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**中國奧園地產集團股份有限公司**  
**China Aoyuan Property Group Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 3883)**

**ANNOUNCEMENT OF INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

**HIGHLIGHTS**

- Unaudited contracted sales for the period amounted to approximately RMB10,528.3 million, up 73.5% YoY, and contracted sales area was approximately 1,286,424 sq.m., up 56.5% YoY.
- Recognized revenue for the six months ended 30 June 2016 amounted to approximately RMB6,479.5 million, representing an increase of approximately RMB2,544.1 million or 64.6% as compared to approximately RMB3,935.4 million for the corresponding period in 2015.
- Gross profit for the period increased by approximately RMB466.1 million or 40.3% to approximately RMB1,622.3 million and gross profit margin for the period was approximately 25.0%.
- Net profit of the Group for the period increased by approximately RMB46.2 million or 8.3% to approximately RMB601.3 million. Basic earnings per share for the period amounted to approximately RMB20.46 cents.
- Core net profit of the Group (calculated by subtracting after-tax fair value gain of investment properties and exchange losses from net profit for the period) increased by approximately RMB228.6 million or 53.8% to RMB653.3 million.
- Bank balances and cash (including restricted bank deposits) as at 30 June 2016 was approximately RMB10,211.4 million; net gearing was 56.0%.
- In the first half of 2016, acquired several high-quality lands in Shenzheng, Chengdu and etc., newly added gross GFA approximately 1.39 million sq.m..

The board of directors (the “Board” or the “Directors”) of China Aoyuan Property Group Limited (the “Company”) is pleased to present the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2016 together with comparative figures for the corresponding period in the previous year as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2016*

	<i>Notes</i>	<b>Six months ended</b>	
		<b>30.6.2016</b>	<b>30.6.2015</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>6,479,513</b>	3,935,393
Cost of sales		<b>(4,857,184)</b>	(2,779,194)
Gross profit		<b>1,622,329</b>	1,156,199
Other income, gains and losses	4	<b>(120,474)</b>	79,926
Change in fair value of investment properties		<b>129,692</b>	124,617
Selling and distribution expenses		<b>(191,564)</b>	(101,118)
Administrative expenses		<b>(237,609)</b>	(178,464)
Share of results of joint ventures		<b>(11,275)</b>	(2,016)
Finance costs		<b>(78,899)</b>	(59,040)
Profit before tax		<b>1,112,200</b>	1,020,104
Income tax expense	5	<b>(510,904)</b>	(465,035)
Profit for the period	6	<b>601,296</b>	555,069
Other comprehensive income (expense)			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		<b>20,419</b>	(16,395)
Profit and total comprehensive income for the period		<b>621,715</b>	538,674

	<i>Note</i>	<b>Six months ended</b>	
		<b>30.6.2016</b>	30.6.2015
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(unaudited)</b>	(unaudited)
Profit for the period attributable to:			
Owners of the Company		<b>566,622</b>	538,390
Non-controlling interests		<b>34,674</b>	16,679
		<b><u>601,296</u></b>	<u>555,069</u>
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		<b>580,745</b>	521,995
Non-controlling interests		<b>40,970</b>	16,679
		<b><u>621,715</u></b>	<u>538,674</u>
Earnings per share (RMB cents)	8		
Basic		<b><u>20.46</u></b>	<u>19.34</u>
Diluted		<b><u>N/A</u></b>	<u>19.34</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	<i>Notes</i>	<b>30.6.2016</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2015 <i>RMB'000</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		502,342	493,882
Prepaid lease payments		15,156	15,374
Investment properties		4,620,605	4,504,545
Interests in joint ventures		195,778	216,966
Available-for-sale investments		75,000	75,000
Deferred tax assets		152,622	171,134
Amount due from a joint venture		151,989	151,989
		<u>5,713,492</u>	<u>5,628,890</u>
<b>CURRENT ASSETS</b>			
Properties for sale		38,865,722	31,792,372
Trade and other receivables	9	2,097,988	1,752,635
Amounts due from non-controlling shareholders of subsidiaries		876,776	26,534
Amounts due from related parties		174,785	221,992
Amounts due from joint ventures		194,664	105,320
Tax recoverable		392,183	263,016
Prepaid lease payments		435	435
Restricted bank deposits		25,242	1,266,632
Bank balances and cash		10,186,112	7,769,046
		<u>52,813,907</u>	<u>43,197,982</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	7,200,409	5,348,139
Deposits received for sale of properties		12,439,744	9,823,411
Amounts due to non-controlling shareholders of subsidiaries		117,928	104,728
Amounts due to joint ventures		484,260	1,123,287
Tax liabilities		2,418,597	2,202,224
Bank and other borrowings		4,111,438	2,570,344
Provisions		1,401,116	1,597,451
		<u>28,173,492</u>	<u>22,769,584</u>
<b>NET CURRENT ASSETS</b>		<u>24,640,415</u>	<u>20,428,398</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>30,353,907</u>	<u>26,057,288</u>

