China Electronics Optics Valley Union Holding Company Limited
中 電 光 谷 聯 合 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 798)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

SUMMARY OF 2023 RESULTS

- In 2023, the Group achieved a total revenue of RMB5,220.6 million, representing a decrease of 5.5% as compared to that of last year; recorded a net profit of RMB526.8 million, representing an increase of 0.9% as compared to that of last year; and recorded a net cash inflow from operating activities of RMB406.7 million, with a positive cash flow from operating activities for five consecutive years.

- In 2023, in respect of industrial landmark, the Group had three new projects of high-quality industrial park, including Handan Smart Creation Center* (邯鄲智造中心) and phase II of Caidian. As at 31 December 2023, the Group had high-quality land bank of approximately 4,463,000 sq.m. in various cities, including Chengdu, Changsha, Shanghai, Wuhan and Qingdao.

- The quality of the industrial park operation business showed continuous improvement, and the development of the P+OEPC integrated operation business was encouraging, with breakthroughs in model innovation. In 2023, the Group entered into strategic cooperation agreements with a number of local governments, and signed 5 integrated operation contracts amounting to RMB3,692.0 million.

- In order to maintain growth in industrial park investment and lay the foundation for growth during the "14th Five-Year Plan" period, the Group has moderately increased the reserve and operating rate of its industrial parks. As at 31 December 2023, bank and other borrowings of the Group was RMB6,933.3 million, representing a decrease of 1.9% compared with the beginning of the period. The gearing ratio was 62.1%, and the gearing ratio net of contract liabilities was 60.5%, representing an increase compared with the beginning of the period.

- The Group has adhered to its sustainable and stable profit distribution policy. The Board proposes to declare a final dividend of HK$2.5 cents (equivalent to approximately RMB2.3 cents) per Share, amounting to approximately HK$187.8 million in aggregate (equivalent to approximately RMB173.3 million) for the year ended 31 December 2023.

The board (the "**Board**") of directors (the **"Directors**") of China Electronics Optics Valley Union Holding Company Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**" or "**CEOVU**") for the year ended 31 December 2023 ("**Reporting Period**"), together with the comparative figures of the audited consolidated financial results for 2022 as follows.

CONSOLIDATED FINANCIAL RESULTS OF THE GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**5,220,556**	5,523,204
Cost of sales	*6*	**(3,663,170)**	(3,963,445)
Gross profit		**1,557,386**	1,559,759
Other income	*4*	**174,146**	215,344
Other gains – net	*5*	**126,819**	413
Selling and distribution expenses	*6*	**(170,889)**	(171,622)
Administrative expenses	*6*	**(442,298)**	(432,031)
Net impairment losses on financial and contract assets		**(152,986)**	(103,406)
Fair value gains on investment properties	*12*	**161,532**	265,793
Operating profit		**1,253,710**	1,334,250
Finance income	*7*	**50,276**	53,691
Finance costs	*7*	**(316,063)**	(290,664)
Net finance costs		**(265,787)**	(236,973)
Share of profits/(losses) of associates	*8*	**11,098**	(81,069)
Share of losses of joint ventures		**(17,147)**	(25,270)
Profit before income tax		**981,874**	990,938
Income tax expense	*9*	**(455,039)**	(468,554)
Profit for the year		**526,835**	522,384
Profit for the year attributable to:			
– Owners of the Company		**506,710**	536,091
– Non-controlling interests		**20,125**	(13,707)
Profit for the year		**526,835**	522,384
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and diluted (RMB cents)	*10*	**6.70**	7.08

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Profit for the year	**526,835**	522,384
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
– Currency translation differences	**(4,684)**	(24,687)
– Gains on cash flow hedges	**5,884**	–
Items that will not be reclassified to profit or loss:		
– Changes in the fair value of equity investments at fair value through other comprehensive income	**(377)**	12,277
– Fair value gains on investment properties transfered from property, plant and equipment	**1,200**	–
– Income tax relating to these items	**(206)**	(3,069)
Other comprehensive income for the year, net of tax	**1,817**	(15,479)
Total comprehensive income for the year	**528,652**	506,905
Total comprehensive income for the year is attributable to:		
– Owners of the Company	**508,527**	520,612
– Non-controlling interests	**20,125**	(13,707)
Total comprehensive income for the year	**528,652**	506,905

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**At 31 December 2023** *RMB'000*	2022 *RMB'000*
Non-current assets			
Property, plant and equipment		**708,290**	471,646
Right-of-use assets	*11*	**71,876**	93,945
Investment properties	*12*	**7,570,607**	5,960,733
Intangible assets		**55,419**	53,746
Investments in associates	*8*	**841,208**	1,798,126
Investments in joint ventures		**447,675**	138,693
Financial assets at fair value through profit or loss		**817,268**	718,591
Financial assets at fair value through other comprehensive income		**18,151**	18,528
Trade and other receivables and prepayments	*16*	**375,252**	718,024
Deferred income tax assets		**27,245**	43,276
		10,932,991	10,015,308
Current assets			
Properties under development	*13*	**1,647,700**	3,115,116
Completed properties held for sale	*14*	**4,344,579**	3,481,948
Inventories	*15*	**70,694**	72,482
Trade and other receivables and prepayments	*16*	**3,413,093**	2,277,809
Derivative financial instruments		**5,884**	–
Prepaid income taxes		**176,211**	124,389
Financial assets at fair value through profit or loss		**181**	13,400
Contract assets		**661,378**	635,824
Deposits in banks with original maturities over three months		**26,946**	4,050
Restricted cash		**303,118**	384,997
Cash and cash equivalents		**1,889,193**	2,254,209
		12,538,977	12,364,224
Total assets		**23,471,968**	22,379,532
Current liabilities			
Contract liabilities		**365,434**	530,576
Trade and other payables	*17*	**4,180,286**	3,346,072
Bank and other borrowings	*18*	**3,331,642**	3,836,854
Lease liabilities	*11*	**88,834**	90,026
Current tax liabilities		**900,780**	807,111
Current portion of deferred income		**64,614**	70,114
		8,931,590	8,680,753
Net current assets		**3,607,387**	3,683,471
Total assets less current liabilities		**14,540,378**	13,698,779

	Note	At 31 December 2023 RMB'000	2022 RMB'000
Non-current liabilities			
Bank and other borrowings	*18*	**3,601,628**	3,231,461
Lease liabilities	*11*	**1,001,747**	501,331
Deferred income tax liabilities		**458,722**	458,202
Non-current portion of deferred income		**581,525**	631,021
		5,643,622	4,822,015
Total liabilities		**14,575,212**	13,502,768
Net assets		**8,896,756**	8,876,764
Equity			
Share capital	*19*	**623,048**	623,048
Treasury shares	*19*	**(141,766)**	(121,056)
Reserves		**2,780,474**	2,870,664
Retained earnings		**4,804,090**	4,376,003
Total equity attributable to owners of the Company		**8,065,846**	7,748,659
Non-controlling interests		**830,910**	1,128,105
Total equity		**8,896,756**	8,876,764
Total equity and non-current liabilities		**14,540,378**	13,698,779

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China Electronics Optics Valley Union Holding Company Limited (the "**Company**", formerly known as "Optics Valley Union Holding Company Limited") and its subsidiaries (together, the "**Group**") are principally engaged in industrial park operation services, industrial park development services and industrial investment. The Group has operations mainly in the Chinese Mainland.

The Company is a limited liability company incorporated in the Cayman Islands. 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.

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2024.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Compliance with IFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

2.1.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties, which are carried at fair value.

2.1.3 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023. The adoption of these standards and amendments does not have significant impact on the consolidated financial statements of the Group.

IFRS 17 (new standard and amendments)	Insurance contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Initial application of IFRS 17 and IFRS 9	Comparative information
Amendments to IAS 12	International tax reform – pillar two model rules

2.1.4 New and amended standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE AND 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 31 December 2023, the Group has the following three segments:

- Industrial park operation services: this segment provides services including design and construction services, property management service, property leasing services, energy services, digital park services, incubator and office sharing services, financial services in parks, group catering and hotel services and digital apartment services.

- Industrial park development services: this segment represents the development, sales and rental of industrial parks.

- Industrial investment: this segment represents the Group's industrial-related equity investment businesses in various theme parks.

(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, depreciation and amortisation. 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 year is set out below.

