	898,022
Current tax assets	28(a)	**3,800**	32,578
Restricted cash	23	**139,798**	3,630
Cash and cash equivalents	24(a)	**936,977**	1,163,239
		7,078,420	6,358,684
Current liabilities			
Trade and other payables	25	**1,964,900**	2,530,444
Loans and borrowings	26	**1,170,800**	905,500
Corporate bonds payable	27	**384,627**	77,427
Current tax liabilities	28(a)	**134,743**	151,745
Current portion of deferred income	29	**4,006**	—
		3,659,076	3,665,116
Net current assets		**3,419,344**	2,693,568
Total assets less current liabilities		**4,473,965**	3,418,355

The notes on pages 109 to 188 form part of these financial statements.

	Note	**2014** **RMB'000**	2013 RMB'000
Non-current liabilities			
Loans and borrowings	26	**968,046**	1,151,830
Corporate bonds payable	27	**802,637**	544,763
Deferred tax liabilities	28(b)	**82,187**	56,646
Non-current portion of deferred income	29	**36,056**	—
		1,888,926	1,753,239
Net assets		**2,585,039**	1,665,116
Capital and reserve			
Share capital	30	**316,800**	8
Reserves	30	**2,032,420**	1,434,417
Total equity attributable to equity shareholders of the Company		**2,349,220**	1,434,425
Non-controlling interests		**235,819**	230,691
Total equity		**2,585,039**	1,665,116

Approved and authorised for issue by the board of directors on 25 March 2015

HUANG Liping
Director

HU Bin
Director

The notes on pages 109 to 188 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	12	**880**	—
Investments in subsidiaries	15	**761,104**	214,010
		761,984	214,010
Current assets			
Cash and cash equivalents	24(a)	**294**	8
Trade and other receivables	22	**101,036**	49,395
		101,330	49,403
Current liabilities			
Trade and other payables	25	**2,331**	—
		2,331	—
Net current assets		**98,999**	49,403
Total assets less current liabilities		**860,983**	263,413
Net assets		**860,983**	263,413
Capital and reserves			
Share capital	30	**316,800**	8
Reserves	30	**544,183**	263,405
Total equity		**860,983**	263,413

Approved and authorised for issue by the board of directors on 25 March 2015

HUANG Liping	**HU Bin**
Director	*Director*

The notes on pages 109 to 188 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

		Attributable to equity shareholders of the Company							
	Note	Share capital RMB'000 Note 30(b)	Other reserves RMB'000 Note 30(g)	Exchange reserve RMB'000 Note 30(f)	Statutory reserve RMB'000 Note 30(e)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000 Note 30(h)	Total equity RMB'000
At 1 January 2013		4,852	287,193	1,268	182,408	396,057	871,778	516,589	1,388,367
Changes in equity for 2013:									
Profit for the year		—	—	—	—	320,869	320,869	17,685	338,554
Other comprehensive income		—	—	(486)	—	—	(486)	—	(486)
Total comprehensive income for the year		—	—	(486)	—	320,869	320,383	17,685	338,068
Appropriation to statutory reserves	30(e)	—	—	—	15,988	(15,988)	—	—	—
Dividend declared during the year	30(c)	—	—	—	—	(50,479)	(50,479)	—	(50,479)
Contribution from non-controlling equity holders		—	—	—	—	—	—	20,000	20,000
Acquisition of equity interests from non-controlling equity holders		—	277,294	—	—	—	277,294	(323,583)	(46,289)
Waiver of liability from equity shareholders of the Company		—	12,527	—	—	—	12,527	—	12,527
Arising from Reorganisation		(4,844)	7,766	—	—	—	2,922	—	2,922
At 31 December 2013		8	584,780	782	198,396	650,459	1,434,425	230,691	1,665,116

The notes on pages 109 to 188 form part of these financial statements.

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

The notes on pages 109 to 188 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Operating activities			
Cash used in operations	24 (b)	**(660,867)**	(619,302)
Income tax paid		**(167,152)**	(199,778)
Net cash used in operating activities		**(828,019)**	(819,080)
Investing activities			
Interest received		**16,672**	10,363
Investment income received		**3,500**	4,804
Proceeds from disposal of property, plant and equipment		**407**	165
Proceeds from disposal of other non-current assets		**—**	32,571
Proceeds from sales of other investments		**122,220**	1,132
Dividends from a joint venture		**25,000**	—
Acquisition of investment properties		**(15,692)**	(480)
Acquisition of property, plant and equipment		**(17,537)**	(34,941)
Acquisition of intangible assets		**(705)**	(1,335)
Acquisition of other investments		**—**	(69,220)
Net cash generated from/(used in) investing activities		**133,865**	(56,941)

The notes on pages 109 to 188 form part of these financial statements.

	Note	2014 RMB'000	2013 RMB'000
Financing activities			
Proceeds from corporate bonds		**520,620**	612,877
Proceeds from initial public offering		**600,854**	—
Capital contribution from non-controlling equity holders		**—**	20,000
Proceeds from loans and borrowings		**1,948,500**	1,690,830
Proceeds from loan from non-controlling equity holders		**—**	63,661
Repayment of bank and other loans		**(1,866,984)**	(842,665)
Repayment of loans from non-controlling equity holders		**(164,759)**	(241,772)
Repayment of loans from other related party		**(96,737)**	—
(Increase)/decrease in restricted cash		**(136,168)**	658
Interest and other borrowing costs paid		**(206,484)**	(118,397)
Dividend paid		**(130,924)**	(50,479)
Acquisition of equity interests from non-controlling equity holders in connection with Reorganisation		**—**	(260,215)
Capital injection from non-controlling equity holders in connection with Reorganisation		**—**	216,848
Net cash generated from financing activities		**467,918**	1,091,346
Net (decrease)/increase in cash and cash equivalents		**(226,236)**	215,325
Cash and cash equivalents at 1 January		**1,163,239**	947,899
Effect of foreign exchange rate changes		**(26)**	15
Cash and cash equivalents at 31 December	24(a)	**936,977**	1,163,239

The notes on pages 109 to 188 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousand of Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Optics Valley Union Holding Company Limited (the "Company") was incorporated in the Cayman Islands which shares were listed on the Main board of stock Exchange on 28 March 2014. The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and a joint venture. They were authorised for issue by the Company's board of directors on 25 March 2015.

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance(Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective in the current year. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(c) Changes in accounting policies

Except for the changes below, the Group has consistently applied accounting policies set out in the following notes to all periods presented in these consolidated financial statements.

The Group has adopted the following amendments to a standard and new interpretation with a date of initial application of 1 January 2014.

— Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*

— Amendments to IAS 32, Offsetting financial assets and financial liabilities

— IFRIC 21 Levies

— Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The nature and effects of the changes are explained below.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies (Continued)

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's annual financial report as Optics Valley Union Holding Company Limited does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's annual financial report as they are consistent with the policies already adopted by the Group.

IFRIC 21, *Levies*

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal.

As a result of the amendments to IAS 36, the Group has expanded its disclosures of recoverable amounts when they are based on fair value less costs of disposals and recognised an impairment.

(d) Basis of measurement

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

(e) Use of estimates and judgements

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

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

Judgements made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 34.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (note 1(m)).

(ii) Non-controlling interests

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

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

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

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

(g) Associates and joint ventures

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Associates and joint ventures (Continued)

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

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

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

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

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

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 1(m)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(h) Financial instruments

(i) Derivative financial assets

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Non-derivative financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

Held-to-maturity financial assets

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

Held-to-maturity financial assets comprise debt securities.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Non-derivative financial assets (Continued)

Loans and receivables

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

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

Cash and cash equivalents

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

Available-for-sale financial assets

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

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

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

(iii) Non-derivative financial liabilities

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(iv) Share capital

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

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

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

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

(ii) Reclassification to investment property

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

(iii) Subsequent costs

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment (Continued)

(iv) Depreciation

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

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

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

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

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

(j) Leased assets

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

(i) Classification of assets leased to the Group

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets(Continued)

(i) Classification of assets leased to the Group (Continued)

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

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

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

(ii) Operating lease charges

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

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

(k) Intangible assets

(i) Intangible assets

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

(ii) Subsequent expenditure

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Intangible assets (Continued)

(iii) Amortisation

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

Computer software with finite useful lives is amortised from the date it is available for use and its estimated useful lives is 5 to 10 years.