	<b>30.6.2016</b> <i>RMB'000</i> <b>(unaudited)</b>	31.12.2015 <i>RMB'000</i> (audited)
<b>NON-CURRENT LIABILITIES</b>		
Other payable	–	300,000
Bank and other borrowings	<b>4,265,119</b>	4,802,953
Loan from a non-controlling shareholder of a subsidiary	<b>1,285,300</b>	–
Deferred tax liabilities	<b>458,433</b>	454,100
Senior notes and bonds	<b>9,911,962</b>	8,924,378
	<u><b>15,920,814</b></u>	<u>14,481,431</u>
<b>NET ASSETS</b>	<u><b>14,433,093</b></u>	<u>11,575,857</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>26,355</b>	26,355
Reserves	<b>8,609,383</b>	8,216,420
	<u><b>8,635,738</b></u>	<u>8,242,775</u>
Equity attributable to owners of the Company	<b>5,797,355</b>	3,333,082
Non-controlling interests	<u><b>5,797,355</b></u>	<u>3,333,082</u>
<b>TOTAL EQUITY</b>	<u><b>14,433,093</b></u>	<u>11,575,857</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2016*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for the investment properties, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied for the first time, the following new and revised interpretation and amendments to International Financial Reporting Standards (“IFRSs”) issued by the IASB that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception

The application of the above new and revised amendments to IFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments:

#### Six months ended 30 June 2016 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
External segment revenue	<u>6,306,474</u>	<u>45,385</u>	<u>127,654</u>	<u>6,479,513</u>
Segment profit (loss)	<u>1,266,150</u>	<u>159,415</u>	<u>(61,568)</u>	1,363,997
Other income, gains and losses				(120,474)
Unallocated corporate expenses				(41,149)
Finance costs				(78,899)
Share of results of joint ventures				<u>(11,275)</u>
Profit before tax				<u>1,112,200</u>

#### Six months ended 30 June 2015 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
External segment revenue	<u>3,837,853</u>	<u>30,529</u>	<u>67,011</u>	<u>3,935,393</u>
Segment profit (loss)	<u>927,918</u>	<u>151,251</u>	<u>(34,339)</u>	1,044,830
Other income, gains and losses				79,926
Unallocated corporate expenses				(43,596)
Finance costs				(59,040)
Share of results of joint ventures				<u>(2,016)</u>
Profit before tax				<u>1,020,104</u>

There was no inter-segment revenue for six months ended 30 June 2016 and 2015.

The following is an analysis of the Group's assets by reportable and operating segments:

	<b>30.6.2016</b>	31.12.2015
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(unaudited)</b>	(audited)
Property development	<b>41,915,182</b>	33,723,104
Property investment	<b>4,653,968</b>	4,535,064
Others	<b>383,686</b>	366,800
	<hr/>	<hr/>
Total segment assets	<b>46,952,836</b>	38,624,968
	<hr/> <hr/>	<hr/> <hr/>

Others mainly include hotel operations, provision of consulting services and management services.

#### 4. OTHER INCOME, GAINS AND LOSSES

	<b>Six months ended</b>	
	<b>30.6.2016</b>	30.6.2015
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
The balance comprises of:		
Bank interest income	<b>31,754</b>	31,783
Interest income from a non-controlling shareholder	–	499
Interest income from joint ventures	<b>1,234</b>	–
Dividend income from available-for-sale investments	–	2,500
Net exchange (loss) gain	<b>(149,320)</b>	36,875
Others	<b>(4,142)</b>	8,269
	<hr/>	<hr/>
	<b>(120,474)</b>	79,926
	<hr/> <hr/>	<hr/> <hr/>



## 5. INCOME TAX EXPENSE

	Six months ended	
	30.6.2016 <i>RMB'000</i> (unaudited)	30.6.2015 <i>RMB'000</i> (unaudited)
Income tax expense recognised comprises of:		
Current tax in the People's Republic of China (the "PRC"):		
Enterprise income tax	295,172	232,513
Land appreciation tax	192,887	197,159
	<u>488,059</u>	<u>429,672</u>
Deferred tax:		
Current period	22,845	35,363
	<u>510,904</u>	<u>465,035</u>

The EIT is calculated at 25% of the estimated assessable profit for the current and prior periods.

