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**China Electronics Optics Valley Union Holding Company Limited**  
**中電光谷聯合控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 798)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of China Electronics Optics Valley Union Holding Company Limited (the “**Company**” or “**CEOVU**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2021 as follows. These consolidated interim financial results have not been audited, but have been reviewed by the independent auditor of the Company and the audit committee of the Company (the “**Audit Committee**”).

## UNAUDITED INTERIM RESULTS OF THE GROUP FOR THE REPORTING PERIOD

### Interim condensed consolidated statement of profit or loss

		Unaudited Six months ended 30 June	
		2022	2021
	Note	RMB'000	RMB'000
<b>Revenue</b>	4	<b>1,607,557</b>	1,600,741
Cost of sales		<u>(1,106,962)</u>	<u>(1,155,293)</u>
<b>Gross profit</b>		<b>500,595</b>	445,448
Other income and gains – net		<b>75,740</b>	126,566
Selling and distribution expenses		<b>(73,507)</b>	(63,349)
Administrative expenses		<b>(193,066)</b>	(219,731)
Other expenses		<b>(465)</b>	(1,696)
Net losses of impairment on financial and contract assets		<u><b>(38,795)</b></u>	<u>(14,949)</u>
<b>Operating profit before changes in fair value of investment properties</b>		<b>270,502</b>	272,289
Fair value gains on investment properties	9	<u><b>61,960</b></u>	<u>37,383</u>
<b>Operating profit after changes in fair value of investment properties</b>		<b>332,462</b>	309,672
Finance income	5	<b>57,425</b>	31,161
Finance costs	5	<u><b>(135,242)</b></u>	<u>(104,602)</u>
Net finance costs	5	<b>(77,817)</b>	(73,441)
Share of losses of associates	10	<b>(118,933)</b>	(65,044)
Share of profits of joint ventures	11	<u><b>42,843</b></u>	<u>5,564</u>
<b>Profit before income tax</b>		<b>178,555</b>	176,751
Income tax expense	6	<u><b>(105,471)</b></u>	<u>(107,292)</u>
		<u><b>73,084</b></u>	<u>69,459</u>
<b>Profit attributable to:</b>			
– Owners of the Company		<b>119,448</b>	109,184
– Non-controlling interests		<u><b>(46,364)</b></u>	<u>(39,725)</u>
<b>Profit for the period</b>		<u><b>73,084</b></u>	<u>69,459</u>
<b>Basic and diluted earnings per share (RMB cents)</b>	8	<u><b>1.58</b></u>	<u>1.44</u>

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

## Interim condensed consolidated statement of comprehensive income

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>73,084</b>	69,459
<b>Other comprehensive income</b>	–	–
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Currency translation differences	<u>(2,279)</u>	<u>1,451</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>(2,279)</u>	<u>1,451</u>
<b>Total comprehensive income for the period</b>	<u><b>70,805</b></u>	<u>70,910</u>
<b>Attributable to:</b>		
– Owners of the Company	<b>117,169</b>	110,635
– Non-controlling interests	<u>(46,364)</u>	<u>(39,725)</u>
<b>Total comprehensive income for the period</b>	<u><b>70,805</b></u>	<u>70,910</u>

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

# Interim condensed consolidated statement of financial position

		At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		429,152	426,200
Right-of-use assets		97,348	98,063
Investment properties	9	5,359,566	5,091,625
Intangible assets		55,508	57,442
Investments in associates	10	1,860,666	1,963,666
Investments in joint ventures	11	205,807	161,956
Financial assets at fair value through profit or loss		693,209	693,237
Financial assets at fair value through other comprehensive income		6,250	—
Trade and other receivables	15	732,413	414,731
Deferred income tax assets		72,631	79,927
		<u>9,512,550</u>	<u>8,986,847</u>
<b>Current assets</b>			
Properties under development	12	4,726,436	3,904,555
Completed properties held for sale	13	2,778,845	2,707,251
Inventories	14	74,610	91,187
Trade and other receivables	15	1,808,654	1,941,971
Prepaid income taxes		186,800	111,867
Financial assets at fair value through profit or loss		18,723	194,974
Contract assets		763,769	920,085
Deposits in banks with original maturities over three months		8,632	56,300
Restricted cash		195,806	237,547
Cash and cash equivalents		2,485,739	2,155,136
		<u>13,048,014</u>	<u>12,320,873</u>
<b>Current liabilities</b>			
Contract liabilities		695,312	507,875
Trade and other payables	16	4,494,572	4,532,253
Corporate bonds		—	258,097
Bank and other borrowings		3,360,175	3,117,511
Lease liabilities		85,650	82,992
Current income tax liabilities		422,081	551,338
Current portion of deferred income		85,022	77,983
		<u>9,142,812</u>	<u>9,128,049</u>
<b>Net current assets</b>		<u>3,905,202</u>	<u>3,192,824</u>
<b>Total assets less current liabilities</b>		<u>13,417,752</u>	<u>12,179,671</u>

		At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>Non-current liabilities</b>			
Bank and other borrowings		3,208,971	1,984,469
Lease liabilities		529,037	479,399
Deferred income tax liabilities		505,240	508,633
Non-current portion of deferred income		<u>765,194</u>	<u>701,847</u>
		<u>5,008,442</u>	<u>3,674,348</u>
<b>Net assets</b>		<u><b>8,409,310</b></u>	<u><b>8,505,323</b></u>
<b>Equity</b>			
Share capital	17	623,048	623,048
Treasury shares	17	(121,056)	(121,056)
Reserves		2,783,765	2,947,927
Retained earnings		<u>4,060,953</u>	<u>3,941,505</u>
Total equity attributable to owners of the Company		7,346,710	7,391,424
Non-controlling interests		<u>1,062,600</u>	<u>1,113,899</u>
<b>Total equity</b>		<u><b>8,409,310</b></u>	<u><b>8,505,323</b></u>
<b>Total equity and non-current liabilities</b>		<u><b>13,417,752</b></u>	<u><b>12,179,671</b></u>

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

## 1 GENERAL INFORMATION

China Electronics Optics Valley Union Holding Company Limited and its subsidiaries are principally engaged in industrial park operation services, industrial park development services and industrial investment. The Group has operations mainly in the mainland China.