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

(l) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (Note1(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and properties that are being constructed or developed for future use as investment properties.

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

(m) Impairment

(i) Non-derivative financial assets

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Financial assets measured at amortised cost

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

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

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

Available-for-sale financial assets

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment (Continued)

(ii) Non-financial assets

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

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

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

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

(n) Property development

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

— Properties held for development for sale

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

— Properties under development for sale

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Property development (Continued)

— Completed properties held for sale

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

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

(o) Inventories

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

(p) Construction contracts in progress

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

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

(q) Employee benefits

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Tax (Continued)

(iii) Tax exposures

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

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Other provisions and contingent liabilities

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Revenue recognition

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

(i) Sales of properties

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

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

(ii) Rental income from operating leases

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

(iii) Energy supply initial fee

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

(iv) Service fee income

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

(v) Construction contracts

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Revenue recognition (Continued)

(vi) Government grants

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

(u) Finance income and finance costs

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Foreign currency

(i) Foreign currency transactions

Transaction in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

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

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

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see (ii)); and
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Related parties

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

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

(b) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

(x) Segment reporting

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

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

2 SEGMENT REPORTING

The Group manages its businesses by divisions organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following six reportable segments. The operating segments with similar economic characteristics have been aggregated to form the following reportable segments.

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

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

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

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

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

(a) Segment results, assets and liabilities

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

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

2 SEGMENT REPORTING (Continued)

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

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

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

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

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

For the year ended 31 December 2014

	Property development RMB'000	Construction contract RMB'000	Property leasing RMB'000	Development management services RMB'000	Business operation services RMB'000	Total RMB'000
Revenue from external customers	1,533,820	110,686	39,602	37,765	207,075	1,928,948
Inter-segment revenue	—	270,730	703	1,767	44,937	318,137
Reportable segment revenue	1,533,820	381,416	40,305	39,532	252,012	2,247,085
Reportable segment profits	409,049	(756)	29,526	36,688	24,910	499,417
Finance income	16,457	2,971	—	—	648	20,076
Finance costs	(3,666)	(9,256)	—	—	—	(12,922)
Depreciation	(7,987)	(7,694)	—	—	(2,262)	(17,943)
Amortisation	(506)	(78)	—	—	(98)	(682)
Share of losses of associates	(385)	—	—	—	—	(385)
Share of profits of a joint venture	29,774	—	—	—	—	29,774
Increase in fair value of investment properties	103,780	1,100	—	—	500	105,380

2 SEGMENT REPORTING (Continued)

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

For the year ended 31 December 2013

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

2 SEGMENT REPORTING (Continued)

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

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

3 TURNOVER

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

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

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

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

4 OTHER INCOME AND OTHER EXPENSES

Other income

	2014	2013
	RMB'000	RMB'000
Government grants (Note)	**7,809**	4,829
Net gain on disposal of non-current assets	**6**	12,122
Compensation income	**358**	100
Others	**1,130**	4,930
	9,303	21,981

Note: During the year ended 31 December 2014 and 2013, the Group received government subsidies from different local government bureaus as a recognition of the Group's contribution in the relevant districts.

4 OTHER INCOME AND OTHER EXPENSES (Continued)

Other expenses

	2014 RMB'000	2013 RMB'000
Net loss on disposal of property, plant and equipment	**(42)**	(269)
Penalty	**(210)**	(18)
Others	**(262)**	(624)
	(514)	(911)

5 PROFIT BEFORE TAXATION

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

(a) Finance income/(costs)

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

Note: The borrowing costs have been capitalised at rates ranging from 6.0% to 12.0% (2013: 5.4% to 12.0%) per annum (see Note 26) for the year ended 31 December 2014.

5 PROFIT BEFORE TAXATION (Continued)

(b) Staff costs

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

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution pension schemes (the "Schemes") which are administered and operated by the relevant local government authorities. The Group is required to make contributions to the Schemes from 18% to 20% (2013: 18% to 20%) of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group has no other material obligation for the payment of pension benefits associated with these schemes beyond the annual contributions described above.

(c) Other items

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

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

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

	2014 **RMB'000**	2013 RMB'000
Current tax		
PRC corporate income tax for the year	**113,823**	139,791
PRC Land Appreciation Tax for the year	**65,105**	133,442
	178,928	273,233
Deferred tax		
Origination and reversal of temporary differences (note 28(b))	**32,772**	(18,006)
Total income tax expense	**211,700**	255,227

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

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

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

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

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

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

(iii) Effective from 1 January 2008, under the PRC CIT Law, the PRC's statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to PRC income tax at 25% unless otherwise specified. According to the approval from the tax authority in Wuhan, Hubei Province, Wuhan Lido Technology and Wuhan Jitian Construction's assessable profits were calculated based on 8% of their gross turnover for the year ended 31 December 2014.

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

During the year ended 31 December 2014, a subsidiary of the Group , Wuhan Optics Valley Union Group Company Limited conducted LAT final settlement with local tax bureau for certain projects. According to the final settlement notice, RMB 23,344,000 of LAT accrued in previous year was reversed in 2014.

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

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

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

	For the year ended 31 December 2013				
	Directors' fees RMB'000	Salaries, allowances and benefits in kinds RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Huang Liping	—	543	1,518	14	2,075
Hu Bin	—	543	1,747	14	2,304
Chen Huifen	—	391	1,085	14	1,490
	—	1,477	4,350	42	5,869

7 DIRECTORS' REMUNERATION (Continued)

No directors of the Company waived or agreed to waive any remuneration during the year ended 31 December 2014 and 2013. Remuneration was paid to independent non-executive directors as 3 independent non-executive directors were appointed during the year ended 31 December 2014.

During the year ended 31 December 2014 and 2013, there were no amounts paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three are directors of the Company whose emoluments are disclosed in Note 7 (2013: three). The aggregate of the emoluments in respect of the other two (2013: two) individuals are as follows:

	2014	2013
	RMB'000	RMB'000
Salaries and other emoluments	**3,347**	2,599
Retirement scheme contributions	**28**	28
	3,375	2,627

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

	2014	2013
HKD1,500,001 to HKD2,000,000	**2**	2

9 CONSOLIDATED RESULT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated result attributable to equity shareholders of the Company includes a profit of RMB 98,140,000 (2013: RMB 51,822,000) which has been dealt with in the financial statements of the Company. Details of dividends paid and payable to equity shareholders of the Company are set out in Note 30(c).

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB415,190,000 (2013: RMB320,869,000) and the deemed weighted average number of 3,764,384,000 shares (2013: 2,761,350,000 shares) in issue during the year, after adjusting for the capitalisation issue on 28 March 2014 (Note 30). The deemed weighted average number of shares is calculated as follows:

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

	2014	2013
	'000	'000
Deemed weighted average number of shares		
Issued ordinary shares at 1 January	**3,000,000**	84
Effect of issuance of new shares	**764,384**	8
Effect of capitalisation issue (Note 30)	**—**	2,761,258
Deemed weighted average number of shares at 31 December	**3,764,384**	2,761,350

(b) Diluted earnings per share

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

11 OTHER COMPREHENSIVE INCOME

	2014	2013
	RMB'000	RMB'000
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China, net of nil tax	**175**	(486)

