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

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

Interim Report 2014

Contents

Corporate Information

Company Name

Optics Valley Union Holding Company Limited

Place of Listing of Shares

The Stock Exchange of Hong Kong Limited

Stock Code

798

Stock Name

OVU

Board of Directors

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

Joint Company Secretaries

Ms. Zhang Xuelian
Ms. Leung Ching Ching

Authorized Representatives

Mr. Huang Liping
Ms. Leung Ching Ching

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Financial Control Committee

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

Registered Office

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

Headquarters and Principal Place of Business in the PRC

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

Corporate Information (Continued)

Principal Place of Business in Hong Kong

Unit 2902, 29th Floor
China Insurance Group Building
No. 141 Des Voeux Road Central
Hong Kong

Legal Advisors

as to Hong Kong law
Morrison & Foerster
33/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

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

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

Auditor

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

Compliance Advisor

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

Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Share Registrar

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

Principal Banks

Hankou Bank Guang Gu Branch
Bank of Communications Wuchang Branch
Industrial and Commercial Bank of China Donghu Development Zone Branch

Company Website

www.ovuni.com

Financial Summary

The summary of the unaudited results and assets and liabilities of the Group for the six months ended 30 June 2014 is as follows:

	For the six months ended 30 June		
	2014 RMB'000	2013 RMB'000	Change %
Results			
Turnover of continuing operations	**553,622**	774,732	–28.5%
Gross profit			
Property development	**153,943**	233,827	–34.2%
Other business segments	**57,771**	42,049	37.4%
	211,714	275,876	–23.3%
Profit before taxation	**193,723**	196,019	–1.2%
Profit attributable to equity shareholders of the Company	**130,676**	83,826	55.9%
Profit attributable to non-controlling interests	**2,824**	17,336	–83.7%
Profit for the Period	**133,500**	101,162	32.0%

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000	Change %
Assets and liabilities			
Non-current assets	**920,171**	724,787	27.0%
Current assets	**7,120,075**	6,358,684	12.0%
Current liabilities	**4,370,717**	3,665,116	19.3%
Net current assets	**2,749,358**	2,693,568	2.1%
Total assets less current liabilities	**3,669,529**	3,418,355	7.3%
Total equity	**2,300,476**	1,665,116	38.2%
Non-current liabilities	**1,369,053**	1,753,239	–21.9%
Total equity and non-current liabilities	**3,669,529**	3,418,355	7.3%

Chairman's Statement

Business Review

In the first half of 2014, the global economic performance was mixed. The U.S. economy enjoyed strong recovery and the employment market continued to improve, while the economic recovery of the Euro Zone was sluggish and remained in the doldrums. After China's macro-economy experienced a downward trend in the first quarter, the economic growth in the second quarter began to get back on track due to a number of mini-stimulus measures timely rolled out by the Chinese government. However, significant downward pressure still looms on the horizon.

During the Reporting Period, the Chinese government continued to implement differentiated macro control policies towards the real estate market and the discrepancy and adjustment in the real estate market became more obvious, which is reflected in the sluggish price growth and decreasing sales volume in first- and second-tier cities and slumps in both sales volume and prices in third- and fourth-tier cities. As the market took a wait-and-see attitude, real estate investments declined to a certain extent. Recently, certain cities that experienced property market downturn began to loosen their control, mainly evidenced by the loosening of purchase limit policies to a certain extent. Due to the uncertainties of policy trend, the real estate market will be surrounded by greater uncertainties in the future.

During the Reporting Period, the Chinese government continued to support the transformation and upgrading as well as structural adjustments of industries, and encouraged some industries in the east to shift to the central and western parts of China in an orderly manner. The innovation and development of small and medium enterprises were encouraged, and the development of new-type urbanization in the central and western parts of China was accelerated. These policies will provide favourable development opportunities to the Company which offers development and operation services to business parks that provide services in respect of real economy and industrial development.

During the Reporting Period, the Group captured opportunities and sought improvement with stable operation. We have adopted several effective measures and endeavoured to enhance market responsiveness and competitiveness of the enterprise. The acceleration of property sales in business parks, operation services and cash collection will be considered as the most crucial tasks.

Results of the First Half of the Year

During the Reporting Period, the profit attributable to shareholders of the Group amounted to RMB130.7 million, which increased 55.9% as compared with the corresponding period in 2013. After deducting the fair value change of investment properties and relevant tax effects, the profit attributable to shareholders of the Group was RMB73.2 million, which decreased by 10.7% as compared with the same period in 2013. The basic earnings per share were approximately RMB3.7 cents, up 11.4% as compared with the corresponding period in 2013. The achieved turnover was RMB553.6 million, representing a decrease of 28.5% as compared with the corresponding period in 2013. The equity attributable to the shareholders of the Group increased by 44.1% to RMB2,066.8 million.

During the Reporting Period, the Group achieved gross profit of RMB211.7 million, representing a decrease of 23.3% as compared with the corresponding period in 2013. The gross profit margin was 38.2%, which remained at a relatively high level. The total GFA of delivered properties was 67,000 sq.m.

Chairman's Statement (Continued)

Property Sales of the First Half of the Year

During the Reporting Period, the Group secured contracted sales of properties of RMB506.7 million, representing an increase of 22.3% as compared with the corresponding period in 2013. The area of contracted sales was approximately 66,000 sq.m., representing an increase of 15.9% as compared with the corresponding period in 2013. The average selling price was RMB7,643 per sq.m., representing an increase of 5.5% as compared with the corresponding period in 2013.

During the Reporting Period, the Group recorded sales in four cities of Mainland China. Contracted sales amount in Wuhan City was RMB449.0 million, while contracted sales amount in other cities was RMB57.7 million, representing 88.6% and 11.4% of the contracted sales amount of the Reporting Period, respectively.

Land Bank

During the Reporting Period, the Group continued to insist on sound investment strategies. In order to ensure a solid financial position and a safe cash flow, the Group did not add new land investment projects. However, the Group still proactively negotiated new projects with local governments and sought potential investment projects in the market so as to create the conditions for adding new land bank at appropriate times.

As at 30 June 2014, the Group owned 6.846 million sq.m. of low-cost prime land bank in six cities of Mainland China. The average floor price of lands was RMB395 per sq.m. The Group currently has sufficient land bank to meet its development needs for at least the next five years.

Professional Management

During the Reporting Period, the Group fully utilized the opportunities brought about by its Listing in Hong Kong and further standardized and improved its management system, enhanced and optimized the control system as well as increasing the development and management standard of projects. The Group is in the process of comprehensively introducing an ERP system and a projects development and management system, accelerating the development and turnover of projects, enhancing cost control level and making every endeavour to enhance operational efficiency.

Financial Capital

During the Reporting Period, the Group had sufficient capital and the financial channels were diversified and unimpeded. The Group maintained smooth and good cooperative relationships with various commercial banks in China. Following the successful issuance of RMB600,000,000 six-year corporate bonds in the public market of Mainland China in the latter half of 2013, the Group successfully issued non-public direct debt financing instrument in the amount of RMB600,000,000 in Mainland China during the first half of 2014. Currently, the financing means of the Group is more diversified with finance costs at reasonable level, which provides strong monetary support to the development of the Group.

During the Reporting Period, the Shares of the Company successfully listed on the Main Board of the Stock Exchange, which further strengthened the capital base of the enterprise and created beneficial conditions for domestic and overseas financing as well as synergistic development of the Group.

By the end of June, the Group's cash on hand (including restricted cash) was RMB1.53 billion and the unutilized bank credit amounted to RMB2.32 billion. Total borrowings were RMB3.34 billion, of which long-term borrowings amounted to RMB1.30 billion. The net debt ratio (total borrowings less cash in hand divided by total equity) was 78.9% and the financial risks are controlled in an effective way.

Chairman's Statement (Continued)

Business Outlook

In the latter half of 2014, it is expected that the global economy will still undergo slow recovery, the trend of recovery of the U.S. economy will be further accelerated and there will not be obvious improvements in the economy of the Euro Zone in the short run. Following the gradual withdrawal of the quantitative easing policy by the U.S., the global economy and financial markets still face certain risks and uncertainties.

Although China's economy enjoyed a steady rise and favourable turnaround in the second quarter of this year, the foundation is still unsound and the economy is still facing downward pressure. Therefore, it can be predicted that the Chinese government will continue to gear up the mini-stimulus measures, which enhance the support towards the strategically emerging industries, environmental industries, regional economic development and creative industries and crank up the targeted easing policies targeting such industries. Regarding the real estate policies, in response to the downward risk of the macro-economy, local governments will be permitted to loosen the control policies and unleash demands in certain areas and to a certain extent, in order to support the real estate market. At the same time, the central government will continue to provide strong support for the upgrade and replacement of industries, the innovation of small and medium enterprises and the strategy of new-type urbanization. As such, these will provide political support and bring about market opportunities to enterprises engaging in the development and operation of business parks which provide services to industries and real economy.

Therefore, the Group will fully utilize the advantageous opportunities brought by governmental policies and the market and enhance our responsiveness and competitiveness, so as to promote the healthy development of the Group.

Sales Strategies

The Group will continue to persist in the strategy of speeding up property sales and cash inflows. In response to market changes, we will adopt flexible sales strategies, launch properties for sale at a quicker pace and increase the percentage of area sold in order to bring greater satisfaction to customers continuously.

Operational Strategies

Focusing on product quality and product innovation, we will enhance the competitiveness of the Group and our products in an ongoing manner as well as improving our business model, so as to increase its adaptability, sustainability and maintain its competitive advantages. On the basis of accelerating the development and sales of properties, in order to create greater value for Shareholders, we will adjust and optimize the operational structure of the enterprise, highlight operational services, enlarge the scale of light assets and elevate the proportion of income and profit generated from operational services.