For the year ended 31 December 2023

	Industrial park operation services *RMB'000*	**Industrial park development services** *RMB'000*	**Industrial investment** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers	**3,831,602**	**2,219,622**	**–**	**6,051,224**
– Recognition at point in time	**182,717**	**1,920,284**	**–**	**2,103,001**
– Recognition over time	**3,648,885**	**299,338**	**–**	**3,948,223**
Revenue from other source				
– Rental income	**114,352**	**283,244**	**–**	**397,596**
Segment revenue	**3,945,954**	**2,502,866**	**–**	**6,448,820**
Inter-segment revenue	**(1,114,296)**	**(113,968)**	**–**	**(1,228,264)**
Revenue from external customers	**2,831,658**	**2,388,898**	**–**	**5,220,556**
Segment results	**250,191**	**916,375**	**22,793**	**1,189,359**
Depreciation and amortisation	**(66,619)**	**(28,796)**	**(1,766)**	**(97,181)**

For the year ended 31 December 2022

	Industrial park operation services *RMB'000*	Industrial park development services *RMB'000*	Industrial investment *RMB'000*	Total *RMB'000*
Revenue from contracts with customers	4,166,662	2,514,577	–	6,681,239
– Recognition at point in time	133,966	1,889,947	–	2,023,913
– Recognition over time	4,032,696	624,630	–	4,657,326
Revenue from other source				
– Rental income	105,483	228,525	–	334,008
Segment revenue	4,272,145	2,743,102	–	7,015,247
Inter-segment revenue	(1,457,309)	(34,734)	–	(1,492,043)
Revenue from external customers	2,814,836	2,708,368	–	5,523,204
Segment results	134,708	1,013,781	237	1,148,726
Depreciation and amortisation	(55,166)	(25,088)	(15)	(80,269)

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

	2023 *RMB'000*	2022 *RMB'000*
Segment results	**1,189,359**	1,148,726
Fair value gains on investment properties	**161,532**	265,793
Share of losses of joint ventures	**(17,147)**	(25,270)
Share of profits/(losses)of associates	**11,098**	(81,069)
Finance income	**50,276**	53,691
Finance costs	**(316,063)**	(290,664)
Depreciation and amortisation	**(97,181)**	(80,269)
Income tax expense	**(455,039)**	(468,554)
Profit for the year	**526,835**	522,384

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

	2023	2022
	RMB'000	*RMB'000*
Industrial park operation services		
Property management services	**925,128**	830,902
Design and construction services	**1,245,032**	1,316,627
Property leasing services	**97,270**	77,228
Energy services	**196,489**	176,255
Group catering and hotel services	**160,176**	126,363
Others	**207,563**	287,461
	2,831,658	2,814,836
Industrial park development services		
Sales of industrial park space	**2,159,882**	2,514,577
Self-owned industrial park property leasing	**229,016**	193,791
	2,388,898	2,708,368
Total	**5,220,556**	5,523,204

The Group's entire revenue is attributable to the market in Mainland China and over 99% of the Group's non-current assets other than financial instruments and deferred income tax assets are located in Mainland China. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

4 OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Government grants	**173,959**	215,344
Others	**187**	–
	174,146	215,344

5 OTHER GAINS– NET

	2023	2022
	RMB'000	*RMB'000*
Fair value gains on financial assets at fair value through profit of loss	**21,027**	222
Gain on disposal of property, plant and equipment, net	**122**	440
Gain on disposal of a business	**99,977**	–
Gain/(loss) on disposal/liquidation of subsidiaries	**1,060**	(77)
Loss on liquidation of a joint venture	**–**	(433)
Loss on disposal of investment properties	**(1,351)**	(5,951)
Gain on disposal of associates	**–**	1,817
Others	**5,984**	4,395
	126,819	413

6 EXPENSES BY NATURE

	2023	2022
	RMB'000	*RMB'000*
Cost of properties sold	**1,277,383**	1,504,998
Employee benefit expenses	**896,878**	825,591
Cost of industrial park operation	**803,219**	806,913
Cost of construction services	**981,125**	1,139,812
Depreciation	**89,834**	72,843
Other professional service fees	**31,000**	37,119
Advertising costs	**18,105**	19,177
Amortisation	**7,347**	7,426
Auditors' remuneration		
– Audit services	**2,250**	2,200
– Non-audit services	**1,280**	1,080
Other expenses	**167,936**	149,939
Total cost of sales, selling and distribution expenses, administrative expenses	**4,276,357**	4,567,098

7 FINANCE INCOME AND COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest expenses of bank and other borrowings	**(356,172)**	(373,704)
Capitalised interest expenses	**103,123**	137,995
Interest expenses of lease liabilities	**(60,042)**	(31,419)
Net foreign exchange losses	**(2,972)**	(23,536)
Finance costs	**(316,063)**	(290,664)
Interest income from deposits	**16,909**	27,000
Interest income from sublease	**6,248**	3,825
Interest income from loans provided to third parties	**27,119**	22,866
Finance income	**50,276**	53,691
Net finance costs	**(265,787)**	(236,973)

Borrowing costs arising from financing specifically arranged for the construction of properties were capitalised using the rates ranged from 3.28% to 6.00% (2022:3.28% to 10.00%) per annum, and other borrowing costs were capitalised using an average interest rate of 5.53% (2022: 4.72%) per annum.

8 INVESTMENTS IN ASSOCIATES

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**1,798,126**	1,963,666
Additions	**102,562**	16,443
Share of profits/(losses)	**11,098**	(81,069)
Deemed disposal of subsidiaries	**(973,955)**	–
Other disposals	**–**	(9,593)
Dividends	**(96,623)**	(91,321)
At 31 December	**841,208**	1,798,126

9 INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
Current tax:		
Corporate Income Tax ("**CIT**")	**291,440**	279,637
Land Appreciation Tax ("**LAT**")	**141,757**	205,766
Total current tax expense	**433,197**	485,403
Deferred tax		
– Reversal/(origination) of temporary differences	**13,262**	(25,307)
– Withholding income tax	**8,580**	8,458
Total deferred tax expense/(benefit)	**21,842**	(16,849)
Income tax expense	**455,039**	468,554

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

(ii) No provision for Hong Kong Profits Tax has been made as the Group had no taxable profit in Hong Kong in 2023.

(iii) The Group's subsidiaries located in Chinese Mainland are subject to the People's Republic of China ("**PRC**") income tax at 25% unless otherwise specified. According to the approvals from the local tax authorities, the assessable profits of certain subsidiaries of the Group were calculated based on 5%-15% of their respective gross revenues for the year.

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

(v) Pursuant to the PRC tax law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those foreign invested subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As 31 December 2023, the Company controls the dividend policy of these subsidiaries and it has been determined that these profits will be distributed in the foreseeable future.

10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares repurchased by the Group (Note 19).

	2023	2022
Profit attributable to owners of the Company *(RMB'000)*	**506,710**	536,091
Weighted average number of ordinary shares in issue *(thousands)*	**7,566,859**	7,574,352
Basic earnings per share *(RMB cents)*	**6.70**	7.08

There were no potential dilutive ordinary shares in 2023 and 2022, diluted earnings per share therefore equals to basic earnings per share.

11 LEASES

(i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Right-of-use assets	**71,876**	93,945
Lease liabilities		
Current	**88,834**	90,026
Non-current	**1,001,747**	501,331
	1,090,581	591,357

The following table presents the changes of right-of-use assets for the year ended 31 December 2023:

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**93,945**	98,063
Disposals/(additions)	**(16,634)**	2,688
Depreciation	**(5,435)**	(6,806)
At 31 December	**71,876**	93,945

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2023	2022
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
Properties	**5,435**	6,806
Interest expense (included in finance costs) *(Note 7)*	**(60,042)**	(31,419)
Interest income (included in finance income) *(Note 7)*	**6,248**	3,825

The total cash outflow for leases in 2023 was RMB123,720,000(2022: RMB114,863,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various properties. Rental contracts are typically made for fixed periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

12 INVESTMENT PROPERTIES

	2023	2022
	RMB'000	*RMB'000*
Opening balance at 1 January	**5,960,733**	5,091,625
Transfer from properties under development and completed properties held for sale	**505,544**	413,768
Transfer from property, plant and equipment	**4,002**	–
Other additions	**1,067,628**	365,489
Fair value changes	**161,532**	265,793
Revaluation gains upon transfer from property, plant and equipment	**1,200**	–
Transfer to completed properties held for sale	**(52,266)**	(25,496)
Transfer to property, plant and equipment	**(5,813)**	–
Disposals	**(71,953)**	(150,446)
Closing balance at 31 December	**7,570,607**	5,960,733

Amounts recognised in profit and loss for investment properties

	2023	2022
	RMB'000	*RMB'000*
Rental income from self-owned properties	**229,016**	193,791
Income from property leasing services	**97,270**	77,228
Direct operating expenses from property that generated rental income	**16,536**	17,120

As at 31 December 2023, the Group had no contractual obligations for future repairs and maintenance (2022: nil).

Investment properties with an aggregate carrying value of RMB1,658,050,000 as at 31 December 2023 (2022: RMB1,248,646,000) were pledged for certain bank loans granted to the Group (Note 18).

Investment properties comprise a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 year to 16 years.

As at 31 December 2023, title certificates of certain investment properties of the Group with carrying value of RMB2,849,570,000(2022: RMB2,154,540,000) were in progress of being obtained.

The Group's investment properties are leased to tenants under operating leases with rentals payable quarterly in general. There are no variable lease payments that depend on an index or rate.

13 PROPERTIES UNDER DEVELOPMENT

All properties under development are within the normal operating cycle included in current assets.

All properties under development are located in the PRC and stated at the lower of cost and net realisable value.

Properties under development with an aggregate carrying value of RMB1,702,721,000 as at 31 December 2023 (2022: RMB2,899,691,000) were pledged for certain bank loans granted to the Group (Note 18).

14 COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are within the normal operating cycle included in current assets.

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

Completed properties held for sale with an aggregate carrying value of RMB1,486,273,000 as at 31 December 2023 (2022: RMB1,100,224,000) were pledged for certain bank loans granted to the Group (Note 18).

15 INVENTORIES

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Raw materials	**1,170**	2,261
Work in progress	**5,876**	3,258
Finished goods	**63,648**	66,963
	70,694	72,482

16 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current portion		
Trade receivables *(a)*	**1,244,453**	1,207,211
Loans to third parties	**910,539**	529,845
Prepayments for construction cost and raw materials	**312,637**	246,851
Prepaid turnover tax and other taxes	**234,816**	187,375
Notes receivables	**43,880**	17,995
Deposits receivable	**142,679**	133,484
Loans to related parties	**647,425**	687
Others	**240,748**	197,677
	3,777,177	2,521,125
Non-current portion		
Trade receivables *(a)*	**337,009**	344,365
Receivables from finance leases	**35,802**	19,316
Loans to related parties	**4,640**	4,558
Loans to third parties	**118**	354,528
	377,569	722,767
Less: allowance provisions for		
-Trade receivables	**(118,698)**	(92,560)
-Other receivables	**(247,703)**	(155,499)
	(366,401)	(248,059)
Total	**3,788,345**	2,995,833

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

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within one year	**914,307**	963,340
One to two years	**179,600**	143,540
Two to three years	**51,566**	384,775
Three to four years	**384,646**	10,286
Over four years	**51,343**	49,635
	1,581,462	1,551,576

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

As at 31 December 2022 and 2023, the fair value of trade and other receivables approximated their carrying amounts.