The Company is a limited liability company incorporated in the Cayman Islands. As at the date of this announcement, the address of its registered office is Windward 3, Regatta Office Park, P. O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

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

The interim financial information was approved for issuance on 25 August 2022 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 2021, which have been prepared in accordance with International Financial Reporting Standards (the “**IFRS**”) and disclosure requirements under the Hong Kong Companies Ordinance; and any public announcements made by the Company during the Reporting Period.

## 3 ACCOUNTING POLICIES

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

### (a) Amended standards adopted by the Group – applicable 1 January 2022

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 37	Onerous contracts – costs of fulfilling a contract
Annual Improvements	Annual Improvements to IFRS Standards 2018-2020 Cycle

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

- (b) The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2022.

		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 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

#### 4 SEGMENT INFORMATION

The Group manages its businesses by business lines (products and services). The Group had identified three segments, namely industrial park operation services, industrial park development services and industrial investment.

At 30 June 2022, the Group has the following three segments:

- Industrial park operation services: this segment provides 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.
- Industrial park development services: this segment represents the development and sales of industrial parks.
- Industrial investment: this segment represents industrial-related industry investment businesses in various themed industrial parks. Management considers this segment not reportable for the six months ended 30 June 2022 according to IFRS 8.

**(a) Segment results**

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

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

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

**For the six months ended 30 June 2022 (Unaudited)**

	<b>Industrial park operation services RMB'000</b>	<b>Industrial park development services RMB'000</b>	<b>Industrial investment RMB'000</b>	<b>Total RMB'000</b>
Segment revenue	<b>1,724,190</b>	<b>429,276</b>	–	<b>2,153,466</b>
– Recognition at point in time	<b>57,110</b>	<b>363,507</b>	–	<b>420,617</b>
– Recognition over time	<b>1,667,080</b>	<b>65,769</b>	–	<b>1,732,849</b>
Inter-segment revenue	<b>(545,909)</b>	–	–	<b>(545,909)</b>
Revenue from external customers	<b><u>1,178,281</u></b>	<b><u>429,276</u></b>	<b><u>–</u></b>	<b><u>1,607,557</u></b>
Segment results	<b><u>220,877</u></b>	<b><u>82,892</u></b>	<b><u>–</u></b>	<b><u>303,769</u></b>

**For the six months ended 30 June 2021 (Unaudited)**

	<b>Industrial park operation services RMB'000</b>	<b>Industrial park development services RMB'000</b>	<b>Industrial investment RMB'000</b>	<b>Total RMB'000</b>
Segment revenue	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	<b>(485,050)</b>	<b>(70,352)</b>	–	<b>(555,402)</b>
Revenue from external customers	<b><u>909,736</u></b>	<b><u>691,005</u></b>	<b><u>–</u></b>	<b><u>1,600,741</u></b>
Segment results	<b><u>130,079</u></b>	<b><u>112,929</u></b>	<b><u>70,320</u></b>	<b><u>313,328</u></b>

**(b) Reconciliations of segment revenue and profit or loss**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>		
Segment revenue	<b>2,153,466</b>	2,156,143
Elimination of inter-segment revenue	<b>(545,909)</b>	(555,402)
	<u><b>1,607,557</b></u>	<u>1,600,741</u>
<b>Profits</b>		
Segment results derived from the Group's external customers	<b>303,769</b>	313,328
Fair value gains on investment properties	<b>61,960</b>	37,383
Share of losses of associates	<b>(118,933)</b>	(65,044)
Share of profits of joint ventures	<b>42,843</b>	5,564
Finance income	<b>57,425</b>	31,161
Finance costs	<b>(135,242)</b>	(104,602)
Depreciation and amortisation	<b>(33,267)</b>	(41,039)
Income tax expense	<b>(105,471)</b>	(107,292)
	<u><b>73,084</b></u>	<u>69,459</u>

**5 PROFIT BEFORE INCOME TAX**

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>(a) Finance costs:</b>		
<b>Finance income:</b>		
Interest income	<b>55,894</b>	27,751
Income from wealth management products	<b>1,033</b>	3,410
Net foreign exchange gains	<b>498</b>	—
	<u><b>57,425</b></u>	<u>31,161</u>
<b>Finance costs:</b>		
Interest expenses of bank and other borrowings	<b>(172,247)</b>	(143,324)
Interest expenses on leasing liabilities	<b>(17,510)</b>	(10,579)
Capitalised interest expenses	<b>54,515</b>	49,301
	<u><b>(135,242)</b></u>	<u>(104,602)</u>
<b>Sub-total</b>	<u><b>(77,817)</b></u>	<u>(73,441)</u>

**Unaudited**  
**Six months ended 30 June**  
**2022**                      **2021**  
**RMB'000**                      **RMB'000**

**(b) Staff costs:**

Salaries, wages and other benefits	<b>370,491</b>	323,157
Contributions to defined contribution retirement schemes	<b>20,845</b>	16,814
	<b><u>391,336</u></b>	<b><u>339,971</u></b>

**Unaudited**  
**Six months ended 30 June**  
**2022**                      **2021**  
**RMB'000**                      **RMB'000**

**(c) Other items:**

Depreciation	<b>29,595</b>	37,975
Amortisation	<b>3,672</b>	3,064
Cost of properties sold	<b>270,949</b>	446,705
Cost of construction and goods sold	<b>441,766</b>	263,224
Rentals income from investment properties	<b>(163,409)</b>	(115,802)
	<b><u>(163,409)</u></b>	<b><u>(115,802)</u></b>

**6 INCOME TAX EXPENSE**

**Unaudited**  
**Six months ended 30 June**  
**2022**                      **2021**  
**RMB'000**                      **RMB'000**

**Current income tax**

PRC Corporate Income Tax ("CIT")	<b>54,239</b>	76,943
PRC Land Appreciation Tax ("LAT")	<b>47,846</b>	27,987
	<b><u>102,085</u></b>	<b><u>104,930</u></b>

**Deferred income tax**

	<b><u>3,386</u></b>	<b><u>2,362</u></b>
	<b><u>105,471</u></b>	<b><u>107,292</u></b>

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

No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiaries did not earn any income subject to Hong Kong Profits Tax for the Reporting Period (six months ended 30 June 2021: nil).

**(ii) PRC CIT**

The corporate income tax rate applicable to the group entities located in Mainland China is 25% (six months ended 30 June 2021: 25%) according to the CIT Law of the PRC.