12 PROPERTY, PLANT AND EQUIPMENT

	The Group					
	Building RMB'000	Machines RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2013	38,216	48,831	27,959	10,931	2,449	128,386
Transfer from construction in progress	—	23,263	—	—	(23,263)	—
Transfer from inventory	66,943	—	—	—	—	66,943
Other additions	404	29	2,307	7,615	24,586	34,941
Disposals	(16,839)	—	(1,139)	(151)	—	(18,129)
Other reduction	(456)	—	—	—	—	(456)
At 31 December 2013	88,268	72,123	29,127	18,395	3,772	211,685
At 1 January 2014	**88,268**	**72,123**	**29,127**	**18,395**	**3,772**	**211,685**
Transfer from construction in progress	**—**	**9,401**	**—**	**2,065**	**(11,466)**	**—**
Transfer from inventory	**—**	**—**	**—**	**—**	**105,936**	**105,936**
Other additions	**—**	**12**	**1,743**	**7,845**	**7,937**	**17,537**
Disposals	**—**	**—**	**(1,216)**	**(250)**	**—**	**(1,466)**
Other reduction	**(1,743)**	**—**	**—**	**—**	**—**	**(1,743)**
At 31 December 2014	**86,525**	**81,536**	**29,654**	**28,055**	**106,179**	**331,949**
Accumulated depreciation:						
At 1 January 2013	(8,777)	(3,855)	(11,509)	(4,768)	—	(28,909)
Charge for the year	(946)	(5,650)	(3,920)	(2,688)	—	(13,204)
Written back on disposals	4,999	—	753	116	—	5,868
At 31 December 2013	(4,724)	(9,505)	(14,676)	(7,340)	—	(36,245)
At 1 January 2014	**(4,724)**	**(9,505)**	**(14,676)**	**(7,340)**	**—**	**(36,245)**
Charge for the year	**(2,901)**	**(6,305)**	**(4,465)**	**(4,272)**	**—**	**(17,943)**
Written back on disposals	**—**	**—**	**815**	**208**	**—**	**1,023**
At 31 December 2014	**(7,625)**	**(15,810)**	**(18,326)**	**(11,404)**	**—**	**(53,165)**
Net book value:						
At 31 December 2014	**78,900**	**65,726**	**11,328**	**16,651**	**106,179**	**278,784**
At 31 December 2013	83,544	62,618	14,451	11,055	3,772	175,440

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	The Company Furniture, office equipment and others RMB'000
Cost:	
At 31 December 2013	—
At 1 January 2014	—
Additions	994
At 31 December 2014	994
Accumulated depreciation:	
At 31 December 2013	—
At 1 January 2014	—
Charge for the year	(114)
At 31 December 2014	(114)
Net book value:	
At 31 December 2014	880
At 31 December 2013	—

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

As at 31 December 2014, certain buildings of the Group with carrying value of RMB62,177,000 (2013: RMB64,255,000) were without building ownership certificates. As at 31 December 2014, the Group was in progress of obtaining the relevant building ownership certificates.

As at 31 December 2014, property, plant and equipment that were fully depreciated but still in use were amounted to RMB8,092,000 (2013: RMB7,190,000).

Certain bank loans granted to the Group were jointly secured by certain property, plant and equipment with an aggregate carrying amount of RMB61,386,000 (2013: RMB17,740,000) as at 31 December 2014 (Note 26).

13 INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

	The Group Investment properties RMB'000
At 1 January 2013	299,800
Addition	480
Fair value adjustment	6,542
Disposal	(8,622)
At 31 December 2013	298,200
Representing:	
Cost	101,246
Valuation	196,954
	298,200
At 1 January 2014	298,200
Addition	123,930
Fair value adjustment	105,380
At 31 December 2014	527,510
Representing:	
Cost	225,176
Valuation	302,334
	527,510
Book value:	
At 31 December 2014	527,510
At 31 December 2013	298,200

Investment properties comprise a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 year to 12 years. No contingent rents are charged. See Note 32 for further information.

13 INVESTMENT PROPERTIES (Continued)

(a) Reconciliation of carrying amount (Continued)

As at 31 December 2014, the fair values of the Group's completed investment properties of approximately RMB474,010,000 (31 December 2013: RMB298,200,000) and investment properties under development of approximately RMB53,500,000 (31 December 2013: nil) at the end of the reporting period were arrived at on the basis of a valuation carried out by Savills Valuation and Professional Services Limited ("Savills"), an independent firm of surveyors.

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

Certain bank loans granted to the Group were jointly secured by certain investment properties with an aggregate fair value of RMB33,357,000 (2013: RMB30,337,000) as at 31 December 2014 (Note 26), and certain properties under development and completed properties held for sale held by the Group (Notes 19 and 20).

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

(b) Fair value measurement of properties

Fair value hierarchy

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

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

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

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

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

13 INVESTMENT PROPERTIES (Continued)

(b) Fair value measurement of properties (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
At 31 December 2013			
Investment properties	—	—	298,200

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

The Group's investment properties were revalued as at 31 December 2014 and 2013 by an independent firm of surveyors, Savills, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. Investment properties are accounted for using the fair value model.

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

	Valuation technique	**Significant unobservable inputs**	**Range**
At 31 December 2014			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m)	17.0–90.0
		Capitalisation rate	3.8%–7.0%
At 31 December 2013			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m.)	21.9–85.0
		Capitalisation rate	4%–7%

The fair value of investment properties are determined using the income capitalisation method by capitalising the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate. As at 31 December 2014, it is estimated that with all other variables held constant, an increase/decrease in market monthly rental rate by 5% would have increased/decreased in Group's profit by RMB21,886,000 (31 December 2013: RMB13,474,000). The fair value measurement is also negatively correlated to capitalisation rate. As at 31 December 2014, it is estimated that with all other variables held constant, a decrease/increase in capitalisation rate by 0.5% would have increased/decreased the Group's profit by RMB32,890,000 (31 December 2013: RMB18,400,000).

14 INTANGIBLE ASSETS

	The Group Software RMB'000
Cost:	
At 1 January 2013	6,052
Additions	1,335
Disposals	(1,214)
At 31 December 2013	6,173
At 1 January 2014	6,173
Additions	705
Disposals	(21)
At 31 December 2014	6,857
Accumulated amortisation:	
At 1 January 2013	(1,806)
Charge for the year	(1,249)
Disposals	1,214
At 31 December 2013	(1,841)
At 1 January 2014	(1,841)
Charge for the year	(682)
Disposals	20
At 31 December 2014	(2,503)
Net book value:	
At 31 December 2014	4,354
At 31 December 2013	4,332

15 INVESTMENTS IN SUBSIDIARIES

	The Company 2014 RMB'000	2013 RMB'000
Unlisted investment, at cost	**6**	6
Amounts due from subsidiaries	**761,098**	214,004
	761,104	214,010

The following list contains the particulars of principal subsidiaries of the Group at 31 December 2014. The class of shares held is ordinary unless otherwise stated. The particulars of these subsidiaries are set out below:

Name of company	Date and place of incorporation/ establishment	Paid-in/registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
AAA Holdings Limited ("BVI 3A")	17 June 1997 British Virgin Islands ("BVI")	USD100/USD50,000	100%	—	Investment holding
AAA Finance & Investment Limited ("HK 3A") 三A銀信投資有限公司	13 December 1996 Hong Kong	HKD1,190,476/ HKD10,000,000	—	100%	Investment holding
United Real Estate (Wuhan) Company Limited ("Wuhan United Real Estate") 聯合置業 (武漢) 有限公司*	23 July 1993 The PRC	RMB100,000,000	—	100%	Property development
Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union") 武漢光谷聯合集團有限公司*	24 July 2000 The PRC	RMB480,000,000	—	100%	Property development

(Expressed in thousand of Renminbi unless otherwise indicated)

15 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation/ establishment	Paid-in/registered capital	Effective interest held by the Company Direct	Effective interest held by the Company Indirect	Principal activities
Wuhan Optics Valley Financial Harbour Development Company Limited ("OV Financial Harbour Development") 武漢光谷金融港發展有限公司*	24 July 2008 The PRC	RMB10,000,000	—	100%	Property development
Huangshi Optics Valley Union Development Company Limited ("Huangshi OVU Development") 黃石光谷聯合發展有限公司*	24 January 2005 The PRC	RMB100,000,000	—	100%	Property development
Qingdao Optics Valley Union Development Company Limited ("Qingdao OVU Development") 青島光谷聯合發展有限公司*	1 September 2011 The PRC	RMB200,000,000	—	100%	Property development
Wuhan Xuefu Property Company Limited ("Wuhan Xuefu") 武漢學府房地產有限公司*	29 April 1999 The PRC	RMB60,000,000	—	51%	Property development
Hubei Huisheng Technology Development Company Limited ("Hubei Huisheng") 湖北匯盛科技發展有限公司*	8 December 2005 The PRC	RMB21,000,000	—	100%	Property development
Wuhan Minghong Technology Development Company Limited ("Wuhan Minghong") 武漢鳴鴻科技發展有限公司*	8 February 2001 The PRC	RMB30,000,000	—	100%	Property development