17 TRADE AND OTHER PAYABLES

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade creditors and bills payable	**2,809,481**	1,993,290
Advances from third parties	**1,000**	154,445
Other taxes payables	**118,469**	101,954
Construction guaranteed deposits payable	**329,179**	331,021
Advances from related parties	**74,504**	113,956
Accrued payroll	**80,315**	80,871
Interests payable	**–**	31,000
Other payables and accruals	**767,338**	539,535
Total	**4,180,286**	3,346,072

As at 31 December 2023, the ageing analysis of trade creditors and bills payables, based on the invoice date, is as follows:

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within one year	**2,505,619**	1,520,440
One to two years	**127,727**	129,255
Two to three years	**48,143**	304,980
Over three years	**127,992**	38,615
	2,809,481	1,993,290

As at 31 December 2022 and 2023, the fair value of trade and other payables approximated their carrying amounts.

18 BANK AND OTHER BORROWINGS

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current		
Secured		
– Bank and other borrowings	**1,159,000**	738,990
– Current portion of non-current bank and other borrowings	**396,582**	939,585
	1,555,582	1,678,575
Unsecured		
– Bank and other borrowings	**1,401,960**	1,727,594
– Current portion of non-current bank and other borrowings	**374,100**	430,685
	1,776,060	2,158,279
	3,331,642	3,836,854
Non-current		
Secured		
– Bank and other borrowings	**2,458,471**	2,877,024
Less: Current portion of non-current bank and other borrowings	**(396,582)**	(939,585)
	2,061,889	1,937,439
Unsecured		
– Bank and other borrowings	**1,913,839**	1,724,707
Less: Current portion of non-current bank and other borrowings	**(374,100)**	(430,685)
	1,539,739	1,294,022
	3,601,628	3,231,461

The bank and other borrowings bear interest ranging from 2.90% to 7.32% per annum for year ended 31 December 2023 (2022: from 2.50% to 10.00%).

The Group's borrowings were repayable as follows:

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year or on demand	**3,331,642**	3,836,854
After 1 year but within 2 years	**1,665,111**	495,306
After 2 years but within 5 years	**1,044,261**	1,837,359
After 5 years	**892,256**	898,796
	6,933,270	7,068,315

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

	At 31 December	
	2023	2022
	RMB'000	*RMB'000*
Properties under development *(Note 13)*	**1,702,721**	2,899,691
Investment properties *(Note 12)*	**1,658,050**	1,248,646
Completed properties held for sale *(Note 14)*	**1,486,273**	1,100,224
Restricted cash	**10**	10
	4,847,054	5,248,571

The fair value of borrowings approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.13% (2022: 4.80%) and are within level 2 of the fair value hierarchy.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2023, none of the covenants relating to drawn down facilities had been breached (2022: nil).

19 SHARE CAPITAL AND TREASURY SHARES

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

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	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:						
As at 1 January	**7,574,352**	**623,048**	**(121,056)**	7,574,352	623,048	(121,056)
Shares repurchased	**–**	**–**	**(20,710)**	–	–	–
As at the end of the year	**7,574,352**	**623,048**	**(141,766)**	7,574,352	623,048	(121,056)

(a) During the year ended 31 December 2023, the Company repurchased a total 57,520,000 shares at a total consideration of HK$22,634,800 (equivalent to RMB20,710,000) for cancellation purpose. The repurchases were authorised by the shareholders of the Company at the annual general meeting held on 15 June 2023. All the repurchased shares were subsequently cancelled in January 2024.

The shares were repurchased at an average price of HK$0.39 per share, with prices ranging from HK$0.26 to HK$0.47. The total amount of HK$22,634,800 paid to acquire the shares, which was made out of the company's distributable profits with no reduction of capital, has been recorded as treasury shares as a contra account within shareholders' equity.

Movement of the Company's treasury shares are analysed as follows:

	Shares repurchased for the purpose of		
	Share award ***('000)***	**Cancellation** ***('000)***	**Total** ***('000)***
Year ended 31 December 2022			
Opening and closing no. of shares	152,998	–	152,998
Year ended 31 December 2023			
Opening no. of shares	152,998	–	152,998
Repurchased	–	57,520	57,520
Closing no. of shares	152,998	57,520	210,518

20 DIVIDENDS

	2023 ***RMB'000***	2022 *RMB'000*
Ordinary shares		
Final dividend for the year ended 31 December 2022 of HK$2.50 cents per fully paid share (2021: HK$2.50 cents)	**170,630**	163,377

In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of HK$2.50 cents per fully paid share (2022: HK$2.50 cents). The aggregate amount of the proposed dividend expected to be paid in August 2024 out of share premium account of the Company at 31 December 2023, but not recognised as a liability at year end, is RMB173,347,000 (2022: RMB165,784,000)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The year 2023 was critical for advancing the high-quality transition and development of the Company, and was important for fully implementing the "14th Five-Year Plan" and the modernization to achieve the 2035 vision. CEOVU continued to accelerate the digital transformation of enterprises, actively served the national strategies of "network power", "quality power", "manufacturing power", "digital China", "green development", "innovation-driven", "regional economic coordination", regarded the creation of social value as the intent and purpose of its business operation, and delivered remarkable results in development and met the strategic goal of achieving definitive and sustainable growth in an uncertain market environment.

In 2023, the Group recorded sales collection of RMB6,243.0 million, representing an increase of 1.4% as compared to that of last year.

Concluding the benchmark "anchor (壓艙石)" project satisfactorily and supporting the strategy of building strengths in service and manufacturing through "responsive customization (敏捷定制)"

Hefei Financial Harbor* (合肥金融港), one of the most successful "anchor (壓艙石)" projects of CEOVU, after ten years of development and operation, has achieved great success in terms of both social benefits and economic benefits. In 2023, Hefei Optics Valley Union Development Co., Ltd.* (合肥光谷聯合發展有限公司) ("**Hefei Company**") concluded the project satisfactorily with the entering into occupancy agreements with CGN New Energy Fuyang Co., Ltd.* (中廣核新能源阜陽有限公司) and Shenhua Engineering Technology Co., Ltd.* (神華工程技術有限公司), with the annual contracted area of 45,600 sq.m., contracted amount of RMB394.0 million and sales collection of RMB448.0 million, which achieved 116% and 117% of the annual targets for contracted amount and sales collection.

In the most recent five years, Xianyang Western Zhigu* (咸陽西部智谷) has a continuous improvement in operational efficiency through adopting the strategy of "responsive customization (敏捷定制)". In the three phases of the project, there are a total of 90,000 sq.m. of high-quality plants, of which 66,000 sq.m. were contracted and delivered by way of "responsive customization (敏捷定制)". It adopted a targeted approach in attracting occupants and registered full occupancy immediately after delivery. Currently, there are more than 50 occupants from the electronic information industry. Projects in Nantong, Xi'an, Caidan, Xinzhou and Handan also achieved remarkable results through adopting the "responsive customization (敏捷定制)" model.

Providing services to support CEC's mission of building the core strategic technological force of the national network information industry.

In 2023, CEC Network Security Education Company* (中電網安教育公司) under CEOVU undertook the training on network security for 31 central enterprises such as Commercial Aircraft Corporation of China, Ltd. and Dongfeng Motor Corporation Ltd., with 2,401 managers and professional management personnel from these enterprises attending the training, which has contributed to the enhancement of the overall capacity and level of central enterprises in term of network security. During 2023, CEOVU, together with companies under China Electronics Corporation Limited* (中國電子信息產業集團有限公司) ("**CEC**"), such as Jiangxi Chinasoft Information Systems Co., Ltd.* (江西中軟信息系統有限公司) and Hebei Xiong'an QiAnXin Network Technology Co., Ltd.* (河北雄安奇安信網絡科技有限公司), completed the supply and sales collection of payment of software, hardware and intelligent equipment in the amount of RMB27.0 million for the PKS Ecological Innovation Center of China Electronics (Baoding)* (中國電子(保定)PKS生態創新中心), which has been ready for the process of testing and debugging, and is now collaborating with CEC Industrial Internet and Jingxin Big Data in the preparatory work for the operation of the innovation center.

Intensifying digital transformation and realizing dual-wheel drive of "Industrial Cloud (產業雲)" and "Low-carbon Cloud (低碳雲)".