Certain of the Group's subsidiaries which obtained the Certificate of High and New Technology Enterprise (高新技術企業證書) are entitled to a preferential corporate income tax rate of 15%, while certain of the Group's subsidiaries enjoy the preferential income tax rate of 2.5% or 10% as Small and Small Profit Enterprises (小型微利企業).

**(iii) PRC LAT**

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

**7 DIVIDENDS**

The Board does not recommend the distribution of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

**8 EARNINGS PER SHARE**

**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB119,448,000 (six months ended 30 June 2021: RMB109,184,000). The weighted average number of ordinary shares (excluding treasury stocks) for the six months ended 30 June 2022 is approximately 7,574,352,000 (six months ended 30 June 2021: 7,574,352,000).

**(b) Diluted earnings per share**

There were no dilutive potential ordinary shares for the six months ended 30 June 2022 and the six months ended 30 June 2021 and therefore, diluted earnings per share equals to basic earnings per share.

## 9 INVESTMENT PROPERTIES

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Beginning of the period</b>	<b>5,091,625</b>	4,697,854
Transfer from completed properties held for sale	<b>76,776</b>	40,991
Transfer from property, plant and equipment	–	6,660
Additions related to new subleasing contracts	–	14,782
Other additions	<b>201,105</b>	147,916
Fair value gains	<b>61,960</b>	37,383
Disposals	<b>(71,900)</b>	(531)
Transfer to properties under development	–	(155,703)
<b>End of the period</b>	<b><u>5,359,566</u></b>	<b><u>4,789,352</u></b>

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 2022 by Cushman & Wakefield International Properties Advisers ("C&W"), an independent firm of surveyors. During the six months ended 30 June 2022, a total gain of RMB61,960,000 (six months ended 30 June 2021: RMB37,383,000), and deferred tax thereon of RMB15,490,000 (six months ended 30 June 2021: RMB9,346,000), were recognised in the consolidated statement of profit or loss for the period in respect of investment properties.

As at 30 June 2022, 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 RMB1,594,900,000 (31 December 2021: RMB1,431,570,000), were without building ownership certificate and the Group was in progress of obtaining the relevant building ownership certificate.

## 10 INVESTMENTS IN ASSOCIATES

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Beginning of the period</b>	<b>1,963,666</b>	1,883,044
Additions	<b>14,973</b>	102,982
Transfer from disposal of subsidiaries	<b>1,470</b>	–
Share of post-tax losses of associates	<b>(118,933)</b>	(65,044)
Disposals	<b>(510)</b>	(38,150)
Gains from deemed partially disposal	–	38,373
<b>End of the period</b>	<b><u>1,860,666</u></b>	<b><u>1,921,205</u></b>

## 11 INVESTMENTS IN JOINT VENTURES

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Beginning of the period</b>	<b>161,956</b>	190,103
Share of post-tax profits of joint ventures	<b>42,843</b>	5,564
Transfer from disposal of subsidiaries	<b>719</b>	–
Addition	<b>289</b>	2,000
	<hr/>	<hr/>
<b>End of the period</b>	<b>205,807</b>	197,667
	<hr/>	<hr/>

## 12 PROPERTIES UNDER DEVELOPMENT

	<b>At 30 June</b>	<b>At 31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Expected to be completed for sale within one year</b>		
Properties under development for sale	<b>1,775,142</b>	1,337,458
	<hr/>	<hr/>
<b>Expected to be completed for sale after more than one year</b>		
Properties under development for sale	<b>2,951,294</b>	2,567,097
	<hr/>	<hr/>
	<b>4,726,436</b>	3,904,555
	<hr/>	<hr/>

## 13 COMPLETED PROPERTIES HELD FOR SALE

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

## 14 INVENTORIES

	At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited)
Work in progress	5,377	19,477
Finished goods	65,494	69,413
Raw materials	3,739	2,297
	<u>74,610</u>	<u>91,187</u>

## 15 TRADE AND OTHER RECEIVABLES

	At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited)
<b>Current portion</b>		
Trade receivables ( <i>i</i> )	957,825	955,652
Notes receivables ( <i>i</i> )	17,409	32,146
Loans to related parties	13,281	8,490
Deposits receivable	70,785	30,984
Prepayments for construction cost and raw materials	238,875	269,684
Loans to third parties	368,090	549,649
Prepaid turnover tax and other taxes	188,847	140,184
Others	120,651	112,026
	<u>1,975,763</u>	<u>2,098,815</u>
<b>Non-current portion</b>		
Trade receivables ( <i>i</i> )	350,328	369,774
Loans to third parties	348,597	79
Receivables from finance leases	34,352	40,716
Loans to related parties	4,364	4,162
	<u>737,641</u>	<u>414,731</u>
Less: loss allowance provision	<u>(172,337)</u>	<u>(156,844)</u>
<b>Total</b>	<u>2,541,067</u>	<u>2,356,702</u>

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

	<b>At 30 June 2022 RMB'000 (Unaudited)</b>	<b>At 31 December 2021 RMB'000 (Audited)</b>
Within 1 month	333,871	398,980
1 to 3 months	97,052	141,165
3 to 6 months	245,380	58,710
Over 6 months	<u>631,850</u>	<u>726,571</u>
	<u><b>1,308,153</b></u>	<u><b>1,325,426</b></u>

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

## 16 TRADE AND OTHER PAYABLES

	<b>At 30 June 2022 RMB'000 (Unaudited)</b>	<b>At 31 December 2021 RMB'000 (Audited)</b>
Trade creditors and bills payable	2,568,110	2,684,881
Loans due to third parties	396,817	631,445
Other taxes payables	199,663	203,235
Loans due to related parties	114,633	110,579
Construction guaranteed deposits payable	184,022	187,378
Accrued payroll	29,690	87,496
Interests payable	45,365	49,753
Dividend payable	161,883	–
Other payables and accruals	<u>794,389</u>	<u>577,486</u>
<b>Total</b>	<u><b>4,494,572</b></u>	<u><b>4,532,253</b></u>

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

	<b>At 30 June 2022 RMB'000 (Unaudited)</b>	At 31 December 2021 RMB'000 (Audited)
Within 1 month	<b>152,093</b>	1,692,998
1 to 12 months	<b>1,389,904</b>	500,748
Over 12 months	<b>1,026,113</b>	491,135
	<b><u>2,568,110</u></b>	<u>2,684,881</u>