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from Hong Kong.

## 6. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2016 <i>RMB'000</i> (unaudited)	30.6.2015 <i>RMB'000</i> (unaudited)
Profit for the period has been arrived at after charging the following items:		
Interest on bank and other borrowings	301,430	363,845
Interest on senior notes and bonds	523,633	239,836
Interest on loan from a non-controlling shareholder of a subsidiary	27,696	–
Less: Amount capitalised to properties under development for sale	(773,860)	(544,641)
	<u>78,899</u>	<u>59,040</u>
Staff costs	168,134	118,431
Release of prepaid lease payments	218	218
Depreciation of property, plant and equipment	19,455	17,890
Loss on disposal of property, plant and equipment	2,407	1,160
	<u>2,407</u>	<u>1,160</u>

## 7. DIVIDENDS

	<b>Six months ended</b>	
	<b>30.6.2016</b>	30.6.2015
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
2015 final dividend of RMB8.8 cents (six months ended 30 June 2015; 2014 final dividend of RMB8.7 cents) per share	<u><u>244,978</u></u>	<u><u>242,195</u></u>

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	<b>Six months ended</b>	
	<b>30.6.2016</b>	30.6.2015
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Earnings:</b> Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to owners of the Company	<u><u>566,622</u></u>	<u><u>538,390</u></u>

	<b>Six months ended</b>	
	<b>30.6.2016</b>	30.6.2015
	<b>'000</b>	'000
<b>Number of shares:</b> Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>2,769,257</u>	2,783,845
Effect of dilutive potential ordinary shares on share options	<u>—</u>	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>2,769,257</u></u>	<u><u>2,783,845</u></u>

No diluted earnings per share is presented for the six months ended 30 June 2016 as there were no potential ordinary shares outstanding.

For the six months ended 30 June 2015, those share options granted have no impact on the computation of diluted earnings per share, as the exercise price of the options was higher than the average market price of the Company's shares.

## 9. TRADE AND OTHER RECEIVABLES

	<b>30.6.2016</b> <i>RMB'000</i> <b>(unaudited)</b>	31.12.2015 <i>RMB'000</i> (audited)
Trade receivables	<b>169,370</b>	154,648
Rental receivables	<b>34,806</b>	29,671
Other receivables	<b>776,354</b>	597,028
Advance to constructors and suppliers	<b>178,855</b>	156,259
Deposits paid to local government and third parties for the potential purchase of land use rights	<b>381,918</b>	391,911
Other tax prepayments	<b>556,685</b>	423,118
	<b>2,097,988</b>	1,752,635

The following aged analysis of trade receivables determined based on the date of the properties delivered and sales is recognised:

	<b>30.6.2016</b> <i>RMB'000</i> <b>(unaudited)</b>	31.12.2015 <i>RMB'000</i> (audited)
0-60 days	<b>58,135</b>	77,820
61-180 days	<b>17,443</b>	8,084
181 days-365 days	<b>34,071</b>	16,265
1-2 years	<b>31,958</b>	28,156
2-3 years	<b>21,189</b>	21,668
Over 3 years	<b>6,574</b>	2,655
	<b>169,370</b>	154,648

## 10. TRADE AND OTHER PAYABLES

	<b>30.6.2016</b> <i>RMB'000</i> <b>(unaudited)</b>	31.12.2015 <i>RMB'000</i> (audited)
Trade payables	<b>4,592,374</b>	3,586,159
Other payables (note)	<b>1,861,431</b>	1,710,325
Consideration payable	<b>686,900</b>	–
Other taxes payable	<b>59,704</b>	51,655
	<hr/> <b>7,200,409</b> <hr/>	<hr/> 5,348,139 <hr/>

*Note:* RMB126,000,000 included in other payable as at 30 June 2016 represents capital reduction by Mr. Li Lianzhu, a former non-controlling shareholder of 廣西瀚林地產開發有限公司 Guangxi Hanlin Property Development Company Limited, a subsidiary of the Company.