In 2023, the Group focused on the goal of empowering management, operation and park services with digitalization, and achieved remarkable results in promoting digital transformation and governance through system construction, data governance and network security. In October 2023, the Company released version 2.0 of the digital park construction standards and version 1.0 of the low-carbon park construction standards, and at the same time promulgated the Management Measures for the Application of Digital and Low-Carbon Park Construction Standards, laying a good foundation for the development of parks to realize the dual wheel drive; in recent years, the Company has provided construction services for 26 industrial parks according to version 1.0 of the digital park construction standards. The projects in Guiyang, Baoding and Handan, which will be built under version 2.0 of the digital park construction standards, will commence soon. Wuhan China Electronics Energy Conservation Co., Ltd* (武漢中電節能有限公司) ("**CEC Energy Conservation**") is shifting its development from regional energy to integrated energy, and built three major value cores, namely energy infrastructure system, operation system, and carbon strategy system, based on the OVU "Low-carbon Cloud" digital platform, making full use of renewable energy sources, and creating an integrated energy system in industrial parks, so as to develop the multi-energy complementary structure and achieve cost reduction, efficiency enhancement, energy conservation and carbon reduction. Currently, it operates 20 regional energy stations in more than 10 cities across China, with a contracted area of 11 million sq.m., an actual operating area of 5.6 million sq.m. and 6,289 customers. Meanwhile, distributed photovoltaic project of CEOVU Digital Intelligent Industrial Park* (中電光谷數智產業園) and Nantong Eastern Zhigu* (南通東部智谷) constructed by CEC Energy Conservation have been put into operation, aiming to build a low-carbon energy ecosystem, create low-carbon intelligent parks and accelerate the fulfilment of "3060" carbon goal.

Operating Results

In 2023, the Group achieved a total revenue of RMB5,220.6 million, representing a decrease of 5.5% as compared to that of 2022, a profit before tax of RMB981.9 million and a net profit for the year of RMB526.8 million. Profit attributable to owners of the Company was RMB506.7 million. The Group has upheld the concept of maintaining positive cash flow from operating activities and there was a net inflow of RMB406.7 million in 2023. The cash flow from operating activities maintained positive growth.

Business Segment Analysis

In 2023, the Group has established a strategic landscape of "One Body, Two Wings (一體兩翼)", with park operation services as the main body, park development as the backbone and industrial investment as the driving force. The Group has the following three segments: (i) industrial park operation services (including design and construction services, property management services, property leasing services, energy services, digital park services, incubator and office sharing services, financial services in parks, group catering and hotel services, digital apartment services); (ii) industrial park development services (including sales of industrial park space and leasing services of properties in self-owned park); and (iii) industrial investment (equity investment business relevant to industrial theme parks business). 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

	Year ended 31 December			
	2023		2022	
	Revenue (RMB'000)	***% of total***	*Revenue (RMB'000)*	*% of total*
Industrial park operation services	**2,831,658**	**54%**	2,814,836	51%
Design and construction services	**1,245,032**	**23%**	1,316,627	24%
Property management services	**925,128**	**18%**	830,902	15%
Energy services	**196,489**	**4%**	176,255	3%
Group catering and hotel services	**160,176**	**3%**	126,363	2%
Property leasing services	**97,270**	**2%**	77,228	1%
Others	**207,563**	**4%**	287,461	5%
Industrial park development services	**2,388,898**	**46%**	2,708,368	49%
Sales of industrial park space	**2,159,882**	**41%**	2,514,577	46%
Self-owned park property leasing services	**229,016**	**5%**	193,791	4%
Total	**5,220,556**	**100%**	5,523,204	100%

I. Industrial Park Operation Services

The Group has established a full life-cycle industrial park operation service system through digitization. Based on the digital park system, the Group has integrated 15 types of functions, including project planning, space planning, architectural design, general contracting, decoration, real estate agency, regional energy services, property management, co-working offices, long-term rental apartments, park financial services, catering and hotels, to form a full life-cycle "P+EPC+O" service model that is led by consulting services, supported by intelligent technologies and digital solutions, and backed by an integrated operation system, so as to provide diversified services to customers.

Backed by the digital assets built up by CEOVU through industrial park operation in over a decade, OVU Industrial Cloud serves three major fields, namely the development, construction and operation of industrial parks, delivers two core functions, namely, the full life-cycle digital management and cross-regional digital platform investment promotion, focuses on four major systems, namely "digital development", "digital construction", "digital facilities" and "digital investment promotion and operation", and offers ten types of applications, including "investment oversight", "construction oversight", "digital design", "construction management", "intelligent networking", "investment promotion", "assets supervision", "industrial park operation", "industrial services" and "taxation oversight", facilitating full-process monitoring, full-service online and full data access, and redefining digital industrialization from the perspective of industrial organization.

As to OVU Low-carbon Cloud, in line with the Group's active support for the national goal to "peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060" and backed by its integrated energy service company, namely CEC Energy Conservation, the Company develops low-carbon parks with the concepts of low-carbon planning, low-carbon construction and low-carbon operation, and provides integrated energy services and full industry chain services including investment, construction and operation of low-carbon smart parks. Leveraging on CEOVU's advantages in the industrial chain, the Company has spared no effort in building the OVU Low-carbon Cloud, which integrates IT, OT, heating and ventilation, power distribution, equipment, operation and other professional services, and adopts the big data + cloud computing + Internet of Things technology and cloud-based distributed micro-service framework to provide digital solutions for integrated energy and the "carbon goals (雙碳路徑)". The system is the first integrated energy low-carbon digital system based on the PKS (Process Knowledge System) system in China with dual functions of experimentation and production. In line with the concept of integrated energy service, it integrates the "1+N" industrial ecological business system focusing on low-carbon smart park services.

EPC integrated operation service is an industrial park integrated operation model which the Group has focused on in recent years. It 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 (三位一體)" responsibility structure.

In 2023, the turnover of the industrial park operation services of the Group amounted to RMB2,831.7 million, representing an increase of 0.6% as compared to that of the same period in 2022. Among which, revenue from design and construction services reached RMB1,245.0 million, revenue from property management services reached RMB925.1 million, revenue from regional energy services reached RMB196.5 million, revenue from group catering and hotel services reached RMB160.2 million, revenue from property leasing services reached RMB97.3 million, and revenue from other services reached RMB207.6 million. In terms of composition, the revenue from design and construction services, property management services and energy services accounted for 83.6% of the revenue from industrial parks operation services, and is currently the major source of revenue of the Group's industrial parks operation services.

Design and Construction Services

"P+OEPC" integrated operational services

In recent years, CEOVU has been making vigorous efforts in the promotion of P+OEPC innovative integrated operation business model, based on the needs of investment and operation, to provide whole-process integrated services. In particular, "P" stands for industrial park consulting, "OEPC" stands for full-process project management in relation to promotion of investment and operation of industrial parks, which are generally welcomed by the local government.

Under the city-specific, systematic planning, integrated operation and responsive customization approach, CEOVU's Research Institute of Industrial Economics and Industrial Cooperation Center gave full play to the leading and strategic outpost functions of consulting and planning business to provide all-round consulting services, including strategic planning, industrial planning, spatial planning, operational planning, throughout the business process and life cycle of projects, which further developed the sustainable model of "consulting +", explored more industrial resources, and diversified the platform for sharing industrial resources of CEOVU.

CEOVU has accumulated rich strategic emerging industry resources by virtue of its systematic operation capability, and has played the role of cross-regional collaborative investment promotion platform, with the unique "OEPC" model, to provide local governments and large enterprises with whole-process project management service in relation to promotion of investment and operation of industrial parks.

In 2023, CEOVU entered into strategic cooperation agreements with a number of local governments and signed integrated operation service contracts amounting to RMB3,692.0 million, facilitating regional economic transformation and upgrading. In particular, CEOVU made a breakthrough by adopting the innovative model of "O+EPC", and won the bidding of general contracting project for operation, design, procurement and construction of Sanlong Bay Digital Intelligence and Technology Innovation Industrial Park* (三龍灣數智科創產業園) in Foshan City in the capacity as the leading party, with the project amount of RMB743.6 million, marking the successful execution of CEOVU's "P+OEPC" strategy in Guangdong, Hong Kong and Macao Greater Bay Area. Meanwhile, other key EPC projects, including Bazhou Zhigu Industrial Park* (霸州智谷產業園) with a contract amount of RMB1,451.0 million, Yichang Beidou Industrial Park* (宜昌北斗產業園) with a contract amount of RMB835.5 million, and Jinzhou Zhigu Project* (錦州智谷項目) with a contract amount of RMB235.6 million, were also contracted and commenced construction in 2023.

During the Reporting Period, the revenue from design and construction services amounted to RMB1,245.0 million.

Property Management Services

In 2023, on the basis of the established "five-heart" service, Lidao Property has devoted active efforts to transform, upgrade and promote the development of information technology. At present, an ecological system comprising intelligent communities and intelligent industrial parks has been built, and a three-in-one management system comprising "i-Lidao" APP (i麗島APP), OVU Park Pass (OVU園區通) and EMS Integrated Operation Platform has been established, providing households and enterprises in the industrial parks with real estate services, infrastructure services, financial services, big data services and living facility services. Meanwhile, the Group actively integrates its resources and owns Wuhan Lidao 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) ("**Domainblue Smart**"), Wuhan ChuWei Defense Security Services Co., Ltd.* (武漢楚衛防線保安服務有限公司) ("**ChuWei Defense**"), Lidao Real Estate Agency* (麗島房地產代理), Lidao Human Resources* (麗島人力資源), Lixiang Life* (麗享生活) and other whole-industry-chain property service 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. Last but not least, it also provides property owners with all-around and one-stop property management services.

In 2023, led by Lidao Property, service segments such as property, security and facility maintenance recorded an annual production value of RMB1,139.5 million, 60 companies under management, and over 160 operating projects.

During the Reporting Period, the income from the property management services of the Group was RMB925.1 million, representing an increase of 11.3% as compared to the same period in 2022. The area covered by the property management services reached 28,320,000 sq.m, of which the area covered by public property management services such as industrial parks accounted for 70.1%. Major customers included Huangshi Public Security Bureau and Bank of Communications Co., Ltd. Hubei Provincial Branch.

In 2023, the focus of property management was on services such as intelligent communities and intelligent industrial parks, with new contracts amounting to RMB76.3 million, representing an increase of 40.5% as compared to the same period of 2022.