Investment Strategies

The Group currently has sufficient land bank and adopts prudent investment strategies regarding newly added lands. The emphasis of investment products will be put on the product line of OVU Science and Technology City targeting new-type urbanization and the product line of Creative Capital which delivers higher profit margin and targets sub-markets. In relation to the investment sector, we will continue to expand in the existing cities and enter potential key second-tier cities at a steady pace. Simultaneously, we will enter the sub-markets of first-tier cities such as Beijing and Shanghai through strategic cooperation, joint ventures and management consulting. These will effectively control the investment risks in a way that is conducive to increasing the brand value and market share of the Company.

Chairman's Statement (Continued)

Financial Strategies

The Group will continue to adhere to solid financial policies and maintain the strength in cash position. The total size of borrowings will be reasonably controlled while reasonable debt structures will be maintained. Besides, the net debt ratio will be kept at a normal and reasonable level. These will ensure the healthy development and safe operation of the Group.

Notwithstanding factors of concern such as the continuous uncertainties surrounding the global economy, the not-too-solid foundation underpinning China's recent recovery and the stance of the Chinese government towards the control policies of the overall real estate market which remains unclear, it is believed that with the goal of stabilizing growth, the Chinese government will continue to increase its effort in stabilizing the economy and adopt more mini-stimulus measures during the second half of this year. Being an enterprise engaging in the development and operation of business parks which provide services to real economy and strategic and upgrading industries in the PRC, the Group will benefit from governmental policies which provide strong support to the industries and the growth opportunities brought by the market. We will fully utilize this opportunity and adopt the right development strategies in order to continuously enhance our own competitiveness and the competitive edge of business model, so as to create value for Shareholders constantly.

Acknowledgements

Last but not least, on behalf of the Board, I would like to express my heartfelt gratitude to our Shareholders for their strong support and trust, and express my sincere gratitude to every director of the Group, management and staff for their hard work.

Huang Liping
Chairman

Hong Kong, 27 August 2014

Management Discussion and Analysis

Highlights of the First Half of the Year

- The Group recorded turnover of RMB553.6 million, representing a decrease of 28.5% as compared with the same period in 2013. Turnover from the development and sales of properties accounted for 71.4% of the total turnover, while turnover from other businesses, including the operation of business parks, contributed to 28.6% of its total turnover. The floor area of delivered properties reached 67,000 sq.m.

- Profits attributable to shareholders of the Group amounted to RMB130.7 million, representing an increase of 55.9% as compared with the same period in 2013.

- The Group secured contracted sales of properties of RMB506.7 million, representing an increase of 22.3% as compared with the same period in 2013; and the area of contracted sales was approximately 66,000 sq.m., representing an increase of 15.9% as compared with the same period in 2013.

- As at 30 June 2014, the total GFA of the Group's land bank was approximately 6.846 million sq.m. The average floor price of lands was RMB395 per sq.m.

Business Review

Property Development

Revenue

In the first half of 2014, the Group's revenue of properties amounted to RMB395.3 million, representing a decrease of 37.2% over the first half of 2013 of RMB629.7 million. Area sold decreased by 34.1% from 101,000 sq.m. in the first half of 2013 to 67,000 sq.m. in the first half of 2014. The booked average selling price decreased by 4.7% from RMB6,223 per sq.m. in the first half of 2013 to RMB5,928 per sq.m.

During the Reporting Period, the Group had five major projects which recorded revenue in Wuhan, accounting for 57.8% of the total revenue; for projects in other cities, including Qingdao and Ezhou, there were two projects which recorded revenue, accounting for 42.2% of the total revenue.

Management Discussion and Analysis (Continued)

For the six months ended 30 June 2014, property projects sold and delivered included:

Properties sold and delivered	City	2014 Revenue (RMB'000)	2014 GFA sold and delivered (sq.m.)	2014 Confirmed average selling price (In RMB per sq.m.)	2013 Revenue (RMB'000)	2013 GFA sold and delivered (sq.m.)	2013 Confirmed average selling price (In RMB per sq.m.)
Optics Valley Software Park (Phase V)	Wuhan	38,285	4,520	8,470	—	—	—
Optics Valley Software Park (Phase VI)	Wuhan	—	—	—	3,164	579	5,465
Financial Harbour (Phase II)	Wuhan	136,510	17,358	7,864	558,695	90,769	6,155
Romantic Town	Wuhan	3,156	604	5,225	2,689	124	21,685
Innocenter	Wuhan	49,827	6,855	7,269	64,175	9,420	6,813
Qingdao Optics Valley Software Park	Qingdao	119,865	20,158	5,946	—	—	—
Ezhou OVU Science and Technology City	Ezhou	46,938	16,997	2,762	—	—	—
Other properties	Wuhan	692	184	3,761	961	302	3,182
Total		395,273	66,676	5,928	629,684	101,194	6,223

Sales of Properties

In the first half of 2014, the Group secured contracted sales of properties of RMB506.7 million, representing an increase of 22.3% as compared with the corresponding period in 2013. The area of contracted sales was 66,000 sq.m., representing an increase of 15.9% as compared with the corresponding period in 2013.

During the Reporting Period, the majority of the contracted customers were from the Group's projects in Wuhan, realizing contracted sales of RMB449.0 million and representing 88.6% of the Group's total contracted sales amount in the current period.

Management Discussion and Analysis (Continued)

For the six months ended 30 June 2014, the details of contracted sales amount of properties and contracted area sold are as follows:

	Contracted sales amount (RMB'000)			**Contracted area sold** (sq.m.)		
City and project	**2014**	2013	Change (%)	**2014**	2013	Change (%)
Wuhan Optics Valley Software Park (Phase V)	**41,480**	—	>100%	**4,500**	—	>100%
Wuhan Optics Valley Software Park (Phase VI)	**156,230**	—	>100%	**19,000**	—	>100%
Wuhan Creative Capital	**164,080**	—	>100%	**18,800**	—	>100%
Wuhan Financial Harbour (Phase II)	**43,090**	336,875	–87%	**4,500**	46,208	–90%
Wuhan Innocenter	**—**	34,219	–100%	**—**	4,207	–100%
Wuhan Lido 2046	**41,790**	—	>100%	**3,500**	—	>100%
Qingdao Optics Valley Software Park	**8,140**	39,257	–79%	**1,200**	6,271	–81%
Ezhou OVU Science and Technology City	**29,180**	—	>100%	**9,600**	—	>100%
Huangshi OVU Science and Technology City Project	**20,410**	—	>100%	**4,800**	—	>100%
Others (Wuhan projects)	**2,340**	4,160	–44%	**400**	524	–24%
Total	**506,740**	414,511	22%	**66,300**	57,210	16%

Construction and Development

In the first half of 2014, the total GFA of newly completed properties was approximately 21,000 sq.m., while the total GFA of properties sold and delivered was approximately 67,000 sq.m. In the first half of the year, the area of new development of the Group was approximately 318,000 sq.m. and it is expected that the area of new development will exceed 1,298,000 sq.m. for the whole year. As at 30 June 2014, the total area of properties under construction was 1,533,000 sq.m.

Land Bank

As at 30 June 2014, the planned GFA of the Group's land bank was 6,846,000 sq.m., which can fulfill the development demand for at least the coming five years. The average floor price of lands was RMB395 per sq.m.

The land bank of the Group was distributed in the major second- and third-tier cities, among which 72.8% were situated in Wuhan, while the remaining 27.2% were situated in cities such as Qingdao, Hefei, Shenyang, Ezhou and Huangshi.

Management Discussion and Analysis (Continued)

An overview of land bank as at 30 June 2014 is as follows:

Project	City	Location	Usage	Proportion of interest of the Group in the project	Land Bank (sq.m.)
Optics Valley Software Park	Wuhan	1 Guanshan Avenue, Donghu New Technology Development Zone	Industrial	100%	214,198
Financial Harbour (Phase I)	Wuhan	East of Donghu Development Zone — Business park	Industrial	100%	51,648
Financial Harbour (Phase II)	Wuhan	East of Guanggu Avenue, North of Gaoxin Fourth Road, Donghu Development Zone	Industrial	100%	266,069
Financial Harbour (Phase III)	Wuhan	East of Guanggu Avenue, North of Gaoxin Fourth Road, Donghu Development Zone	Industrial	70%	350,463
Financial Harbour (Phase IV)	Wuhan	East of Guanggu Avenue, North of Gaoxin Fourth Road, Donghu Development Zone	Commercial	70%	658,333
Wuhan Innocenter	Wuhan	Liangshantou Village, Liufang Street, Jiangxia District, Wuhan City	Industrial	100%	206,918
Qingdao Software Park	Qingdao	Huangdao District of Qingdao City	Industrial	100%	425,686
Qingdao Innocenter	Qingdao	South of Fuchunjiang Road, West of Emeishan Road, Huangdao District of Qingdao City	Industrial	100%	148,285
Qingdao Marine & Science Park	Qingdao	East of Emeishan Road, North of Zhujiang Road, Huangdao District of Qingdao City	Industrial	100%	197,050
Ezhou OVU Science and Technology City	Ezhou	South of Gaoxin Third Road, Gedian Economic and Technical Development Zone	Industrial	80%	450,177
Lido Mason	Wuhan	West of Minzhu Road, South of Zhonghuan Road, Donghu Development Zone	Residential	50%	91,475
Creative Capital	Wuhan	Mahu Village, Hungshan Street, Hungshan District	Commercial	100%	389,255
Huangshi OVU Science and Technology City (Phase I)	Huangshi	185 Jinshan Boulevard, Huangshi Economic & Technical Development Zone	Industrial	100%	190,600
Lido 2046	Wuhan	Intersection of Xiongchu Avenue and Dingzi Bridge, Hongshan District	Residential	100%	126,629
Energy Conservation Business Park	Wuhan	West of Guanggu Third Road, North of Zhulin Road	Industrial	70%	2,235,156
Shenyang International Financial Harbour (Phase I)	Shenyang	Daxin Sanchun, Cailuo Street, Shenbei New District	Industrial	100%	185,801
Hefei Financial Harbour	Hefei	Southeast of Huizhou Avenue and Yangzijiang Road, Binghu New District, Hefei City	Commercial	80%	608,660
Romantic Town	Wuhan	46 Guanggu Avenue, Donghu New Technology Development Zone	Residential	51%	16,772
Others	Wuhan	N/A	Residential	100%	32,733
Total					6,845,908