## 17 SHARE CAPITAL AND TREASURY SHARES

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

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

	At 30 June 2022 (Unaudited)			At 31 December 2021 (Audited)		
	No. of Shares ( '000)	RMB'000	Treasury shares RMB'000	No. of Shares ( '000)	RMB'000	Treasury Shares RMB'000
<b>Ordinary shares, issued and fully paid:</b>						
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	<b><u>7,574,352</u></b>	<b><u>623,048</u></b>	<b><u>(121,056)</u></b>	<b><u>7,574,352</u></b>	<b><u>623,048</u></b>	<b><u>(121,056)</u></b>

As at 30 June 2022, the treasury shares amounting to 152,998,000 shares (31 December 2021: 152,998,000 shares) were all for a share award scheme purpose (31 December 2021: for the same purpose).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF FINANCIAL INFORMATION**

The independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information for the six months ended 30 June 2022 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 2022**

2022 is a year of acceleration and upgrade of the realization of the planned targets of “14<sup>th</sup> Five-Year Plan”. Led by China Electronics Corporation Limited\* (中國電子信息產業集團有限公司)’s construction of the core power of national network information industry and the strategic objectives of the organizational platform, the Group bears in mind the idea of industrial resource sharing, speeds up the improvement of the strategic structure of “One Body Two Wings (一體兩翼)”, strives to enhance the overall coordination capability of the operational management of the headquarters and further stimulates the dynamic of each operational unit.

For the six months ended 30 June 2022, the Group entered into new contracts with aggregated contracted value of approximately RMB2,062.8 million, representing an increase of 30.0% as compared to the same period of last year, of which, “P+EPC+O” business entered into new contracts with aggregated contracted value of RMB854.0 million, which shows the great momentum of the industrial park operation business; and recorded sales collection of RMB1,967.0 million, representing an increase of 12.8% as compared to the same period of last year.

For the six months ended 30 June 2022, the Group achieved a revenue of RMB1,607.6 million, representing an increase of 0.4% as compared to the same period of the previous year; and achieved profit continually with the profit for the period of RMB73.1 million, representing an increase of 5.2% as compared to the same period of the previous year. The business layout of “One Body Two Wings” which was based on the operational services in the industrial parks, supported by the development of the industrial parks and driven by the investment in the industry, was further demonstrated by the above operating indicators and continuously strengthen our ability to fight against risk.

The income from industrial park operation services of RMB1,178.3 million accounted for 73.3% of the total revenue of the Group, which well reflected the Company’s strategic development landscape based on the integrated operation business of the industrial parks.

As at 30 June 2022, the Group's total bank borrowings amounted to RMB6,569.1 million. During the Reporting Period, the Group obtained a three-year syndicated loan with an amount of RMB1,260.0 million, which will be used to gradually replace certain short-term loans, and enhance the debt structure. Moreover, the Xianyang Western Zhigu\* (咸陽西部智谷) project passed the evaluation of a 20-year government special debt of RMB429.0 million. Benefiting from factors such as the adjustment of financing structure, the average borrowing cost decreased from 5.2% at the end of 2021 to 5.0% during the Reporting Period.

As at 30 June 2022, the Group has approximately 7.31 million 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 2022, the Group has established the business layout of “One Body Two Wings” which based on the operational services in the industrial parks, supported by the development of the industrial parks and driven by the investment in the industry. The Group has the following three 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); (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			
	2022		2021	
	Revenue	% of total	Revenue	% of total
	(RMB'000)	revenue	(RMB'000)	revenue
<b>Industrial park operation services</b>	<b>1,178,281</b>	<b>73.3%</b>	909,736	56.8%
Design and construction services	458,144	28.5%	289,034	18.1%
Property management services	373,616	23.2%	369,991	23.1%
Industrial park property leasing	139,416	8.7%	114,714	7.2%
Energy services	76,284	4.7%	27,729	1.7%
Group catering and hotel services in the industrial parks	54,645	3.4%	47,723	3.0%
Others	76,176	4.8%	60,545	3.7%
<b>Industrial park development services</b>	<b>429,276</b>	<b>26.7%</b>	691,005	43.2%
<b>Total</b>	<b>1,607,557</b>	<b>100.0%</b>	1,600,741	100.0%

## 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, 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 the above-mentioned capabilities of business operation to export services, 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.

The Group fully leverages the scenario advantages of industrial parks, exploring new paths and forces for the construction of digital city through the promotion and application of digital park system. OVU digital park system based on the actual need of the park operation, fully leveraged the value of the Internet of Things (物聯網) in traditional intelligent engineering. With corporate service as the core, integrating the new generation of information technology, to provide enterprises with full life-cycle services and to promote the operational development and digital upgrade of small and medium enterprises through digital operation integrating the three elements of "Software + Hardware + Operation (軟件+硬件+運營)".

During the Reporting Period, the Group provided comprehensive operation services such as planning consultation, EPC (Engineering Procurement Construction), property management and regional energy 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 our industrial parks. The operating revenue of the industrial park operation services of the Group was RMB1,178.3 million, representing an increase of 29.5% as compared with the same period in 2021.

## *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” (以終為始) and the high-standard delivery structure of being responsible for the results, as well as the realization of the planning goal of “multiple compliance”. As local governments are seeking upgrade of the industry and the high-quality development of regional economic, 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 RMB458.1 million, representing an increase of 58.5% as compared to the same period of 2021. During the Reporting Period, the Company formed a multiple borderless working group with the management method of “Objectives and Key Results (目標與關鍵結果)” as its target goals “starting from the end” and contracted new projects such as Hongze Designated Eco-park (洪澤生態示範園) and the second phase of Hongze Standardized Plants (洪澤標準化廠房), with the contracted value amounting to RMB854.0 million.