15 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation/ establishment	Paid-in/registered capital	Effective interest held by the Company Direct	Effective interest held by the Company Indirect	Principal activities
Wuhan Optics Valley Union Architectural Design Institute Company Limited ("OVU Architectural Design Institute") 武漢光谷聯合建築設計研究院有限公司*	21 April 2011 The PRC	RMB6,000,000	—	100%	Property development
Wuhan Lido Technology Company Limited ("Wuhan Lido Technology") 武漢麗島科技有限公司*	13 December 2000 The PRC	RMB190,000,000	—	100%	Construction services
Wuhan Lido Curtain Wall Manufacture Company Limited ("Wuhan Lido Curtain Wall") 武漢麗島幕牆製造有限公司*	17 November 2011 The PRC	RMB10,000,000	—	100%	Construction services
Wuhan Jitian Construction Company Limited ("Wuhan Jitian Construction") 武漢吉天建設工程有限公司*	11 June 2001 The PRC	RMB210,000,000	—	100%	Construction services
Wuhan Optics Valley Energy Conservation Technology Company Limited ("OV Energy Conservation Technology") 武漢光谷節能技術有限公司*	26 July 2010 The PRC	RMB40,000,000	—	80%	Energy-saving technique development
Wuhan Lido Property Management Company Limited ("Wuhan Lido Property Management") 武漢麗島物業管理有限公司*	19 July 2000 The PRC	RMB210,000,000	—	100%	Property management services

(Expressed in thousand of Renminbi unless otherwise indicated)

15 INVESTMENTS IN SUBSIDIARIES (Continued)

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

15 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation/ establishment	Paid-in/registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
Wuhan Financial Harbour Development Company Limited ("Wuhan Financial Harbour Development") 武漢金融港開發有限公司*	5 December 2011 The PRC	RMB200,000,000	—	70%	Property development
Wuhan Optics Valley Software Park Company Limited. ("Optics Valley Software Park") 武漢光谷軟件園有限公司*	8 September 2005 The PRC	RMB10,000,000	—	100%	Property development
Wuhan Lido Real Estate Agency Company Limited 武漢麗島房地產代理有限公司*	20 February 2012 The PRC	RMB1,000,000	—	100%	Property agency service
Wuhan Lido Human Resources Service Company Limited 武漢麗島人力資源服務有限公司*	15 May 2012 The PRC	RMB500,000	—	100%	Human resources service
Wuhan Shangyuan Construction Labor Company Limited 武漢尚源建築勞務有限公司*	19 November 2012 The PRC	RMB5,000,000	—	100%	Supporting service for construction
Wuhan Ziyuan Hotel Management Company Limited 武漢紫緣酒店管理有限公司*	1 February 2013 The PRC	RMB2,000,000	—	100%	Hotel management
Wuhan Optics Valley Energy Conservation Engineering Company Limited 武漢光谷節能工程有限公司*	23 January 2013 The PRC	RMB5,000,000	—	100%	Electrical and mechanical service

(Expressed in thousand of Renminbi unless otherwise indicated)

15 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation/ establishment	Paid-in/registered capital	Effective interest held by the Company Direct	Effective interest held by the Company Indirect	Principal activities
Hefei Optics Valley Union Development Company Limited ("Hefei OVU Development") 合肥光合聯合發展有限公司*	13 September 2013 The PRC	RMB100,000,000	—	80%	Property development
Wuhan Creative Capital Commercial Management Company Limited 武漢創意天地商業管理有限公司*	27 March 2014 The PRC	RMB5,000,000	—	100%	Hotel management
Hubei Qianbao Design and Engineering Company Limited 湖北千寶設計工程有限公司*	14 April 2014 The PRC	RMB10,000,000	—	100%	Electrical and mechanical service

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

16 INTEREST IN ASSOCIATES

	The Group	
	2014	2013
	RMB'000	RMB'000
Share of net assets	**761**	1,146

The following are the associates of the Group, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of company	Place of establishment	Paid-in registered capital RMB'000	Effective interest held by the Group as at 31 December 2014	2013	Principal activity
Wuhan Integrated Circuit Design Technology Company Limited 武漢集成電路設計工程技術有限公司* (Note)	The PRC	28,900	**15.71%**	15.71%	IC design
Huangshi High-tech Accelerator Company Limited 黃石高新科技企業加速器發展有限公司*	The PRC	1,000	**23%**	23%	Investment and consulting service

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

Note: Whilst the Group has only a 15.71% equity interest in this associate, the Group is considered to have significant influence over the associate because of its representation in the associate's board of directors.

16 INTEREST IN ASSOCIATES (Continued)

Summary consolidated financial statements on associates for the year ended 31 December 2014 and 2013:

	Assets RMB'000	Liabilities RMB'000	Equity RMB'000	Revenue RMB'000	Losses for the year RMB'000
At 31 December 2014					
100 percent	**12,250**	**(2,928)**	**9,322**	**1,970**	**(2,408)**
Group's effective interest	**1,262**	**(501)**	**761**	**309**	**(385)**
At 31 December 2013					
100 percent	14,126	(7,208)	6,918	1,632	(2,739)
Group's effective interest	2,308	(1,162)	1,146	256	(439)

17 INTEREST IN A JOINT VENTURE

The Group has the following interests in a joint venture:

Name of company	Place of establishment	Paid-in registered capital RMB'000	Effective interest held by the Group as at 31 December 2014	 2013	Principal activity
Wuhan Mason Property Company Limited ("Wuhan Mason") 武漢美生置業有限公司*	The PRC	150,000	**50%**	50%	Property development

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

17 INTEREST IN A JOINT VENTURE (Continued)

Summarised financial information of Wuhan Mason, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	2014 **RMB'000**	2013 RMB'000
Non-current assets	**810**	11,412
Current assets	**435,969**	542,794
Non-current liabilities	**(1,995)**	(6,734)
Current liabilities	**(116,460)**	(321,522)
Equity	**318,324**	225,950
Included in the above assets and liabilities:		
Cash and cash equivalents	**199,038**	83,309
Turnover	**467,078**	386,697
Profits from continuing operations	**142,374**	82,247
Total comprehensive income	**142,374**	82,247
Included in the above profit:		
Depreciation and amortisation	**(48)**	(46)
Interest income	**14,666**	1,421
Income tax	**(47,549)**	(27,272)

	2014 **RMB'000**	2013 RMB'000
Reconciled to the Group's interest in Wuhan Mason		
Gross amount of Wuhan Mason's net assets	**318,324**	225,950
Group's effective interest	**50%**	50%
Group's share of Wuhan Mason's net assets	**159,162**	112,975
Revaluation surplus on acquisition	**8,434**	47,500
Elimination of unrealised profit on downstream sales	**(2,347)**	—
Carrying amount in the consolidated financial statements	**165,249**	160,475

18 OTHER INVESTMENTS

Non-current assets

	The Group 2014 RMB'000	The Group 2013 RMB'000
Equity securities-unlisted (Note (i))	**10,000**	10,000

Current assets

	The Group 2014 RMB'000	The Group 2013 RMB'000
Available-for-sale financial assets (Note (ii))	**—**	122,220

Notes:

(i) Summary consolidated financial statements on equity securities-unlisted for the year ended 31 December 2014 and 2013:

Name of company	Place of incorporation/ establishment	Paid-in/registered capital RMB'000	Interest of the Group as at 31 December 2014	Interest of the Group as at 31 December 2013	Principal activity
Wuhan Optics Valley Bio-industry Investment Fund Company Limited 武漢光谷生物產業創業投資基金有限公司*	The PRC	150,000/ 700,000	**7.14%**	7.14%	Investment fund

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

(ii) Available-for-sale financial assets as at 31 December 2013 include certain wealth management products with anticipated annualised yields ranging from 2.4% to 5.33%, which were fully disposed in 2014.

(iii) As at 31 December 2014, the Group's other investments were not considered to be impaired (2013: Nil).

(iv) The Group's exposure to credit and market risks and fair value information related to other investments are disclosed in Note 31.