Management Discussion and Analysis (Continued)

Business Operation Services

The Group provides enterprises operating in its business parks with diversified and one-stop business operation services to facilitate and serve their business operations, as well as reducing their operational costs. As the Group develops and completes an increasing number of business parks, the scope of services of its business parks are continuously expanding with the number of customers constantly on the rise. The Group provides business operation services including property management, services of district cooling and heating system, human resources and training services, accommodation, hotels, group catering services, etc. to its customers. Turnover from business operation services was RMB83.6 million, representing an increase of 17.4% as compared to RMB71.2 million in the corresponding period in 2013.

Construction Contracts

The Group provides construction services ranging from decorating and improving external parts and internal public areas of buildings to customers in its business parks as well as customers operating in properties owned by third parties. As the Group enhances its vertically integrated business model along the value-chain of the business park development industry, the amount of decoration and improvement services provided by Wuhan Lido Technology, a wholly-owned subsidiary of the Group, to its project companies has been increasing. Turnover of the Group from construction contracts amounted to RMB31.8 million for the half year ended 30 June 2014.

Property Leasing

The Group engages in property leasing in its business parks. In addition, the Group also holds and leases out certain properties with supporting services and office properties suitable for general business purpose to generate recurring rental income. As of 30 June 2014, the Group held investment properties with total GFA of 122,652 sq.m. During the Reporting Period, turnover from property leasing amounted to RMB16.9 million.

Development Management Services

The Group provides, on a selective basis, project planning and development management services primarily to local governments and leading enterprises for landmark or other large-scale business parks owned by them. As of 30 June 2014, the Group had provided development management services for four business park projects with total GFA of 2,091,384 sq.m. and two residential projects with total GFA of 285,686 sq.m. During the Reporting Period, turnover from developing management services was RMB26.2 million.

FUTURE PROSPECT

Future Prospect for the Second Half of 2014

The Group is of the view that in the second half of 2014, the external operating environment will continue to be full of uncertainties. In terms of the external environment, the U.S. economy continues to recover and rebound while employment continues to show an increasing trend, and it is expected that more stimulating policies will be introduced in the Euro Zone due to the stagnant economy. It is expected that the discrepancy in performance of major developed economies such as Europe and the U.S. will bring pressure to the steady growth of China's economy.

In the first half of the year, the inflation rate of China's economy remained at a relatively low level, and gross domestic product maintained a steady growth at around 7.5% as compared to the corresponding period in 2013. If the economic growth cannot meet the target set in the beginning of the year, it is expected that the central government will continue to gear up the "micro-stimulus" measures, but will not introduce economic stimulating policies on a larger scale.

Management Discussion and Analysis (Continued)

It is expected that the central government will loosen the regulation and control measures on real estate market moderately in the second half of the year, but the degree of which depends on the performance of macro-economy and the decline in real estate market. In the short run, purchase restriction in major cities will not be significantly loosened, but in the long run, the central government will gradually replace the current administrative control measures with differentiated and market-oriented long-lasting mechanism. As it is expected that the government will loosen its control over the real estate market, the performance of real estate market in the second half of the year is expected to be slightly better than that in the first half.

China's commercial business park market has already entered into the fast track of industry development, which is characterized by significant market demand and high entry level of competition. Under the influence of China's macro policies such as proactively promoting the structural adjustment of national economy, supporting the development of strategic emerging industries and upgrading industries and new-type urbanization, the Group expects that the demand in China's commercial business park will remain robust. Such favourable macro policy environment and strong market demand will be beneficial to the Group's development and operation of business parks which focus on industries encouraged by the state and business parks with fully integrated working and living community developed under the banner of new-type urbanization.

Future Operating Strategies

Pursue sustainable growth — To further strengthen the leading position of the Group in existing business park development business and replicate its business model in the target cities with rapid development, as well as establishing a nationwide business.

Addition of new thematic park product lines — To fully utilize the edge originated from the brand, experience and high-calibers, and to focus on developing new business parks with the theme of emerging and rapidly developing industries.

Constantly increasing the income from property investment and development management — To increase property investment strategically, further expand the scope of development management services to cover land owned by third parties but developed, managed and sold by the Company exclusively with a view to achieving profit sharing, boosting profitability and diversifying sources of income.

Enhance the development model with fully integrated working and living community — To leverage on the new-type urbanization to enhance the development model characterized by the fully integrated working and living community. This helps to create more job opportunities in the business parks and provide a stable and sustainable community for residents at the same time.

Strengthen the business model of integration along the value-chain — To further enhance the capability in developing and operating business parks, and consolidate the vertically integrated business model.

Implement prudent financial policies — To effectively control the total borrowings, level of net debt ratio and strengthen cash flow management.

Management Discussion and Analysis (Continued)

Financial Review

Results of Operations

Turnover

The Group generated turnover from sales of business parks and residential properties, business operation services, construction contract, property leasing and development management services. During the Reporting Period, turnover of the Group amounted to RMB553.6 million, which was mainly attributable to the sales of properties in the Group's projects.

The following table illustrates the Group's turnover by operating segment for the periods indicated.

	30 June 2014		30 June 2013	
	Turnover RMB'000	% of total	Turnover RMB'000	% of total
Property development	395,273	71%	629,684	81%
Construction services	31,753	6%	53,933	7%
Development management services	26,156	5%	9,017	1%
Property leasing	16,883	3%	10,943	1%
Business operation services	83,557	15%	71,155	9%
Total	553,622	100%	774,732	100%

Property Development

During the Reporting Period, turnover of the Group from sale of business parks and residential properties amounted to RMB395.3 million, representing a considerable decrease over the same period in 2013, which was mainly due to the decrease in booked area of properties. The properties of the Group will mainly be delivered in the second half of the year.

Construction Contract

Turnover of the Group from construction contract amounted to RMB31.8 million, primarily due to the increasing amount of decoration and improvement services provided by Wuhan Lido Technology to our project companies, rather than external customers, as the Group strengthened our vertically integrated business model and provided less services to external customers correspondingly.

Business Operation Services

Turnover of the Group from business operation services amounted to RMB83.6 million, primarily because the Group developed and completed an increasing number of business parks, expanded the scope of services of its business parks and attracted more customers. The Group will enchance the contribution of commercial operating services to the revenues progressively.

Development Management Services

Turnover of the Group from development management services amounted to RMB26.2 million, including the saving award of RMB15.0 million received for the completion of the Wuhan Medical Devices Business Park (Phases I and II) during the Reporting Period.

Management Discussion and Analysis (Continued)

Property Leasing

Turnover of the Group from property leasing amounted to RMB16.9 million, primarily due to an adjustment in business strategies by the Group and the increase in area held for property leasing.

Cost of Sales

Overview

Cost of sales comprised primarily (i) cost of properties sold in respect of the Group's property development business (mainly including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies), (ii) cost of construction services (mainly including construction costs for decoration and improvement services provided by Wuhan Lido Technology), and (iii) other costs relating to other service businesses (including business operation services, construction contract and development management services). During the Reporting Period, cost of sales of the Group accounted for approximately 61.8% of its turnover.

During the Reporting Period, cost of sales of the Group amounted to RMB341.9 million, representing a decrease of RMB156.9 million or approximately 31.5% over the same period in 2013, primarily due to a decrease in area of delivered properties during the current period.

Cost of Properties Sold

Cost of properties sold consisted primarily of costs incurred directly for the property development activities, including land acquisition costs, construction costs, capitalized interest and other costs for fair value adjustment in relation to acquisition of project companies. For the half year ended 30 June 2014, cost of properties sold by the Group accounted for 70.6% of its total cost of sales.

During the Reporting Period, cost of properties sold of the Group decreased by RMB154.5 million over the same period in 2013, primarily due to (i) a decrease in the area of properties recognized during the current period; (ii) the cost of Ezhou OVU Science and Technology City, our primary business, was lower than that of Wuhan and Qingdao projects, which led to the decrease in cost recognized as compared to the previous year.

Gross Profit and Gross Profit Margin

As a result of the foregoing, during the Reporting Period, overall gross profit of the Group decreased by RMB64.2 million, or 23.3%, to RMB211.7 million from RMB275.9 million in the same period in 2013. Overall gross profit margin increased from 35.6% in the same period in 2013 to 38.2% in 2014.

Other Income

During the Reporting Period, other income of the Group decreased by RMB0.6 million, or 35.9%, to about RMB1.2 million from about RMB1.8 million in the same period in 2013.

