

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 798)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of China Electronics Optics Valley Union Holding Company Limited (the “**Company**” or “**CEOVU**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2023 as follows. These consolidated interim financial results have not been audited, but have been reviewed by the independent auditor of the Company and the audit committee of the Company (the “**Audit Committee**”).

UNAUDITED INTERIM RESULTS OF THE GROUP FOR THE REPORTING PERIOD

Interim condensed consolidated statement of profit or loss

		Unaudited Six months ended 30 June	
	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	4	1,459,162	2,203,326
Cost of sales		<u>(1,096,065)</u>	<u>(1,626,758)</u>
Gross profit		363,097	576,568
Other income		32,273	43,763
Other gains – net		7,569	2,654
Selling and distribution expenses		(69,151)	(80,817)
Administrative expenses		(161,451)	(190,394)
Other expenses		(777)	(629)
Net impairment losses on financial and contract assets		<u>(57,671)</u>	<u>(11,953)</u>
Operating profit before changes in fair value of investment properties		113,889	339,192
Fair value gains on investment properties	9	<u>13,781</u>	<u>12,915</u>
Operating profit after changes in fair value of investment properties		127,670	352,107
Finance income	5	32,105	25,009
Finance costs	5	<u>(174,472)</u>	<u>(124,340)</u>
Net finance costs	5	(142,367)	(99,331)
Share of profits/(losses) of associates	10	42,326	(59,003)
Share of profits/(losses) of joint ventures	11	<u>7,719</u>	<u>(9,999)</u>
Profit before income tax		35,348	183,774
Income tax expense	6	<u>(32,146)</u>	<u>(144,518)</u>
Profit for the period		<u>3,202</u>	<u>39,256</u>
Profit attributable to:			
– Owners of the Company		17,614	81,863
– Non-controlling interests		<u>(14,412)</u>	<u>(42,607)</u>
Profit for the period		<u>3,202</u>	<u>39,256</u>
Basic and diluted earnings per share (RMB cents)	8	<u>0.24</u>	<u>1.08</u>

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

Interim condensed consolidated statement of comprehensive income

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	3,202	39,256
Other comprehensive income		
<i>Items that may be reclassified to profit or loss:</i>		
– Currency translation differences	(2,481)	(5,547)
– Loss on cash flow hedges	(1,871)	–
<i>Items that will not be reclassified to profit or loss:</i>		
– Changes in the fair value of equity investments at fair value through other comprehensive income	(584)	(5,399)
– Income tax relating to these items	146	1,350
Other comprehensive income for the period, net of tax	<u>(4,790)</u>	<u>(9,596)</u>
Total comprehensive income for the period	<u>(1,588)</u>	<u>29,660</u>
Attributable to:		
– Owners of the Company	12,824	72,267
– Non-controlling interests	<u>(14,412)</u>	<u>(42,607)</u>
Total comprehensive income for the period	<u>(1,588)</u>	<u>29,660</u>

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

Interim condensed consolidated statement of financial position

	<i>Note</i>	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		792,470	708,290
Right-of-use assets		72,577	71,876
Investment properties	9	7,557,242	7,570,607
Intangible assets		54,212	55,419
Investments in associates	10	919,190	841,208
Investments in joint ventures	11	461,994	447,675
Financial assets at fair value through profit or loss		816,727	817,268
Financial assets at fair value through other comprehensive income		17,567	18,151
Trade and other receivables and prepayments	15	363,353	375,252
Deferred income tax assets		15,685	27,245
		11,071,017	10,932,991
Current assets			
Properties under development	12	1,712,936	1,647,700
Completed properties held for sale	13	4,821,372	4,344,579
Inventories	14	66,129	70,694
Trade and other receivables and prepayments	15	3,880,256	3,413,093
Derivative financial instruments		4,014	5,884
Prepaid income taxes		202,170	176,211
Financial assets at fair value through profit or loss		–	181
Contract assets		666,675	661,378
Deposits in banks with original maturities over three months		23,760	26,946
Restricted cash		392,658	303,118
Cash and cash equivalents		1,962,732	1,889,193
		13,732,702	12,538,977
Total assets		24,803,719	23,471,968

	<i>Note</i>	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Current liabilities			
Contract liabilities		913,243	365,434
Trade and other payables	16	4,205,535	4,180,286
Bank and other borrowings		4,476,154	3,331,642
Lease liabilities		105,168	88,834
Current income tax liabilities		840,086	900,780
Current portion of deferred income		66,469	64,614
		<u>10,606,655</u>	<u>8,931,590</u>
Net current assets		<u>3,126,047</u>	<u>3,607,387</u>
Total assets less current liabilities		<u>14,197,064</u>	<u>14,540,378</u>
Non-current liabilities			
Bank and other borrowings		3,431,480	3,601,628
Lease liabilities		984,365	1,001,747
Deferred income tax liabilities		420,323	458,722
Non-current portion of deferred income		598,218	581,525
		<u>5,434,386</u>	<u>5,643,622</u>
Total liabilities		<u>16,041,041</u>	<u>14,575,212</u>
Net assets		<u>8,762,678</u>	<u>8,896,756</u>
Equity			
Share capital	17	617,407	623,048
Treasury shares	17	(121,056)	(141,766)
Reserves		2,588,021	2,780,474
Retained earnings		4,821,704	4,804,090
Total equity attributable to owners of the Company		7,906,076	8,065,846
Non-controlling interests		856,602	830,910
Total equity		<u>8,762,678</u>	<u>8,896,756</u>
Total equity and non-current liabilities		<u>14,197,064</u>	<u>14,540,378</u>

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

1 GENERAL INFORMATION

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

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.

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

The interim financial information was approved for issuance on 26 August 2024 and has been reviewed, not audited.

2 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with International Accounting Standards (“**IAS**”) 34, ‘Interim Financial Reporting’, issued by the International Accounting Standards Board (“**IASB**”). The interim financial information does not include all of the notes normally included in an annual consolidated financial statements. Accordingly, this interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (the “**IFRS**”) and disclosure requirements under the Hong Kong Companies Ordinance; and any public announcements made by the Company during the six month ended 30 June 2024(the “**reporting period**”).

3 ACCOUNTING POLICIES

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

(a) Amended standards adopted by the Group – applicable since 1 January 2024

Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IAS 1	Non-current liabilities with covenants
Amendments to IFRS 16	Lease liability in a sale and leaseback
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements

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

- (i) As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to IAS 1.

- (b) In September 2023, IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The Group does not expect these amendments to have a material impact on its operations or financial statements.

4 SEGMENT INFORMATION

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

At 30 June 2024, 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, group catering and hotel services and digital apartment services.
- **Industrial park development services:** this segment represents industrial park space sales and self-owned park property leasing services.
- **Industrial investment:** this segment represents the industry-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 amortization. The Group's most senior executive management did not assess the assets and liabilities of the operating segments.

