

CEC
中国电子

OVU 中电光谷
产业资源共享平台

中電光谷聯合控股有限公司

China Electronics Optics Valley Union Holding Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 798

OVU

INTERIM REPORT **2021**



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Corporate Information



COMPANY NAME

China Electronics Optics Valley Union Holding Company Limited

AUTHORIZED REPRESENTATIVES

Mr. Liu Guilin
Ms. Zhang Xuelian

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited

AUDIT COMMITTEE

Mr. Qiu Hongsheng (*Chairman*)
Mr. Qi Min
Mr. Xiang Qunxiong

STOCK CODE

798

REMUNERATION COMMITTEE

Ms. Chan Ching Har Eliza (*Chairman*)
Mr. Qi Min
Mr. Hu Bin (*ceased to be a member on 8 September 2021*)
Mr. Xiang Qunxiong (*appointed as a member on 8 September 2021*)

STOCK NAME

CEOVU

NOMINATION COMMITTEE

Mr. Liu Guilin (*Chairman*)
Mr. Qi Min
Mr. Qiu Hongsheng

BOARD OF DIRECTORS

Non-executive Directors

Mr. Liu Guilin (*Chairman*)
Mr. Xiang Qunxiong
Mr. Zhang Jie
Ms. Sun Ying
Mr. Hu Bin (*re-designated from an executive Director to a non-executive Director, and ceased to be the Executive President, on 8 September 2021*)

FINANCIAL CONTROL COMMITTEE

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

Independent Non-executive Directors

Mr. Qi Min
Mr. Qiu Hongsheng
Ms. Chan Ching Har Eliza

Executive Directors

Mr. Huang Liping (*President*)

REGISTERED OFFICE

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PO Box 1350
Grand Cayman KY1-1108
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COMPANY SECRETARY

Ms. Zhang Xuelian

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AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Clifton House
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Cayman Islands

HONG KONG SHARE REGISTRAR

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Wanchai, Hong Kong

PRINCIPAL BANKS

Industrial and Commercial Bank of China
Bank of Communications
Industrial Bank

COMPANY WEBSITE

<http://www.ceovu.com/>

Financial Summary

The summary of the unaudited results and assets and liabilities of the Group for the six months ended 30 June 2021 is as follows:

	For the six months ended 30 June		
	2021 RMB'000	2020 RMB'000	Change %
Results			
Revenue from continuing operations	1,600,741	923,241	73.4%
Gross profit	445,448	242,001	84.1%
Profit before income tax	176,751	168,371	5.0%
Profit attributable to owners of the Company	109,184	120,104	-9.1%
Profit attributable to non-controlling interests	(39,725)	(17,150)	131.6%
Profit for the period	69,459	102,954	-32.5%

	At		
	30 June 2021 RMB'000	31 December 2020 RMB'000	Change %
Assets and liabilities			
Non-current assets	8,283,598	8,356,649	-0.9%
Current assets	10,930,758	11,069,388	-1.3%
Current liabilities	8,063,109	8,728,185	-7.6%
Net current assets	2,867,649	2,341,203	22.5%
Total assets less current liabilities	11,151,247	10,697,852	4.2%
Total equity	7,969,253	7,999,796	-0.4%
Non-current liabilities	3,181,994	2,698,056	17.9%
Total equity and non-current liabilities	11,151,247	10,697,852	4.2%

2021 marks the beginning of the 14th Five-Year Plan and is a crucial year for CEOVU to effectively improve its digital capability and achieve high-quality development. As a member of the CEC group, in the first half of 2021, CEOVU had gained insightful understanding on CEC's strategic development positioning of "accelerating the development of the core power and organizational platforms of the national network information industry (加快打造國家網信產業核心力量和組織平台)", accurately implemented CEC's strategic deployment of "creating strategic core competitiveness, deepening market-oriented structural reforms, and promoting all-round revolutionary innovation (打造戰略性核心競爭力·深化市場化結構性改革·推進全方位超常規創新)", continued to improve its political position and deeply integrate into CEC group. With its perseverance, vigorous endeavor and fortitude, CEOVU stuck to its original aspiration, worked together to overcome all obstacles fearlessly and carried out works in a down-to-earth spirit, and adhered to the deepening of reorganization, integration and system reform, as well as the improvement of quality and efficiency, so as to promote the organizational development and talent building. Together with the solid implementation of the production safety and epidemic prevention and control work, CEOVU had achieved significant success during this period in 2021.

Improvement in overall operation performance indices. In the first half of 2021, CEOVU further optimized its operating structure, continued to enhance its risk resistance capacity and worked towards the sustainable growth and high-quality development. In the first half of 2021, CEOVU had new contracted sales of RMB1.42 billion and sales collection of RMB1.74 billion, and achieved a revenue of RMB1.6 billion and the core net profits after deducting changes in the fair value of investment properties after tax was RMB40 million, with the key operation performance indices having increased by 40% as compared to that in the same period last year. In general, CEOVU had achieved improvement in the overall operation performance indices in the first half of 2021 and its strategic transformation started to show success in the beginning year of the 14th Five-Year Plan.

Continuous optimization of major business operation model. In the first half of 2021, confronted with new requirements, missions and challenges after its integration into CEC group, CEOVU's layout, paid close attention to market-oriented reform and innovation, and continued to optimize its operating structure and enhance its risk resistance capacity. We made "expansion" our focus for the industrial park operation business, set "excellence" as the basis of the industrial park development business and committed to build "strength" to the industrial investment business, as well as deepened the system reform, improved quality and efficiency and promoted the development and reform of the organization. Furthermore, we helped gather all kinds of innovative resources to jointly build an ecology for network information industry and an industrial organization platform.

Notable enhancement in digital capacity. In the first half of 2021, following the digital transformation strategy of "Digital Services + Industrial Services (數字服務+產業服務)" of CEC, we determined our positioning and integrated park resources to fully implement the digital transformation and upgrading strategy. Significant progress had been made in the digitization of business management and services, the completed project parks, and the performance evaluation. In addition, we proactively connected with the CEC's development plan to "get involved, find position, grasp opportunities (擺進去、找位置、抓機會)" in respect of the 14th Five-Year Plan, and strived to develop a park operation model centered on the construction of industrial ecology as well as continuously improve the relevant digital transformation and digital service capability.