## 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 \*(EMS集中運營平台) 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), China Electronics Optics Valley Industrial Operation Service (Hubei) Co., Ltd.\* (中電光谷產業運營服務(湖北)有限公司), Lido Human Resources\* (麗島人力資源), 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 RMB373.6 million, representing an increase of 1.0% as compared to the same period in 2021. At the end of June 2022, the area which property management services covered by Lidao Property reached to 25,090,000 sq.m., representing an increase of 170,000 sq.m. or 0.7% as compared to the same period in 2021, of which corporate customer services accounted for 67.1%. 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 including the office building of China Three Gorges Corporation\* (三峽集團), Wuhan S&T Investment\* (武漢科投) and Cainiao Logistics Centre\* (菜鳥物流園) amounting to RMB23.4 million. In the future, Lidao Property will continue to promote the community management model of intelligent industrial parks and intelligent communities and at that 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 78.3% of rentable properties. As of 30 June 2022, the total area of leased properties was 598,000 sq.m., achieving a revenue of RMB139.4 million, with a growth of 21.5% as compared to the same period in 2021 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 411,000 sq.m., with an occupancy rate of over 76.5%, 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 which “led by stated-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) (“**OVU Technology**”), a controlled subsidiary of the Group, has adjusted its business strategy and increased the marketing effort to enhance the occupancy rate; at the same time, in view of the high vacancy rate in the market and the slowdown of the overall economic growth, the Group re-negotiated with landlords on the rents in respect of some projects; the Group conducted in-depth analysis on the operating costs of each project and sorted out the organizational structure to achieve reduction in both operating costs and research and development costs. During the Reporting Period, incubator and office sharing services achieved an operating revenue of RMB50.9 million with an average occupancy rate of over 82.4%.

OVU Maker Star is operating 37 sites with a total area of 400,000 sq.m. in 20 innovative and entrepreneurial cities across the country including Beijing, Shanghai, Shenzhen, Wuhan, Chengdu, Xi'an, Changsha, Hefei etc. It invited over 160 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 (美團單車), Qihoo 360 (奇虎360), HP China (惠普中國), Bilibili (哔哩哔哩), Easylinkin Technology (慧聯無限) and Huohua Siwei (火花思維), gathering over 80,000 innovative businessmen and entrepreneurs. As of 30 June 2022, OVU Maker Star has received honorary qualifications for its site operations with 19 awards in relation to industrial space of national standard, including 2 demonstration bases, 6 incubators,

10 co-working spaces and one advertising incubating platform that are up to national standard. It was awarded over 40 awards from institutions including the National Development and Reform Commission (“**NDRC**”), Torch High Technology Industry Development Center of the Ministry of Science and Technology, China Innovation and Entrepreneurship Trading Office and China Association for Science and Technology Enterprise Service Center. The digital space management platform self-developed by OVU Maker Star was recognized by the NDRC as a significant national level dual innovation construction project and demonstration base which fully supports the office incubation trends for emerging industries, including mobile working and cross-city resource sharing, providing enterprises with full ecological growth cycle services.

## **Energy Services**

Wuhan China Electronics Energy Conservation Co., Ltd\* (武漢中電節能有限公司) (“**CEC Energy Conservation**”, a subsidiary of the Group) has expanded its operation area of the energy service business system to innovate its energy business model, and has also expanded the scales of its three business: intelligence and intelligent control through the adoption of the intelligent control system (“**DHC**”). During the Reporting Period, CEC Energy Conservation contracted new energy projects, such as entering into energy service contract with New World Center Tower A\* (新世界中心A座) and Yancheng Energy Application Industrial Park Project\* (鹽城能源應用產業園項目), amounting to approximately RMB54.6 million. During the Reporting Period, the income from energy services of the Group was RMB76.3 million, which represents an increase of 175.1% as compared to the same period of 2021.

CEC Energy Conservation adheres to the development philosophy of “green building multi-win” (綠色構築多贏) and with operation as the core, actively construct the “1 + N” DHC industrial ecological business system focusing on energy-saving technology research and development, energy-saving intelligent control services, contract energy management, mechanical and electrical engineering business and new energy-saving materials, coordinates the design of DHC and whole process of construction, implementing with innovation the service mode of “Whole Industry Chain, Full Life Cycle” (全產業鏈、全生命周期). This can provide diversified regional energy service overall solutions for public buildings. As of 30 June 2022, CEC Energy Conservation had over 40 DHC-related patents, with an energy service area of CEC Energy Conservation exceeding 12,000,000 sq.m..

## **Group Catering and Hotel Services**

Wuhan Quantai Catering Management Co., Ltd.\* (全派餐飲管理有限公司) (“**Quantai Catering**”) has been established for over 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 RMB54.6 million, representing an increase of 14.5% as compared to the same period of 2021.

### Industrial Park Development Services

During the Reporting Period, the revenue from industrial park development services of the Group was RMB429.3 million, representing an decrease of 37.9% as compared to the same period in 2021. The booked sales were 74,000 sq.m..

For the six months ended 30 June 2022, properties sold and delivered include:

Properties sold and delivered	Revenue (RMB'000)	Six months ended 30 June			2021	
		2022 Gross Floor Area (GFA) sold and delivered (sq.m.)	Recognized average selling price (RMB per sq.m.)	Revenue (RMB'000)	Gross Floor Area (GFA) sold and delivered (sq.m.)	Recognized average selling price (RMB per sq.m.)
Southern Region	43,777	6,586	6,647	130,559	19,936	6,549
Northern Region	44,615	9,714	4,593	174,550	37,584	4,644
Optics Valley Union Development Co., Ltd.* (青島光谷聯合 發展有限公司) ("Qingdao Company")	95,353	12,238	7,792	176,654	18,480	9,559
Hefei Optics Valley Union Development Co., Ltd* (合肥光 谷聯合發展有限公司) ("Hefei Company")	128,041	15,619	8,198	84,035	10,053	8,359
Wuhan Digital Industrial Park Development Co. Ltd.* (武漢 數字產業園發展有限公司) ("Caidian Company")	56,298	14,511	3,880	–	–	–
Shanghai Huayue Investment and Development Co., Ltd.* (上海華悅投資發展有限公司) ("Shanghai Company")	20,637	1,734	11,900	75,289	6,339	11,877
Others	40,555	13,495	3,005	49,918	10,540	4,736
<b>Total</b>	<b>429,276</b>	<b>73,897</b>	<b>5,809</b>	<b>691,005</b>	<b>102,932</b>	<b>6,713</b>