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

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

For the six months ended 30 June 2024 (Unaudited)

	Industrial park operation services <i>RMB'000</i>	Industrial park development services <i>RMB'000</i>	Industrial investment <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	1,424,774	239,846	–	1,664,620
– Recognition at point in time	86,592	230,758	–	317,350
– Recognition over time	1,338,182	9,088	–	1,347,270
Revenue from other source				
– Rental income	77,122	128,637	–	205,759
Segment revenue	1,501,896	368,483	–	1,870,379
Inter-segment revenue	(394,941)	(16,276)	–	(411,217)
Revenue from external customers	1,106,955	352,207	–	1,459,162
Segment results	69,296	94,306	(760)	162,842

For the six months ended 30 June 2023 (Unaudited)

	Industrial park operation services <i>RMB'000</i>	Industrial park development services <i>RMB'000</i>	Industrial investment <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	1,677,071	812,188	–	2,489,259
– Recognition at point in time	71,805	565,184	–	636,989
– Recognition over time	1,605,266	247,004	–	1,852,270
Revenue from other source				
– Rental income	55,611	124,038	–	179,649
Segment revenue	1,732,682	936,226	–	2,668,908
Inter-segment revenue	(440,773)	(24,809)	–	(465,582)
Revenue from external customers	<u>1,291,909</u>	<u>911,417</u>	<u>–</u>	<u>2,203,326</u>
Segment results	<u>115,164</u>	<u>269,522</u>	<u>436</u>	<u>385,122</u>

(b) Reconciliations of segment revenue and profit or loss

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Segment revenue	1,870,379	2,668,908
Elimination of inter-segment revenue	<u>(411,217)</u>	<u>(465,582)</u>
Revenue	<u>1,459,162</u>	<u>2,203,326</u>
Profits		
Segment results derived from the Group's external customers	162,842	385,122
Fair value gains on investment properties	13,781	12,915
Share of profits/(losses) of associates	42,326	(59,003)
Share of profits/(losses) of joint ventures	7,719	(9,999)
Finance income	32,105	25,009
Finance costs	(174,472)	(124,340)
Depreciation and amortization	(48,953)	(45,930)
Income tax expense	<u>(32,146)</u>	<u>(144,518)</u>
Profit for the period	<u>3,202</u>	<u>39,256</u>

5 PROFIT BEFORE INCOME TAX

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
(a) Net finance costs:		
Finance income:		
Interest income	(32,105)	(25,051)
Net foreign exchange losses	—	42
	<u>—</u>	<u>42</u>
Sub-total	<u>(32,105)</u>	<u>(25,009)</u>
Finance costs:		
Interest expenses of bank and other borrowings	169,824	178,756
Interest expenses on leasing liabilities	28,349	12,490
Capitalized interest expenses	(26,478)	(79,096)
Net foreign exchange losses	2,777	12,190
	<u>174,472</u>	<u>124,340</u>
Sub-total	<u>174,472</u>	<u>124,340</u>
Net finance costs	<u>142,367</u>	<u>99,331</u>

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
(b) Staff costs:		
Salaries, wages and other benefits	384,682	397,687
Contributions to defined contribution retirement schemes	27,809	25,756
	<u>412,491</u>	<u>423,443</u>
	<u>412,491</u>	<u>423,443</u>

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
(c) Other items:		
Depreciation	45,151	42,247
Amortization	3,802	3,683
Cost of properties sold	183,441	523,042
Cost of construction	445,099	569,119
Rentals income from investment properties	<u>(187,496)</u>	<u>(158,433)</u>

6 INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax		
Corporate Income Tax	48,709	145,142
Land Appreciation Tax (“LAT”)	<u>9,676</u>	<u>63,470</u>
	<u>58,385</u>	<u>208,612</u>
Deferred income tax	<u>(26,239)</u>	<u>(64,094)</u>
	<u>32,146</u>	<u>144,518</u>

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

No provision for Hong Kong Profits Tax was made as the Group’s Hong Kong subsidiaries did not earn any income subject to Hong Kong Profits Tax for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

- (ii) The Group’s subsidiaries located in mainland China 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.
- (iii) 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).

- (iv) 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.

7 DIVIDENDS

The board of directors does not recommend the distribution of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB17,614,000 (six months ended 30 June 2023: RMB81,863,000). The weighted average number of ordinary shares (excluding treasury stocks) for the six months ended 30 June 2024 is approximately 7,359,797,000 (six months ended 30 June 2023: 7,574,352,000).

(b) Diluted earnings per share

There were no dilutive potential ordinary shares for the six months ended 30 June 2024 and the six months ended 30 June 2023 and therefore, diluted earnings per share equals to basic earnings per share.

9 INVESTMENT PROPERTIES

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Beginning of the period	7,570,607	5,960,733
Transfer from properties under development and completed properties held for sale	62,093	67,269
Other additions	27,320	255,086
Fair value gains	13,781	12,915
Disposals	(51,379)	(11,830)
Transfer to property, plant and equipment	(65,180)	(19,652)
End of the period	<u>7,557,242</u>	<u>6,264,521</u>

Investment properties comprise a number of office buildings, plants and commercial facilities that are leased or to be leased to third parties. Each of the leases contains an initial non-cancellable period of 1 years to 18 years.

The Group's investment properties carried at fair value were revalued as at transfer date and at 30 June 2024 by Cushman & Wakefield International Properties Advisers, an independent firm of surveyors. During the six months ended 30 June 2024, a total gain of RMB13,781,000 (six months ended 30 June 2023: RMB12,915,000), and deferred tax thereon of RMB3,445,000 (six months ended 30 June 2023: RMB3,229,000), were recognized in the interim condensed consolidated statement of profit or loss for the period in respect of investment properties.

As at 30 June 2024, certain investment properties developed by the Group with carrying value of RMB2,237,140,000 (31 December 2023: RMB2,849,570,000), were without building ownership certificate and the Group was in progress of obtaining the relevant building ownership certificate.

10 INVESTMENTS IN ASSOCIATES

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	841,208	1,798,126
Additions	38,265	1,563
Share of post-tax profits/(losses) of associates	42,326	(59,003)
Disposals	(1,520)	–
Dividends	(1,089)	(40,343)
	<u>919,190</u>	<u>1,700,343</u>
End of the period	<u>919,190</u>	<u>1,700,343</u>

11 INVESTMENTS IN JOINT VENTURES

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the period	447,675	138,693
Share of post-tax profits/(losses) of joint ventures	7,719	(9,999)
Additions	6,600	16,670
	<u>461,994</u>	<u>145,364</u>
End of the period	<u>461,994</u>	<u>145,364</u>

12 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.

13 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 realisable value.