Chairman's Statement (Continued)



As the saying goes, “war horses have no time for rest since war drum signals for battle” (鞍馬猶未歇·戰鼓又催征). Now more than halfway through the beginning year of the 14th Five-Year Plan, with a brand new starting point, only those who do not forget their original intentions will advance, only those who are calm and confident will harvest victory, and only those who reform and innovate will gain strength. We are committed to work together to uphold the corporate mission, thoroughly implement the information industry strategy of CEC, actively build an industrial ecology, and contribute to the strategic mission of the development of national network information core force and organizational platform!

Liu Guilin

Chairman

Wuhan, the PRC, 26 August 2021

Management Discussion and Analysis

REVIEW OF FINANCIAL INFORMATION

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

HIGHLIGHTS OF THE FIRST HALF OF 2021

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

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

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

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

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

BUSINESS REVIEW

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

REVENUE BY BUSINESS SEGMENTS

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

Industrial Park Operation Services

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

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

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



Design and Construction Services

The “P+EPC+O” integrated operation services

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

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

Property Management Services

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

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

Industrial Park Properties Leasing

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

1. Self-owned Properties Leasing

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

2. Incubator and Office Sharing Services

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



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

Energy Services

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

Through years of development and exploration, CEC Energy Conservation gradually established DHC as its core business with mechatronics engineering, EMC, and specialised pipelines as a feature of its energy service industry structure. As of 30 June 2021, CEC Energy Conservation had twenty-eight utility models, fourteen invention patents and six software copyrights relating to its self-developed energy-saving control system. Research and development for the CEC Energy Conservation’s smart self-controlled system was also essentially completed. In order to facilitate the development of the project, three regional companies were established in Hefei, Wuhan and Shanghai with an accumulated contracted operating service area of CEC Energy Conservation exceeding 10,000,000 sq.m., of which external operation services area was 1,400,000 sq.m..

Group Catering and Hotel Services

Quanpai Catering has been established for 10 years and is experienced in group catering management. It offers catering services that cover three major service models, namely contractual operation, technical support and operation and entrusted management, to serve various large-scale industrial parks, higher education institutions, enterprises and public institutions, hospitals etc. At the current stage, the Group provides catering service for more than 180,000 people every day.

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

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

Industrial Park Financial Services

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

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

Industrial Park Development Services

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

Management Discussion and Analysis (Continued)

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

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

Industrial Park Development Services

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

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

Overview of the Sales of Industrial Park Projects

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

Management Discussion and Analysis (Continued)

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

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

Development and Completion of Industrial Park

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

Land Bank of Industrial Parks

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

Table of Land bank of Industrial Parks

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

No.	Project	City	Location	Usage	Interest Attributable to the Group	Land Bank (sq.m.)
1	Optics Valley Software Park (光谷軟件園)	Wuhan	1 Guanshan Avenue, Wuhan, Hubei Province	Industrial	100%	34,988
2	Financial Harbour (Phase I) (金融港一期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	27,728
3	Financial Harbour (Phase II) (金融港二期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	29,492
4	Creative Capital (創意天地)	Wuhan	16 Yezhihu West Road, Hongshan District, Wuhan, Hubei Province	Commercial	100%	171,401
5	Wuhan Innocenter (武漢研創中心)	Wuhan	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	Industrial	100%	191,496
6	Lido 2046 (麗島2046)	Wuhan	175 Xiongchu Avenue, Wuhan, Hubei Province	Residential	100%	461
7	Others	Wuhan	N/A	Residential	100%	14,612
8	Qingdao OVU International Marine Information Harbour (青島國際海洋信息港)	Qingdao	396 Emeishan Road, Qingdao, Shandong Province	Industrial	100%	291,333
9	Qingdao Research and Innovation Center (青島研創中心)	Qingdao	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	Residential/Industrial	100%	68,488
10	Qingdao Marine & Science Park (青島海洋科技園)	Qingdao	South of Changjiang West Road, West of Jiangshan South Road, North of Binhai Avenue, Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province	Industrial	100%	171,981
11	Huanggang OVU Science and Technology City (黃岡光谷聯合科技城)	Huanggang	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	Industrial	70%	125,779
12	Shenyang OVU Science and Technology City (瀋陽光谷聯合科技城)	Shenyang	Intersection of Shengjing Avenue and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	1,715

Management Discussion and Analysis (Continued)

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

Management Discussion and Analysis (Continued)

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

Industrial Investment

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

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

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

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

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

SUBSEQUENT IMPORTANT EVENTS

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

FUTURE PROSPECT

Continuing to Improve Risk Analysis and Targeted Risk Control Capability

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



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

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

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

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

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

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

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

Continuing to Deploy the Synergy on Industrial Investment

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

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

FINANCIAL REVIEW

Revenue

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

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

Cost of Sales

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

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

Gross Profit and Gross Profit Margin

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

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

Other Income and Gains/(Losses) – Net

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

Selling and Distribution Expenses

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

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



Administrative Expenses

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

During the Reporting Period, administrative expenses of the Group was RMB219.7 million, which have increased by RMB79.7 million as compared to the same period of 2020. The increase was mainly due to the necessary expenses incurred during the Reporting Period as the Company added companies in Tianjin, Caidian, Xinzhou, Nantong and other cities and integrated operation business groups in Chenzhou, Harbin, and Putian for the company's strategic business reserves.

Fair Value Changes of Investment Properties

During the Reporting Period, fair value gains on the Group's investment properties was RMB37.4 million, representing a decrease of RMB80.3 million as compared with the same period in 2020, primarily because the Company cooperated with the local Investment Promotion Bureau in the Qingdao project and completed the contracted lease of 20,000 square meters with Shandong Kexin Information Technology Co., Ltd. (山東科訊信息科技有限公司), as well as the area of newly added inventory transferred into investment real estate was relatively large, and the gains and losses from changes in fair value increased significantly in the same period last year.