## Industrial Park Development Services

During the Reporting Period, the income from industrial park development services of the Group was mainly contributed by three cities, namely Hefei, Qingdao and Caidian. Among which, Hefei Company strived to establish a regional financial industry resources sharing platform and created an industrial ecology which gathers wide variety of enterprises with unimpeded development elements and comprehensive functionalities. It has become a new landmark in Hefei Industrial Park. During the Reporting Period, 28 customers, including Anhui Heitu Mama Food Technology Co., Ltd.\* (安徽黑土媽媽食品科技有限公司), Hefei Shuaidekang Network Technology Co., Ltd.\* (合肥帥德康網絡科技有限公司), etc., were newly joined with contracted value of approximately RMB102.5 million, achieved sales revenue of RMB128.0 million, accounted for the revenue of the industrial park development services of 29.8%. Because of the demand for industry transformation and upgrade in Qingdao and West Coast New District, Qingdao Company has successfully built a blue high-tech industrial cluster with the largest number of enterprises and the highest industrial concentration in the new area, accelerated the transformation and upgrade of other traditional industries and the real economy in the region, as well as integration and innovation, and achieved remarkable results in the transformation of new and old dynamics in the region, double recruitment and double introduction etc.. During the Reporting Period, 12 customers, including Xinlu Electronics (Qingdao) Co., Ltd.\* (新綠電子(青島)有限公司), Qingdao Jianguo Engineering and Inspection Co., Ltd.\* (青島建國工程檢測有限公司), etc., were newly joined with contracted value of approximately RMB96.1 million, achieved sales revenue of RMB95.4 million, accounted for the revenue of industrial park development services of 22.2%. Caidian Company focused on the three major industries of intelligent manufacturing, new energy and intelligent network connected vehicles and electronic information, introduced and nurtured more than 50 enterprises with advantages in digital manufacturing, and created an international industrial park for enterprises that fully integrated intelligent industry, digital operation and technical services. During the Reporting Period, 4 new customers including Wuhan Lianzhen Technology Co., Ltd.\* (武漢聯鎮科技有限公司) and Wuhan Weilijia Auto Parts Co., Ltd.\* (武漢威利佳汽車配件有限公司) were introduced into the industrial park, with contracted value of approximately RMB120.2 million, achieving sales revenue of RMB56.3 million, which accounted for revenue of industrial park development services of 13.1%.

During the Reporting Period, the income from sales of industrial park of the Group was mainly contributed by up to 13 projects across 12 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 173,000 sq.m., representing 80.2% of the level achieved during the same period last year, and achieved the contracted sales of industrial parks of RMB1,026.5 million, representing 72.3% of the level achieved during the same period last year.

For the six months ended 30 June 2022, 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	
	2022	2021	2022	2021
Southern Region	110,910	276,931	21,400	39,660
Northern Region	281,550	210,975	58,200	49,903
Qingdao Company	96,080	247,172	10,621	24,625
Hefei Company	102,520	204,323	11,200	21,351
Caidian Company	120,160	187,352	28,400	42,246
Shanghai Company	68,510	160,295	5,100	12,035
Wuhan Company	145,010	54,544	12,800	5,853
Hubei Technology Enterprise Accelerator Co., Ltd.* (湖北科技企業加速器有限公司) ("Ezhou Company")	48,280	32,007	11,200	8,256
Others	53,430	47,047	14,000	11,776
Total	<u>1,026,450</u>	<u>1,420,646</u>	<u>172,921</u>	<u>215,705</u>

## Development and Completion of Industrial Park

During the Reporting Period, the total area of new development in industrial parks was 228,000 sq.m. and the total area of new completion was 277,000 sq.m.. As at 30 June 2022, the total area under construction was approximately 1,451,000 sq.m..

## Land Bank of Industrial Parks

During the Reporting Period, the Group owned approximately 7.31 million sq.m. of high-quality land bank for the industrial parks in various cities, including Wuhan, Shanghai, Qingdao, Changsha, Chengdu, Hefei, Shenyang, Chongqing, Xi'an, Wenzhou, Luoyang, Ezhou, Huangshi, Huanggang, Chengmai (Hainan), Zhuhai and Ningbo etc., which laid the foundation for the scale of industrial parks business to grow steadily during the “14<sup>th</sup> Five-Year Plan” period, and continues to play the role of “anchor” (壓艙石) for the Group.

## Table of Land bank of Industrial Parks

An overview of the land bank for the industrial parks as of 30 June 2022 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%	160,617
5	Wuhan Innocenter (武漢研創中心)	Wuhan	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	Industrial	100%	187,009
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 Optics Valley Software Park (青島光谷軟件園)	Qingdao	396 Emeishan Road, Qingdao, Shandong Province	Industrial	100%	134,121
9	Qingdao CEC Information Harbour (青島中電信息港)	Qingdao	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	Industrial	100%	130,244
10	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%	67,277

No.	Project	City	Location	Usage	Interest Attributable to the Group	Land Bank (sq.m.)
11	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%	149,224
12	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%	99,841
13	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
14	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%	56,478
15	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%	27,359
16	Shenyang CEOVU Technology City (瀋陽中電光谷科技城)	Shenyang	77 Qixing Street, Shenbei New Area, Shenyang, Liaoning Province	Industrial	100%	80,312
17	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%	233,733
18	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
19	Lido Top View (麗島半山華府)	Huangshi	76 Hangzhou West Road, Huangshi Development Zone, Hubei Province	Residential	100%	16,313
20	Hefei Financial Harbour (合肥金融港)	Hefei	Intersection of Huizhou Avenue and Yangzijiang Road, Hefei, Anhui Province	Commercial	100%	288,975
21	Xi'an CEC Information Harbour (西安CEC信息港)	Xi'an	West of Caotanshi Road, North of Shangji Road, Xi'an, Shaanxi Province	Industrial	73.91%	171,839
22	Wenzhou Industrial Park (溫州產業園)	Wenzhou	Jinhai Park, Wenzhou Economic and Technological Development Zone, Wenzhou, Zhejiang Province	Industrial	95%	184,583
23	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%	204,635
24	Chengdu Chip Valley (成都芯谷)	Chengdu	Group 1 of Fengle Community, Dongsheng Street, Group 7 of Guangrong Community, Peng Town	Commercial/Scientific Research	80%	557,009
25	Yichang Zhongdian Network Information Industrial Park (宜昌中電網信園)	Yichang	Intersection of Tuanjie Road and Tiantai Road, Dianjun District Electronic Information Industrial Park, Yichang, Hubei Province	Industrial	100%	81,275
26	Luoyang CEOVU Information Harbour (洛陽中電光谷信息港)	Luoyang	Intersection of Guanlin Road and Longshan Line, Luolong District, Luoyang, Henan Province	Industrial	70%	41,223