The following is an analysis of trade payables presented based on the invoice date:

	<b>30.6.2016</b> <i>RMB'000</i> <b>(unaudited)</b>	31.12.2015 <i>RMB'000</i> (audited)
0 – 60 days	<b>1,553,800</b>	1,583,660
61 – 180 days	<b>970,048</b>	569,042
181 days – 365 days	<b>655,719</b>	214,092
1 – 2 years	<b>431,272</b>	372,161
2 – 3 years	<b>644,139</b>	585,612
Over 3 years	<b>337,396</b>	261,592
	<hr/> <b>4,592,374</b> <hr/>	<hr/> 3,586,159 <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. BUSINESS REVIEW

In the first half of 2016, benefiting from favourable policy supports, the rigid demand and demand from upgraders led to a proactive market entry, so that both markets for new and second-hand properties were robust. Under these circumstances, the Group made concerted effort in coping with market pressures and adopted innovative and flexible sales strategies, which resulted in encouraging sales performance, strong development momentum was maintained which led to stable increase in overall competitiveness.

As at 30 June 2016, the Group achieved total contracted sales of approximately RMB10.53 billion, a significant increase of approximately 73.5%. Contracted sales area for the first half of the year was approximately 1,286,000 sq.m., an increase of approximately 56.5%. Residential properties and commercial properties (mainly comprising commercial apartments and retail shops) accounted for approximately 69% and 31%, respectively.

Our sales in the first half of 2016 were mainly contributed by the following projects: Zhuhai Aoyuan Plaza, Guangzhou Aoyuan International Center, Chongqing Aoyuan Panlong Yihao, Foshan Aoyuan Central Parkview and Nanning Aoyuan Hanlin MingMen.

Details of contracted sales breakdown of the Group by major projects are as follows:

<b>Project</b>	<b>Amount</b> <i>(RMB million)</i>	<b>Contracted GFA Sold</b> <i>(sq.m.)</i>	<b>Average Selling Price</b> <i>(RMB/sq.m.)</i>
Zhuhai Aoyuan Plaza	1,175	55,872	21,038
Guangzhou Aoyuan International Center	976	35,191	27,743
Chongqing Aoyuan Panlong Yihao	924	125,140	7,385
Foshan Aoyuan Central Parkview	662	74,296	8,904
Nanning Aoyuan Hanlin MingMen	435	70,603	6,157
Zhongshan Aoyuan	414	91,467	4,529
One30 Hyde Park Sydney	385	3,369	114,262
Guangzhou Luogang Aoyuan Plaza	384	30,383	12,643
Bengbu Aoyuan Hanlin Ginza	375	61,387	6,104
Bengbu Aoyuan Hanlin Huafu	350	61,811	5,662
Others	4,448	676,905	6,572
<b>Total</b>	<b>10,528</b>	<b>1,286,424</b>	

## II. LAND BANK

The Group has adhered to the deployment strategy to focus on Tier 1 and Tier 2 cities. Upon choosing appropriate regions for investment, it consistently employed the approach of combined development and made profound effort in improvement of the regions while focusing on districts with greater commercial and residential demand but less market restriction. In the first half of 2016, the Group acquired a total of 4 high-quality commercial and residential projects in regions such as Shenzheng, Guangdong and Chengdu, Sichuan, newly added gross GFA available for development of approximately 1.39 million sq.m., and average land cost per sq.m. was approximately RMB3,837.

As at 30 June 2016, the total land bank of the Group was approximately 13.8 million sq.m. The average cost per sq.m. GFA of such land was approximately RMB1,754, among which 1.83 million sq.m. of properties was completed, 5.35 million sq.m. of properties was under construction and 6.59 million sq.m. was reserved for future development.

## III. FUTURE OUTLOOK

Looking forward to the second half of the year, it is not expected that there is any further material policies to be rolled out. Meanwhile, “Modification according to local conditions”, the regulatory control initiatives, will be more distinct.

In the second half of 2016, the Group will continue to replenish its quality land bank for cities with large market capacity, strong consumability and upside potential for housing price. We will adhere to fast-churn development model and deliver premium products. With better understanding of the macro-economy, the Group will persist in executing its corporate development strategies and continue to increase its research and analysis on target markets, so as to maintain its rapid and healthy growth in order to pursue innovation in development and marketing models.