Finance Income

During the Reporting Period, the financial income of the Group was RMB31.2 million, representing an increase of RMB7.2 million as compared to the same period in 2020, primarily due to the Group strengthened its management of idle funds and resulting an increase in interest income.

Finance Costs

During the Reporting Period, the finance costs of the Group were RMB104.6 million, representing an increase of RMB17.5 million as compared to the same period in 2020, primarily due to completion of projects in Xi'an, Hefei, Chengdu, and Qingdao and the interests on loans for related projects were no longer capitalized and included in finance costs.

Share of Profits/(Losses) of Associates

During the Reporting Period, share of losses of associates of the Group was RMB65.0 million, representing a decrease of RMB65.6 million as compared to the same period in 2020, which primarily consisted of the Group's share of profits of associates, Hainan Software Community and CEC & CICC Fund etc.

Share of Profits of Joint Ventures

During the Reporting Period, share of profits of joint ventures of the Group was RMB5.6 million, representing decrease of RMB33.7 million as compared to the same period in 2020, which primarily consisted of the Group's share of profits of Excellence Ningbo Optics Valley Real Estate Co., Ltd.* (寧波卓越光谷置業有限公司).

Income Tax Expense

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

Profit for the Reporting Period

As a result of the foregoing, during the Reporting Period, the profit attributable to owners of the Group was RMB109.2 million, representing a slight decrease as compared with the same period last year. The decrease was mainly due to the recognition of loss of associates shared by Hainan Software Community of RMB60.2 million, among which the amount attributable to owners of the Group was RMB30.1 million.

FINANCIAL POSITION

Properties under Development

The carrying amount of properties under development of the Group increased by RMB239.1 million from RMB2,796.5 million as at 31 December 2020 to RMB3,035.6 million as at 30 June 2021, primarily due to the increase in properties under construction of the Group for the period as compared to 2020.

Completed Properties Held for Sale

The carrying amount of completed properties held for sale of the Group increased by RMB110.2 million from RMB3,198.7 million as at 31 December 2020 to RMB3,308.9 million as at 30 June 2021, primarily due to the excess in amount transferred upon completion of the projects filed over the amount transferred to cost of sales of the Group in the period.

Trade and Other Receivables

The Group's trade and other receivables decreased by RMB178.9 million from RMB2,317.6 million as at 31 December 2020 to RMB2,138.7 million as at 30 June 2021, which was primarily due to the decrease from trade receivables related to the sale of properties. According to the terms of the underlying sale and purchase agreement, the collection mode of the sale of property can be classified into a bank mortgage loan, one-time payment and installment payment.



Trade and Other Payables

The Group's trade and other payables decreased by RMB184.7 million from RMB3,279.1 million as at 31 December 2020 to RMB3,094.4 million as at 30 June 2021, which was primarily due to the settlement of amounts for construction work of the Group in the first half of 2021 that caused the decrease in the corresponding payables for related construction work.

Liquidity and Capital Resources

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

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

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

KEY FINANCIAL RATIOS

Current Ratio

Current ratio of the Group, representing total current assets divided by total current liabilities, increased from 1.27 as at 31 December 2020 to 1.36 as at 30 June 2021, primarily due to a greater increase in current assets as compared to the increase in current liabilities of the Group for the current period.

Net Gearing Ratio

Net gearing ratio of the Group, representing the ratio of interest-bearing debt less total cash to the sum of total equity and interest-bearing debt and multiplied by 100%, increased from 30.1% as at 31 December 2020 to 32.31% as at 30 June 2021, primarily attributable to the decrease in cash balance for the current period.

Indebtedness

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

Contingent Liabilities

The Group provides guarantees for its customers' mortgage loans with PRC banks to facilitate their purchases of the Group's pre-sale properties.

As at 31 December 2020 and 30 June 2021, the outstanding guarantees for mortgage loans granted to customers of its pre-sale properties were approximately RMB876.9 million and RMB595.5 million, respectively.

Net Current Assets

Current assets of the Group consist primarily of properties under development, completed properties held for sale, trade and other receivables, inventories and contracting work-in-progress, and cash and cash equivalents. Total current assets of the Group were approximately RMB10,930.8 million as at 30 June 2021, as compared to RMB11,069.4 million as at 31 December 2020.

As at 31 December 2020 and 30 June 2021, total cash and cash equivalents of the Group amounted to approximately RMB2,125.0 million and RMB1,418.0 million, respectively. The Group primarily financed its expenditures through internally-generated cash flows, being primarily cash generated through pre-sale and sale of its properties and cash from bank loans and other borrowings.

Current liabilities of the Group consist primarily of trade and other payables, loans and borrowings and current tax liabilities. Trade and other payables represent costs related to its development activities. Total current liabilities of the Group were approximately RMB8,063.1 million as at 30 June 2021, as compared to RMB8,728.2 million as at 31 December 2020.

As at 30 June 2021, the Group had net current assets of approximately RMB2,867.6 million as compared to RMB2,341.2 million as at 31 December 2020. The increase in net current assets of the Group was primarily due to a greater increase in current assets as compared to the increase in current liabilities of the Group for the current period.

Capital Expenditures and Capital Commitments

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

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

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



EMPLOYEES

As of 30 June 2021, the Group had 6,969 full-time employees. The employment cost of the Group was approximately RMB339.9 million for the Reporting Period, representing an increase of RMB85.8 million as compared to the same period last year, which was mainly due to (i) the reduction of social insurance premiums as a result of the pandemic in the same period last year; (ii) the scale of the Group's subsidiaries expanded in the current period. The Group enters into employment contracts with its employees to cover matters such as position, terms of employment, wages, employee benefits and liabilities for breach and grounds for termination. The remuneration package of the employees includes basic salaries, allowances, bonuses and other employee benefits. The Group has implemented measures for assessing employees' performance and promotion and a system of employee compensation and benefits. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority.