14 INVENTORIES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Work in progress	2,149	5,876
Finished goods	62,883	63,648
Raw materials	1,097	1,170
	<u>66,129</u>	<u>70,694</u>

15 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Current portion		
Trade receivables (i)	1,205,387	1,244,453
Notes receivables	35,151	43,880
Loans to related parties and accrued interest receivable	845,880	760,882
Deposits receivable	197,837	142,679
Prepayments for construction cost and raw materials	719,491	312,637
Loans to third parties and accrued interest receivable	859,677	912,996
Prepaid turnover tax and other taxes	288,344	234,816
Others	152,085	124,834
	<u>4,303,852</u>	<u>3,777,177</u>
Non-current portion		
Trade receivables (i)	337,009	337,009
Loans to third parties	134	118
Receivables from finance leases	28,518	35,802
Loans to related parties	–	4,640
	<u>365,661</u>	<u>377,569</u>
Less: loss allowance provision		
– Trade receivables	(129,402)	(118,698)
– Other receivables	(296,502)	(247,703)
	<u>(425,904)</u>	<u>(366,401)</u>
Total	<u><u>4,243,609</u></u>	<u><u>3,788,345</u></u>

- (i) Trade receivables are generally due within 1 year from the date of billing. The non-current trade receivables are due and receivable 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 date of revenue recognition is as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within one year	888,177	914,307
One to two years	134,495	179,600
Two to three years	59,615	51,566
Three to four years	399,469	384,646
Over four years	60,640	51,343
	<u>1,542,396</u>	<u>1,581,462</u>

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

16 TRADE AND OTHER PAYABLES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Trade creditors	2,944,909	2,809,481
Advances from third parties	1,001	1,000
Other taxes payables	103,492	118,469
Advances from related parties	70,128	74,504
Construction guaranteed deposits payable	272,132	329,179
Accrued payroll	57,534	80,315
Dividend payable	171,055	–
Other payables and accruals	585,284	767,338
Total	<u>4,205,535</u>	<u>4,180,286</u>

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

	At 30 June 2024	At 31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	2,493,362	2,505,619
One to two years	341,581	127,727
Two to three years	24,043	48,143
Over three years	85,923	127,992
	<u>2,944,909</u>	<u>2,809,481</u>

17 SHARE CAPITAL AND TREASURY SHARES

The Company's ordinary shares are set out below:

	For the period ended 30 June 2024			For the period ended 30 June 2023		
	No. of Shares (<i>'000</i>)	Share capital RMB'000	Treasury shares RMB'000	No. of Shares (<i>'000</i>)	Share capital RMB'000	Treasury shares RMB'000
Ordinary shares, issued and fully paid:						
Beginning of the period	7,574,352	623,048	(141,766)	7,574,352	623,048	(121,056)
Shares purchased (i)	–	–	(1,539)	–	–	–
Shares cancelled	(62,028)	(5,641)	22,249	–	–	–
End of the period	<u>7,512,324</u>	<u>617,407</u>	<u>(121,056)</u>	<u>7,574,352</u>	<u>623,048</u>	<u>(121,056)</u>

- (i) During the six months ended 30 June 2024, the Company repurchased a total 4,508,000 shares at a total consideration of HK\$1,691,760 (equivalent to RMB1,538,960) for cancellation purpose. The buy-back were authorized by shareholders at the annual general meeting held in June 2023. The shares were acquired at an average price of HK\$0.375 per share, with prices ranging from HK\$0.345 to HK\$0.380. The total amount of HK\$1,691,760 (equivalent to RMB1,538,960) 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. These treasury shares, together with 57,520,000 shares repurchased in 2023, totaling 62,028,000 shares were cancelled in February 2024.
- (ii) As at 30 June 2024, the treasury shares amounting to 152,998,000 shares were all for a share award scheme purpose (31 December 2023: 152,998,000 shares for a share award scheme purpose and 57,520,000 shares for cancellation purpose).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL INFORMATION

The independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information for the six months ended 30 June 2024 (the “**Reporting Period**”) in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

HIGHLIGHTS OF THE FIRST HALF OF 2024

In 2024, the Company’s operations had been closely aligned with practicality. Based on its deep understanding on the new requirements of the national reform and development, the Company closely monitored the trends in China’s reconstruction of the electronics industry and seized new opportunities for reform and development, fully responding to CEC’s vision of building strategic scientific and technological strength for the national network and information industry. By enhancing efforts in commercial model transformation, the Company steadily advanced in its comprehensive business development within the parks and strengthened systematic service capabilities. Additionally, the Company further push forward industrial organization and construction in the parks through equity investments and has been persistent in providing comprehensive solutions for the upgrading of regional economic transformation and sustainable development.

During the Reporting Period, the Group entered into new contracts with aggregated contracted value of approximately RMB1,430.2 million, representing a decrease of RMB384.8 million as compared to the same period of last year (excluding projects in Jurong and Foshan Nanhai), among which contracted value of development of industrial parks decreased by RMB487.9 million as compared to the same period of last year, due to a RMB588.5 million decrease in contracted value of office based industrial parks as compared to the same period of last year and a RMB100.6 million increase in contracted value of manufacturing based industrial parks as compared to the same period of last year, with a 23% growth rate. The contracted value of the integrated operation business increased by RMB103.0 million as compared to the same period of last year (excluding projects in Jurong and Foshan Nanhai), with a 19% growth rate. The Group recorded a decrease of RMB637.2 million of sales collection to RMB1,729.5 million as compared to the same period of last year.

During the Reporting Period, the Group achieved a revenue of RMB1,459.2 million, representing a decrease of RMB744.2 million as compared to the same period of the previous year, mainly due to the impact of changes in the macroeconomic environment, policy orientation and market demand, resulting a year-on-year decrease in the park development business revenue; and the profit of the Company for the period was RMB3.2 million, representing a decrease of RMB36.1 million as compared to the same period of the previous year.

The income from industrial park operation services of RMB1,107.0 million accounted for 75.9% of the total revenue of the Group, which well reflected the Company’s strategic development landscape based on the integrated operation business of the industrial parks.

As at 30 June 2024, the Group has approximately 4,686,000 sq.m. of high-quality land bank for industrial parks in various cities. The high-quality lands for industrial parks are mainly located in cities such as Chengdu, Changsha, Tianjin, Qingdao, Shanghai and Xianyang.

BUSINESS REVIEW

As of 30 June 2024, the Group has established the business layout of “One Body Two Wings (一體兩翼)” which is based on the operational services in the industrial parks, supported by the development of the industrial parks and driven by the investment in the industry. The Group has the following three segments: (i) industrial park operation services (including design and construction services, property management services, property leasing services, energy services, digital park services, incubator and office sharing services, 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 parks); 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

	Six months ended 30 June			
	2024	% of total	2023	% of total
	Revenue	revenue	Revenue	revenue
	(RMB'000)		(RMB'000)	
Industrial park operation services	1,106,955	75.9%	1,291,909	58.6%
Design and construction services	487,841	33.4%	602,325	27.3%
Property management services	376,419	25.8%	418,426	19.0%
Energy services	62,712	4.3%	58,582	2.7%
Group catering and hotel services	68,238	4.7%	72,747	3.3%
Property leasing services	67,911	4.7%	55,611	2.5%
Others	43,834	3.0%	84,218	3.8%
Industrial park development services	352,207	24.1%	911,417	41.4%
Sales of industrial park space	239,920	16.4%	812,137	36.9%
Leasing services of properties in self-owned parks	112,287	7.7%	99,280	4.5%
Total	1,459,162	100%	2,203,326	100.0%

Industrial Park Operation Services

With profound experience and professional expertise in the development and operation of a wide range of industrial parks in various cities for over ten years, and based on the “OVU Industrial Cloud (OVU 產業雲)”, CEOVU provides systematic operation services for the local government or local state-owned platform companies, including promotion of investment and operation, property management, professional operation of incubators and co-working spaces, group catering, hotels and apartments, and has established a full-life cycle industrial park operation service system led by digitalization.