## IV. FINANCIAL REVIEW

### Operating Results

The revenue is primarily generated from two business segments: property development and other revenue such as hotel operation. In the first half of 2016, the Group’s total revenue was RMB6,479.5 million, representing an increase of RMB2,544.1 million or 64.6% over RMB3,935.4 million in the same period of 2015. Property development revenue, other revenue such as hotel operation and property investment revenue accounted for 97.3%, 2.0% and 0.7% respectively.

In the first half of 2016, the Group’s revenue generated from property development amounted to RMB6,306.5 million, representing an increase of RMB2,468.6 million or 64.3% over RMB3,837.9 million in the same period of 2015. The total GFA of delivered properties increased by 140.3% to 822,226 sq.m. from 342,149 sq.m. in the same period of 2015, while the average selling price decreased by 31.6% to RMB7,670 per sq.m. from RMB11,217 per sq.m. as compared with the same

period of 2015. This was mainly attributable to the changes in the components of the delivered areas. In the first half of 2016, the delivered amount of Guangzhou which has higher selling prices accounted for approximately 44% of the total property development revenue, representing a significant decrease of 75% as compared with the same period in 2015. The revenue generated from property development attributable to Guangzhou, Chongqing, Bengbu, Zhongshan, Meizhou and other cities accounted for 44%, 13%, 13%, 10%, 6% and 14% respectively.

Breakdown of property development revenue in the first half of 2016 by product type is as follows:

<b>Product</b>	<b>Sold and Delivered</b>	
	<b>Revenue</b> <i>(RMB million)</i>	<b>Area</b> <i>('000 sq.m.)</i>
Residential apartments	3,799.3	652.8
Commercial apartments	1,501.9	113.0
Retail shops and others	998.5	54.3
Low-density residential	6.8	2.1
<b>Total</b>	<b>6,306.5</b>	<b>822.2</b>

### **Gross Profit and Margin**

In the first half of 2016, the gross profit of the Group was RMB1,622.3 million, representing an increase of 40.3% over RMB1,156.2 million in the same period of 2015. The gross profit margin decreased from 29.4% for the same period in 2015 to 25.0%, which was attributable to the changes in the components of the delivered areas and that of the categories of the delivered products. The development projects in Guangzhou recorded a relatively high gross profit margin, while the delivered amount for the period decreased to 44% from 75% for the same period in 2015. Among the categories of the delivered products, the delivered amount of retail shops and others which have higher gross profit margin decreased to 15.8% from 21.1% for the same period in 2015.

### **Other Income, Gains and Losses**

In the first half of 2016, other income, gains and losses of the Group decreased by RMB200.4 million to losses of RMB120.5 million from gains of RMB79.9 million in the corresponding period of 2015. Other income, gains and losses mainly included exchange losses of RMB149.3 million, interest income of RMB33.0 million and other expenses of RMB4.1 million.

## **Selling and Administrative Expenses**

In the first half of 2016, total selling and distribution expenses of the Group were RMB191.6 million, increased by 89.5% from RMB101.1 million in the same period of 2015 which was mainly due to the Group achieved contract sales of RMB10,528.3 million in the first half of 2016, representing a significant increase of 73.5% from RMB6,068.0 million in the same period of 2015. Total administrative expenses were RMB237.6 million, increased by 33.1% from RMB178.5 million in the same period of 2015, which was mainly due to the increase in staff expenses and other management costs resulting from the expansion of operation scale of the Group.

## **Taxation**

Income tax expense comprised of PRC enterprise income tax, land appreciation tax and deferred taxation. The effective tax rate of 45.9% is higher than the standard PRC enterprise income tax rate of 25%, which was primarily due to the inclusion of land appreciation tax of approximately RMB192.9 million.

## **Profit Attributable to Owners of the Company**

In the first half of 2016, profit attributable to owners of the Company amounted to RMB566.6 million, representing an increase of 5.2% from RMB538.4 million in the same period of 2015. Core net profit (excluding fair value gain on investment properties and exchange loss after tax) for the period amounted to RMB653.3 million.

## **Financial Position**

As at 30 June 2016, the Group's total assets amounted to approximately RMB58,527.4 million (as at 31 December 2015: RMB48,826.9 million) and total liabilities were approximately RMB44,094.3 million (as at 31 December 2015: RMB37,251.0 million).