Selling and Distribution Expenses

Selling and distribution expenses primarily comprised advertising and promotional expenses, sales and marketing staff costs, travel and communication expenses, office administration expenses, depreciation expenses and others. During the Reporting Period, selling and distribution expenses of the Group accounted for approximately 5.2% of its total turnover for the same period.

During the Reporting Period, selling and distribution expenses of the Group increased by RMB8.4 million, or 41.1%, to RMB28.9 million from RMB20.5 million in the same period in 2013, primarily due to an increase in advertising and promotional expenses as the Group engaged in more sales, marketing and advertising activities for the increasing number of projects.

Management Discussion and Analysis (Continued)

Administrative Expenses

Administrative expenses primarily comprised administrative staff costs, office administration expenses, travel, meeting and communication expenses, other indirect taxes, depreciation and amortization expenses, listing expenses, professional fees and others. During the Reporting Period, administrative expenses of the Group accounted for approximately 11.6% of its total turnover for the same period.

During the Reporting Period, administrative expenses of the Group increased by RMB7.0 million, or 12.2%, to RMB64.3 million from RMB57.3 million in the same period in 2013, primarily because staff costs, office administration expenses, as well as travel, meeting and communication expenses increased as the Group increased its administrative employee head count due to its expanded scale of operation.

Increase in Fair Value of Investment Properties

During the Reporting Period, fair value gains on the Group's investment properties increased by RMB74.2 million to RMB76.6 million from RMB2.4 million in the same period in 2013, primarily because the Group had adjusted its business strategies and decided to increase the reserve ratio in properties held in order to generate steady investment returns. During the Reporting Period, there was an increase of 72,000 sq.m. of the investment properties, primarily including Qingdao Optics Valley Software Park Zone 1.1, stores of the Creative Capital, Hefei Financial Harbour project, etc.

For the half year ended 30 June 2014, the fair value gains on investment properties of the Group contributed to approximately 43.0% of the profit for the Reporting Period. Fair value gains were recorded in the period primarily due to an increase in area of investment properties held by the Group.

Finance Income

During the Reporting Period, finance income of the Group increased by RMB1.7 million, or 36.2%, to RMB6.4 million from RMB4.7 million in the same period in 2013.

Finance Costs

During the Reporting Period, finance costs of the Group increased by RMB2.5million, or 28.7%, to RMB11.2 million from RMB8.7 million in the same period in 2013, primarily because the interest expenses in relation to the Optics Valley Software Park (Phase VI) project could not be capitalized in mid-2014.

Share of Profit/(Losses) of Associates

Share of loss of associates of the Group was RMB0.2 million, primarily due to the Group's proportional share of losses in Wuhan Integrated Circuit Design Technology Co., Ltd.

Share of Profit/(Losses) of Joint Ventures

During the Reporting Period, the Group had share of profit of joint ventures of RMB2.7 million, mainly attributable to the Group's proportional share of profits in Wuhan Mason for the sales of properties of Lido Mason (Phase I) according to the Group's 50% equity interest in the company.

Management Discussion and Analysis (Continued)

Income Tax

During the Reporting Period, income tax expenses of the Group decreased by RMB34.7 million, or 36.6%, to RMB60.2 million from RMB94.9 million in the same period in 2013, which was primarily due to (i) a decrease of RMB20.5 million in the PRC enterprise income tax as pre-tax profit decreased in line with the drop in profit from property development, and (ii) for the period ended 30 June 2014, the Group's subsidiary Wuhan Optics Valley Union and the local tax bureau carried out the last clearance of the land appreciation tax of certain projects. According to the lastest assessment, RMB11.6 million shall be reversed in this interim period from the land appreciation tax accrued in the previous year.

Profit for the Year

As a result of the foregoing, during the Reporting Period, the profit attributable to shareholders of the Group increased from RMB83.8 million in the same period in 2013 by RMB46.9 million or 55.9% to RMB130.7 million, and the basic earnings per share increased from RMB3.3 cents in the first half of 2013 by 11.4% to RMB3.7 cents in the same period in 2014.

Financial Position

Property under Development

The carrying amount of properties under development of the Group increased by RMB522.1 million, or 17.7%, from RMB2,946.3 million as at 31 December 2013, to RMB3,468.4 million as at 30 June 2014, primarily due to the development of various projects including Optics Valley Financial Harbour (Phase II), Creative Capital (Phase I), Qingdao Optics Valley Software Park (Phase I), Ezhou OVU Science and Technology City (Phase I) and Huangshi OVU Science and Technology City (Phase I).

Completed Properties Held for Sale

The carrying amount of completed properties held for sale of the Group decreased by RMB21.7 million, or 2.2%, from RMB992.6 million as at 31 December 2013 to RMB970.9 million as at 30 June 2014, primarily because the completed properties held for sale in respect of Optics Valley Software Park (Phase V), Optics Valley Financial Harbour (Phase II), Wuhan Innocenter (Phase I) and Qingdao Optics Valley Software Park (Phase I) were delivered during the Reporting Period.

Trade and Other Receivables

The Group's trade and other receivables increased by RMB51.3 million, or 5.8%, from RMB898.0 million as at 31 December 2013 to RMB949.3 million as at 30 June 2014, primarily due to the increase in receivables for properties sold by the Group.

Trade and Other Payables

The Group's trade and other payables decreased by RMB310.9 million, or 12.3%, from RMB2,530.4 million as at 31 December 2013 to RMB2,219.5 million for the year ended 30 June 2014, primarily due to the Group's repayment of certain related party borrowings in accordance with the requirements of the Listing Rules.

Liquidity and Capital Resources

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

Management Discussion and Analysis (Continued)

During the Reporting Period, the Group's net cash outflow from operating activities was RMB663.9 million, mainly in relation to funds used for the development and sale of the Creative Capital, Lido 2046, Wuhan Innocenter, Optics Valley Financial Harbour (Phase II), Optics Valley Software Park (Phase V), Qingdao Optics Valley Software Park, Ezhou OVU Science and Technology City, as well as Huangshi OVU Science and Technology City.

The Group's net cash generated from financing activities was RMB898.0 million, which was primarily due to proceeds from loans and borrowings, proceeds from the issue of corporate bonds and short-term financing bills and non-public direct debt financing instrument. During the Reporting Period, cash outflow in financing activities was mainly related to repayment of bank and other loans, interest and other borrowing costs paid and repayment of loans from Hubei Science & Technology Investment.

Key Financial Ratios

Current Ratio

Current ratio of the Group, representing total current assets divided by total current liabilities, decreased from 1.7 as of 31 December 2013 to 1.6 as of 30 June 2014, mainly because the Group settled the current amount due to related parties in accordance with the requirements of the Listing Rules with fund raised through the borrowing of short-term loans, which led to an increase of our current liabilities. As at 30 June 2014, the Group still had RMB2.32 billion unused bank credits, and we intend to raise long-term loans to repay the short-term loans in the second half of the year, which would improve our current ratio.

Net Gearing Ratio

Net gearing ratio of the Group, representing the ratio of interest bearing debts deducting cash in hand over total equity and multiplied by 100%, decreased from 91.1% as of 31 December 2013 to 78.9%, primarily because the Shares of the Company were listed on the Stock Exchange successfully during the Reporting Period, which led to an increase in Shareholders' funds.

Indebtedness

The Group's total outstanding bank loans and other borrowings increased by RMB665.2 million, or 24.8%, from RMB2,679.5 million as of 31 December 2013 to RMB3,344.7 million as of 30 June 2014.

During the Reporting Period, Wuhan Optics Valley Union had issued non-public directed debts financing instrument amounting to RMB600.0 million in two installments. The sum of the issued bonds in the first instalment was used for bank loans' repayment while the sum in the second installment was used to supplement the Group's working capital.

As of 30 June 2014, unutilized banking facilities amounted to RMB635.0 million and other borrowings unutilized amounted to RMB1,687.2 million.

Contingent Liabilities

The Group provides guarantees for its customers' mortgage loans with PRC banks to facilitate their purchases of its pre-sold properties. As of 30 June 2014, the outstanding guarantees for mortgage loans by the customers of its presold properties were approximately RMB237.5 million.

Management Discussion and Analysis (Continued)

Net Current Assets

Current assets of the Group consist primarily of properties under development, completed properties held for sale, trade and other receivables, inventories and contracting work-in progress, and cash and cash equivalents. Total current assets of the Group were approximately RMB7,120.1 million as of 30 June 2014. As of 30 June 2014, aggregate cash denominated in Renminbi of the Group amounted to approximately RMB1,529.9 million. The Group has primarily financed its expenditures through internally generated cash flows, being primarily cash generated through pre-sale and sale of its properties (including progress payments from customers of its customized developments and sales deposits from customers of its pre-sold properties), and proceeds from bank loans and other borrowings.

Current liabilities of the Group consist primarily of trade and other payables, loans and borrowings and current tax liabilities. Trade and other payables represent costs related to its development activities. Total current liabilities of the Group were approximately RMB4,370.7 million as of 30 June 2014.

As of 30 June 2014, the Group had net current assets of approximately RMB2,749.4 million. Net current assets of the Group increased during the Reporting Period primarily attributable to increases in number of properties under development and completed properties held for sale as it developed an increasing number of projects.

Capital Expenditure and Capital Commitment

Capital expenditure of the Group amounted to RMB1,558.2 million, which was primarily related to expenditure for its construction in progress development, purchases of property, plant and equipment in relation to property development and purchases of intangible assets.

As of 30 June 2014, the Group's outstanding balances of its commitments related to property development expenditure were RMB1,398.7 million.