19 PROPERTIES UNDER DEVELOPMENT

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

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

Note: Properties held for future development for sale is after netting off benefits from government grants of RMB6,535,000 (2013: RMB39,525,000) for the year ended 31 December 2014. Pursuant to the agreements between the Group's subsidiaries and local governments, such grants are for subsidising the infrastructure construction of certain projects.

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

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

Properties under development with an aggregate carrying value of RMB2,178,199,000 (2013: RMB774,541,000) as at 31 December 2014 were pledged for certain bank loans granted to the Group (Note 26).

20 COMPLETED PROPERTIES HELD FOR SALE

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

Completed properties held for sale as at 31 December 2014 were RMB23,354,000 for certain bank loans granted to the Group (Note 26) (2013: Nil).

21 INVENTORIES AND CONTRACTING WORK-IN-PROGRESS

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

(i) Gross amounts due from customers for contract work

	The Group	
	2014	2013
	RMB'000	RMB'000
Cost plus attributable profit less foreseeable losses	**298,917**	247,517
Less: Progress payments received and receivable	**(64,123)**	(53,221)
Contracting work-in-progress	**234,794**	194,296
Representing:		
Gross amounts due from customers for contract work included in stocks and contracting work-in-progress	**234,794**	194,296

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

22 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts due from third parties				
— Trade receivables (Note (i))	**392,477**	127,732	**—**	—
— Bills receivable	**1,700**	4,341	**—**	—
Amounts due from non-controlling equity holders	**—**	21,312	**—**	—
Amount due from a subsidiary	**—**	—	**100,979**	49,395
Amounts due from related parties (Note 35(d))	**287**	14,950	**—**	—
Prepayments				
— for properties held for development (Note (ii))	**538,372**	518,056	**—**	—
— for construction cost and raw materials	**61,417**	91,784	**—**	—
Prepaid business tax and other tax	**12,208**	44,596	**—**	—
Others	**208,697**	75,251	**57**	—
Total	**1,215,158**	898,022	**101,036**	49,395

Notes:

(i) Trade receivables are primarily related to proceeds from the sale of properties and its construction business. Proceeds from the sale of properties are made in bank mortgage loans, lump-sum payments or paid by installments in accordance with the terms of the corresponding contracts.

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

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

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

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

22 TRADE AND OTHER RECEIVABLES (Continued)

(a) Ageing analysis

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

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

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

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

23 RESTRICTED CASH

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

24 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and in hand				
— Cash in hand	**281**	175	**6**	—
— Cash at bank	**936,696**	1,163,064	**288**	8
	936,977	1,163,239	**294**	8

As at 31 December 2014, the cash and bank balances of the PRC subsidiaries comprising the Group is not freely convertible into other currencies and subject to Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

24 CASH AND CASH EQUIVALENTS (Continued)

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

	Note	2014 RMB'000	2013 RMB'000
Profit before taxation			
From continuing operations		**632,018**	593,781
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortisation	14	**682**	1,249
Depreciation	12	**17,943**	13,204
Loss on disposal of property, plant and equipment	4	**42**	269
Gain on disposal of non-current assets	4	**(6)**	(12,122)
Finance income	5(a)	**(20,076)**	(15,263)
Finance costs	5(a)	**12,922**	12,597
Increase in fair value of investment properties	13	**(105,380)**	(6,542)
Share of losses of associates	16	**385**	439
Share of profits of a joint venture	17	**(29,774)**	(41,124)
		508,756	546,488
Change in assets and liabilities			
Increase in properties under development, completed properties held for sales and inventories		**(617,951)**	(1,283,424)
(Increase)/decrease in trade and other receivables		**(317,185)**	158,293
Decrease in trade and other payables		**(234,487)**	(40,659)
Cash used in operations		**(660,867)**	(619,302)
Taxation			
PRC income tax paid		**(167,152)**	(199,778)
Net cash outflow from operating activities		**(828,019)**	(819,080)

25 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts due to third parties				
— Trade payables (Note)	**1,137,163**	1,125,360	**—**	—
— Notes payables	**59,950**	6,430	**—**	—
— Receipts in advance	**368,827**	549,030	**—**	—
— Accrued payroll	**16,527**	17,997	**—**	—
Other payables and accruals	**229,835**	388,034	**2,331**	—
	1,812,302	2,086,851	**2,331**	—
Amounts due to non-controlling equity holders	**59,262**	224,021	**—**	—
Amounts due to related parties (Note 35(d))	**93,336**	219,572	**—**	—
	152,598	443,593	**—**	—
	1,964,900	2,530,444	**2,331**	—

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

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

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones. The Group normally retains 5% as retention payment.

Included in trade payables were retention payables which were expected to be settled after more than one year amounted to RMB85,388,000 at 31 December 2014 (2013: RMB40,176,000).

26 LOANS AND BORROWINGS

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

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

26 LOANS AND BORROWINGS (Continued)

The Group's current and non-current borrowings were repayable as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Within 1 year or on demand	**1,170,800**	905,500
After 1 year but within 2 years	**507,046**	887,000
After 2 years but within 5 years	**461,000**	174,830
More than 5 years	**—**	90,000
	2,138,846	2,057,330

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

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

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

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

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

26 LOANS AND BORROWINGS (Continued)

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

27 CORPORATE BONDS PAYABLE

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

27 CORPORATE BONDS PAYABLE (Continued)

Note:

(i) In November 2013, a subsidiary of the Group issued short-term corporate bond with maturity of 365 days with face value of RMB70,000,000 bearing annual interest rates of 7.2%. The actual proceeds received by the Group were approximately RMB69,350,000. These bonds are denominated in RMB and issued at par. Interest and principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 8.2%. The balance was fully repaid in 2014.

(ii) In October 2013, a subsidiary of the Group issued long-term corporate bond with maturity of 6 years with face value of RMB600,000,000 bearing annual interest rates of 7.35%. The actual proceeds received by the Group were approximately RMB543,527,000. These bonds are denominated in RMB and issued at par. Interest is payable yearly while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 9.5%. As at 31 December 2014, interest payable for these bonds above amounted to approximately RMB7,350,000 (31 December 2013: RMB7,350,000).

(iii) In March 2014 and June 2014, a subsidiary of the Group issued non-public debt financing instrument with maturity of 365 days and 2 years with face value of RMB300,000,000 and RMB300,000,000 bearing annual interest rates of 8.5% and 8.2%, respectively. The actual proceeds received by the Group were approximately RMB298,170,000 and RMB292,450,000. These bonds are denominated in RMB and issued at par. Interest is payable yearly while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 9.2% and 9.6%, respectively. As at 31 December 2014, interest payable for these bonds above amounted to approximately RMB19,975,000 and RMB13,598,000, respectively (31 December 2013: Nil).

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2014 **RMB'000**	2013 RMB'000
Prepaid PRC Corporate Income Tax	**2,024**	28,171
Prepaid PRC Land Appreciation Tax	**1,776**	4,407
Current tax assets recognised in the consolidated statement of financial position	**3,800**	32,578
PRC Corporate Income Tax	**(64,532)**	(21,289)
PRC Land Appreciation Tax	**(70,211)**	(130,456)
Current tax liabilities recognised in the consolidated statement of financial position	**(134,743)**	(151,745)

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets/(liabilities) recognised

(i) The components of deferred tax assets/(liabilities) recognised on the consolidated statement of financial position and the movements during the year ended 31 December 2014 and 2013 are as follows:

	Temporary differences arising from LAT Provision	Revaluation of investment properties	Unused tax losses (Note)	Unrealized gain on intra-group transaction	Revaluation arising from business combination	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	**33,127**	**(49,737)**	**16,148**	**19,919**	**(1,802)**	**893**	**18,548**
Credited/(charged) to the consolidated income statement	**(14,805)**	**(26,344)**	**(1,941)**	**81**	**761**	**9,476**	**(32,772)**
At 31 December 2014	**18,322**	**(76,081)**	**14,207**	**20,000**	**(1,041)**	**10,369**	**(14,224)**
At 1 January 2013	23,121	(47,604)	1,684	20,191	(2,850)	6,000	542
Credited/(charged) to the consolidated income statement	10,006	(2,133)	14,464	(272)	1,048	(5,107)	18,006
At 31 December 2013	33,127	(49,737)	16,148	19,919	(1,802)	893	18,548

Note: In assessing the realisability of deferred tax assets in respect of the Group's subsidiaries which suffered losses in current or preceding period, management considers the projected future taxable income of these subsidiaries. Accordingly, the Group has recognised deferred tax assets of RMB14,207,000 and RMB16,148,000 as at 31 December and 2014 and 2013 respectively as the Group estimates that these subsidiaries have properties development projects which are probable to generate sufficient future taxable profits to support their utilisation .