Property leasing services

The Group has actively followed the national strategy and the call of the times to promote transformation and reform. The Group has further promoted the business model of incubators and co-working spaces with the foundation of integrated operation life cycle services, and has developed an industrial resource sharing platform of "stated-owned enterprises driving coordinated innovation of all other enterprises (央企帶動，大中小微企業聯合創新)", in line with the principle of "bridging all resources for entrepreneurs" and the commitment to creating a super-innovative value-sharing ecosystem.

The Group has adjusted its operation strategy and focused its resources on the development of high-quality incubators and shared office service properties. The operating revenue from property leasing services was RMB97.3 million during the Reporting Period, representing an increase of 26.0% as compared to the same period of 2022.

The digital space management platform self-developed by OVU Maker Star was recognized by the National Development and Reform Commission ("**NDRC**") as a significant project of national level dual innovation demonstration base and an office incubator for emerging industries which fully supports new working trends including mobile working and cross-city resource sharing.

OVU Maker Star is operating 36 sites with a total area of 400,000 sq.m. for innovation and entrepreneurship in 22 innovative cities across the country including Shenzhen, Wuhan, Chengdu, Tianjin, Xi'an, Changsha, etc. It invited over 150 service providers from different sectors such as human resources, legal, financial, marketing and promotion etc., and supported over 2,000 innovation teams and start-ups including Meituan Bike, Qihoo 360, HP China, Bilibili and Wuhan Easylinkin Technology Co., Ltd.* (武漢慧聯無限科技有限公司) ("**Easylinkin Technology**") invested by CEOVU. It gathered over 80,000 innovative businessmen and entrepreneurs.

In 2023, there were 1 new incubation demonstration base and 1 new co-working space that are up to provincial standard as at 31 December 2023, OVU Maker Star has received over 50 qualifications for its site operations including 2 demonstration bases, 7 incubators, 9 co-working spaces, 2 innovation and entrepreneurship demonstration bases for small and micro enterprises and 1 advertising incubating platform that are up to national standard; 9 incubators and 10 co-working spaces that are up to provincial standard; as well as 2 incubators and 6 co-working spaces that are up to municipal standard. It was awarded over 80 awards from institutions including the 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.

In 2023, more than 1,700 visits were received by OVU Maker Star* (OVU創客星) from over 190 groups of government bodies, institutions and social organizations, which further demonstrated the value as regional benchmarks for technology innovation and incubation; nearly 60 events were individually or jointly organized, such as industry contests, industry salons, corporate training, resource connection, and staff operations, covering more than 100 innovative and entrepreneurial enterprises, and connecting resources and effectively enhancing the vitality of innovation and entrepreneurship in enterprises; standards for service were developed and classified into five categories with 36 rules and 120 documents, which effectively improved the operational efficiency and provided guidelines for asset-light operation and output.

Energy Services

The Group adheres to the ecological priority and low-carbon development path and actively responds to the national goal of "achieving peak carbon by 2030 and carbon neutrality by 2060 (3060 雙碳目標)". Relying on its integrated energy service company, CEC Energy Conservation, it builds low-carbon parks with low-carbon planning, low-carbon construction and low-carbon operation. CEC Energy Conservation is a high-tech enterprise specialized in the provision of integrated energy service and comprehensive services across the entire industry chain, ranging from investment, construction to operation, of low carbon smart parks. Capitalizing on the advantages of CEOVU's industrial chain and integrating various sectors including IT, OT, heating and ventilation, power distribution, equipment and operation, the company has spared no effort in building the OVU Low-carbon Cloud (OVU 低碳雲) and has adopted the big data + cloud computing + Internet of Things technology and cloud-based distributed micro-service framework to provide a digital solution of integrated energy service on the "double carbon path". This system is the first integrated energy low-carbon digital system based on the PKS system in China with dual functions of experimentation and production. In line with the concept of integrated energy service, it integrates the "1+N" industrial ecological business system focusing on low-carbon smart park services.

To date, CEC Energy Conservation has established the OVU Low-carbon Cloud system platform in 15 cities in China, including Xianyang and Nantong, and has provided high-quality development space for local industrial parks, through integrated energy management and digital empowerment. The Company invested in and constructed a number of integrated energy projects, including Wuhan Optics Valley Financial Port* (武漢光谷金融港), Wuhan Optics Valley Software Park* (武漢光谷軟件園), Hefei Financial Port* (合肥金融港), Beichen Optics Valley* (北辰光谷裡), Wuhan Smart Eco-City* (武漢智慧生態城), Shanghai CEC Information Harbour* (上海中電信息港), Phase II of China (Changsha) Information Security Industrial Park* (中國(長沙)信息安全產業園), Chengdu Chip Valley IC* (成都芯谷IC) and Industrial R&D Base, China Electronics Western Zhigu* (中國電子西部智谷), Tianjin OVU (China Electronics) Science and Technology Park* (天津歐微優(中電)科創園), Nantong Eastern Zhigu* (南通東部智谷), Wuhan Future Technology City Start-up Area* (武漢未來科技城起步區), Luoyang Wealth Center* (洛陽財富中心), Chongqing Shapingba People's Hospital* (重慶沙坪壩人民醫院), Wuhan Creative Capital* (武漢創意天地), Zhongjian Technology Industrial Park* (中建科技產業園), CEC Optics Valley Digital Industrial Park* (中電光谷數字產業園) and Changsha China Electronics Smart Creation Park* (長沙中電智造園), achieved an all-win situation for the government, investors and users, and actively supported the national strategies of "low-carbon development, digital cities, energy transition".

During the Reporting Period, CEC Energy Conservation had new contracts amounting to RMB197.3 million. In 2023, the income from energy services was RMB196.5 million, representing an increase of 11.5% as compared to that of 2022.

Group Catering and Hotel Services

Established in 2011, Wuhan Quanpai Catering Management Co., Ltd.* (武漢全派餐飲管理有限公司) ("**Quanpai Catering**") 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, and hospitals etc. At the current stage, its annual catering capacity has reached 6 million person-times. Based in the industrial parks, Quanpai Catering not only provides services for the Group, but also promotes the business atmosphere in the park as a business incubator at the same time, attracting various businesses into the park and improving its comprehensive service capabilities.

Wuhan Ziyuan Hotel Management Co., Ltd.* (武漢紫緣酒店管理有限公司) ("**Wuhan Ziyuan Hotel**"), with high-end hotel industry chain service capabilities, provides hotel project consulting, hotel design, hotel construction, and hotel operation services. Wuhan Ziyuan Hotel is the first hotel invested in and constructed by CEOVU. It is a modern art boutique hotel located in the park of Wuhan Creative Capital. The hotel has 54 suites and boutique rooms with modern art as the theme, including Yaxu Western dining room, Heyuanyan Chinese dining room, wine bar, cigar bar, outdoor infinity pool, high-end SPA, indoor golf, gym, multi-functional high-end banquet hall, conference room, and other supporting facilities.

The OVU apartment brand created by CEOVU, through the smart transformation of traditional apartments, establishes a software and hardware integrated smart platform, uses a smart apartment management system of a full-process unmanned management, and provides high-quality apartment housekeeper service through smart equipment terminals, including unmanned services from renting to check-in, from payment to contract signing, from access control and notification and repair request, so as to ensure the safety of accommodation, improve the efficiency of apartment property services, and enhance the user experience. At present, OVU apartment has formed a number of integrated operation service capabilities such as apartment brand positioning and design, apartment planning and design, assembly and operation and maintenance of apartment smart equipment, and apartment smart software system authorization and customized development. It has established presence in many parts of the country, such as Wuhan, Erzhou and Hefei.

In 2023, CEOVU adjusted the business strategies of group catering and hotel services and built and operated 3 hotels and 12 apartments for 14 projects in 9 cities across the country, the overall operation of which were satisfactory. Among them, Hilton Hotel and Apartment of Hefei Financial Harbour, Wuhan Ziyuan Hotel and Youth Apartment, Qingdao Licheng Rulin Hotel and Apartment, and Changsha OVU Apartment all met their annual expected targets in terms of all operating indicators. The occupancy rate of the 654 suites of Changsha OVU Apartment reached 98%. Nearly 1,000 suites of Wang'an Apartment operated by Wuhan Ziyuan Hotel were all put into operation.

During the Reporting Period, revenue from group catering and hotel services amounted to RMB160.2 million, representing an increase of 26.7% compared to that of the same period of 2022.

II. Industrial Park Development Services

As at the date of this announcement, the Group has 100 themed industrial parks in 50 cities across the country, of which 39 are parks under development and construction, with different types of park product lines, such as software park, network information park, financial harbour, information harbour, technology city, smart creation park, chip valley, zhigu, innovation center, creative capital, technology innovation park and innovation complex. Most of the themed industrial park projects have become key construction projects and city name cards locally, and have become windows for regional technological innovation and industrial development.

In recent years, with the strategic goal of building a leading industrial resource sharing platform in China, through the digital platform Park Pass (園區通), the Group has built a systematic and structured cross-regional coordination mechanism, which gives full play to the radial and leading influence of three window cities, namely Wuhan, Shanghai and Shenzhen, and further promotes cross-regional industrial cooperation and resource sharing in terms of space, market, capital and talents, etc.

During the Reporting Period, revenue from the property development in the industrial parks amounted to RMB2,388.9 million.

1. Sales of Industrial Park Space

During the Reporting Period, industrial park space sales business of the Group has added new contracted area of 404,000 sq.m., with contracted value of RMB2,648.6 million and annual collection of RMB2,491.5 million. Revenue amounted to RMB2,159.9 million, representing a decrease of 14.1% compared with the same period of 2022, which was mainly due to the adjustment of corporate strategy and affected by the macro business environment in China.