No.	Project	City	Location	Usage	Interest Attributable to the Group	Land Bank (sq.m.)
27	China (Changsha) Information Security Industrial Park (中國(長沙)信息安全產業園)	Changsha	Yuelu Avenue, High-tech Industrial Development Zone, Changsha City, Hunan Province	Industrial	100%	377,445
28	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%	240,945
29	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
30	CEOVU Manufacturing Center (中電光谷智造中心)	Wuhan	100 meters northwest of the intersection of Jingdong Avenue and Wuyi South Road, Xinzhou District, Wuhan, Hubei Province	Industrial	100%	214,745
31	Wuhan CEC Optics Valley Digital Industrial Park (中電光谷數字產業園)	Wuhan	Changfu Industrial Park, Caidian District, Wuhan, Hubei Province	Industrial	100%	108,016
32	Chongqing CEOVU Technology City (重慶中電光谷科技城)	Chongqing	Xiyong AJ Group, Shapingba, Chongqing	Industrial	100%	100,676
33	China Electronics Western Smart Creation Park (中電西部智造園)	Chongqing	Caijiagang, Beibei, Chongqing	Industrial	100%	65,600
34	Changsha Xingsha Digital Intelligence Community (長沙星沙數智園)	Changsha	East of Huangxing Avenue, South of Luositang Road, Economic and Technological Development Zone, Changsha, Hunan Province	Industrial	60%	82,600
35	Mianyang CEC Optics Valley Technology City (綿陽中電光谷科技城)	Mianyang	National High-tech Industries Development Zone, Mianyang, Sichuan Province	Industrial	100%	134,551
36	China Electronic Eastern Zhigu (中國電子東部智谷)	Nantong	Nantong Chongchuan Economic Development Zone, Jiangsu Province	Industrial	70%	291,528
37	Zhuhai Hengqin Zhi Shu Cloud (珠海橫琴智數雲)	Zhuhai	East of Fubang Road, Hengqin New District, Zhuhai, Guangdong Province	Commercial	30%	53,618
38	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%	1,430,159
39	Ningbo Hangzhouwan, Blue Coast (寧波杭州灣 蔚藍海岸)	Ningbo	North of Binhai 6th Road, East of Zhongxing 1st Road, Hangzhouwan New Zone, Ningbo	Residential/ Industrial	31%	946,468
Total						<u>7,310,208</u>

## Industrial Investment

Shenzhen Huada Beidou Technology Company Limited\* (深圳華大北斗科技有限公司) (“**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. During the Reporting Period, Huada Beidou introduced China Electronics Technology Core Technology R&D Equity Investment Fund (Beijing) Partnership (Limited Partnership)\* (中電科核心技術研發股權投資基金(北京)合夥企業(有限合夥)), Yangzhou Qianyi Investment Partnership (Limited Partnership)\* (揚州乾益投資合夥企業(有限合夥)) and other investors to complete the Series C-2 financing with a pre-investment valuation of RMB4,000.0 million. After the completion of such capital injection, the Group’s shareholding proportion was adjusted to 9.224%.

Wuhan Easylinkin Technology Co., Ltd.\* (武漢慧聯無限科技有限公司) (“**Easylinkin Technology**”), a company jointly invested by Wuhan Optics Valley United Group Company Limited\* (武漢光谷聯合集團有限公司) (a subsidiary of the Group) and OVU Fund (wholly invested by the Group), 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. As of the date of this announcement, Easylinkin Technology has commenced Series C+ financing and the valuation remained stable during the Reporting Period.

Wuhan Lingdu Capital Investment and Management Co., Ltd.\* (武漢零度資本投資管理有限公司) (“**Lingdu Capital**”), a controlled subsidiary of the Group, is in charge of operating and managing certain industrial investment funds initiated and established by the Group’s OVU Fund and relevant government and institutions. As of 30 June 2022, 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. In the first half of 2022, Lingdu Capital has specifically established RMB100.0 million of Tianjin Hua Hang Fund\* (天津華航基金) surrounding information technology application innovation industry, and, together with China National Software and Service Co., Ltd.\* (中國軟件與技術服務股份有限公司) and GienTech Technology Co., Ltd.\* (中電金信軟件有限公司), invested RMB390.0 million in aggregate in Guizhou Yijingjie Information Technology Co., Ltd.\* (貴州易鯨捷信息技術有限公司), a leading enterprise of distributed database in China.

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 2022, CEC & CICC Fund has added two investment projects, including E-lead Information Co., Ltd.\* (上海易立德信息技術股份有限公司) and Xiamen Teyi Technology Co., Ltd.\* (廈門特儀科技有限公司) with an additional investment of RMB99.9 million. The industries covers smart meter chips, MEMS sensors, VR, engineering machinery devices, communication equipment, and network security equipment etc..

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

## **SUBSEQUENT IMPORTANT EVENTS**

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

## **FUTURE PROSPECT**

### **Focusing on macroeconomic policies and fully mobilizing all factors to comprehensively achieve the annual budget target**

The meeting of the Political Bureau of the Central Committee of the Communist Party of China clearly stated that the monetary policy of the country should continue to be appropriately accommodative and reasonable and new monetary incremental tools should be created to strengthen infrastructure investment. The government has placed increasing importance on the construction of professional industrial parks as industrial infrastructure projects. In general, the macroeconomic policy direction is highly consistent with our professionalized model of integrated park operation, which is beneficial to the Company despite the difficulties during the process of economic recovery. In the second half of the year, we will further maintain our strategic self-confidence, anchor the annual operation target, give full play to the spirit of boldness and courage, adhere to the principle of rational investment, fully mobilize all positive factors, make great effort to secure transactions with key customers for development projects, and make great effort to promote the construction of integrated operation business.

### **Deepening the integrated operation business and striving to increase the contracted sales of integrated operation business in parks by RMB3 billion**

In the second half of the year, we will systematically achieve the implementation of the consulting business of the parks in Baoding, Luoyang and Kunming, etc.; expand and enter into strategic cooperation agreements with relevant enterprises, and join forces with enterprises with future industrial advantages to form a new industrial organization; at the same time, solidly promote the implementation and investment promotion of P+EPC+O projects, including the Hongze project, Hulan project, Yangguang Zhigu project\* (陽光智谷), Yichang Jiangnan Innovation and Technology Park\* (宜昌江南科創園), Ningbo Innovation and Science City\* (寧波創智科學城), etc..