The Group estimates that its capital expenditures and capital commitments will further increase as its business and operations continue to expand. The Group anticipates that these capital expenditures and capital commitments will be financed primarily through proceeds from the global offering, 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 2014, the Group had 3,973 full-time employees. The employment cost of the Group was approximately RMB116.4 million during the Reporting Period. It enters into employment contracts with its employees to cover matters such as position, terms of employment, wages, employee benefits and liabilities for breach and grounds for termination. Remuneration of its employees includes basic wages, allowance, bonuses and other employee benefits. The Group has implemented the measures of employee performance and promotion and the system of employee compensation and benefits. The remuneration package of its employees includes salary and bonuses. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority.

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

Management Discussion and Analysis (Continued)

Pledged Assets

As of 30 June 2014, the Group had pledged certain of its assets with a total net book value of RMB1,036.2 million for the purpose of securing outstanding bank borrowings and corporate bonds, including investment properties, properties under development for sale, completed properties held for sale, property, plant and equipment, lease prepayment and restricted cash.

As at the date of this report, a loan of RMB138.0 million granted by Shanghai Jingzhao Aoxi Investment Center is secured by 80% equity interest in Hefei OVU Development.

Market Risks

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

Liquidity Risk

The Group reviews its liquidity position on an 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 outstanding amount of RMB3,344.7 million as of 30 June 2014. The Group undertakes debt obligations to support its property development and general working capital needs. Soaring interest rates may increase the cost of its financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of its debt obligations. The Group currently does not carry out any hedging activities to manage its interest rate risk.

Foreign Exchange Risk

The Group's functional currency is Renminbi and substantially all of its turnover, expenses, cash and deposits are denominated in Renminbi. The Group's exposures to currency exchange rates arise from certain of its cash and bank balances which are denominated in Hong Kong dollar. In the event of a depreciation of the Hong Kong dollar against Renminbi, the value of its cash and bank balances in Hong Kong dollar will decline. In addition, if the Group maintains any foreign currency denominated assets or liabilities, including raising any foreign currency-denominated debts, fluctuations in Renminbi exchange rates will have an impact on the value of such assets and liabilities, thus affecting its financial condition and results of operations. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign exchange risk.

Credit Risk

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

Directors' Report

The Directors are pleased to present their report together with the unaudited interim results of the Group for the six months ended 30 June 2014.

Corporate Information and Global Offering

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

Interim Dividend

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

Purchase, Sale or Redemption of the Company's Listed Securities

Throughout the period from the Listing Date up to the end of the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Directors

The Directors as at the date of this Report were:

Executive Directors

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

Non-executive Directors

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

Independent non-executive Directors

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

Changes in Membership of the Board

As disclosed in the Company's announcement dated 12 June 2014, the Board appointed Mr. Zhang Jie as a non-executive Director for a term of three years commencing from 12 June 2014. Pursuant to the Articles of Association of the Company, Mr. Zhang will hold office until the forthcoming annual general meeting of the Company and shall be eligible for re-election at that annual general meeting.

Directors' Report (Continued)

Save as mentioned above, the composition of the Board remains the same as set out in the Company's annual report for the year ended 31 December 2013.

Changes to Information in Respect of Directors

Mr. Qi Min, an independent non-executive Director of the Company, serves as a supervisor of Humanwell Healthcare Group Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600079.SH), commencing on 12 May 2014.

Mr. Leung Man Kit, an independent non-executive Director of the Company, serves as an independent non-executive director of Luye Pharma Group Ltd., a company listed on the Main Board of the Stock Exchange (Stock Code: 2186), commencing on 19 June 2014.

Directors' Rights to Acquire Shares or Debentures

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

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

As at 30 June 2014, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Interests in the Company

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

Notes:

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

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

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

Directors' Report (Continued)

Save as disclosed above, as at 30 June 2014, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2014, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

Notes:

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

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

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

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

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

Save as disclosed above, as at 30 June 2014, the Directors have not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Directors' Report (Continued)

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 and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the CG Code set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

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

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

Save as disclosed above, throughout the period from the Listing Date up to the end of the Reporting Period, the Company has been in compliance with all applicable code provisions set forth in the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date.

Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the standards as set out in the Model Code throughout the period from the Listing Date up to the end of the Reporting Period.

Directors' Report (Continued)

Use of Proceeds

The net proceeds from the Listing, after deducting underwriting fees and related expenses, amounted to approximately HK$746.3 million. The Company has utilized such net proceeds in a manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus. As at the date of this Report, approximately RMB33.6 million was used as the land premiums and preliminary construction costs in respect of projects planned for future development, approximately RMB225.1 million was used as the development funds of the Group's projects under development and approximately RMB59.7 million was used as the working capital and for other general corporate purposes.

Employee and Remuneration Policy

As at 30 June 2014, the Group had 3,973 employees in Hong Kong and the PRC. For the six months ended 30 June 2014, the staff cost of the Group was approximately RMB116.4 million.

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

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

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

Audit Committee

The Audit Committee was established with terms of reference in compliance with the CG Code, and comprises three members, namely Mr. Leung Man Kit (independent non-executive Director), Ms. Shu Chunping (non-executive Director) and Mr. Qi Min (independent non-executive Director).The Audit Committee has reviewed together with the management and the external auditor the accounting principles and policies adopted by the Group and the unaudited interim results for the six months ended 30 June 2014.

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

Hong Kong, the PRC
27 August 2014

Review Report

Review report to the board of directors of Optics Valley Union Holding Company Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 29 to 57 which comprises the consolidated statement of financial position of Optics Valley Union Holding Company Limited (the "Company") as of 30 June 2014 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited requires the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Review Report (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

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

27 August 2014

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Turnover	3	**553,622**	774,732
Cost of sales		**(341,908)**	(498,856)
Gross profit		**211,714**	275,876
Other income		**1,148**	1,791
Selling and distribution expenses		**(28,917)**	(20,498)
Administrative expenses		**(64,329)**	(57,346)
Other expenses		**(264)**	(283)
Results from operating activities before changes in fair value of investment properties		**119,352**	199,540
Increase in fair value of investment properties	8	**76,590**	2,400
Results from operating activities after changes in fair value of investment properties		**195,942**	201,940
Finance income	4(a)	**6,402**	4,654
Finance costs	4(a)	**(11,169)**	(8,695)
Net finance costs		**(4,767)**	(4,041)
Share of losses of associates		**(190)**	(190)
Share of profits/(losses) of joint ventures		**2,738**	(1,690)
Profit before taxation		**193,723**	196,019
Income tax	5	**(60,223)**	(94,857)
Profit for the period		**133,500**	101,162
Attributable to:			
Equity shareholders of the Company		**130,676**	83,826
Non-controlling interests		**2,824**	17,336
Profit for the period		**133,500**	101,162
Basic earnings per share (RMB cents)	6	**3.71**	3.33

The notes on pages 35 to 57 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 19.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Profit for the period	**133,500**	101,162
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of subsidiaries in other jurisdictions, net of nil tax	**(15)**	1,279
Total comprehensive income for the period	**133,485**	102,441
Attributable to:		
Equity shareholders of the Company	**130,661**	85,105
Non-controlling interests	**2,824**	17,336
Total comprehensive income for the period	**133,485**	102,441

The notes on pages 35 to 57 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2014 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment	7	**186,498**	175,440
Investment properties	8	**500,000**	298,200
Intangible assets		**4,114**	4,332
Interest in associates		**956**	1,146
Interest in joint ventures		**138,213**	160,475
Other investments		**10,000**	10,000
Deferred tax assets		**80,390**	75,194
		920,171	724,787
Current assets			
Other investments		**—**	122,220
Properties under development	9	**3,468,434**	2,946,308
Completed properties held for sale	10	**970,942**	992,615
Inventories and contracting work-in-progress	11	**180,139**	200,072
Trade and other receivables	12	**949,320**	898,022
Current tax assets		**21,336**	32,578
Restricted cash	13	**18,632**	3,630
Cash and cash equivalents	14	**1,511,272**	1,163,239
		7,120,075	6,358,684
Current liabilities			
Trade and other payables	15	**2,219,549**	2,530,444
Loans and borrowings	16	**1,637,500**	905,500
Corporate bonds payable	17	**409,230**	77,427
Current tax liabilities		**104,438**	151,745
		4,370,717	3,665,116
Net current assets		**2,749,358**	2,693,568
Total assets less current liabilities		**3,669,529**	3,418,355

The notes on pages 35 to 57 form part of this interim financial report.

Consolidated Statement of Financial Position (Continued)

At 30 June 2014 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current liabilities			
Loans and borrowings	16	**456,912**	1,151,830
Corporate bonds payable	17	**841,091**	544,763
Deferred tax liabilities		**71,050**	56,646
		1,369,053	1,753,239
Net assets		**2,300,476**	1,665,116
Capital and reserve			
Share capital	19	**316,800**	8
Reserves	19	**1,749,965**	1,434,417
Total equity attributable to equity shareholders of the Company		**2,066,765**	1,434,425
Non-controlling interests		**233,711**	230,691
Total equity		**2,300,476**	1,665,116

Approved and authorised for issue by the board of directors on 27 August 2014.