During the Reporting Period, the income from the sales of space of self-owned industrial parks of the Group was mainly contributed by three cities, namely Hefei, Qingdao and Changsha. Among which, Hefei Company made preparation in advance and targeted central enterprises as major customers, such as Shenhua Engineering Technology Co., Ltd.* (神華工程技術有限公司) and CGN New Energy Fuyang Co., Ltd.* (中廣核新能源阜陽有限公司), and sold the remaining high floors of block B5 in the first half of the year with a turnover of RMB353.5 million for 2023, accounting for 16.4% of the turnover from sales of self-owned industrial parks. Qingdao Optics Valley Union Development Co., Ltd.,* (青島光谷聯合發展有限公司) capitalized on its advantages of excellent industrial park ecology, comprehensive supporting facilities, high-quality construction, made making careful planning and precise plans targeting at large and medium-sized customers, attracted headquarters such as Li's (Qingdao) Holdings Co., Ltd.* (李氏(青島)控股有限公司) and Qingdao Shengshui Supply Chain Technology Co., Ltd.* (青島升水供應鏈科技有限公司) to settle in its industrial parks, with a turnover of RMB277.8 million for 2023, accounting for 12.9% of the turnover from sales of self-owned industrial parks. Changsha Information Security Industrial Park* (長沙信息安全產業園) strengthened process control, implemented refined management, fully mobilized staff members, actively played the role of investment leader, and signed contracts with Hunan Sijiu Technology Co., Ltd.* (湖南肆玖科技有限公司), Hunan Ruichi Technology Co., Ltd.* (湖南銳馳科技有限公司) and Changsha Zhise Network Technology Co., Ltd.* (長沙指色網絡科技有限公司), with a turnover of RMB207.9 million for 2023, accounting for 9.6% of the turnover from sales of space of self-owned industrial parks.

In 2023, there were 26 projects in 20 cities where space of self-owned industrial parks were sold. This demonstrated that the layout of the Group's industrial parks business in major cities across the country has been widely recognized by the market and our clients, and the multi-zone park layout is conducive to lowering the systematic risk and ensuring the annual target of the revenue from sales of industrial parks can be achieved.

2. Development and Completion of Industrial Parks

In order to further focus on distinctive industries and construct manufacturing-themed parks, the Group has adopted the strategic direction of serving the manufacturing power through "Responsive Customization (敏捷定制)", which has facilitated the transformation and upgrade of local industries. During the Reporting Period, the total area of construction commenced amounted to 391,000 sq.m., and completed construction area amounted to 722,000 sq.m. As at the end of the Reporting Period, the total area under construction was 800,000 sq.m.

3. Land Bank of the Industrial Parks

As at the end of the Reporting Period, the Group owned approximately 4,463,000 sq.m of high-quality land bank for the industrial parks in various cities, including Wuhan, Shanghai, Qingdao, Changsha, Chengdu, Tianjin, Hefei, Chongqing, Shenyang, Luoyang, Xi'an, Wenzhou, Ezhou, Huangshi, Huanggang etc.

4. Self-owned Industrial Park Property Leasing

During the Reporting Period, the Group owned 819,000 sq.m. of leasable area of self-owned properties, which increased by 120,000 sq.m. as compared to last year. As at the end of the year, leased area amounted to 587,000 sq.m., with an occupancy rate of 71.7%. The Group recorded a rental collection of RMB274.2 million. High-quality self-owned properties enriched the ecological system of industrial parks, enhanced the dynamic of the parks, helped attract investment and improved the brand power of the Group. During the Reporting Period, an operating revenue of RMB229.0 million was recorded.

III. Industrial Investment

CEC & CICC (Xiamen) Electronic Industry Equity Investment Management Co., Ltd.* (中電中金(廈門)電子產業股權投資管理有限公司) ("**CEC & CICC**") and Lingdu Capital Investment and Management Co., Ltd.* (武漢零度資本投資管理有限公司) ("**Lingdu Capital**") under CEOVU have established a number of industrial investment funds. An industrial ecology featuring IT application innovation and network security, integrated circuits, digital cities, smart manufacturing, cultural, creative and entertainment industry has initially taken shape.

During the "14th Five-Year Plan" period, CEOVU's industrial investment business will take the discovery of unicorn companies and gazelle companies as the main goal, strengthen collaboration with park businesses, and drive high-quality development of park businesses through industrial investment.

Under CEOVU's Park + Fund model, Lingdu Capital continued to expand the fund business in various cities in 2023 to empower the industrial park business. The funds in Bazhou, Caidian, Baoding, Handan and Guiyang were contracted and set up. It has supported industrial park development business through real estate fund business, and set up Changsha Real Estate Fund* (長沙不動產基金) during the year. In terms of equity investment, during the year, it made additional investments in Shenzhen Yuxiang New Energy Technology Co., Ltd.* (深圳昱翔新能源科技有限公司), and Harbin Aerospace Precision Technology Co., Ltd.* (哈爾濱宇航精創科技有限公司) for new materials, and made new investments in Hubei Miaosuan Technology Co., Ltd.* (湖北淼算科技有限公司) for digital economy. In addition, the invested projects of Lingdu Capital have brought 13,000 sq.m. of occupancy of industrial park to existing parks.

In 2023, Lingdu Capital won the bid for the management of Caidian Parent Fund* (蔡甸母基金) with a fund size of RMB100.0 million; set up Changsha Real Estate Fund* (長沙不動產基金) with a subscribed fund size of RMB800.0 million, and initial paid-up of RMB130.0 million; replicated the fund cooperation model of Xianyang and initiated the establishment of Handan CEC Optics Valley Industrial Investment Fund* (邯鄲中電光谷產業招商基金) in Ji'nan New District of Handan, with a total fund size of RMB500.0 million and initial capital commitment of RMB300.0 million.

CEC & CICC fully grasps the trend of transformation in the emerging electronics industry, and leverages CEC's business advantages as a top electronic information technology company and the investment experience of CICC's professional investment team to make medium- and long-term investments in upstream and downstream related companies in the industry. It also promotes the Company's sustainable development through multiple business cooperation with CEC.

As at 31 December 2023, CEC & CICC raised RMB2,821.0 million and its total cumulative investment amount was RMB2,326.0 million. Some invested projects made significant progress in 2023: Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. was officially listed on the Stock Exchange; WellRun Technology Co., Ltd. completed its Series A+ financing, with a post-investment valuation of RMB624.0 million, representing a 36.0% increase from the last round of post-investment valuation.

OUTLOOK OF 2024

In 2024, the Company will act in accordance with the actual situation, sustain its efforts to pursue progress while ensuring stability, consolidate stability through progress, and prioritize development before addressing problems, and endeavor to build a high-quality cross-regional industrial ecosystem focusing on network information industry in accordance with CEC's overarching objectives of reshaping the value system, restructuring the industrial system and reconstructing the management system, and in line with the national strategy. The Group will lead the construction of modern industrial parks with scientific and technological innovation, make greater contribution to the enhancement of resilience and safety level of the industry chain and supply chain, further accelerate the transformation of the operational model of industrial parks, improve the capability to cope with risks and challenges, further expand brand influence, further bolster systematic operation ability, stabilize the "anchor" (壓艙石), and escalate the expansion of integrated industrial park operation business, accelerate the creation of the "third curve (第三曲線)" and strive to achieve a year-on-year growth of more than 20% in its major business indicators.

Taking the innovation of business model of industrial park construction as the driving force to ensure that the "anchor (壓艙石)" mechanism is effective in the long term and steady progress are made without any shrinkage

In 2024, the Group will maintain steady progress in the three "anchor (壓艙石)" companies in Qingdao, Nantong and Chengdu; ensure the improvement of operational efficiency of Tianjin company; ensure that the three "anchor (壓艙石)" companies in Changsha, Hefei and Shanghai adopt an operation-led approach to accelerate the implementation of new projects as the development of old projects are drawing to a close, and firmly maintain the "anchor (壓艙石)" position of the three cities; take effective measures to ensure that the Nanjing and Suzhou projects are expedited and new "anchor (壓艙石)" are developed. The Group will support the Xixian Area in the Northern Region and Southwest Area and Wuhan Area in the Southern Region to become "anchor (壓艙石)", so that the number of "anchor (壓艙石)" will reach 10 to underpin continuous growth in the next few years.

Seeking for greater breakthroughs in integrated park operation business based on the cross-regional coordinated investment promotion system

Currently, the Group has preliminarily selected 13 integrated industrial park operation projects with different progresses to be implemented in 2024. The Group will focus its efforts, take effective measures and seize opportunities to implement the projects in an orderly manner, and address the concerns as to the competency of persons-in-charge of integrated industrial park operation projects, which is expected to be an important breakthrough for the enhancement of organizational and management capabilities in 2024.

Leveraging the computing power infrastructure construction project to seizing the opportunity of building an intelligent industrial ecosystem

Embracing the intelligent era is the right thing to do for the innovation of the sustainable development model of industrial parks of CEOVU. At present, the computing power infrastructure project has made progress in Yichang, Gui'an new area, and accumulated some experience. The relveant pre-consultation work has commenced in Yan'an Huangling. Digital valley of Dalian Jinpu New Area have also commenced research. The Company not only has the vision to see opportunities, but also has the ability to create opportunities and seize them. In the next stage, the Company will continue to give full play to our strengths, and focus on exploring the model of facilitating the marketization of computing application ecosystem.