During the Reporting Period, the Group provided comprehensive operation services such as planning consultation, EPC (Engineering Procurement Construction), property management and regional energy for key projects of local government platform companies and large enterprises, while offering diversified and one-stop industrial park operation services to enterprises stationed in our industrial parks. The operating revenue of the industrial park operation services of the Group was RMB1,107.0 million, representing a decrease of RMB185.0 million as compared with the same period in 2023.

Design and Construction Services

The “P+OEPC” integrated operation 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 whole-process project management in relation to promotion of investment and operation of industrial parks, which are generally welcomed by the local government.

Under the guidance of “one platform and two methodologies (一平台兩方法論)”, CEOVU gave full play to the leading and strategic outpost functions of consulting and planning business, provide a full range of consulting services, including strategic planning, industrial planning, spatial planning and operational planning, throughout the business process and life cycle of projects, further develop the sustainable mode of “consulting +”, explore more industrial resources, diversify 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. During the Reporting Period, the Group signed a new contract for the “OEPC” project in Baoding Network Information Valley with the contracted value amounting to RMB242.4 million.

By optimizing and integrating its industrial chain resources including architectural design institute and construction subsidiaries (namely Jitian Construction, Lidao Technology and Qianbao Design), CEOVU provides EPC integrated design and construction services throughout the whole process from design to tendering and procurement to construction for governments, institutions and related enterprises. During the Reporting Period, the Group's design and construction service income was RMB487.8 million, representing a decrease of RMB114.5 million as compared to the same period of 2023.

Property Management Services

On the basis of the established “five-heart” service, Lidao Property has devoted active efforts to transform and 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.

Lidao Property actively integrates its resources and develops the “whole industry chain” of property services, and owns industry chain companies such as Domainblue Smart* (藍域智能), ChuWei Defense* (楚衛防綫), Quantai Catering* (全派餐飲), Industrial Operation* (產業運營), Lidao Human Resources* (麗島人力資源) and Lixiang Life* (麗享生活), which provide consulting and early intervention services for the development and construction companies, intelligent operation and asset management services for industrial parks, professional support services for other property management companies, and all-around and one-stop property management services for property owners.

Lidao Property had continuously won bids on providing property services to projects outside the Group's properties, which include governments, schools, art galleries, office buildings of large corporates, rail transit, and multi-city mobile business offices with its smart service system. During the Reporting Period, the Group had new contracted projects including Three Gorges Base Hangzhou* (三峽基地杭州) and Changlong Mountain Area* (長龍山地區), Hubei Provincial Public Security Department* (湖北省公安廳), Chengdu Sino Microelectronics High-end Integrated Circuit Industrial Park* (成都華微高端集成電路產業園) and Wuhan Metro* (武漢軌道交通), amounting to RMB45.0 million. During the Reporting Period, the income from the property management services of the Group was RMB376.4 million, representing a decrease of RMB42.0 million as compared to the same period in 2023. At the end of June 2024, the area covered by the property management services of Lidao Property reached 27,696,000 sq.m., representing an increase of 1,982,000 sq.m. or 7.7% as compared to the same period in 2023, of which corporate customer services accounted for 72.53%. In the future, Lidao Property will continue to promote the community management model of intelligent industrial parks and intelligent communities and at that time, the revenue of property management services is expected to grow rapidly.

Property Leasing Services

Founded in August 2015, OVU Maker Star* (OVU創客星) is a professional operator of technology business incubator and co-working space under CEOVU. OVU Maker Star closely follows the national development strategy and is positioned to introduce and cultivate strategic emerging industry clusters for different regions and industries. With scientific and technological innovation services as its core competitiveness, it empowers enterprises to innovate in science and technology and increase their value. Adhering to the purpose of “connecting all resources for entrepreneurs”, we have built a technological innovation service system with “1+2+3+4+5+N” as the core framework, covering mass entrepreneurship and innovation ecological creation, multi-level incubation system, accelerated empowerment and comprehensive operating management. It can effectively promote collaborative innovation among large, small and medium-sized enterprises. Operating 35 sites with a total area of 400,000 sq.m. in 21 innovative and entrepreneurial cities across the country such as Shanghai, Shenzhen, Wuhan, Chengdu, Xi’an and Changsha, serving over 2,000 innovation teams and start-ups and gathering over 80,000 innovative businessmen and entrepreneurs, it has become the largest shared office brand in Central China.

As of 30 June 2024, OVU Maker Star has received honorary qualifications for its site operations with 21 awards in relation to industrial space of national standard, including 2 national demonstration bases, 7 national technology business incubators, 9 national co-working spaces, 2 national demonstration bases for small and micro enterprise entrepreneurs and 1 national advertising incubating platform that are up to national standard. It was awarded over 80 awards from institutions including the National Development and Reform Commission, 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.

During the Reporting Period, benefiting from the Group’s comprehensive park integrated operation service model, the leasing business of the industrial parks has demonstrated a steady upward trend. As of 30 June 2024, the total area of leased properties was 257,000 sq.m., achieving a revenue of RMB67.9 million, with a revenue growth of 22.1% as compared to the same period in 2023 and formed a joint force with the industrial park development business to achieve a better concentration effect for various industries.

Energy Services

Wuhan China Electronics Energy Conservation Co., Ltd* (武漢中電節能有限公司) (“**CEC Energy Conservation**”, a subsidiary of the Group) 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 information technology (IT), operational technology (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.

As of 30 June 2024, CEC Energy Conservation had over 52 DHC-related patents, with an energy service area exceeding 12,000,000 sq.m..

During the Reporting Period, CEC Energy Conservation contracted new projects including CEC Bazhou Zhigu Project* (中電霸州智谷項目), Hubei Minben Group Distributed Photovoltaic Energy Management Project* (湖北民本集團分布式光伏能源管理項目), Alibaba Cloud Computing Data Center Project* (阿里巴巴雲計算數據中心項目), and State Grid Anhui Energy Water Supply and HVAC Operation and Maintenance Service Project of High-tech Campus of University of Science and Technology of China* (國網安徽能源中科大高新校區供水及暖通運維服務項目), with contracted value of approximately RMB167.2 million. During the Reporting Period, the income from energy services of the Group was RMB62.7 million, which represents an increase of 7.0% as compared to the same period of 2023.

Group Catering and Hotel Services

Established in 2011, Wuhan Quanpai Catering Management Co., Ltd.* (全派餐飲管理有限公司) (“**Quanpai Catering**”) is experienced in group catering management. It has put in place an independent operating mechanism and a well-established business model, in line with the service concept of “being trustworthy to improve quality, maintaining good quality to improve health, and maintaining good health to improve life”, and provides customers with three service models, including contractual operation, service outsourcing and entrusted management. At the current stage, its annual catering capacity has reached 10 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 parks as a business incubator at the same time, attracting various businesses into the parks and improving its comprehensive service capabilities.

Ziyuan Hotel* (紫緣酒店), a hotel brand under CEOVU, with high-end hotel industry chain service capabilities, provides consulting, design, construction, operation and other services for hotels or apartment projects.

During the Reporting Period, the revenue from group catering and hotel services reached RMB68.2 million, representing a decrease of RMB4.5 million as compared to the same period of 2023.