HUANG Liping
Director

HU Bin
Director

The notes on pages 35 to 57 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company								
	Note	Paid-in/ share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013		4,852	—	287,193	1,268	182,408	396,057	871,778	516,589	1,388,367
Changes in equity for the six months ended 30 June 2013:										
Profit for the period		—	—	—	—	—	83,826	83,826	17,336	101,162
Other comprehensive income		—	—	—	1,279	—	—	1,279	—	1,279
Total comprehensive income		—	—	—	1,279	—	83,826	85,105	17,336	102,441
Acquisition of equity interests from non-controlling equity holders		—	—	65,212	—	—	—	65,212	(106,025)	(40,813)
Arising from reorganisation		(4,851)	—	4,851	—	—	—	—	—	—
Balance at 30 June 2013		1	—	357,256	2,547	182,408	479,883	1,022,095	427,900	1,449,995
At 1 January 2014		**8**	**—**	**584,780**	**782**	**198,396**	**650,459**	**1,434,425**	**230,691**	**1,665,116**
Changes in equity for the six months ended 30 June 2014:										
Profit for the period		**—**	**—**	**—**	**—**	**—**	**130,676**	**130,676**	**2,824**	**133,500**
Other comprehensive income		**—**	**—**	**—**	**(15)**	**—**	**—**	**(15)**	**—**	**(15)**
Total comprehensive income		**—**	**—**	**—**	**(15)**	**—**	**130,676**	**130,661**	**2,824**	**133,485**
Capital injection from non-controlling interests		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**196**	**196**
Dividends approved in respect of previous year	19(a)	**—**	**—**	**—**	**—**	**—**	**(101,376)**	**(101,376)**	**—**	**(101,376)**
Issue of new shares under initial public offering ("IPO"), net of listing expenses	19(b)	**79,200**	**523,855**	**—**	**—**	**—**	**—**	**603,055**	**—**	**603,055**
Capitalisation issue	19(c)	**237,592**	**(237,592)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance at 30 June 2014		**316,800**	**286,263**	**584,780**	**767**	**198,396**	**679,759**	**2,066,765**	**233,711**	**2,300,476**

The notes on pages 35 to 57 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Operating activities			
Cash used in operations		**(576,795)**	(310,925)
Income tax paid		**(87,081)**	(144,375)
Net cash used in operating activities		**(663,876)**	(455,300)
Investing activities			
Payment for the purchase of property, plant and equipment		**(14,156)**	(12,774)
Other cash flows arising from investing activities		**128,714**	36,824
Net cash generated from investing activities		**114,558**	24,050
Financing activities			
Dividends paid to equity shareholders of the Company		**(93,945)**	—
Other cash flows arising from financing activities		**991,931**	430,409
Net cash generated from financing activities		**897,986**	430,409
Net increase/(decrease) in cash and cash equivalents		**348,668**	(841)
Cash and cash equivalents at 1 January		**1,163,239**	947,899
Effect of foreign exchange rate changes		**(635)**	(84)
Cash and cash equivalents at 30 June	14	**1,511,272**	946,974

The notes on pages 35 to 57 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 Basis of preparation

Optics Valley Union Holding Company Limited (the "Company") was incorporated in the Cayman Islands. The interim financial report of the Company as at and for the six months ended 30 June 2014 comprises the Company and its subsidiaries (together referred to as the "Group").

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue by the Company's Board of Directors on 27 August 2014.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that were applied to 2013 annual financial statements.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on pages 27 to 28.

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is extracted from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 16 April 2014.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies

The IASB has issued a few amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- IFRIC 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

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

Amendments to IAS 32, Offsetting financial assets and financial liabilities

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

IFRIC 21, Levies

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

3 Turnover and segment reporting

The principal activities of the Group are development and sales of properties, design and construction, property management services and operation of industrial park properties in the People's Republic of China (the "PRC").

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 Turnover and segment reporting (Continued)

(a) Segment results, assets and liabilities

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 2014

	Property development RMB'000	Construction contract RMB'000	Property leasing RMB'000	Development management services RMB'000	Business operation services RMB'000	Total RMB'000
Revenue from external customers	395,273	31,753	16,883	26,156	83,557	553,622
Inter-segment revenue	—	184,403	343	1,122	28,464	214,332
Reportable segment revenue	395,273	216,156	17,226	27,278	112,021	767,954
Reportable segment profits	86,953	(4,488)	11,172	25,684	7,845	127,166

For the six months ended 30 June 2013

	Property development RMB'000	Construction contract RMB'000	Property leasing RMB'000	Development management services RMB'000	Business operation services RMB'000	Total RMB'000
Revenue from external customers	629,684	53,933	10,943	9,017	71,155	774,732
Inter-segment revenue	—	341,984	81	—	8,337	350,402
Reportable segment revenue	629,684	395,917	11,024	9,017	79,492	1,125,134
Reportable segment profits	173,349	3,057	6,633	8,542	12,707	204,288

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 Turnover and segment reporting (Continued)

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Profits		
Reportable segment profit derived from Group's external customers	**127,166**	204,288
Increase in fair value of investment properties	**76,590**	2,400
Share of losses of associates	**(190)**	(190)
Share of profits/(losses) of joint ventures	**2,738**	(1,690)
Other income	**1,148**	1,791
Finance income	**6,402**	4,654
Finance costs	**(11,169)**	(8,695)
Depreciation and amortisation	**(8,962)**	(6,539)
Consolidated profit from continuing operations before tax	**193,723**	196,019

	At 30 June	At 31 December
	2014	2013
	RMB'000	RMB'000
Assets		
Reportable segment assets	**7,798,387**	6,821,591
Equity accounted investees	**139,169**	160,552
Other unallocated amounts	**102,690**	101,328
Consolidated total assets	**8,040,246**	7,083,471
Liabilities		
Reportable segment liabilities	**5,732,339**	5,414,069
Other unallocated amounts	**7,431**	4,286
	5,739,770	5,418,355

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

4 Profit before taxation

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

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
(a) Finance (income)/costs:		
Finance income:		
Interest income	**(5,408)**	(3,464)
Net realised and unrealised gains on other investments	**(961)**	(1,190)
Net foreign exchange gain	**(33)**	—
Sub-total	**(6,402)**	(4,654)
Finance costs:		
Interest expense	**129,616**	69,967
Less: Capitalised interest expenses	**(118,447)**	(62,479)
	11,169	7,488
Net realised and unrealised losses on other investments	**—**	1,207
Sub-total	**11,169**	8,695
Net finance costs	**4,767**	4,041
(b) Staff costs:		
Salaries, wages and other benefits	**110,067**	86,904
Contributions to defined contribution retirement schemes	**6,289**	5,200
	116,356	92,104
(c) Other items:		
Depreciation	**8,645**	5,819
Amortisation	**317**	720
Auditors' remuneration	**500**	1,048
Cost of properties sold	**241,330**	395,857
Cost of construction and goods sold	**29,649**	50,446
Rentals receivable from investment properties	**(16,883)**	(10,943)
Less: Direct outgoings	**50**	12
Operating lease charges	**2,152**	1,803

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 Income tax

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax ("CIT")	**37,864**	58,344
PRC Land Appreciation Tax ("LAT")	**13,151**	42,497
	51,015	100,841
Deferred tax		
Origination and reversal of temporary differences	**9,208**	(5,984)
Total income tax expenses	**60,223**	94,857

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

No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiaries did not earn any income subject to Hong Kong Profits Tax for the period (six months ended 30 June 2013: Nil).

(ii) PRC CIT

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

(iii) PRC LAT

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

During the period ended 30 June 2014, a subsidiary of the Group, Wuhan Optics Valley Union Group Company Limited started to conduct LAT final settlement with local tax bureau for certain projects. According to the recent assessment, RMB11,612,000 of LAT accrued in previous year was reversed in this interim period.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 Income tax (Continued)

(iv) Withholding tax

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

6 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB130,676,000 (six months ended 30 June 2013: RMB83,826,000). The weighted average number of ordinary shares for the six months ended 30 June 2014 is approximately 3,524,862,000 (six months ended 30 June 2013: 2,520,090,000), after adjusting for the capitalisation issue on 28 March 2014 (note 19).

The weighted average number of shares in issue for the six months ended 30 June 2013 is based on the assumption that 2,520,090,000 shares of the Company are in issue and issuable, as if the shares were outstanding throughout the period.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares for the six months end 30 June 2014 and the year ended 31 December 2013 and therefore, diluted earnings per share are not presented.

7 Property, plant and equipment

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment with a cost of RMB14,156,000 (six months ended 30 June 2013: RMB12,774,000).

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

As at 30 June 2014, certain building of the Group with carrying value of RMB67,617,000 was without building ownership certificate (31 December 2013: RMB64,255,000). The Group was in progress of applying for the relevant building ownership certificates.

As at 30 June 2014, property, plant and equipment that were fully depreciated but still in use were amounted to RMB8,910,000 (31 December 2013: RMB7,190,000).

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

7 Property, plant and equipment (Continued)

Certain bank loans granted to the Group were jointly secured by certain property, plant and equipment with an aggregate carrying amount of RMB51,097,000 (31 December 2013: RMB17,740,000) as at 30 June 2014.

8 Investment properties

As at 30 June 2014, the fair values of the Group's completed investment properties of approximately RMB396,100,000 (31 December 2013: RMB298,200,000) and investment properties under development of approximately RMB103,900,000 (31 December 2013: nil) at the end of the reporting period were arrived at on the basis of a valuation carried out by Savills Valuation and Professional Services Limited ("Savills"), an independent firm of surveyors.

The valuation were carried out by Savills with reference to market value of property interest, which intended to be the estimated amount for which a property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In valuing the property interest in the PRC, Savills has adopted the investment approach (income approach) by taking into account the current rental income of the property interest and the reversionary potential of the tenancy, and also adopted the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc., between the comparable properties and the subject property. During the period ended 30 June 2014, a net gain of RMB76,590,000 (six months ended 30 June 2013: RMB2,400,000), and deferred tax thereon of RMB19,148,000 (six months ended 30 June 2013: RMB600,000), has been recognised in the consolidated statement of profit or loss for the period in respect of investment properties.