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

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

(ii) Reconciliation to the statements of financial position

	The Group	
	2014	2013
	RMB'000	RMB'000
Net deferred tax assets recognised on the consolidated statement of financial position	**67,963**	75,194
Net deferred tax liabilities recognised on the consolidated statement of financial position	**(82,187)**	(56,646)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(r)(ii), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB9,490,000 and RMB8,694,000 as at 31 December 2014 and 2013 respectively. The Directors consider it is not probable that future taxable profits against which the losses can be utilized will be available from these subsidiaries.

The unrecognised tax losses will expire in the following years:

	The Group	
	2014	2013
	RMB'000	RMB'000
2016	**5,448**	5,448
2017	**2,236**	2,236
2018	**1,010**	1,010
2019	**796**	—

(d) Deferred tax liabilities not recognised

The Group provided deferred tax liabilities on 30% of profit for the year since the Group controls the dividend policy and it has been determined that it will only distribute 30% of the profit for the year in the foreseeable future. At 31 December 2014, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB 547,925,000 (2013: RMB300,435,000). Deferred tax liabilities of RMB27,396,000 (2013: RMB15,022,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not distributed in the foreseeable future.

29 DEFERRED INCOME

	The Group	
	2014	2013
	RMB'000	RMB'000
Connection fee	**40,062**	—
Less: amount included under current liabilities	**4,006**	—
Amount included under non-current liabilities	**36,056**	—

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

30 SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between 15 July 2013 (date of incorporation) to 31 December 2014 are set out below:

	Share capital	**Share premium**	**Other reserves**	**Retained Profits/ (accumulated loss)**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 15 July 2013	8	—	—	—	8
Profit for the year	—	—	—	51,822	51,822
Dividend declared during the period	—	—	—	(50,479)	(50,479)
Acquisition of equity interests from non-controlling equity holders	—	—	262,062	—	262,062
At 31 December 2013	8	—	262,062	1,343	263,413
At 1 January 2014	**8**	**—**	**262,062**	**1,343**	**263,413**
Profit for the year	**—**	**—**	**—**	**98,140**	**98,140**
Dividend declared during the year	**—**	**—**	**—**	**(101,424)**	**(101,424)**
Issue of new shares under initial public offering ("IPO"), net of listing expenses	**79,200**	**521,654**	**—**	**—**	**600,854**
Capitalisation issue	**237,592**	**(237,592)**	**—**	**—**	**—**
At 31 December 2014	**316,800**	**284,062**	**262,062**	**(1,941)**	**860,983**

30 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital

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

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

		At 31 December 2014		At 31 December 2013	
	Note	**No. of Share ('000)**	**RMB'000**	No. of Share ('000)	RMB'000
Ordinary shares, issued and fully paid:					
At 1 January		**100**	**8**	—	—
Capitalisation issue	30(d)	**2,999,900**	**237,592**	—	—
Issue of new shares		**1,000,000**	**79,200**	100	8
At the end of the year		**4,000,000**	**316,800**	100	8

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

(c) Dividends

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

	2014 RMB'000	2013 RMB'000
Final dividend proposed after the end of the reporting period of HKD 3.2 cents per ordinary share (2013: HKD 3.2 cents)	**103,283**	101,566

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

30 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Dividends (Continued)

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

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

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

(d) Capitalisation issue

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

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

(e) PRC statutory reserve

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

(f) Exchange reserve

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

(g) Other reserve

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

30 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

(h) Non-controlling interests

See accounting policy in Note 1(f).

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

31 December 2014

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

30 SHARE CAPITAL AND RESERVES (Continued)

(h) Non-controlling interests (Continued)

31 December 2013

	Wuhan Xuefu	Hubei Technology Enterprise Accelerator	Energy Conservation Technology Park	Wuhan Financial Harbour Development	OV Energy Conservation Technology	Hefei OVU Development	Intra-group eliminations	Total
In thousands of RMB								
Effective NCI percentage	49%	20%	30%	30%	20%	20%		
Non-current assets	8,066	727	7	23	67,601	55		
Current assets	107,886	233,654	294,488	276,273	50,422	526,217		
Non-current liabilities	(655)	(50,000)	—	—	(53,123)	(138,000)		
Current liabilities	(14,812)	(32,575)	(94,586)	(76,357)	(19,543)	(288,394)		
Net assets	100,485	151,806	199,909	199,939	45,357	99,878		
Carrying amount of NCI	49,237	30,361	59,973	59,982	9,072	19,976	2,090	230,691
Revenue	6,692	31,544	—	—	37,323	—		
Profit	2,319	2,478	(69)	45	3,061	(122)		
Other comprehensive income	—	—	—	—	—	—		
Total comprehensive income	2,319	2,478	(69)	45	3,061	(122)		
Profit allocated to NCI	1,136	496	(21)	(14)	612	(24)	15,500*	17,685
Other comprehensive income allocated to NCI	—	—	—	—	—	—		
Cash flows from operating activities	4,187	(41,533)	—	(618)	(19,816)	(165,249)		
Cash flows from investment activities	—	(50)	—	—	(15,772)	(120)		
Cash flows from financing activities (dividends to NCI: nil)	(5)	—	—	—	18,009	234,182		
Net (decrease)/increase in cash and cash equivalents	4,182	(41,583)	—	(618)	(17,579)	68,813		

* The Group acquired the remaining NCI of Wuhan Optics Valley Union in July 2013.The amount represents net profit of Wuhan Optics Valley Union belong to NCI before the NCI disposal date.

30 SHARE CAPITAL AND RESERVES (Continued)

(i) Capital management

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

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

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

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE

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

(a) Credit risk

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

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

Regular review and follow-up actions are carried out on overdue amounts of instalments receivable from sale of properties and receivable from construction contracts, which enable management to assess their recoverability and to minimise exposure to credit risk. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Except for the financial guarantees given by the Group as set out in Note 33, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in Note 31.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 22.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (Continued)

(b) Liquidity risk

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

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

Year ended 31 December 2014

	Carrying amount RMB'000	Contractual cash flow RMB'000	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
Loans and borrowings	2,138,846	2,388,821	1,178,276	441,747	768,798	—
Corporate bonds payable (Note)	1,187,264	1,495,200	394,200	368,700	732,300	—
Amounts due to related parties	93,336	93,336	93,336	—	—	—
Amounts due to non-controlling equity holders	59,262	59,262	59,262	—	—	—
Trade and other payables (excluded receipts in advance)	1,443,475	1,443,475	1,443,475	—	—	—
At 31 December 2014	4,922,183	5,480,094	3,168,549	810,447	1,501,098	—

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (Continued)

(b) Liquidity risk (Continued)

Year ended 31 December 2013

	Carrying amount RMB'000	Contractual cash flow RMB'000	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
Loans and borrowings	2,057,330	2,383,773	812,692	752,829	335,752	482,500
Corporate bonds payable (Note)	622,190	807,340	119,140	44,100	644,100	—
Amounts due to related parties	229,540	229,540	229,540	—	—	—
Amounts due to non-controlling equity holders	205,178	205,178	205,178	—	—	—
Trade and other payables (excluded receipts in advance)	1,537,821	1,537,821	1,481,065	56,756	—	—
At 31 December 2013	4,652,059	5,163,652	2,847,615	853,685	979,852	482,500

Note: The 2013 Long-term Corporate Bond is, at the option of the bondholder, redeemable at its par value on the third year (Note 27).