Industrial Park Development Services

During the Reporting Period, the revenue from industrial park development services of the Group was RMB352.2 million, representing a decrease of RMB559.2 million as compared to the same period in 2023. This was mainly due to: (i) a decrease of RMB487.9 million in the contracts for the development of parks during the current period as compared to the same period of the previous year; and (ii) faced with the cold office R&D market in the first half of the year, the Hefei Company basically completed its destocking resulting in a year-on-year decrease of RMB354.1 million in the contracted amount for the current period, and the “anchor” companies in Hefei, Qingdao, Shanghai and Chengdu only realized a revenue of RMB102.0 million for the current period, compared with the revenue of RMB478.8 million realized by the abovementioned companies in the same period of the previous year.

For the six months ended 30 June 2024, properties sold and delivered include:

Properties sold and delivered	Six months ended 30 June					
	2024			2023		
	Revenue (RMB'000)	Gross Floor Area (GFA) sold and delivered (sq.m.)	Recognized average selling price (RMB per sq.m.)	Revenue (RMB'000)	Gross Floor Area (GFA) sold and delivered (sq.m.)	Recognized average selling price (RMB per sq.m.)
Northern Region	30,589	6,752	4,530	157,130	35,235	4,459
Southern Region	92,539	17,245	5,366	99,008	19,611	5,049
OVUD Business Group	10,167	2,912	3,492	71,108	13,409	5,303
Wuhan City Circle	288	-2,306	–	6,067	530	11,450
Qingdao and Yantai	–	–	–	108,723	10,591	10,266
Shanghai and Wenzhou	18,046	1,524	11,843	11,432	984	11,624
Chengdu Chip Valley Industrial Park Development Co. Ltd* (成都芯谷產業園發展有限公司) (“Chengdu Company”)	77,775	9,685	8,030	45,025	5,508	8,175
Hefei Optics Valley Union Development Co., Ltd* (合肥光谷聯合發展有限公司) (“Hefei Company”)	6,145	742	8,283	313,644	41,388	7,578
Mianyang CEOVU Technology Development Co., Ltd. (綿陽中電光谷科技發展有限公司)* (“Mianyang Company”)	4,371	1,474	2,965	–	–	–
Total	239,920	38,028	6,309	812,137	127,256	6,382

1. Sales of Industrial Park Space

During the Reporting Period, the revenue from the sales of industrial park space of the Group was mainly contributed by Chengdu Company, Changsha CEC Industrial Park Development Co., Ltd. (“**Changsha Company**”) and Chongqing China Electronics Optics Valley Technology City Development Co., Ltd. (“**Chongqing Company**”) as the top three contributing companies. Among which, Chengdu Company, as the main hub for the development of the electronic information industry in Chengdu and the innovation center and industrial cluster area for integrated circuits, focuses on attracting and signing major clients as its primary strategy, achieving sales revenue of RMB77.8 million, accounting for 32.4% of the revenue from the sales of industrial park space. Changsha Company continued to expand the quality resources, deeply digging into the enterprise’s needs. It has recently attracted clients such as Changsha Tuoshi Technology Co., Ltd.* (長沙市拓實科技有限公司), Hunan New Life Web Technology Co., Ltd.* (湖南新生命網絡科技有限公司), Hunan Province Auno Road Bridge Survey And Design Co., Ltd.* (湖南省歐諾道橋勘測設計有限公司), with a contracted value of RMB52.3 million. It achieved sales revenue of RMB49.3 million, accounting for 20.5% of the revenue from the sales of industrial park space. Chongqing Company focuses on the smart connected new energy vehicle sector, concentrating on the industrial chain of leading enterprises. It has recently attracted clients such as Shenzhen Rongtai Feng Technology Co., Ltd.* (深圳市容泰豐科技有限公司) and Chongqing Junxingze Technology Co., Ltd.* (重慶聚恩興澤科技有限公司), with a contracted value of RMB34.3 million. It achieved sales revenue of RMB20.2 million, accounting for 8.4% of the revenue from the sales of industrial park space.

During the Reporting Period, the income from sales of industrial park space of the Group was mainly contributed by up to 21 projects across 16 cities. The layout of the Group’s industrial park business in other major cities across the country has been widely recognized by the market and our clients, the multi-region park layout is conducive to lowering system risks and ensuring the annual target of the revenue from sales of industrial parks can be achieved.

Overview of the Sales of Industrial Park Space Projects

During the Reporting Period, the Group achieved a contracted sales of industrial parks for the area of 151,000 sq.m., representing a decrease of 29,000 sq.m. as compared to the same period of last year, and achieved the contracted sales of industrial parks of RMB789.9 million, representing a decrease of RMB487.9 million as compared to the same period of last year. The decrease in the contracted area is smaller than the decrease in the contracted amount, mainly due to: (1) the Hefei Company has basically completed its destocking in the current period, as such, the contracted value in the current period decreased by RMB354.1 million as compared to the same period of last year; (2) as affected by the market environment and the Company’s strategic adjustment, the contracted value of manufacturing based parks increased by RMB100.6 million as compared to the same period of last year, with a 23% growth rate, and the contracted value of office based parks decreased by RMB588.5 million as compared to the same period of last year.

For the six months ended 30 June 2024, the details of the Group’s contracted sales amount and contracted area of sales of industrial parks are as follows:

City and project	Contracted amount (RMB’000)		Contracted area (sq.m.)	
	Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
Northern Region	364,850	370,598	74,048	71,131
Southern Region	118,606	250,098	29,580	40,060
OVUD Business Group	70,632	49,850	15,260	12,509
Wuhan City Circle	159,248	86,271	20,220	11,310
Qingdao and Yantai	5,988	99,354	649	7,898
Shanghai and Wenzhou	4,683	-37,838	-573	-12,992
Chengdu Company	–	84,641	–	9,129
Hefei Company	34,708	388,890	3,077	44,959
Mianyang Company	31,169	-14,106	9,179	-3,915
Total	<u>789,884</u>	<u>1,277,758</u>	<u>151,440</u>	<u>180,089</u>

Development and Completion of Industrial Parks

During the Reporting Period, the total area of new development in industrial parks was 92,300 sq.m. and the total area of new completion was 198,100 sq.m. As of 30 June 2024, the total area under construction was 584,800 sq.m.

Land Bank of Industrial Parks

During the Reporting Period, the Group owned approximately 4,686,000 sq.m. of high-quality land bank for the industrial parks in various cities, including Wuhan, Shanghai, Qingdao, Changsha, Chengdu, Hefei, Shenyang, Chongqing, Xi’an, Wenzhou, Luoyang, Ezhou, Huangshi, Huanggang, Xianyang, Nantong etc., which laid the foundation for the scale of industrial parks business to grow steadily during the “14th Five-Year Plan” period, and continues to play the role of “anchor” (壓艙石) for the Group.