As at 30 June 2014, certain investment properties of the Group with carrying value of RMB261,600,000 (including investment properties under development of approximately RMB103,900,000) (31 December 2013: RMB61,900,000), were without building ownership certificate. The Group was in progress of obtaining the relevant building ownership certificate.

Certain bank loans granted to the Group were jointly secured by certain investment properties with an aggregate fair value of RMB63,694,000 (31 December 2013: RMB30,337,000) as at 30 June 2014 (Note 16), and certain properties under development and completed properties held for sale held by the Group (Notes 9 and 10).

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

9 Properties under development

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Expected to be recovered within one year		
Properties under development for sale	**1,553,493**	1,572,232
Expected to be recovered after more than one year		
Properties held for future development for sale (Note)	**735,197**	755,545
Properties under development for sale	**1,179,744**	618,531
	1,914,941	1,374,076
	3,468,434	2,946,308

Note: Properties held for future development for sale is after netting off benefits from government grants of RMB33,824,000 (for the year ended 31 December 2013: RMB39,525,000) for the six months ended 30 June 2014. Pursuant to the agreements between the Group's subsidiaries and local governments, such grants are for subsidising the infrastructure construction of certain projects.

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
In the PRC, with lease term of 40 years or more	**1,273,183**	1,327,437

Properties under development with an aggregate carrying value of RMB898,065,000 (2013: RMB774,541,000) as at 30 June 2014 were pledged for certain bank loans granted to the Group (Note 16).

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

10 Completed properties held for sale

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

Completed properties held for sale with an aggregate carrying value of RMB23,354,000 as at 30 June 2014 were pledged for certain bank loans granted to the Group (Note 16) (31 December 2013: nil).

11 Inventories and contracting work-in-progress

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Gross amounts due from customers for contract work (Note (i))	175,173	194,296
Raw materials	1,418	1,653
Work in progress	3,500	3,270
Finished goods	48	853
	180,139	200,072

(i) Gross amounts due from customers for contract work

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Cost plus attributable profit less foreseeable losses	221,672	247,517
Less: Progress payments received and receivable	(46,499)	(53,221)
Contracting work-in-progress	175,173	194,296
Representing:		
Gross amounts due from customers for contract work included in stocks and contracting work-in-progress	175,173	194,296

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Carrying amount of inventories recognised as		
— Cost of sales	29,649	50,446

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 month	22,656	78,587
1 to 3 months	13,573	3,232
3 to 6 months	81,557	3,836
Over 6 months	74,655	46,418
Trade and bill receivables (net of allowance) (Note (i))	192,441	132,073
Amounts due from non-controlling equity holders	—	21,312
Amounts due from related parties (Note (ii))	1,286	14,950
Prepayments		
— for properties held for development (Note (iii))	518,000	518,056
— for construction cost and raw materials	92,557	91,784
Prepaid business tax and other tax	34,207	44,596
Others	110,829	75,251
	949,320	898,022

Trade debtors and bills receivable are due within 3 months to 6 months from the date of billing.

Notes:

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

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

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

(ii) Amounts due from related parties are unsecured, interest free and have no fixed terms of repayment.

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

13 Restricted cash

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Pledged for		
— Acquiring bank loan (Note)	15,000	—
— Banker's letter of guarantee	2,500	2,500
— Wages guarantee	1,005	1,009
— Bond-issuance bank account	121	121
— Foreign exchange bank account	6	—
	18,632	3,630

Note: Restricted cash was pledged for a 1-year loan with a principal amount of RMB150,000,000 as at 30 June 2014.

14 Cash and cash equivalents

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Cash in hand	105	175
Cash at bank	1,511,167	1,163,064
Cash and cash equivalents	1,511,272	1,163,239

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Trade and other payables

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 month	**586,086**	998,457
1 to 12 months	**279,716**	76,577
Over 12 months	**208,901**	56,756
Total creditors and bills payable	**1,074,703**	1,131,790
Receipts in advance	**825,866**	549,030
Accrued payroll	**3,039**	17,997
Other payables and accruals	**197,156**	388,034
Amounts due to non-controlling equity holders	**40,500**	224,021
Amounts due to related parties	**78,285**	219,572
	2,219,549	2,530,444

16 Loans and borrowings

At 30 June 2014, the Group's bank loans and loans from other financial institutions were repayable as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Current		
Secured		
— Bank loans	**970,000**	560,000
Other borrowings	**150,000**	—
Current portion of non-current bank loans	**345,000**	183,500
	1,465,000	743,500
Unsecured		
— Bank loans	**172,500**	162,000
	1,637,500	905,500

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

16 Loans and borrowings (Continued)

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current		
Secured		
— Bank loans	663,912	1,197,330
Less: Current portion of non-current bank loans	(345,000)	(183,500)
	318,912	1,013,830
Pledged		
— Other borrowings	138,000	138,000
	456,912	1,151,830

At 30 June 2014, the bank loans and loans from other financial institutions are all denominated in functional currency of respective subsidiaries now comprising the Group.

Pledged loans with value of RMB138,000,000 as at 30 June 2014 and 31 December 2013 was pledged by 80.0% equity interests of Hefei Optics Valley Union Development Co., Ltd..

The loan is an entrusted loan provided by non-controlling shareholder.

The bank loans bear interest ranging from 6% to 12% (year ended 31 December 2013: from 5.4% to 12.0%) per annum for the six months ended 30 June 2014. Besides the above, the Group also enjoyed a lower rate of 4.22% per annum from the bank when the Group settled the credit letters amounting to RMB12,500,000 for the six months ended 30 June 2014. The bank loans are secured by the following assets:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Investment properties	63,694	30,337
Properties under development	898,065	774,541
Completed properties held for sale	23,354	—
Property, plant and equipment	51,097	17,740
	1,036,210	822,618

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

16 Loans and borrowings (Continued)

All of the Group's banking facilities are subject to the fulfillment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2014, none of the covenants relating to drawn down facilities had been breached (2013: nil).

17 Corporate bonds payable

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Current		
At issue date (Note)	367,520	69,350
Add: Transaction costs amortised	915	83
Interest payable	40,795	7,994
	409,230	77,427
Non-current		
At issue date (Note)	835,977	543,527
Add: Transaction costs amortised	5,114	1,236
	841,091	544,763
At the end of the period/year	1,250,321	622,190

Bond information is as followings:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Corporate Bonds, 2013 (6 years)	577,871	552,113
Corporate Bonds, 2013 (365 days)	72,906	70,077
Phase I Non-public Debt Financing Instrument, 2014 (1 year)	305,762	—
Phase II Non-public Debt Financing Instrument, 2014 (2 years)	293,782	—
	1,250,321	622,190

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

17 Corporate bonds payable (Continued)

Note:

In December 2013, the Company issued short-term corporate bond with maturity of 365 days with face value of RMB70,000,000 bearing annual interest rates of 7.2%. The actual proceeds received by the Company were approximately RMB69,350,000.00. These bonds are denominated in RMB and issued at par. Interest is payable quarterly while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 8.20%. As at 30 June 2014, interest payable for these bonds above amounted to approximately RMB3,150,000 (31 December 2013: RMB644,000).

In October 2013, the Company issued long-term corporate bond with maturity of 6 years with face value of RMB600,000,000 bearing annual interest rates of 7.35%. The actual proceeds received by the Company were approximately RMB543,527,000. These bonds are denominated in RMB and issued at par. Interest is payable quarterly while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 9.48%. As at 30 June 2014, interest payable for these bonds above amounted to approximately RMB2,940,000 (31 December 2013: RMB7,350,000).

In March 2014 and June 2014, the Company issued non-public debt financing instrument with maturity of 365 days and 2 years with face value of RMB300,000,000 and RMB300,000,000 bearing annual interest rates of 8.50% and 8.20%, respectively. The actual proceeds received by the Company were approximately RMB298,170,000 and RMB292,450,000. These bonds are denominated in RMB and issued at par. Interest is payable quarterly while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 9.17% and 9.64%, respectively. As at 30 June 2014, interest payable for these bonds above amounted to approximately RMB7,083,333.33 and RMB1,161,666.68, respectively (31 December 2013: Nil).

18 Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-levels fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical financial instruments.

— Level 2 valuations: fair value measured using level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: fair value measured using significant unobservable inputs.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

18 Fair value measurement of financial instruments (Continued)

Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The Group has a team headed by the finance manager performing valuations of investment properties (by reference to the valuation done by Savills). The team reports directly to the finance director. An analysis of changes in fair value measurement is prepared by the team at each reporting date, and is reviewed and approved by the finance director. Discussion of valuation process and results with the finance director is held twice a year, to coincide with the reporting dates.

30 June 2014

In thousands of RMB

	Fair value at 30 June 2014 RMB'000	Fair value measurements as at 30 June 2014 categorized into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Assets				
Available-for-sales financial assets	—	—	—	—

31 December 2013

In thousands of RMB

	Fair value at 31 December 2013 RMB'000	Fair value measurements as at 31 December 2013 categorized into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Assets				
Available-for-sales financial assets	122,220	122,220	—	—

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

19 Capital, reserve and dividends

(a) Dividends

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period.

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK$0.032 per share (six months ended 30 June 2013: Nil) (Note)	**101,376**	—

Note: During the period, the Company approved a final dividend of RMB101,376,000 (six months ended 30 June 2013: Nil) of which RMB93,945,000 was paid in June 2014.