Pursuant to the relevant labor rules and regulations in China, the Group participates in statutory contribution pension schemes which are managed and operated by the relevant local government authorities. The Group is required to make contributions to such schemes of an amount ranging from 16.0% to 20.0% of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension obligations payable to retired employees. The Group's contributions to the statutory contribution pension schemes are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in such contributions.

Employee Training and Development

We advocate the motto "make learning a way of working", and respect employees' self-development and career planning. To enhance our human resources, we built a scientific employee training system and employee development mechanism, which is classified into the seven major categories of new employee training, Stars of Optics Valley training, departmental training, professional topics training, reserve cadre training, management training, expatriate training and network training based on different training targets and purposes. Through this unique hierarchical training system, we carry out targeted and personalized trainings for our employees to expedite their learning of requisite skills for their positions, and achieve growth in line with their personal development plans.

PLEDGED ASSETS

As at 30 June 2021, outstanding bank borrowings and corporate bonds have been secured by certain assets of the Group with a total net book value of RMB4,138.3 million, including investment properties, properties under development for sale, completed properties held for sale, property, plant and equipment and restricted cash.

MARKET RISKS

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

LIQUIDITY RISK

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

INTEREST RATE RISK

The Group is exposed to interest rate risks, primarily relating to its bank loans and other borrowings, which had an outstanding amount of RMB5,337.4 million as at 30 June 2021. The Group undertakes debt obligations to support its property development and general working capital needs. Soaring interest rates may increase the finance costs of the Group. Fluctuations in interest rates may 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 exposures to currency exchange rates arise 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 the financial condition and results of operations of the Group. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign currency risk.

CREDIT RISK

The Group is exposed to credit risks, primarily attributable to trade and other receivables. With respect to leasing income from its investment properties, we believe that 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, where 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.

Directors' Report



The Directors are pleased to present their report together with the unaudited interim results of the Group for the six months ended 30 June 2021.

INTERIM DIVIDEND

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

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

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

DIRECTORS

The Directors for the Reporting Period and up to the date of this interim report were:

Non-executive Directors

Mr. Liu Guilin (*Chairman*)

Mr. Xiang Qunxiong

Mr. Zhang Jie

Ms. Sun Ying

Mr. Hu Bin (*re-designated from an executive Director to a non-executive Director, and ceased to be the Executive President, on 8 September 2021*)

Independent Non-executive Directors

Mr. Qi Min

Mr. Qiu Hongsheng

Ms. Chan Ching Har Eliza

Executive Directors

Mr. Huang Liping (*President*)

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

M. Chan Ching Har Eliza has resigned as an independent non-executive director of Cathay International Holdings Limited (stock code: CTLL) (a company listed on the London Stock Exchange) in January 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares 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 during the Reporting Period.

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

As at 30 June 2021, 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 required to be kept under section 352 of the SFO, or (ii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in the Company

Name of Director	Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
Mr. Huang Liping	Interest in controlled corporation	1,904,188,000 ⁽³⁾	25.14%
Mr. Hu Bin	Beneficial owner	70,320,000	0.93%

Notes:

- (1) All the above Shares were held in long position (as defined under Part XV of the SFO).
- (2) The percentages disclosed were calculated based on the total number of issued shares of the Company as at 30 June 2021, i.e., 7,574,352,000.
- (3) Mr. Huang Liping held 100% equity interests in each of AAA Finance and Lidao BVI. Under the SFO, Mr. Huang Liping was deemed to be interested in 1,784,188,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao BVI.

Save as disclosed above, as at 30 June 2021, 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) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2021, 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 ⁽²⁾
CEIS	Beneficial owner	2,550,000,000	33.67%
CEC	Interest in controlled corporation	2,550,000,000 ⁽³⁾	33.67%
AAA Finance	Beneficial owner	1,784,188,000 ⁽⁴⁾	23.56%
Technology Investment HK	Beneficial owner	479,910,000	6.34%
Hubei Science & Technology Investment	Interest in controlled corporation	479,910,000 ⁽⁵⁾	6.34%
China International Capital Corporation	Person having a security		
Hong Kong Securities Limited	Interest in shares	382,518,000	5.05%
China International Capital Corporation (Hong Kong) Limited	Interest in controlled corporation	382,518,000 ⁽⁶⁾	5.05%
China International Capital Corporation Limited	Interest in controlled corporation	382,518,000 ⁽⁷⁾	5.05%

Notes:

- (1) All the above Shares were held in long position (as defined under Part XV of the SFO).
- (2) The percentages disclosed were calculated based on the total number of issued shares of the Company as at 30 June 2021, i.e., 7,574,352,000.
- (3) These Shares were held by CEIS. As CEIS is a wholly-owned subsidiary of China Electronics Co. Ltd.* (中國電子有限公司) which in turn is wholly owned by CEC, CEC was deemed to be interested in all the Shares held by CEIS under the SFO.
- (4) AAA Finance was wholly owned by Mr. Huang Liping, an executive director 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.
- (5) Such Shares were held by Technology Investment HK. Hubei Science & Technology Investment held 100% equity interest in Technology Investment HK. Under the SFO, Hubei Science & Technology Investment was deemed to be interested in all the Shares held by Technology Investment HK.

- (6) China International Capital Corporation Hong Kong Securities Limited owned security interest in such Shares. China International Capital Corporation (Hong Kong) Limited held 100% equity interest in China International Capital Corporation Hong Kong Securities Limited. Under the SFO, China International Capital Corporation (Hong Kong) Limited was deemed to be interested in the security interest of Shares held by China International Capital Corporation Hong Kong Securities Limited.
- (7) China International Capital Corporation Limited held 100% equity interest in China International Capital Corporation (Hong Kong) Limited, which in turn held 100% equity interest in China International Capital Corporation Hong Kong Securities Limited. Under the SFO, China International Capital Corporation Limited was deemed to be interested in the security interest of Shares held by China International Capital Corporation Hong Kong Securities Limited.