(c) Interest rate risk

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

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

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

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (Continued)

(c) Interest rate risk (Continued)

	2014 Effective interest rate		2013 Effective interest rate	
	%	**RMB'000**	%	RMB'000
Net fixed rate borrowings:				
Loans and borrowings	**5.59%**	**1,390,216**	7.51%	638,000
Long-term corporate bond	**9.48%**	**559,646**	9.48%	544,763
Short-term corporate bond	**—**	**—**	8.20%	6,943
Long-term non-public debt financing instrument	**9.64%**	**308,039**	—	—
Short-term non-public debt financing instrument	**9.17%**	**319,579**	—	—
Variable rate borrowings:				
Loans and borrowings	**6.00%–7.69%**	**748,630**	5.40%–8.32%	1,419,330
Loans from non- controlling equity holders	**—**	**—**	7.21%	153,566
Total net borrowings		**3,326,110**		2,762,602
Net fixed rate borrowings as a percentage of total net borrowings		**77.49%**		43.06%

Sensitivity analysis

At 31 December 2014, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately RMB2,807,000 and RMB5,490,000 for the years ended 31 December 2014 and 2013 respectively, in response to the general increase/decrease in interest rates. The sensitivity analysis has not excluded the financial impact of capitalized interest expense.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such a change in interest rates. The analysis is performed on the same basis for 2014 to 2013.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (Continued)

(d) Currency risk

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

	2014	2013
	RMB'000	RMB'000
Cash and cash equivalents	**15,015**	513
Trade and other receivables	**2**	41
Trade and other payables	**(56)**	(75)
Net exposure arising from recognised assets and liabilities	**14,961**	479

Sensitivity analysis

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

Results from a 5% strengthening of the RMB against HKD on the profit after tax and retained profits as at 31 December 2013 and 2014 are RMB18,000 and RMB562,000. A 5% weakening of the RMB against HKD as at the same dates would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

(e) Fair value

Except for the available-for-sale financial assets (see Note 18), the carrying amounts of the Group's financial instruments are carried at amounts not materially different from their fair value as at 31 December 2014 and 2013.

32 COMMITMENTS

(a) Operating lease commitment

- Lessor

  The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 12 years, with an option to renew the leases after that date at which time all terms are renegotiated. Further details of the carrying value of the properties are contained in Note 13.

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

	The Group	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**20,491**	15,937
After 1 year but within 5 years	**34,956**	27,922
After 5 years	**8,255**	2,764
	63,702	46,623

- Lessee

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

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

	The Group	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**2,502**	2,911
After 1 year but within 5 years	**2,734**	1,052
	5,236	3,963

32 COMMITMENTS *(Continued)*

(b) Commitments related to development expenditure

As at 31 December 2014 and 2013, commitments outstanding not provided for in consolidated financial statements are as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Contracted but not provided for	**265,948**	2,244,350

33 CONTINGENT LIABILITIES

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

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

	The Group	
	2014	2013
	RMB'000	RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**306,088**	271,994

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

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

34 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Write-down of inventories for property development

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

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

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

(b) Construction contracts

As explained in policy Notes 1(p) and 1(t)(v) revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in Note 21 will not include profit which the Group may eventually realize from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(c) Recognition of deferred tax assets

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

34 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Provision for PRC Land Appreciation Tax ("LAT")

As explained in Note 6(b), The Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of the reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

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

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

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

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

(f) Valuation of investment properties

As described in Note 13, investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

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

(g) Fair value of non-derivative financial instruments

Fair value of non-derivative financial instruments carried at amortised costs, which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

35 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in this Financial Information, the Group entered into the following significant related party transactions.

(a) Name and relationship with related parties

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

Name of party	Relationship with the Group
Mr. Huang Liping	The Controlling Shareholder
Ms. Xie Xiaoyun	Spouse of the Controlling Shareholder
Ms. Li Jinsong	Senior management of the Group
Wuhan Qianbao Property Company Limited ("Wuhan Qianbao Property")	Entity controlled by the Controlling shareholder
Wuhan Lido Investment Company Limited ("Wuhan Lido Investment")	Entity controlled by the Controlling shareholder
Wuhan Mason	Joint venture

(b) Key management personnel remuneration

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

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	2014 **RMB'000**	2013 RMB'000
Wages, salaries and other benefits	**23,476**	19,125
Retirement scheme contributions	**216**	230
	23,692	19,355

The above remuneration to key management personnel is included in "staff costs" (Note 5(b)).

35 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

The directors consider that all related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business. The directors confirmed that the above non-recurring transactions will not continue after listing of the Company's shares on the Hong Kong Stock Exchange.

(i) Sales of goods and services

	2014 **RMB'000**	2013 RMB'000 Note (i)
Sales proceeds in accordance with underlying contracts	**—**	3,993
Cost of sales	**—**	(2,359)

Note:

(i) During the year ended 31 December 2013, OV Financial Habour Development entered into a property transfer contract with Li Jingsong and four other non-related persons. The property locates in the Optics Valley Financial Harbour (Phase I).

(ii) Other related party transactions

	2014 **RMB'000**	2013 RMB'000
Sales of Materials (Note (i))	**245**	478
Business operation service (Note (ii))	**544**	558
Construction contract revenue (Note (iii))	**35**	1,074
Development management service (Note (iv))	**1,992**	6,304
Interest expense (Note (v))	**4,694**	—
Guarantee from the controlling shareholder (Note (vi))	**—**	330,000
Trademark usage(Note (vii))	**—**	1
Trademark transfer	**—**	5

35 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties (Continued)

(ii) Other related party transactions (Continued)

Notes:

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

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

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

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

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

(vi) On 26 April 2012, Mr. Huang Liping and his spouse provided guarantee to Wuhan Optics Valley Union for its bank loans of RMB330,000,000. The Group has not recognised any deferred expense in respect of the financial guarantee provided by the controlling shareholder and his spouse as its fair value cannot be reliably measured using observable market data and its transaction price was nil. The bank loans had been subsequently settled on 24 April 2014.

(vii) On 30 April 2013, Wuhan Qianbao Media Company Limited and Wuhan Qianbao Property entered into a trademark license agreement whereby Wuhan Qianbao Property agreed to grant a license to Wuhan Qianbao Media Company Limited for a consideration of RMB1,000 to use a trademark until 31 December 2015.

(d) Balances with related parties

Balances with related parties were mainly resulting from the funding arrangements between these parties. Balances at 31 December 2013 and 2014, and major terms of these balances are disclosed in Note 35(d).

The amounts due from/to related parties as at 31 December 2013 and 2014 were expected to be recovered/ repaid within one year.

	The Group	
	2014	2013
	RMB'000	RMB'000
Amount due from related parties		
Trade Related:		
Wuhan Mason	**287**	1,127
Not-Trade Related:		
Huang Liping	**—**	13,823
	287	14,950

35 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

	The Group	
	2014	2013
	RMB'000	RMB'000
Amount due to related parties		
Not-Trade Related:		
Other Payables to:		
Wuhan Mason	**93,336**	190,072
Dividend payable to:		
Wuhan Qianbao Property	**—**	25,000
Wuhan Lido Investment	**—**	4,500
	93,336	219,572

The amounts due from/to related parties as at 31 December 2014 and 2013 were expected to be recovered/repaid within one year.

36 PARENT AND ULTIMATE CONTROLLING PARTY

At 31 December 2014, the directors consider the ultimate controlling party of the Group to be AAA Finance and Investment Holdings Limited, which is incorporated in the BVI with limited liability and beneficially owned by the Controlling Shareholder.

(Expressed in thousand of Renminbi unless otherwise indicated)

37 POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of this report, the IASB has issued the following new standards, amendments to standards and interpretations which are not yet effective for the year ended 31 December 2014, and which have not been adopted in preparing the consolidated financial statements.

Of these developments, the following relate to matter that may be relevant to the Group's operations and the Financial Information.