(b) Share capital

The Company was incorporated on 15 July 2013 with authorized capital of 100,000 shares at HK$0.10 per share. As part of the reorganization, the authorized capital of the Company was increased to HK$400,000,000 divided into 4,000,000,000 shares of HK$0.10 each.

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

	At 30 June 2014		At 31 December 2013	
	No. of Shares ('000)	**RMB'000**	No. of Shares ('000)	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	**100**	**8**	—	—
Capitalisation issue (Note 19(c))	**2,999,900**	**237,592**	—	—
Issue of new shares	**1,000,000**	**79,200**	100	8
At the end of the period/year	**4,000,000**	**316,800**	100	8

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

19 Capital, reserve and dividends (Continued)

(c) Capitalisation issue

Pursuant to written resolutions of the Company's shareholders passed on 12 March 2014, 2,999,900,000 ordinary shares of HK$0.10 each were issued at par value on 28 March 2014 by way of capitalisation of HK$299,900,000 (equivalent to approximately RMB237,592,000) from the Company's share capital account.

On 28 March 2014, the Shares of Company were successfully listed on the Stock Exchange of Hong Kong Limited following the completion of its initial public offer of 1,000,000,000 shares of HK$0.10 each issued at a price of HK$0.83 per share. The proceeds of HK$100,000,000 representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$661,435,000 (equivalent to approximately RMB523,862,000), after the issuing expenses of HK$68,565,000 (equivalent to approximately RMB54,303,000), were credited to the share premium account.

20 Capital commitments outstanding not provided for in the interim financial report

Commitments related to development expenditure

As at 30 June 2014, commitments outstanding not provided for in consolidated financial statements are as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Contracted but not provided for	**1,558,213**	2,244,350

21 Contingent liabilities

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

21 Contingent liabilities (Continued)

The maximum amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of the reporting period is as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	237,486	271,994

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as during the period under guarantees, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors.

22 Material related party transactions

(a) Name and relationship with related parties

Transactions with the following parties are considered as related party transactions:

Name of party	Relationship with the Group
Mr. Huang Liping	The Controlling Shareholder
Ms. Xie Xiaoyun	Spouse of the Controlling Shareholder
Wuhan Qianbao Property Co., Ltd. ("Wuhan Qianbao Property")	Entity controlled by the Controlling shareholder
Wuhan Lido Investment Co., Ltd. ("Wuhan Lido Investment")	Entity controlled by the Controlling shareholder
Wuhan Mason Property Co., Ltd. ("Wuhan Mason")	Joint venture

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

22 Material related party transactions (Continued)

(b) Key management personnel remuneration:

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel is as follows:

	At 30 June 2014 RMB'000	At 30 June 2013 RMB'000
Wages, salaries and other benefits	8,702	8,527
Retirement scheme contributions	176	115
	8,878	8,642

The above remuneration to key management personnel is included in "staff costs" (Note 4(b)).

(c) Transactions with related parties

(i) Other related party transactions

	At 30 June 2014 RMB'000	At 30 June 2013 RMB'000
Sales of Materials (Note (i))	245	478
Business operation service (Note (ii))	198	146
Construction contract revenue (Note (iii))	—	960
Development management service (Note (iv))	1,221	1,079
Guarantee from the controlling shareholder (Note (v))	—	330,000
Trademark usage (Note (vi))	—	1

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

22 Material related party transactions (Continued)

(c) Transactions with related parties (Continued)

(i) Other related party transactions (Continued)

Notes:

(i) Wuhan Optics Valley Union sold certain construction materials to Wuhan Mason.

(ii) Wuhan Lido Property Management Co., Ltd. provided property management services to Wuhan Mason.

(iii) Wuhan Lido Technology Co., Ltd. provided construction service to Wuhan Mason.

(iv) Wuhan Optics Valley Union provided construction management service to Wuhan Mason.

(v) On 26 April 2012, Mr. Huang Liping and his spouse provided guarantee to Wuhan Optics Valley Union for its bank loans of RMB330,000,000. The Group had not recognised any deferred expense in respect of the financial guarantee provided by the controlling shareholder and his spouse as its fair value cannot be reliably measured using observable market data and its transaction price was nil. The bank loans had been subsequently settled on 24 April 2014.

(vi) On 30 April 2013, Wuhan Qianbao Media Co., Ltd. and Wuhan Qianbao Property entered into a trademark license agreement whereby Wuhan Qianbao Property agreed to grant a license to Wuhan Qianbao Media Co., Ltd. for a consideration of RMB1,000 to use a trademark until 31 December 2015.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

22 Material related party transactions (Continued)

(d) Balances with related parties

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Amount due from related parties		
Trade Related:		
Wuhan Mason	1,286	1,127
Not-Trade Related:		
Huang Liping	—	13,823
	1,286	14,950
Amount due to related parties		
Not-Trade Related:		
Other Payables to Wuhan Mason	70,854	190,072
Dividend payable to:		
Wuhan Qianbao Property	7,431	25,000
Wuhan Lido Investment	—	4,500
	78,285	219,572

The amounts due from/to related parties as at 30 June 2014 and 31 December 2013 were expected to be recovered/repaid within one year.

Definitions

"AAA Finance"	AAA Finance and Investment Holdings Limited, a limited liability company incorporated in the BVI on 10 July 2013 which is wholly-owned by Mr. Huang Liping, one of our Controlling Shareholders
"Articles of Association"	the articles of association of the Company
"associates"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of directors of the Company
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
"China", "Mainland China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", 'we", "us" or "our"	Optics Valley Union Holding Company Limited (光谷聯合控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2013 under the Cayman Islands Companies Law and which Shares are listed on the Main Board of the Stock Exchange
"Controlling Shareholders"	Mr. Huang Liping, AAA Finance and Lidao BVI, both of which are wholly-owned by Mr. Huang Liping
"Directors"	director(s) of the Company
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Hefei OVU Development"	Hefei Optics Valley Union Development Co., Ltd.* (合肥光谷聯合發展有限公司), a limited liability company incorporated in the PRC on 13 September 2013 and a 80.0% owned subsidiary of Wuhan Optics Valley Union, and thus a subsidiary of the Company
"Hengxin PTC"	Hengxin Global (PTC) Limited, a limited liability company incorporated in the BVI on 12 August 2013 and our Shareholder
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

Definitions (Continued)

"Hubei Science & Technology Investment"	Hubei Science & Technology Investment Group Co., Ltd.* (湖北省科技投資集團有限公司), a limited liability company incorporated in the PRC on 28 July 2005 and a substantial shareholder of the Company
"Lidao BVI"	Lidao Investment Limited, a limited liability company incorporated in the BVI on 10 July 2013 and one of our Controlling Shareholders
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	28 March 2014, the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers
"Optics Valley Software Park"	Wuhan Optics Valley Software Park Co., Ltd.* (武漢光谷軟件園有限公司), a limited liability company incorporated in the PRC on 8 September 2005 and a wholly-owned subsidiary of Wuhan Optics Valley Union, and an indirect subsidiary of the Company
"Prospectus"	the prospectus of the Company dated 18 March 2014
"Qianbao BVI"	Qianbao Investment Limited, a limited liability company incorporated in the BVI on 10 July 2013 and our Shareholder
"Remuneration Committee"	the remuneration committee of the Company
"Renminbi" or "RMB"	the lawful currency of China
"Reporting Period"	the 6-month period from 1 January 2014 to 30 June 2014
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholders"	holder(s) of our Share(s) from time to time
"Shares"	ordinary shares of HK$0.10 each in the capital of the Company

Definitions (Continued)

"sq.m."	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Technology Investment HK"	Hubei Science & Technology Investment Group (Hong Kong) Company Limited (湖北省科技投資集團(香港)有限公司), a limited liability company incorporated in Hong Kong on 11 July 2013 and a substantial shareholder of the Company
"U.S."	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"Wuhan Jitian Construction"	Wuhan Jitian Construction Co., Ltd.* (武漢吉天建設工程有限公司), a limited liability company incorporated in the PRC on 11 June 2001 and a wholly-owned subsidiary and an indirect subsidiary of the Company
"Wuhan Lido Investment"	Wuhan Lido Investment Co., Ltd.* (武漢麗島投資有限公司), a limited liability company incorporated in the PRC on 8 November 2007, which was absorbed by Wuhan Qianbao Property in a merger on 21 February 2014 and was deregistrated, its debt settlement was borne by Wuhan Qianbao Property
"Wuhan Lido Technology"	Wuhan Lido Technology Co., Ltd.* (武漢麗島科技有限公司), a limited liability company incorporated in the PRC on 13 December 2000, a wholly-owned subsidiary and an indirect subsidiary of the Company
"Wuhan Mason"	Wuhan Mason Property Co., Ltd.* (武漢美生置業有限公司), formerly known as Mason Property (Wuhan) Co., Ltd.* (美生置業(武漢)有限公司), a limited liability company incorporated in the PRC on 11 January 2007 and is owned as to 50% by Wuhan Optics Valley Union
"Wuhan Optics Valley Union"	Wuhan Optics Valley Union Group Company Limited* (武漢光谷聯合集團有限公司, formerly known as 武漢光谷聯合股份有限公司), a limited liability company incorporated in the PRC on 24 July 2000 and a wholly-owned subsidiary of United Real Estate (Wuhan) Co., Ltd.* (聯合置業(武漢)有限公司), and an indirect subsidiary of the Company
"Wuhan Qianbao Property"	Wuhan Qianbao Property Co., Ltd.* (武漢千寶置業有限公司), a limited liability company incorporated in the PRC on 25 July 1997 and is wholly owned by Mr. Huang Liping

In this interim report, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language which are marked with "*" is for identification purpose only.