Save as disclosed above, as at 30 June 2021, the Directors have not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions of 5% or more 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.

CORPORATE GOVERNANCE

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

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



MODEL CODE FOR 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 the Directors' dealings in the securities of the Company.

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

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2021, the Group had 6,969 employees in Mainland China and Hong Kong. For the six months ended 30 June 2021, the staff cost of the Group was approximately RMB339.9 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 wages, allowance, 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 structure for remuneration 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.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

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

On behalf of the Board

China Electronics Optics Valley Union Holding Company Limited

Liu Guilin

Chairman

Wuhan, the PRC

26 August 2021

Report on Review of Interim Financial Information



羅兵咸永道

TO THE BOARD OF DIRECTORS OF CHINA ELECTRONICS OPTICS VALLEY UNION HOLDING COMPANY LIMITED
(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 73, which comprises the interim condensed consolidated statement of financial position of China Electronics Optics Valley Union Holding Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 26 August 2021

Interim Condensed Consolidated Statement of Profit or Loss

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	6	1,600,741	923,241
Cost of sales		(1,155,293)	(681,240)
Gross profit		445,448	242,001
Other income and gains – net	7	126,566	28,723
Selling and distribution expenses		(63,349)	(46,802)
Administrative expenses		(219,731)	(140,030)
Other expenses		(1,696)	(767)
Net losses of impairment on financial and contract assets		(14,949)	(9,179)
Operating profit before changes in fair value of investment properties		272,289	73,946
Fair value gains on investment properties	13	37,383	117,677
Operating profit after changes in fair value of investment properties		309,672	191,623
Finance income	8	31,161	23,996
Finance costs	8	(104,602)	(87,094)
Net finance costs		(73,441)	(63,098)
Share of (losses)/profits of associates	14	(65,044)	544
Share of profits of joint ventures	15	5,564	39,302
Profit before income tax		176,751	168,371
Income tax expense	9	(107,292)	(65,417)
		69,459	102,954
Profit attributable to:			
– Owners of the Company		109,184	120,104
– Non-controlling interests		(39,725)	(17,150)
Profit for the period		69,459	102,954
Basic and diluted earnings per share (RMB cents)	11	1.44	1.59

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

Interim Condensed Consolidated Statement of Comprehensive Income

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

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

Interim Condensed Consolidated Statement of Financial Position

	Note	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	405,160	435,971
Right-of-use assets		64,885	67,478
Investment properties	13	4,789,352	4,697,854
Intangible assets		54,589	57,342
Investments in associates	14	1,921,205	1,883,044
Investments in joint ventures	15	197,667	190,103
Financial assets at fair value through profit or loss	5	396,886	572,006
Trade and other receivables	19	372,303	380,593
Deferred income tax assets		81,551	72,258
		8,283,598	8,356,649
Current assets			
Properties under development	16	3,035,622	2,796,527
Completed properties held for sale	17	3,308,901	3,198,710
Inventories	18	79,471	71,540
Trade and other receivables	19	1,766,405	1,936,993
Prepaid income taxes		107,691	45,919
Financial assets at fair value through profit or loss	5	129,873	45,095
Contract assets	22	819,234	639,670
Deposits in banks with original maturities over three months		31,662	21,516
Restricted cash	20	233,913	188,460
Cash and cash equivalents	21	1,417,986	2,124,958
		10,930,758	11,069,388
Current liabilities			
Contract liabilities	22	575,640	382,995
Trade and other payables	23	3,094,353	3,279,130
Corporate bonds	24	353,588	1,334,501
Bank and other borrowings	25	3,256,333	3,061,350
Lease liabilities		85,176	81,518
Dividend payable		126,235	–
Current income tax liabilities		497,493	526,125
Current portion of deferred income		74,291	62,566
		8,063,109	8,728,185
Net current assets		2,867,649	2,341,203
Total assets less current liabilities		11,151,247	10,697,852

Interim Condensed Consolidated Statement of Financial Position (Continued)

	Note	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Non-current liabilities			
Bank and other borrowings	25	1,727,501	1,214,345
Lease liabilities		428,684	458,148
Deferred income tax liabilities		439,090	462,467
Non-current portion of deferred income		586,719	563,096
		3,181,994	2,698,056
Net assets			
		7,969,253	7,999,796
Equity			
Share capital	26	623,048	623,048
Treasury shares	26	(121,056)	(121,056)
Reserves		2,844,846	2,963,354
Retained earnings		3,524,636	3,415,452
Total equity attributable to owners of the Company		6,871,474	6,880,798
Non-controlling interests		1,097,779	1,118,998
Total equity			
		7,969,253	7,999,796
Total equity and non-current liabilities			
		11,151,247	10,697,852

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

The interim condensed financial information on pages 38 to 73 were approved by the Board of Directors on 26 August 2021 and were signed on its behalf.

Huang Liping
Director

Hu Bin
Director

Interim Condensed Consolidated Statement of Changes in Equity

Note	Attributable to owners of the Company											
	Share capital	Treasury shares	Share premium	Exchange reserve	Property			Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
					Revaluation reserve	Statutory reserve	Other reserves					
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2021	623,048	(121,056)	1,855,942	17,915	49,772	502,521	537,204	2,963,354	3,415,452	6,880,798	1,118,998	7,999,796
Total comprehensive income for the period ended 30 June 2021	-	-	-	1,451	-	-	-	1,451	109,184	110,635	(39,725)	70,910
Transactions with non-controlling interest	-	-	-	-	-	-	(1,249)	(1,249)	-	(1,249)	(19,970)	(21,219)
Capital injection from non-controlling shareholders	-	-	-	-	-	-	7,525	7,525	-	7,525	40,276	47,801
Dividends	-	-	(126,235)	-	-	-	-	(126,235)	-	(126,235)	(1,800)	(126,035)
Total transactions with owners, recognised directly in equity	-	-	(126,235)	-	-	-	6,276	(119,959)	-	(119,959)	18,506	(101,453)
Balance at 30 June 2021	623,048	(121,056)	1,729,707	19,366	49,772	502,521	543,480	2,844,846	3,524,636	6,871,474	1,097,779	7,969,253