Contributing to revitalization of northeast China and building overall influence

In 2023, the signing and commencement of the Jinzhou project marks the highlight of CEC's contribution to the revitalization of northeast China. Recently, the Group is accelerating the implementation of the projects in Shenyang Heping Bay and Dalian Jinpu New District. Up to now. The Group has implemented six industrial park projects in three northeastern provinces, forming a project portfolio with an overall influence, which will facilitate the transformation and upgrading of the manufacturing industry in the northeast to achieve high-quality development. In 2024, the Group will contribute professionally in CEOVU's way to support CEC in revitalization of northeast China.

FINANCIAL REVIEW

Revenue

The revenue of the Group is generated from the income from industrial park development services and industrial park operation services. During 2023, the revenue of the Group was RMB5,220.6 million, which decreased by 5.5% as compared to RMB5,523.2 million for the same period of 2022.

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

	Year ended 31 December			
	2023		2022	
	Revenue (RMB'000)	***% of total***	*Revenue (RMB'000)*	*% of total*
Industrial park operation services	**2,831,658**	**54%**	2,814,836	51%
Design and construction services	**1,245,032**	**23%**	1,316,627	24%
Property management services	**925,128**	**18%**	830,902	15%
Energy services	**196,489**	**4%**	176,255	3%
Group catering and hotel services	**160,176**	**3%**	126,363	2%
Property leasing services	**97,270**	**2%**	77,228	1%
Others	**207,563**	**4%**	287,461	5%
Industrial park development services	**2,388,898**	**46%**	2,708,368	49%
Sales of industrial park space	**2,159,882**	**41%**	2,514,577	46%
Self-owned industrial park property leasing	**229,016**	**5%**	193,791	4%
Total	**5,220,556**	**100%**	5,523,204	100%

In 2023, the revenue from industrial park development services was RMB2,388.9 million, representing a slight decline compared with last year and accounting for 45.8% of the total revenue.

Industrial Park Operation Services

In 2023, the Group provided integrated operation services, such as design and construction services, property management services, property leasing services, energy services, and other services, for key projects of local government platform companies and large enterprises, and offered a variety of one-stop industrial park operation services to enterprises stationed in our industrial parks. The revenue of the industrial park operation services of the Group reached RMB2,831.7 million, representing an increase of 0.6% as compared to the same period of 2022, among which, revenue from design and construction services reached RMB1,245.0 million, revenue from property management services reached RMB925.1 million, revenue from property leasing services reached RMB97.3 million and revenue from regional energy services reached RMB196.5 million, revenue from group catering and hotel services reached RMB160.2 million, and revenue from other services reached RMB207.6 million.

In terms of business type of operation services, the income from design and construction services, property management services and energy services accounted for 83.6% of the income from industrial park operation services, and is the major source of income of industrial park operation services currently.

COST OF SALES

Overview

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

During 2023, the cost of sales of the Group was RMB3,663.2 million, which decreased by 7.6% as compared to the same period of 2022. For the years ended 31 December 2023 and 2022, the cost of sales of the Group accounted for approximately 70.2% and 71.8% of the Group's revenue, respectively.

Cost of Sales of Industrial Parks

Cost of sales of industrial parks consisted primarily of costs incurred directly from the Group's property development activities, including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies.

During 2023, the cost of properties sold by the Group was RMB1,332.1 million, which decreased by 11.5% as compared to the same period of 2022. For the years ended 31 December 2023, the cost of properties sold of the Group accounted for 36.4% of its total cost of sales.

Gross Profit and Gross Profit Margin

As a result of the foregoing, during 2023, overall gross profit of the Group was RMB1,557.4 million, which decreased by 0.2% as compared to the same period of 2022. The overall gross profit margin for 2023 was 29.8%, which increased by 1.6% as compared to last year.

Other Income and Gains/(Losses) – Net

During 2023, other income and gains, net of the Group was RMB301.0 million, which increased by 39.5% as compared to the same period of 2022, primarily due to a gain of RMB100.0 million on disposal of the digital park business during the current period.

Selling and Distribution Expenses

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

During 2023, selling and distribution expenses of the Group was RMB170.9 million, which decreased by 0.4% as compared to the same period of 2022. For the year ended 31 December 2023, selling and distribution expenses of the Group accounted for 3.3% of the Group's revenue, which increased by 0.2% as compared to the same period of last year.

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 2023, administrative expenses of the Group was RMB442.3 million, which increased by 2.4% as compared to the same period of 2022. For the year ended 31 December 2023, the administrative expenses of the Group accounted for 8.5% of the Group's revenue, representing an increase of 0.7% as compared to the same period of last year.

Fair Value Gains on Investment Properties

During 2023, gains from changes in fair value on the Group's investment properties were RMB161.5 million, which decreased by 39.2% as compared to the same period of 2022. In particular, the valuation gain on self-owned investment properties was basically the same as in the same period of last year; there was a significant decrease in the valuation gain on sub-leasing properties as compared with the same period of last year, primarily attributable to the decrease in valuation gain on assets as a result of the expiry of the lease of Shenzhen Zhigu* (深圳智谷) and Chongqing and the surrender of lease of the OVU Shimao* (歐微優世貿) during the current period.

Finance Income

During 2023, finance income of the Group was RMB50.3 million, which decreased by 6.4% as compared to the same period of 2022.

Finance Costs

During 2023, finance costs of the Group was RMB316.1 million, which increased by 8.7% as compared to the same period of 2022, primarily due to the addition of 133,000 sq.m. of leased appraised assets, such as Chengdu CEC Zhigu* (成都中電智谷) and Chengdu Chip Valley* (成都芯谷), and the year-on-year increase in interest expenses on leases during the current period.

Share of Losses of Associates and Joint Ventures

In 2023, the Group had a share of losses of associates and joint ventures of RMB6.0 million, compared to losses of RMB106.3 million for the same period of 2022, mainly due to the decrease in losses of associates accounted for using the equity method.

Income Tax Expense

During 2023, the Group's income tax expense was RMB455.0 million, representing a decrease of 2.9% over the same period of 2022. The effective tax rates of the Group were 46.3% and 47.3% in 2023 and 2022, respectively.

Profit Attributable to Owners of the Company and Core Net Profit

As a result of the foregoing, the profit attributable to owners of the Company for the year was RMB506.7 million, representing a decrease of RMB29.4 million over the same period of 2022. After deducting the after-tax fair value changes from the investment properties of RMB121.1 million, the core net profit attributable to the owners of the Company was RMB385.6 million, representing an increase of RMB48.9 million over the same period of last year.

Basic Earnings Per Share

The basic earnings per share were RMB6.70 cents in 2023 and RMB7.08 cents in 2022.

FINANCIAL POSITION

Properties under Development

As at 31 December 2023, the carrying amount of the Group's properties under development was RMB1,647.7 million, which decreased by RMB1,467.4 million as compared to that as at 31 December 2022, mainly due to the fact that completed area of projects under construction was greater than the area under construction of new projects in the current year.

Completed Properties Held for Sale

As at 31 December 2023, the carrying amount of completed properties held for sale of the Group was RMB4,344.6 million, which increased by RMB862.7 million as compared to that as at 31 December 2022, mainly due to the fact that the completed property area was larger than the property area carried forward for sale in the current year.

Trade and Other Receivables and Prepayments

As at 31 December 2023, the Group's trade and other receivables and prepayments were RMB3,788.3 million, which increased by RMB792.5 million as compared to that as at 31 December 2022 and accounted for 16.1% of the total assets, representing an increase of 2.7% as compared to that of last year.

Trade and other Payables

As at 31 December 2023, the Group's trade and other payables were RMB4,180.3 million, which increased by RMB834.2 million as compared to that as at 31 December 2022.

Liquidity, Financial Resources 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 industrial park developments, to service its indebtedness, and to fund its working capital and general recurring expenses. The Group primarily has cash generated through pre-sale and sale of its properties and proceeds from bank loans and other borrowings. For further details of the Group's borrowings, please refer to note 18 to the consolidated financial results of the Group.

In 2023, the Group's net cash outflow from financing activities was RMB667.1 million. The net cash inflow from financing activities in 2023 was mainly from the proceeds from the Company's issuance of syndicated loans in Hong Kong market, of which the cash outflow comprises the repayment of bank borrowings, other borrowings, as well as the payment of interests and dividends.

As at 31 December 2023, the authorized capital of the Company was HK$1,000.0 million divided into 10,000,000,000 shares of HK$0.10 each. Movements of the Company's ordinary shares are set out in note 19 to the consolidated financial results of the Group.

KEY FINANCIAL RATIOS

Current Ratio

The current ratio of the Group (being total current assets divided by total current liabilities) decreased from 1.42 as at 31 December 2022 to 1.40 as at 31 December 2023, which was primarily due to the increase in the current liabilities of the Group as compared to the previous year.

Net Gearing Ratio

The net gearing ratio of the Group (being the rate of interest-bearing debt less total cash to the sum of total equity and net interest-bearing debt, and multiplied by 100%) increased from 36.1% as at 31 December 2022 to 39.5% as at 31 December 2023. The ratio is still within the range of controllable risk.

Indebtedness

As at 31 December 2023, the Group's total outstanding indebtedness was RMB6,933.3 million.

As at 31 December 2023, the Group's unutilized banking facilities amounted to RMB4,628.2 million.

Contingent Liabilities

The Group provides guarantees for its customers' mortgage loans with PRC banks to facilitate their purchases of the Group's pre-sold properties. As at 31 December 2023 and 31 December 2022, the outstanding guarantees for mortgage loans granted to customers of its pre-sold properties were approximately RMB1,136.1 million and RMB938.8 million, respectively. The Group is comprehensively sorting out its contingent liabilities and urging customers in an orderly manner to apply for property certificates, in order to release its mortgage guarantee risks in time.