Table of Land bank of Industrial Parks

An overview of the land bank for the industrial parks as of 30 June 2024 is as follows:

No.	Project	City	Location	Usage	Interest Attributable to the Group	June 2024 Land Bank (sq.m.)
1	Optics Valley Software Park (光谷軟件園)	Wuhan	1 Guanshan Avenue, Wuhan, Hubei Province	Industrial	100%	39,821
2	Financial Harbour (Phase I) (金融港一期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	27,215
3	Financial Harbour (Phase II) (金融港二期)	Wuhan	77 Guanggu Avenue, Wuhan, Hubei Province	Industrial	100%	25,008
4	Creative Capital (創意天地)	Wuhan	16 Yezhihu West Road, Hongshan District, Wuhan, Hubei Province	Commercial	100%	143,312
5	Wuhan Innocenter (武漢研創中心)	Wuhan	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	Industrial	100%	41,394
6	Wuhan CEC Information Harbour (武漢中電信息港)	Wuhan	Intersection of Guanggu Avenue and Yangqiaohu Avenue, Wuhan, Hubei Province	Industrial	100%	78,075
7	Qingdao Optics Valley Software Park (青島光谷軟件園)	Qingdao	396 Emeishan Road, Qingdao, Shandong Province	Industrial	100%	223,145
8	Qingdao Research and Innovation Center (青島研創中心)	Qingdao	East of Emeishan Road, West of Jiangshan Road, South of Yi Zhong Development Zone, Qingdao, Shandong Province	Residential/ Industrial	100%	66,530
9	Qingdao Marine & Science Park (青島海洋科技園)	Qingdao	South of Changjiang West Road, West of Jiangshan South Road, North of Binhai Avenue, Qingdao Economic & Technical Development Zone, Qingdao, Shandong Province	Industrial	100%	175,978
10	Huanggang OVU Science and Technology City (黃岡光谷聯合科技城)	Huanggang	Junction of Zhonghuan Road and Xingang North Road, Huangzhou District, Huanggang, Hubei Province	Industrial	70%	86,018
11	Shenyang OVU Science and Technology City (瀋陽光谷聯合科技城)	Shenyang	Intersection of Shengjing Avenue and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	4,375
12	Shenyang CEOVU Information Harbour (瀋陽中電光谷信息港)	Shenyang	Intersection of Qixing Street and Fourth Ring Road, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	40,395
13	Shenyang Maker Corporation (瀋陽創客公社)	Shenyang	Intersection of Qixing Street and Shenbei Road, Shenbei New District, Shenyang, Liaoning Province	Commercial	100%	32,115

No.	Project	City	Location	Usage	Interest Attributable to the Group	June 2024 Land Bank (sq.m.)
14	Shenyang CEOVU Technology City (瀋陽中電光谷科技城)	Shenyang	77 Qixing Street, Shenbei New District, Shenyang, Liaoning Province	Industrial	100%	65,054
15	Ezhou OVU Science and Technology City (鄂州光谷聯合科技城)	Ezhou	Gaoxin Third Road, Gedian Development Zone, Ezhou, Hubei Province	Industrial	80%	214,761
16	Huangshi Science and Technology City (黃石聯合科技城)	Huangshi	Intersection of Baoshan Road and Jinshan Boulevard, Golden Hill New Industrial Zone, Huangshi, Hubei Province	Industrial	100%	178,627
17	Lido Top View (麗島半山華府)	Huangshi	76 Hangzhou West Road, Huangshi Development Zone, Hubei Province	Residential	100%	16,211
18	Hefei Financial Harbour (合肥金融港)	Hefei	Intersection of Huizhou Avenue and Yangziji Road, Hefei, Anhui Province	Commercial	100%	130,027
19	Xi'an CEC Information Harbour (西安CEC信息港)	Xi'an	West of Caotan Tenth Road, North of Shangji Road, Xi'an, Shaanxi Province	Industrial	73.91%	92,508
20	CEC (Wenzhou) Information Port (中國電子(溫州)信息港)	Wenzhou	Jinhai Park, Wenzhou Economic and Technological Development Zone, Wenzhou, Zhejiang Province	Industrial	95%	118,170
21	Shanghai CEC Information Harbour (上海中電信息港)	Shanghai	Lot 114/1, 101 Street, Songjiang Industrial Park, Songjiang District	Industrial	100%	194,673
22	Chengdu Chip Valley (成都芯谷)	Chengdu	No.1 Fengle District, Dongsheng Street, No. 7 Guangrong District, Pengzhen	Commercial	80%	513,820
23	Luoyang OVU CEOVU Industrial Park (洛陽OVU中電光谷產業園)	Luoyang	Intersection of Guanlin Road and Longshan Line, Luolong District, Luoyang, Henan Province	Industrial/ Commercial	70%	45,946
24	China (Changsha) Information Security Industrial Park (中國(長沙)信息安全產業園)	Changsha	Yuelu Avenue, High-tech Industrial Development Zone	Industrial	100%	325,383
25	China Electronics Western Zhigu (中國電子西部智谷)	Xianyang	No. 3, Xinghuo Avenue, High-tech Industrial Development Zone, Qindu District, Xianyang City, Shaanxi Province	Industrial	50%	178,757
26	Tianjin Zhongdian Technology Innovation Park (天津中電科創園)	Tianjin	Tianjin High-tech Zone Huayuan Technology Park	Commercial	80%	134,337
27	CEOVU Manufacturing Center (中電光谷智造中心)	Wuhan	About 100 meters northwest of the intersection of Jingdong Avenue and Wuyi South Road, Xinzhou District, Wuhan City, Hubei Province	Industrial	100%	140,720

No.	Project	City	Location	Usage	Interest Attributable to the Group	June 2024 Land Bank (sq.m.)
28	Wuhan CEC Optics Valley Digital Industrial Park (中電光谷數字產業園)	Wuhan	Changfu Industrial Park, Caidian District, Wuhan City, Hubei Province	Industrial	100%	49,719
29	Chongqing CEOVU Technology City (重慶中電光谷科技城)	Chongqing	Phase I of Qingfeng High-tech Industrial Park, Shapingba, Chongqing	Industrial	100%	51,207
30	China Electronics Western Smart Creation Park (中電西部智造園)	Chongqing	Caijiagang, Beibei, Chongqing	Industrial	100%	56,005
31	Changsha China Electronics Smart Creation Park (長沙中電智造園)	Changsha	East of Huangxing Road, South of Luoluo Road, Economic and Technological Development Zone, Changsha City	Industrial	60%	75,102
32	CEOVU Mianyang Science Park (中電光谷綿陽科技園)	Mianyang	Mianyang National High-tech Industries Development Zone	Industrial	100%	334,050
33	China Electronics Eastern Zhigu (中國電子東部智谷)	Nantong	Chongchuan Economic Development Zone, Nantong City	Industrial	70%	272,676
34	Yichang Network Information Industrial Park (宜昌網信園)	Yichang	Intersection of Tuanjie Road and Tiantai Road, Dianjun District Electronic Information Industrial Park	Industrial	100%	63,413
35	CEOVU Handan Smart Creation Center (中電光谷邯鄲智造中心)	Handan	East of Matoujing 4th Street, South of Chunhe Road, West of Matoujing 5th Street, South Hebei New District, Handan City, Hebei Province	Industrial	80%	96,971
36	CEOVU Digital Intelligence Industrial Park (Phase II) (中電光谷數智產業園二期)	Wuhan	Hongyan Village, Qiulin Village, Xingguang Village, Shishan Street, Caidian District, Wuhan City	Industrial	100%	96,252
37	Xianyang Bio-city (咸陽生物城)	Xianyang	North of Xinghuo Avenue, West of Weiqing Road, East of Hanwu Boulevard, South of Weier Road, Xiangyang City	Industrial	60%	173,841
38	Hongze Designated Eco-park (Phase II) (洪澤生態經濟示範園二期)	Huai'an	South of Yanma Road, East of Kai Tuo Road, Hongze Economic Development Zone, Huai'an City	Industrial	100%	83,343
39	Others	Wuhan	N/A	Residential	100%	693
Total						<u>4,685,647</u>

2. *Leasing of Properties in Self-owned Park*

As of 30 June 2024, the Group owned 874,000 sq.m. of leasable area of self-owned properties and 581,000 sq.m. of leased area, with an occupancy rate of 67%. During the Reporting Period, the rental income amounted to RMB112.3 million, representing an increase of 13.1% as compared to the same period of last year. High-quality self-owned properties enriched the ecological system of industrial parks, enhanced the dynamic of the parks, helped attract investment and improved the branding of the Group.