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

Note	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Exchange reserve	Property Revaluation reserve	Statutory reserve	Other reserves	Total reserves	Retained earnings	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2020	623,048	(121,056)	1,855,942	41,317	49,772	413,432	537,270	2,897,733	3,208,519	6,608,244	984,047	7,592,291	
Total comprehensive income for the period ended 30 June 2020	-	-	-	(1,046)	-	-	-	(1,046)	120,104	119,058	(17,150)	101,908	
Transactions with non-controlling interest													
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	55,054	55,054	
Dividends	10	-	-	-	-	-	-	-	(172,500)	(172,500)	(3,600)	(176,100)	
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	(172,500)	(172,500)	51,454	(121,046)	
Balance at 30 June 2020	623,048	(121,056)	1,855,942	40,271	49,772	413,432	537,270	2,896,687	3,156,123	6,554,802	1,018,351	7,573,153	

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

Interim Condensed Consolidated Statement of Cash Flows



		Unaudited Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	Note		
Cash flows from operating activities			
Cash used in operations		(86,227)	(363,175)
Income tax paid		(195,334)	(156,695)
Cash flows used in operating activities		(281,561)	(519,870)
Cash flows from investing activities			
Investments in associates	14	(102,982)	–
Investments in joint ventures	15	(2,000)	–
Purchase of property, plant and equipment		(13,409)	(48,293)
Proceeds from disposal of property, plant and equipment		6,245	3,953
Purchase of intangible assets		(274)	(2,611)
Payments for construction of investment properties		–	(56,832)
Proceeds from disposal of investment properties		2,193	–
Proceeds from disposal of financial assets at fair value through profit or loss		482,490	481,550
Proceeds from disposal of investment in associates		65,000	44,000
Proceeds from de-registration of an associate		–	260
Purchase of financial assets at fair value through profit or loss		(380,866)	(541,350)
Loans to related parties and third parties		(29,809)	(263,429)
Loans repaid from related parties and third parties		36,577	345,392
Interest received		31,113	23,313
Cash flows generated from/(used in) investing activities		94,278	(14,047)

Interim Condensed Consolidated Statement of Cash Flows (Continued)

		Unaudited Six months ended 30 June	
	Note	2021 RMB'000	2020 RMB'000
Cash flows from financing activities			
Capital injection by non-controlling interests		294	55,054
Dividends paid to non-controlling interests		(1,800)	–
Acquisition of non-controlling interest		(17,115)	–
Proceeds from bank and other borrowings		1,901,466	1,772,400
Proceeds from issue of corporate bonds	24	350,000	500,000
Repayment of bank and other borrowings		(1,193,327)	(1,065,810)
Repayment of corporate bonds	24	(1,300,000)	(450,000)
Repayment of loans due to related parties		–	(40,000)
Increase in restricted cash	20	(61,298)	(30,551)
Increase in deposits in banks with original maturities over three months		(10,146)	(100,536)
Principal elements of lease payments		(47,614)	(37,305)
Interest paid		(139,477)	(108,454)
Cash flows (used in)/generated from financing activities		(519,017)	494,798
Net decrease in cash and cash equivalents		(706,300)	(39,119)
Cash and cash equivalents at beginning of the period		2,124,958	1,653,463
Effect of foreign exchange rate changes		(672)	(1,285)
Cash and cash equivalents at end of the period		1,417,986	1,613,059

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

Notes to the Interim Financial Information

1 GENERAL INFORMATION

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

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

The Company has its listing on The Stock Exchange of Hong Kong Limited.

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

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

2 BASIS OF PREPARATION

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

3 ACCOUNTING POLICIES

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

(a) Amended standards adopted by the Group

Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

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

3 ACCOUNTING POLICIES (Continued)

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

		Effective for annual periods beginning on or after
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Insurance Contracts (new standard)	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IFRS 3	Update reference to the conceptual framework	1 January 2022
Amendments to IFRS 16	Proceeds before intended use	1 January 2022
Amendments to IFRS 37	Onerous contracts – costs of fulfilling a contract	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

4 JUDGEMENTS AND ESTIMATES

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

(b) Liquidity risk

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

For the six months ended 30 June 2021

	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
Bank and other borrowings	4,983,834	5,565,737	3,435,119	669,447	910,572	550,599
Corporate bonds	353,588	365,446	365,446	-	-	-
Lease liabilities	513,860	919,740	113,613	95,410	230,076	480,641
Trade and other payables (excluded payroll)	2,733,262	2,749,429	2,749,429	-	-	-
Dividends payable	126,235	126,235	126,235	-	-	-
	8,710,779	9,726,587	6,789,842	764,857	1,140,648	1,031,240

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

For the year ended 31 December 2020

	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
Bank and other borrowings	4,275,695	4,738,481	3,246,118	534,237	562,174	395,952
Corporate bonds	1,334,501	1,350,894	1,350,894	–	–	–
Lease liabilities	539,666	982,748	107,925	106,948	220,530	547,345
Trade and other payables (excluded payroll)	3,217,748	3,233,915	3,233,915	–	–	–
	9,367,610	10,306,038	7,938,852	641,185	782,704	943,297

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 30 June 2021:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets valued at fair value through profit or loss				
– Equity securities	–	–	271,886	271,886
– Trust plan products	–	–	125,000	125,000
– Wealth management products	–	–	129,873	129,873
	–	–	526,759	526,759

The following table presents the Group's financial assets that are measured at fair value at 31 December 2020:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets valued at fair value through profit or loss				
– Equity securities	–	–	271,886	271,886
– Trust plan products	–	–	300,120	300,120
– Wealth management products	–	–	45,095	45,095
	–	–	617,101	617,101

There were no changes in valuation techniques during the period.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Fair value estimation (Continued)

Fair value measurements using significant unobservable input (Level 3)