	Effective for accounting periods beginning on or after
Amendments to IAS 19, *Defined benefit plans: Employee contributions*	1 July 2014
Annual improvements to IFRSs 2010-2012 cycle	1 July 2014
Annual improvements to IFRSs 2011-2013 cycle	1 July 2014
Annual improvements to IFRSs 2012-2014 cycle	1 January 2016
Amendments to IAS16 and IAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to IFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
IFRS 15, *Revenue from contracts with customers*	1 January 2017
IFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standard is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's result of operations and financial position.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the company's first financial year commencing after 3 March 2014 (i.e. the company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

38 SUBSEQUENT EVENTS

On 18 November 2014, OV Energy Conservation Technology, an indirect non-wholly-owned subsidiary of the Group, entered into an investment agreement with Henan Quanshun Conservation Services Company Limited (河南泉舜節能服務有限公司) ("Henan Quanshun"), an independent third party of the Group, in relation to the formation of a joint venture for the district heating and cooling services mainly in Henan province of China. Pursuant to the aforesaid investment agreement, OV Energy Conservation Technology and Henan Quanshun will hold 20% and 80% equity interest in the joint venture. This joint venture was set up on 17 December 2014 without operation. The registered capital of the joint venture shall be RMB20 million, of which RMB4 million was paid on 6 February 2015.

On 6 January 2015, OV Energy Conservation Technology entered into an investment cooperation agreement with Wuhan Heruilong Consultancy Company Limited (武漢和瑞隆諮詢有限公司) ("Wuhan Heruilong"), an independent third party of the Group, in relation to the formation of a joint venture for the promotion of district wide heating and cooling services. Pursuant to the aforesaid investment agreement, OV Energy Conservation Technology and Wuhan Heruilong will hold 51% and 49% equity interest in the joint venture. The registered capital of the joint venture shall be RMB 20 million. Up to the date of this report, the joint venture is yet to be set up.

DEFINITIONS

"AAA Finance"	AAA Finance and Investment Holdings Limited, a limited liability company incorporated in the BVI on 10 July 2013 which is wholly owned by Mr. Huang Liping, one of the Company's Controlling Shareholders
"Articles of Association"	the amended and restated articles of association of the Company
"associates" or "close associates"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the Board of directors of the Company
"BVI"	the British Virgin Islands
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", 'we", "us" or "our"	Optics Valley Union Holding Company Limited (光谷聯合控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2013 under the Cayman Islands Companies Law
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	Mr. Huang Liping, AAA Finance and Lidao BVI, both of which are wholly owned by Mr. Huang Liping
"Directors"	director(s) of the Company
"Energy Conservation Technology Park"	Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd.* (武漢光谷節能科技園有限公司), a limited liability company incorporated in the PRC on 8 December 2011 and a 70.0% owned subsidiary of Wuhan Optics Valley Union, and thus a subsidiary of the Company
"Financial Control Committee"	the financial control committee of the Company
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Hefei OVU Development"	Hefei Optics Valley Union Development Co., Ltd.* (合肥光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 13 September 2013 and a 80.0% owned subsidiary of Wuhan Optics Valley Union, and thus a subsidiary of the Company
"Hengxin PTC"	Hengxin Global (PTC) Limited, a limited liability company incorporated in the BVI on 12 August 2013 and the Shareholder of the Company

"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huangshi OVU Development"	Huangshi Optics Valley Union Development Co., Ltd.* (黃石光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 24 January 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Hubei Huisheng"	Hubei Huisheng Technology Development Co., Ltd.* (湖北匯盛科技發展有限公司), a limited liability company incorporated in the PRC on 8 December 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Hubei Science & Technology Investment"	Hubei Science & Technology Investment Group Co., Ltd.* (湖北省科技投資集團有限公司), a limited liability company incorporated in the PRC on 28 July 2005 and a substantial shareholder of the Company
"Hubei Technology Enterprise Accelerator"	Hubei Technology Enterprise Accelerator Co., Ltd.* (湖北科技企業加速器有限公司), a limited liability company incorporated in the PRC on 18 May 2012 and an 80.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Lidao BVI"	Lidao Investment Limited, a limited liability company incorporated in the BVI on 10 July 2013, which is wholly owned by Mr. Huang Liping, one of our Controlling Shareholders
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	28 March 2014, the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee of the Company
"Optics Valley Software Park"	Wuhan Optics Valley Software Park Co., Ltd.* (武漢光谷軟件園有限公司), a limited liability company incorporated in the PRC on 8 September 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"OV Financial Harbour Development"	Wuhan Optics Valley Financial Harbour Development Co., Ltd.* (武漢光谷金融港發展有限公司), a limited liability company incorporated in the PRC on 24 July 2008 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company

"Prospectus"	the prospectus of the Company dated 18 March 2014
"Qianbao BVI"	Qianbao Investment Limited, a limited liability company incorporated in the BVI on 10 July 2013 and a Shareholder of the Company
"Qingdao OVU Development"	Qingdao Optics Valley Union Development Co., Ltd.* (青島光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 1 September 2011 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Remuneration Committee"	the remuneration committee of the Company
"Renminbi" or "RMB"	the lawful currency of China
"Reporting Period"	the 12-month period from 1 January 2014 to 31 December 2014
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholders"	holder(s) of our Share(s) from time to time
"Shares"	ordinary shares of HKD0.10 each in the capital of the Company
"Shenyang OVU Development"	Shenyang Optics Valley Union Development Co., Ltd.* (瀋陽光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 29 May 2012 and a 95.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"sq.m."	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Technology Investment HK"	Hubei Science & Technology Investment Group (Hong Kong) Company Limited (湖北省科技投資集團(香港)有限公司), a limited liability company incorporated in Hong Kong on 11 July 2013 and a substantial shareholder of the Company
"Wuhan East Lake High Technology"	Wuhan East Lake High Technology Group Co., Ltd.* (武漢東湖高新集團股份有限公司), a limited liability company incorporated in the PRC on 12 January 1993 and listed on the Shanghai Stock Exchange (stock code: 600133) and a connected person of the Company
"Wuhan Financial Harbour Development"	Wuhan Financial Harbour Development Co., Ltd.* (武漢金融港開發有限公司), a limited liability company incorporated in the PRC on 5 December 2011 and a 70.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company

"Wuhan Future City Asset Management"	Wuhan Future Science & Technology City Park Asset Management Co., Ltd.* (武漢未來科技城園區資產管理有限公司), an associate of Hubei Science & Technology Investment and a connected person of the Company
"Wuhan Lido Property Management"	Wuhan Lido Property Management Co., Ltd.* (武漢麗島物業管理有限公司), a limited liability company incorporated in the PRC on 19 July 2000 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Wuhan Lido Real Estate Agency"	Wuhan Lido Real Estate Agency Co., Ltd.* (武漢麗島房地產代理有限公司), formerly known as Wuhan Lido Real Estate Management Co., Ltd.* (武漢麗島不動產經營管理有限公司), a limited liability company incorporated in the PRC on 20 February 2012 and a wholly-owned subsidiary of Wuhan Lido Property Management, and an indirect subsidiary of the Company
"Wuhan Lido Technology"	Wuhan Lido Technology Co., Ltd.* (武漢麗島科技有限公司), a limited liability company incorporated in the PRC on 13 December 2000 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Wuhan Mason"	Wuhan Mason Property Co., Ltd.* (武漢美生置業有限公司), formerly known as Mason Property (Wuhan) Co., Ltd.* (美生置業(武漢)有限公司), a limited liability company incorporated in the PRC on 11 January 2007 and is owned as to 50% by Wuhan Optics Valley Union
"Wuhan Minghong"	Wuhan Minghong Technology Development Co., Ltd.* (武漢鳴鴻科技發展有限公司), a limited liability company incorporated in the PRC on 8 February 2001 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Wuhan Optics Valley Union"	Wuhan Optics Valley Union Group Company Limited* (武漢光谷聯合集團有限公司, formerly known as 武漢光谷聯合股份有限公司), a limited liability company incorporated in the PRC on 24 July 2000 and a wholly-owned subsidiary of Wuhan United Real Estate, and an indirect subsidiary of the Company
"Wuhan United Real Estate"	United Real Estate (Wuhan) Co., Ltd.* (聯合置業(武漢)有限公司), a limited liability company incorporated in the PRC on 23 July 1993 and a wholly-owned subsidiary of AAA Finance & Investment Limited, and an indirect subsidiary of the Company
"Wuhan Xuefu"	Wuhan Xuefu Property Co., Ltd.* (武漢學府房地產有限公司), a limited liability company incorporated in the PRC on 29 April 1999 and a 51.0% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company

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

光谷聯合控股有限公司
OPTICS VALLEY UNION HOLDING COMPANY LIMITED