Industrial Investment

CEC-CICC (Xiamen) Electronic Industry Private Equity Investment Management Co., Ltd.* (中電中金(廈門)電子產業私募股權投資管理有限公司) (“**CEC & CICC**”) and Wuhan 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. The industrial ecology featuring information innovation and cyber security, integrated circuits, digital city, smart manufacturing and cultural & creative entertainment has initially taken shape.

“Lingdu Capital” is a professional investment institution initiated and established by CEOVU. The company mainly engages in private equity investment, mergers and acquisitions, matching between investing and financing, investment consulting, and venture capital services, and jointly established angel investment funds, industrial investment funds, and merger and acquisition funds with a number of local governments. Lingdu Capital has invested in equity in the areas of digital city, smart manufacturing, network information and new materials, and has gradually established a diversified corporate industrial ecosystem. The company seizes the general trend of industrial upgrading in the regional economy in China, cultivates innovative enterprises, and builds an innovative ecosystem. With a deep understanding of industrial ecology and industrial development, a set of methodology for growth and mergers and acquisitions from start-ups to listed companies has been established, and targeted industrial ecological construction plans have been designed to help local governments promote industrial upgrading and transformation. As of the end of the Reporting Period, under Lingdu Capital, there were 8 funds including Donghu Lingdu Fund* (東湖零度基金) and Guorui New Fox Fund* (國瑞新福克斯基金), which promoted the development of four major fields: digital city, network information, smart manufacturing, and new materials.

The Group, together with CICC Capital Operation Co., Ltd.* (中金資本運營有限公司) and others, established CEC & CICC, which is responsible for the establishment and management of CEC & CICC (Xiamen) Intelligent Industry Equity Investment Fund Partnership (L.P.)* (中電中金(廈門)智能產業股權投資基金合夥企業(有限合夥)) (“**CEC & CICC Fund**”). CEC & CICC Fund makes full use of the industrial presence and network resources of CEC, leverages the capabilities of CICC’s professional investment team in investment and financing, and gives full play to its strengths to provide investors with excellent financial returns; at the same time, it draws on the business advantages of CEC as a top company in the field of electronic information technology and the investment experience of its professional investment team to make mid-to-long-term investments in upstream and downstream related companies in the industry, and promotes the company’s sustainable development through multiple business cooperation with CEC.

During the Reporting Period, four projects including Shanghai Yihua Technology Co., Ltd.* (上海翼華科技有限公司), Guangzhou Luxvisions Innovation Technology Limited* (廣州立景創新科技有限公司), Xiamen TEYI Technology Co., Ltd.* (廈門特儀科技有限公司) and Fuyang Sineva New Material Technology Co., Ltd.* (阜陽欣奕華新材料科技股份有限公司) invested by CEC & CICC Fund completed a new round of finance, and Wafer Works (Shanghai) Co., Ltd. (Stock code: 688584.SH) become listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange. During the Reporting Period, CEC & CICC Fund achieved partial equity withdrawal from five projects including BYD Semiconductor Co., Ltd (比亞迪半導體股份有限公司), Suzhou iVT Technology Co., Ltd* (蘇州維業達科技有限公司), Hunan Shenyi Precision Components Co., Ltd* (湖南申億精密零部件股份有限公司), Shanghai E-lead Information Co., Ltd.* (上海易立德信息技術股份有限公司) and Xiamen Utenet Information Technology Co., Ltd.* (廈門淵亭信息科技有限公司), and accordingly realized industry investment gains.

SUBSEQUENT IMPORTANT EVENTS

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

FUTURE PROSPECT

Facilitating sustainable development of the Company by lean management

Lean management is an essential guarantee for advancement amidst great challenges. We will further enhance our corporate competitiveness by strengthening the micro-process in management as our new development direction. In addition, we will continue to increase our management efficiency, innovate our management approach, and demand efficiency in management to achieve our operational targets and facilitate sustainable development of the Company.

“Double-wheel drive” to further build the “third curve” of digital transformation in the parks

We will give full play to the “double-wheel drive” role of industrial cloud and low-carbon cloud, create a cross-regional industrial organization digital mechanism, form a digital industrial interconnection system with the unique advantages of CEOVU, promote the all-round digitalization of the Company’s operation management and industrial services, and build a spatial organization and business structure that promotes the digitalization of industries and the high-quality development of digital industrialization.

Boldly explore cluster design and crowdfunding development

We are actively exploring and promoting the innovation of “cluster design” and “crowdfunding development” modes, focusing on systematization capabilities and creating a long-tail business effect. New projects in Hefei, Shanghai, and Beijing are based on this idea and concept, and this path is expected to be broadened and realized.

Continuous practice of “responsive customization (敏捷定制)” modeling

The real “responsive customization” is a construction service model without a real estate mindset, taking the whole life cycle service, systematic capability and long-tail operation value as well as the construction of synergistic mechanism as the operation goal. Through the practice of Heyuan project, the innovative model of “responsive customization” has been constructed, and has been implemented in projects in Nanjing, Taizhou, Wuxi, and Yangtze River New Area, etc., which is committed to transforming the concept of “responsive customization” into a brand-new mode of park development.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group was RMB1,459.2 million, representing a decrease of RMB744.2 million as compared to the same period of 2023. The following table sets forth the revenue of the Group by business segment:

	For the six months ended 30 June			
	2024		2023	
	Revenue (RMB'000)	% of total	Revenue (RMB'000)	% of total
Industrial park operation services	1,106,955	75.9%	1,291,909	58.6%
Design and construction services	487,841	33.4%	602,325	27.3%
Property management services	376,419	25.8%	418,426	19.0%
Energy services	62,712	4.3%	58,582	2.7%
Group catering and hotel services	68,238	4.7%	72,747	3.3%
Property leasing services	67,911	4.7%	55,611	2.5%
Others	43,834	3.0%	84,218	3.8%
Industrial park development services	352,207	24.1%	911,417	41.4%
Sales of industrial park space	239,920	16.4%	812,137	36.9%
Leasing services of properties in self-owned parks	112,287	7.7%	99,280	4.5%
Total	1,459,162	100.0%	2,203,326	100.0%

Cost of Sales

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

During the Reporting Period, cost of sales of the Group amounted to RMB1,096.1 million, representing a decrease of RMB530.7 million or 32.6% over the same period in 2023. As of 30 June 2023 and 30 June 2024, the cost of sales of the Group represented 73.8% and 75.1%, respectively, of the revenue of the Group.