	Financial assets at fair value through profit or loss	
	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Opening balance at 31 December 2020	617,101	382,926
Additions	380,866	541,350
Fair value changes	–	–
Disposals	(471,208)	(481,550)
Closing balance at 30 June 2021	526,759	442,726
Includes unrealized gains recognised in profit or loss attributable to balances held at the end of the reporting period	–	–



6 SEGMENT INFORMATION

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

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

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

(a) Segment results

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

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

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

6 SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

For the six months ended 30 June 2021

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

For the six months ended 30 June 2020

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

6 SEGMENT INFORMATION (Continued)

(b) Reconciliations of segment revenue and profit or loss

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

7 OTHER INCOME AND GAINS – NET

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Gain on disposal of an associate (i)	36,082	112
Gain from deemed partial disposal (i)	38,373	–
Government grants	26,925	16,940
Gain on disposal of financial assets at fair value through profit of loss	11,282	–
Loss on liquidation of subsidiaries	1,401	–
Gain on COVID-19-related rent concessions	–	9,680
Net gains on disposal of property, plant and equipment	–	93
Others	12,503	1,898
	126,566	28,723

- (i) In February 2021, the Group entered into an agreement with certain independent buyers, pursuant to which the Group disposed approximately RMB25.49 million registered capital of Shenzhen Huada Beidou Technology Company Limited (“Huada Beidou”) at an aggregate consideration of approximately RMB65.0 million. Upon the completion of the transaction, the Group’s equity interest in Huada Beidou was diluted from 17.86% to 13.53%.

Gain on the partial disposal amounting to RMB36,082,000 was therefore recognised by the Group.

In May 2021, Huada Beidou enlarged its registered capital from RMB588.59 million to RMB785.45 million. The new registered capital was contributed by certain independent investors by cash. Upon the completion of the transaction, the Group’s equity interest in Huada Beidou was diluted from 13.53% to 10.14%, while the Group has the rights to appoint a director and still retains significant influence in Huada Beidou.

Gains from the deemed partial disposal arising from the reduced equity interest in Huada Beidou amounting to RMB38,373,000 was therefore recognised by the Group.

8 PROFIT BEFORE INCOME TAX

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

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

8 PROFIT BEFORE INCOME TAX (Continued)

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

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

9 INCOME TAX EXPENSE

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

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

No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiaries did not earn any income subject to Hong Kong Profits Tax for the period (six months ended 30 June 2020: nil).

(ii) PRC CIT

Effective from 1 January 2008, under the PRC CIT Law, the PRC's statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to PRC income tax at 25% unless otherwise specified. According to the approvals from the local tax authority, the assessable profits of certain subsidiaries of the Group were calculated based on 8% to 11% of their respective gross revenues for the period.

(iii) PRC LAT

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

10 DIVIDENDS

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

11 EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

12 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Beginning of the period	435,971	440,962
Additions	13,409	48,293
Disposals	(6,245)	(3,860)
Depreciation	(37,975)	(44,176)
End of the period	405,160	441,219

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

13 INVESTMENT PROPERTIES

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

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

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

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

14 INVESTMENTS IN ASSOCIATES

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

List of major associates as at 30 June 2021 is as follows:

Name	Place of establishment and type of legal entity	Principal place of operation and activities	Registered and paid-in capital	Interest held
Hainan Resort Software Community Group Co., Ltd	PRC, limited liability company	PRC, development and management of electronic information technology industrial parks	RMB1,600,000,000	20.00%
CEC&CICC (Xiamen) Intelligent Industry Equity Investment Fund Partnership	PRC, Limited Partnership	PRC, equity investment	RMB1,872,600,000	24.83%

15 INVESTMENTS IN JOINT VENTURES

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

16 PROPERTIES UNDER DEVELOPMENT

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

17 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.

18 INVENTORIES

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

19 TRADE AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current portion		
Trade receivables (i)	743,956	942,519
Notes receivables (i)	21,548	24,586
Other amounts due from related parties (Note 29(c))	20,697	20,762
Deposits receivable	27,877	21,617
Prepayments for construction cost and raw materials	151,598	117,356
Consideration receivable on disposal of an associate	–	22,820
Loans to third parties	562,582	569,350
Prepaid turnover tax and other taxes	136,979	119,945
Others	184,422	181,914
Less: loss allowance provision	(83,254)	(83,876)
	1,766,405	1,936,993
Non-current portion		
Trade receivables (i)	325,876	325,877
Loans to a third party	74	74
Receivables from finance leases	42,127	50,367
Loans to related parties (Note 29(c))	4,226	4,275
	372,303	380,593
Total	2,138,708	2,317,586

19 TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables are generally due within 1 to 3 months from the date of billing. The non-current trade receivables are due and payable within eight years from the end of the reporting period. As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable, based on the invoice date (or date of revenue recognition, if earlier), is as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 month	118,137	246,908
1 to 3 months	77,805	195,187
3 to 6 months	50,752	66,386
Over 6 months	823,138	759,915
	1,069,832	1,268,396

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

20 RESTRICTED CASH

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Pledged for:		
– Interest-bearing loans	35,172	27,202
– Supervision accounts for construction of pre-sale properties	86,049	101,894
– Letter of guarantee	91,594	39,468
– Mortgage	21,098	19,896
Total	233,913	188,460

21 CASH AND CASH EQUIVALENTS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash in hand	168	165
Cash at bank	1,415,861	1,837,616
Other cash deposited in a related party's financial institution (Note 29(c))	1,957	287,177
Cash and cash equivalents	1,417,986	2,124,958

22 CONTRACT ASSETS AND CONTRACT LIABILITIES

Details of contract assets are as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current contract assets related to sales of properties	198,143	119,354
Current contract assets related to construction services	664,591	546,828
Current contract acquisition costs	28	954
Loss allowance	(43,528)	(27,466)
Total contract assets	819,234	639,670
Contract liabilities relating to property development contracts	575,640	382,995