Net Current Assets

Current assets of the Group consist primarily of properties under development, completed properties held for sale, trade and other receivables, inventories and contracted work-in progress, short-term deposits with original maturities over three months, restricted assets and cash and cash equivalents. Total current assets of the Group were RMB12,539.0 million as at 31 December 2023, as compared to RMB12,364.2 million as at 31 December 2022. Our current assets remain stable. As at 31 December 2023 and 31 December 2022, aggregate cash and cash equivalents of the Group amounted to RMB1,889.2 million and RMB2,254.2 million, respectively, representing a decrease of RMB365.0 million as compared to that of last year, mainly due to the increase of net cash outflow in the financing activities of the Group.

Current liabilities of the Group consist primarily of trade and other payables, loans and borrowings, the current portion of deferred income and current tax liabilities. Trade and other payables mainly represent costs related to its development activities. Total current liabilities of the Group were RMB8,931.6 million as at 31 December 2023, as compared to RMB8,680.8 million as at 31 December 2022.

As at 31 December 2023, the Group had net current assets of RMB3,607.4 million as compared to RMB3,683.5 million as at 31 December 2022.

Total equity

Total equity of the Group was RMB8,896.8 million on 31 December 2023 and RMB8,876.8 million on 31 December 2022, representing an increase of RMB20 million. This is mainly attributable to the profit for the year of the Group of RMB526.8 million in 2023, which was offset by a decrease of RMB297.2 million in non-controlling interests due to the fact that China Electronics Technology Development Co., Ltd.* (中國電子科技開發有限公司), which was previously included in the scope of consolidation, no longer qualified for consolidation (while the Group's percentage holding of its equity interests remains unchanged).

Capital Expenditures and Capital Commitments

Capital expenditure of the Group decreased by RMB38.9 million from RMB95.1 million in 2022 to RMB56.2 million in 2023. Capital expenditures of the Group were primarily related to expenditure for purchases of property, plant and equipment and purchases of intangible assets. 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.

As at 31 December 2022 and 31 December 2023, the Group's outstanding balances of its commitments related to property development expenditure and investment were RMB857.0 million and RMB1,595.4 million, respectively.

Major investments in financial assets at fair value through profit or loss

The Group invests in certain financial instruments (including short-term and long-term investments). As at 31 December 2023, the total financial assets at fair value through profit and loss were approximately RMB817.4 million (31 December 2022: approximately RMB732.0 million). As at 31 December 2023, the Group did not have any individual major investments with fair value accounting for 5% or more of the Group's total assets.

Material Acquisitions

For the year ended 31 December 2023, the Group did not have any material acquisition of subsidiaries, associates and joint ventures.

Material Disposals

For the year ended 31 December 2023, the Group did not have any material disposals of subsidiaries, associates and joint ventures.

Significant Events After the End of the Year

There are no significant subsequent events occurred that materially affect the Group's financial condition or operation following the Reporting Period and up to the date of this announcement.

Employees

As at 31 December 2023, the Group had 8,219 full-time employees. The employment cost of the Group was approximately RMB896.9 million for the year ended 31 December 2023. The Group entered into employment contracts with its employees to cover matters such as position, terms of employment, wages, employee benefits and liabilities for breach and grounds for termination. The remuneration package of the employees includes basic salaries, allowances, bonuses and other employee benefits. The Group has implemented measures for assessing employees' performance and promotion and a system of employee compensation and benefits.

The remuneration packages of employees include salaries and bonuses. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority.

Pursuant to the relevant labor rules and regulations in the PRC, the Group participates in statutory contribution pension schemes which are administered and operated by the relevant local government authorities. The Group is required to make contributions to such schemes from 16% to 20% of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension payable to retired employees. The Group's contributions to the statutory contribution pension schemes are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in such contributions.

Pledged Assets

As at 31 December 2023, the Group had pledged certain of its assets with a total net book value of RMB4,847.1 million for the purpose of securing outstanding bank borrowings, such assets included investment properties, properties under development for sale, completed properties held for sale and property, plant and equipment and restricted cash.

Market Risks

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

Liquidity Risk

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

Interest Rate Risk

The Group is exposed to interest rate risks, primarily relating to its bank loans and other borrowings, which had an outstanding amount of RMB6,933.3 million as at 31 December 2023. The Group undertakes debt obligations to support its property development and general working capital needs. The interest rate of interest-bearing liabilities has risen from 4.8% in 2022 to 5.13% in 2023, and the cost of interest rates has been further effectively controlled.

Foreign Exchange Risk

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

Credit Risk

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

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

During the year ended 31 December 2023, the Company repurchased a total of 57,520,000 shares on the Stock Exchange at an aggregate consideration (excluding handling fees and stamp duty etc.) of HK$22,634,800. All the repurchased shares were subsequently cancelled [1].

Particulars of the repurchases are as follows:

Month	Number of repurchased shares	Purchase Price per share Highest	Purchase Price per share Lowest	Total consideration
		(HK$)	*(HK$)*	*(HK$)*
October 2023	17,136,000	0.35	0.255	5,484,880
November 2023	29,364,000	0.47	0.345	12,288,140
December 2023	11,020,000	0.47	0.4	4,861,780
Total	57,520,000	0.47	0.255	22,634,800

Save as disclosed above, during the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the securities of the Company.

In January 2024, the Company repurchased a total of 4,508,000 shares on the Stock Exchange with the highest purchase price per share being HK$0.38, the lowest purchase price per share being HK$0.345, and the aggregate consideration (excluding handling fees and stamp duty etc.) being HK$1,691,760. Such 4,508,000 shares were cancelled on 2 February 2024.

Note:

(1) 57,520,000 shares were cancelled on 22 January 2024.

SHARE AWARD SCHEME

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

The purpose of the Share Award Scheme is (i) to recognise the contributions by certain directors, officers and/or employees and to incentivize them in order to retain them for the continuous operation and development of the Group, and (ii) to attract suitable personnel for further development of the Group.

The Board resolved on 14 December 2021 to extend the Share Award Scheme for five years, which term will expire on 21 December 2026. In 2016, a trustee was appointed by the Company, who, for the purpose of the Share Award Scheme, purchased a total of 152,998,000 shares in the Company at a total consideration of HK$122,928,380 (equivalent to RMB110,105,000) according to the Share Award Scheme. As at 31 December 2023, none of the 152,998,000 shares has been granted. Details of the share award scheme are set out in the Company's announcements dated 22 December 2016 and 14 December 2021.

CORPORATE GOVERNANCE

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

The Company has adopted the principles and code provisions of the Corporate Governance Code effective for the year ended 31 December 2023 (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the basis of the Company's corporate governance practices. During the Reporting Period, the Company has complied with the principles and code provisions of the CG Code.

The Company has also adopted the new terms of reference of the remuneration committee of the Company on 23 March 2023 in light of the relevant updates in the Listing Rules, a copy of which is published on the websites of the Company and the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company.

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

CHANGE IN DIRECTOR'S INFORMATION

From 1 January 2023 to the date of this announcement, the change in the information of the Directors of the Company is as follows:

Mr. Liu Guilin has ceased to be the chairman of the board of directors of Shenzhen SED Industry Co., Ltd.* (深圳市桑達實業股份有限公司) (a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000032)) since May 2023.

Mr. Xiang Qunxiong has served as a director of China Electronics International Information Service* (中國中電國際信息服務) since December 2023, and ceased to be the chairman of the board of directors and the Secretary to the Party Committee of China Electronics Shenzhen Company Limited* (深圳中電投資有限公司) since December 2023.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 have been agreed by PricewaterhouseCoopers ("**PwC**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Accounting Standards Board and consequently, no assurance has been expressed by PwC on this announcement.

REVIEW OF THE ANNUAL RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established with terms of reference in compliance with the CG Code, and comprises three members, namely Mr. Qiu Hongsheng (independent non-executive Director), Mr. Qi Min (independent non-executive Director) and Mr. Xiang Qunxiong (non-executive Director). The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the audited annual results for the year ended 31 December 2023.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") is expected to be held on 13 June 2024. A notice convening the AGM will be published in due course.

FINAL DIVIDEND

The Board proposed to declare a final dividend of HK$2.5 cents (equivalent to approximately RMB2.3 cents) per share of the Company, approximately HK$187.8 million in aggregate (equivalent to approximately RMB172.8 million) for the year ended 31 December 2023 on the basis of 7,512,324,000 shares in issue as at the date hereof, which will be payable to Shareholders whose names appear on the register of members of the Company on 21 June 2024, subject to approval of the Shareholders at the AGM. The proposed final dividend is expected to be paid to the Shareholders on or before 31 August 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of the Shareholders to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 10 June 2024 to 13 June 2024 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 7 June 2024.

For the purpose of determining the entitlement of Shareholders to the final dividend, the register of members of the Company will also be closed from 18 June 2024 to 21 June 2024 (both days inclusive), during such period no transfer of shares will be registered. To ensure the entitlement to the final dividend, which will be resolved and voted by the Company at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712- 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 17 June 2024.

PUBLICATION OF ANNUAL RESULTS AND 2023 ANNUAL REPORT

This announcement is published on the websites of the Company (http://www.ceovu.com) and the Stock Exchange (http://www.hkexnews.hk). The 2023 Annual Report 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

Hong Kong, the People's Republic of China
26 March 2024

As at the date of this announcement, the Directors of the Company are Mr. Liu Guilin (Chairman), Mr. Xiang Qunxiong, Mr. Zhang Jie, Ms. Zeng Yumei 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 (President).

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK$1 = RMB0.9230 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

* *For identification purposes only*