Gross Profit and Gross Profit Margin

During the Reporting Period, the overall gross profit of the Group was RMB363.1 million, representing a decrease of RMB213.5 million as compared with the same period in 2023. Overall gross profit margin was 24.9%, representing a decrease of 1.3% as compared with 26.2% of the gross profit margin for the same period in 2023.

Other Income

During the Reporting Period, other income of the Group was RMB32.3 million, representing a decrease of RMB11.5 million as compared to the same period in 2023.

Selling and Distribution Expenses

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

During the Reporting Period, selling and distribution expenses of the Group was RMB69.2 million, representing a decrease of RMB11.7 million as compared to the same period of 2023, mainly due to the following reason: in the same period of last year, the selling and distribution expenses of China Electronics Technology Development Co., Ltd.* (中國電子科技開發有限公司) (“CEC Technology”) amounted to RMB8.9 million. Since July 2023, CEC Technology is no longer included in the scope of consolidation of the Company, and its selling and distribution expenses are no longer reflected in the Reporting Period.

Administrative Expenses

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

During the Reporting Period, administrative expenses of the Group was RMB161.5 million, representing a decrease of RMB28.9 million as compared to the same period of 2023. The decrease was mainly due to the following reason: in the same period of last year, the administrative expenses of CEC Technology amounted to RMB23.1 million. Since July 2023, CEC Technology is no longer included in the scope of consolidation of the Company, and its administrative expenses are no longer reflected in the Reporting Period.

Fair Value Changes of Investment Properties

During the Reporting Period, fair value gains on the Group’s investment properties was RMB13.8 million, representing an increase of 6.7% as compared with the same period in 2023, primarily due to (i) the recognition of gains arising from fair value changes in self-owned properties in the current period of RMB83.2 million, representing an increase of RMB21.1 million from gains of RMB62.1 million for the same period last year, mainly due to the completion of the conversion of 111,000 sq.m. of investment properties under construction in Shanghai and Changsha in this period, resulting in a larger increase in valuation; and (ii) the recognition of losses arising from fair value changes in sub-leased properties in the current period of RMB69.4 million, representing an increase of RMB20.2 million from loss of RMB49.2 million for the same period last year.

Income Tax Expense

During the Reporting Period, income tax expense of the Group was RMB32.1 million, representing a decrease of 77.8% as compared with the same period in 2023, which was primarily due to (i) the decrease in PRC land appreciation tax of RMB53.8 million; and (ii) the decrease in PRC corporate income tax expense of RMB58.6 million.

Profit for the Reporting Period

As a result of the foregoing, during the Reporting Period, the Group's profit for the period was RMB3.2 million, representing a decrease of RMB36.1 million as compared with the same period in 2023.

Reference is made to the profit warning announcement of the Company dated 12 July 2024 (the “**Profit Warning Announcement**”) in which it was mentioned that the Group was expected to record a loss for the six months ended 30 June 2024 of approximately RMB50.0 million to RMB100.0 million. However, after review by the independent auditors of the Company and the Audit Committee, the Group actually recorded a profit of RMB3.2 million for the six months ended 30 June 2024 instead. The Board would like to emphasize that the information contained in the Profit Warning Announcement was based on the preliminary review by the Board on the unaudited consolidated management accounts of the Group for the Reporting Period and the latest information available to the Board up to the date of the Profit Warning Announcement. The discrepancy between the actual profit and the expected loss was attributable to (i) an increase of RMB66.6 million in share of post-tax profits of joint ventures and associates in respect of Ningbo Excellence Optics Valley Real Estate Co., Ltd.* (寧波卓越光谷置業有限公司) and CEC & CICC; and (ii) an increase of RMB62.4 million in the after-tax change in the fair value of investment properties among self-owned properties.

Liquidity and Capital Resources

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

During the Reporting Period, the Group's net cash outflow from operating activities was RMB332.4 million, mainly consists of the expenses from new land bank and project construction.

During the Reporting Period, the Group's net cash inflow from financing activities was RMB409.2 million, mainly used in replenishment of liquidity and optimization of debt structure.

Indebtedness

The Group's total outstanding indebtedness increased by RMB974.3 million from RMB6,933.3 million as at 31 December 2023 to RMB7,907.6 million as at 30 June 2024.

Capital Expenditures and Capital Commitments

During the Reporting Period, capital expenditures of the Group was RMB23.1 million. Capital expenditures of the Group was primarily related to expenditure for purchases of property, plant and equipment and purchases of intangible assets.

As at 30 June 2024, the Group's outstanding commitments related to property development expenditure and investment were RMB1,548.1 million.

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

Employees

As of 30 June 2024, the Group had 8,320 full-time employees. The staff cost of the Group was approximately RMB412.5 million for the Reporting Period, representing a decrease of RMB11.0 million as compared to the same period last year. The Group enters into employment contracts with its employees to cover matters such as position, terms of employment, wages, employee benefits and liabilities for breach and grounds for termination. The remuneration package of the employees includes basic salaries, allowances, bonuses and other employee benefits. The Group has implemented measures for assessing employees' performance and promotion and a system of employee compensation and benefits. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority.

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

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

During the Reporting Period, the Company repurchased a total of 4,508,000 Shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in January 2024. The highest purchase price per share was HK\$0.38 and the lowest purchase price per share was HK\$0.345, and the aggregate consideration (excluding handling fees and stamp duty etc.) was HK\$1,691,760. The 4,508,000 Shares were cancelled on 2 February 2024.

Details of the repurchase are set out below:

Month	Number of Shares repurchased	Purchase price per Share		Aggregate consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2024	<u>4,508,000</u>	<u>0.38</u>	<u>0.345</u>	<u>1,691,760</u>
Total	<u><u>4,508,000</u></u>	<u><u>0.38</u></u>	<u><u>0.345</u></u>	<u><u>1,691,760</u></u>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (whether or not including treasury shares (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")), if any) during the Reporting Period. As at 30 June 2024, the Company did not have any treasury shares (which did not include the shares of the Company purchased by the trustee appointed by the Company for the purpose of a share award scheme).

CORPORATE GOVERNANCE

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

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules as the basis of its corporate governance practices. During the Reporting Period, the Company has complied with the principles and code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTION

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

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

CHANGE IN DIRECTOR'S INFORMATION

There is no change of information of the Directors that is required to be disclosed under Rule 13.51B(1) of the Listing Rules since the publication of the Company's annual report for the year ended 31 December 2023.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and the independent auditor the accounting principles and policies adopted by the Group and the unaudited interim results for the six months ended 30 June 2024.

DIVIDEND

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

PUBLICATION OF INTERIM RESULTS AND 2024 INTERIM REPORT

This announcement is published on the websites of the Company (<http://www.ceovu.com>) and the Stock Exchange (<http://www.hkexnews.hk>). The 2024 interim report will be despatched to the Shareholders according to the means chosen by the relevant Shareholders for receiving corporate communications of the Company and will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

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

Wuhan, Hubei, the People's Republic of China
26 August 2024

As at the date of this announcement, the directors of the Company are Ms. Liu Bo (Chairman), Mr. Xiang Qunxiong, Mr. Zhang Jie, Mr. Hu Bin and Ms. Zeng Yumei 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 identification purposes only*