23 TRADE AND OTHER PAYABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade creditors and bills payable	1,792,662	2,243,560
Loans due to third parties	269,445	269,445
Other amounts due to related parties (Note 29(c))	91,640	92,094
Construction guaranteed deposits payable	436,111	153,145
Accrued payroll	18,789	61,382
Interests payable	33,174	40,085
Interests payable to related parties (Note 29(c))	–	7,777
Other payables and accruals	452,532	411,642
Total	3,094,353	3,279,130

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

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

24 CORPORATE BONDS

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
As at 1 January	1,334,501	1,280,239
Net proceeds from bonds issued during the period	350,000	500,000
Interests and issue cost amortised during the period	18,541	36,940
Interests paid during the period	(49,454)	(17,536)
Principal paid during the period	(1,300,000)	(450,000)
As at 30 June	353,588	1,349,643
Representing: Current portion	353,588	1,349,643

25 BANK AND OTHER BORROWINGS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
	Current	
Secured		
– Bank and other borrowings	1,090,758	365,000
– Current portion of non-current bank borrowings	797,125	905,030
	1,887,883	1,270,030
Unsecured		
– Bank borrowings	1,342,899	1,768,000
– Current portion of non-current bank borrowings	25,551	23,320
	1,368,450	1,791,320
	3,256,333	3,061,350

25 BANK AND OTHER BORROWINGS (Continued)

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current		
Secured		
– Bank borrowings	2,369,818	1,958,336
Less: Current portion of non-current bank borrowings	(797,125)	(905,030)
	1,572,693	1,053,306
Unsecured		
– Bank borrowings	180,359	184,359
Less: Current portion of non-current bank borrowings	(25,551)	(23,320)
	154,808	161,039
	1,727,501	1,214,345

The bank and other borrowings bear interest ranging from 3.60% to 5.94% per annum for the six months ended 30 June 2021 (year ended 31 December 2020: from 2.50% to 6.30%).

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2021, none of the covenants relating to drawn down facilities had been breached (2020: nil).

26 SHARE CAPITAL AND TREASURY SHARES

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

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

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

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

27 CAPITAL COMMITMENTS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Contracted but not provided for – Properties development expenditure	917,156	982,748

28 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:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	595,487	876,870

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.

29 RELATED PARTY TRANSACTIONS

(a) 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 is as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Wages, salaries and other benefits	10,133	10,392
Retirement scheme contributions	106	120
	10,239	10,512

The above remuneration to key management personnel is included in "staff costs" (Note 8(b)).

29 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

Save as disclosed in above, the following is a summary of the significant transactions carried out between the Group and its related parties during the period.

		Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
(i)	Joint ventures		
	Business operation service	1,480	–
	Construction contract revenue	1,259	–
(ii)	Associates		
	Industrial park operation services	1,472	–
	Industrial park leasing services	38	–
	Loans provided by associates	–	1,965
(iii)	Major shareholders		
	Cash deposited in major shareholder's financial institution	730,684	1,736,444
	Operating lease paid	7,489	7,271
	Loans provided by major shareholder's financial institution	120,000	1,130,000
	Repayment of borrowing from major shareholder's financial institution	120,000	530,000
	Interest expense	21,147	12,674
	Industrial park operation services	8	–

The prices for the above sales of construction materials and service fees were determined in accordance with the terms of the underlying agreements.

29 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

		At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
(i)	Joint ventures		
	Other amounts receivable	20,625	20,718
(ii)	Associates		
	Other amounts receivable	72	–
	Other amounts payable	31,337	51,646
(iii)	Major shareholder		
	Cash deposited in major shareholder's financial institution	1,957	287,177
	Interest payable	–	7,777
	Loans receivable	4,226	4,275
	Other amounts receivable	–	44
	Other amounts payable	60,303	40,448
	Lease liabilities	65,789	86,627
	Borrowing from major shareholder's financial institution	910,000	910,000

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 substantial shareholders
“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
“CEC”	China Electronics Corporation Limited* (中國電子信息產業集團有限公司), a state-owned company established under the laws of the PRC and the ultimate controlling shareholder of CEIS
“CEC Energy Conservation”	Wuhan CEC Energy Conservation Co., Ltd.* (武漢中電節能有限公司), a limited liability company incorporated in the PRC on 26 July 2010 and a 78.79% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
“CEC Technology”	China Electronics Technology Development Co., Ltd* (中國電子科技開發有限公司), a company established under the laws of the PRC and a non wholly-owned subsidiary of the Company
“CEIS”	China Electronics International Information Service Co., Ltd.* (中國中電國際信息服務有限公司), a limited liability company incorporated in the PRC on 24 May 1985 and a 100% owned subsidiary of China Electronics Co. Ltd.* (中國電子有限公司), which is wholly owned by CEC
“China” or “PRC”	the People’s Republic of China
“Company”, “we”, “us”, “our” or “CEOVU”	China Electronics Optics Valley Union Holding Company Limited (中電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
“Director(s)”	director(s) of the Company
“Financial Control Committee”	the financial control committee of the Company
“Group”	the Company and its subsidiaries

“Hainan Software Community”	Hainan Resort Software Community Group Co., Ltd.* (海南生態軟件園集團有限公司), a limited liability company incorporated in the PRC on 6 November 2008 and a 20% owned company of CEC Technology
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“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 the Company’s substantial shareholders
“Lingdu Capital”	Wuhan Lingdu Capital Investment and Management Co., Ltd (武漢零度資本投資管理有限公司), a limited liability company incorporated in the PRC on 22 May 2015 and a 45% owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
“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
“OVU”	Optics Valley Union Holding Limited Company* (光谷聯合控股有限公司), formerly known as 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 China Electronics Optics Valley Union Company Limited, and an indirect subsidiary of the Company
“Quanpai Catering”	Wuhan Quanpai Catering Management Co., Ltd.* (武漢全派餐飲管理有限公司), a limited liability company incorporated in the PRC on 7 June 2011, 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 6-month period from 1 January 2021 to 30 June 2021

Definitions (Continued)

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HKD0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of our Share(s) from time to time
“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 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 OVU, and an indirect subsidiary of the Company

In this 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.