### **Strengthening the construction of the collaborative investment promotion mechanism among the “three major” cross-regional cities, and jointly organizing unique investment promotion activities with local governments to enhance the brand influence**

In the second half of the year, three major cross-regional industry collaboration centers in Wuhan, Shenzhen and Shanghai need to optimize their construction of their investment promotion mechanism, make great effort to develop staffing plan and financial support plan, strive to achieve five to seven cross-regional collaborative investment promotion projects. Qualified cities can organize distinctive cross-regional investment promotion activities to promote work and plan for the future through activities.

### **Further enhancing centralization of capital management and realizing the overall allocation of funds**

In view of the fact that the current macro real economy has been greatly affected by the pandemic prevention and control, in order to protect the Company from operational risks, in the second half of 2022, the Group will take various measures to increase the collection of accounts receivable; meanwhile, we will actively enhance the centralization of capital management, reduce financial expenses through the planning and management of capital, and improve the efficiency of capital use.

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the revenue of the Group was RMB1,607.6 million, representing an increase of 0.4% as compared to the same period of 2021. The following table sets forth the revenue of the Group by business segment:

	For the six months ended 30 June			
	2022		2021	
	Revenue (RMB'000)	% of total	Revenue (RMB'000)	% of total
<b>Industrial park operation services</b>	<b>1,178,281</b>	<b>73.3%</b>	909,736	56.8%
Design and construction services	458,144	28.5%	289,034	18.1%
Property management services	373,616	23.2%	369,991	23.1%
Industrial park property leasing	139,416	8.7%	114,714	7.2%
Energy services	76,284	4.7%	27,729	1.7%
Group catering and hotel services in the industrial parks	54,645	3.4%	47,723	3.0%
Others	76,176	4.8%	60,545	3.7%
<b>Industrial park development services</b>	<b>429,276</b>	<b>26.7%</b>	691,005	43.2%
<b>Total</b>	<b>1,607,557</b>	<b>100.00%</b>	1,600,741	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 RMB1,107.0 million, representing a decrease of RMB48.3 million or 4.2% over the same period in 2021. As of 30 June 2021 and 30 June 2022, the cost of sales of the Group represented 68.9% 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 RMB500.6 million, representing an increase of RMB55.1 million as compared with the same period in 2021. Overall gross profit margin was 31.1%, representing an increase of 3.3% from 27.8% in the same period of 2021. Among which, both the gross profit margin of industrial park development business and industrial park operation business achieved growth to different extent as compared with the same period of last year.

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

During the Reporting Period, other income and gains/(losses), net of the Group was RMB75.7 million, decreased RMB50.8 million as compared the same period in 2021 primarily due to the investment revenue of RMB74.5 million recognized from the disposal of 4.33% equity interests of Huada Beidou and diluted shareholding in the same period in 2021.

## **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 RMB73.5 million, which have increased by RMB10.2 million as compared to the same period of 2021, mainly due to the increase in sales and distribution expenses such as sales agency fee, intermediary service fee.

## **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 RMB193.1 million, which have decreased by RMB26.7 million as compared to the same period of 2021. The decrease was mainly due to strengthened administrative expenses control proactively carried out by the Group during the Reporting Period.

### **Fair Value Changes of Investment Properties**

During the Reporting Period, fair value gains on the Group's investment properties was RMB62.0 million, representing an increase of RMB24.6 million as compared with the same period in 2021, primarily due to the increase of area of investment properties for the Reporting Period.

### **Income Tax Expense**

During the Reporting Period, income tax expense of the Group was RMB105.5 million, representing a decrease of RMB1.8 million as compared with the same period in 2021, which was primarily due to (i) the increase in PRC land appreciation tax of RMB19.9 million; (ii) the decrease in PRC corporate income tax expense of RMB21.7 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 RMB119.4 million, representing an increase of 9.4% as compared with the same period in 2021.

### **Liquidity and Capital Resources**

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

In the first half of 2022, the Group's net cash outflow from operating activities was RMB638.1 million, mainly consists of the expenses from new land bank and project construction.

In the first half of 2022, the Group's net cash inflow from financing activities was RMB936.7 million, mainly used in replenishment of liquidity and the replacement of certain short-term borrowings in the second half of the year.

### **Indebtedness**

The Group's total outstanding indebtedness increased by RMB1,823.7 million from RMB5,360.1 million as at 31 December 2021 to RMB7,183.8 million as at 30 June 2022.

## **Capital Expenditures and Capital Commitments**

During the Reporting Period, capital expenditure of the Group was RMB6.9 million. Capital expenditures of the Group was primarily related to expenditure for purchases of property, plant and equipment and purchases of intangible assets.

As at 30 June 2022, the Group's outstanding commitments related to property development expenditure and investment was RMB919.7 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 2022, the Group had 7,556 full-time employees. The employment cost of the Group was approximately RMB391.3 million for the Reporting Period, representing an increase of RMB51.4 million as compared to the same period last year, mainly due to the increase in the size of the Group's subsidiaries in the current period. The Group enters into employment contracts with its employees to cover matters such as position, terms of employment, wages, employee benefits and liabilities for breach and grounds for termination. The remuneration package of the employees includes basic salaries, allowances, bonuses and other employee benefits. The Group has implemented measures for assessing employees' performance and promotion and a system of employee compensation and benefits. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority.

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

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

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

## **CORPORATE GOVERNANCE**

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

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

## **MODEL CODE FOR SECURITIES TRANSACTION**

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

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

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

The Audit Committee has reviewed together with the management and the independent auditor the accounting principles and policies adopted by the Group and the unaudited interim results for the six months ended 30 June 2022.

## **DIVIDEND**

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

## **PUBLICATION OF INTERIM RESULTS AND 2022 INTERIM REPORT**

This announcement is published on the websites of the Company (<http://www.ceovu.com>) and the Stock Exchange (<http://www.hkexnews.hk>). The 2022 interim report will be despatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

By order of the Board  
**China Electronics Optics Valley Union Holding Company Limited**  
**Liu Guilin**  
*Chairman*

Wuhan, the People's Republic of China  
25 August 2022

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

\* *For identification purposes only*