Current ratio was 1.9 as at 30 June 2016 (as at 31 December 2015: 1.9).

## **Financial Resources and Liquidity**

In the first half of 2016, the Group's sources of fund primarily included income generated from business operations, cash from bank borrowings and issuance of senior notes in US dollar, which were used in our business operations and investment in development projects.

The Group expects that income generated from business operations and borrowings will be the main sources of funding in the coming year. Therefore, the Group will continue to strengthen cash flow management, improve the efficiency of capital returns of projects and stringent control of cost and various expenses. In addition, the Group will continue to explore opportunities of cooperation with foreign and domestic investors to provide other sources of funding for the expansion of projects and business development.



## Cash Position

As at 30 June 2016, the Group had cash and bank deposits of approximately RMB10,186.1 million (as at 31 December 2015: RMB7,769.0 million). As at 30 June 2016, the Group had restricted bank deposits of approximately RMB25.2 million (as at 31 December 2015: RMB1,266.6 million).

As at 30 June 2016, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled to RMB10,211.3 million, of which 95.4% was denominated in Renminbi and 4.6% was denominated in other currencies (mainly HK dollar and AUS dollar).

In the first half of 2016, cash collection ratio (total sales proceeds received in first half of 2016 divided by the contract sales amount for the first half of the year) for the Group's contracted sales was approximately 90%.

## Borrowings, Senior Notes and Bonds and Net Gearing Ratio

### *Borrowings and Senior Notes and Bonds*

As at 30 June 2016, the Group had borrowings of approximately RMB8,376.6 million (as at 31 December 2015: RMB7,373.3 million) and senior notes and bonds of approximately RMB9,912.0 million (as at 31 December 2015: RMB8,924.4 million) as follows:

### *Repayment period*

	<b>30 June 2016</b> <i>(RMB million)</i>	31 December 2015 <i>(RMB million)</i>
Within one year	4,111.4	2,570.3
More than one year, but not exceeding two years	6,202.9	4,199.3
More than two years, but not exceeding five years	7,953.9	9,498.6
More than five years	20.4	29.5
	<u>18,288.6</u>	<u>16,297.7</u>

The majority of borrowings of the Group are floating-rate borrowings, of which interest rates are subject to negotiation on annual basis, thus exposing the Group to fair value interest rate risk. The effective interest rate on borrowings and senior notes and bonds in the first half of 2016 was 8.4%, which was lower than 9.5% compared with the same period in 2015. The Group has implemented certain interest rate management policies which mainly included, among others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

In February 2016, the Group successfully issued RMB500,000,000 4-year corporate bonds, which was to refinance the Group's existing indebtedness and for general corporate purpose.

In April 2016, the Group successfully issued US\$250,000,000 3-year senior notes, which was to refinance the Group's existing indebtedness and for general corporate purposes.

As at 30 June 2016, the Group had credit facilities of approximately RMB25,189.4 million (as at 31 December 2015: RMB26,721.3 million) for short-term and long-term borrowings, of which approximately RMB10,481.5 million (as at 31 December 2015: RMB10,912.7 million) were unutilized.

### ***Net gearing ratio***

Net gearing ratio is measured by the net borrowings (total amount of borrowings and senior notes net of cash and cash equivalents and restricted bank deposits) over the total equity. As at 30 June 2016, the Group's net gearing ratio was 56.0%. The Group has implemented certain loan management policies, which mainly include close monitoring of the gearing ratio and any changes in net gearing ratio, and optimization of the bank credit structure when good pricing opportunities arise.

### ***Contingent Liabilities***

As at 30 June 2016, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers amounting to approximately RMB13,106.4 million (as at 31 December 2015: RMB9,239.6 million).

The contingent liabilities represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is liable to the repayment of outstanding mortgage principals together with accrued interest and penalty owed to the banks by defaulted purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The amounts as at 30 June 2016 were to be discharged upon the earlier of: (i) issuance of the real estate ownership certificate; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

### ***Commitments***

As at 30 June 2016, the Group had construction cost and land payments contracted but not provided for of approximately RMB9,948.0 million (as at 31 December 2015: RMB10,312.1 million). The Group expects to fund these commitments principally from sale proceeds of the properties and bank borrowings.

### ***Foreign Currency Risks***

Most of the Group's revenues and operating costs were denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, senior notes denominated in US dollar and bank loans denominated in US dollars and Australian dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements for the period ended 30 June 2016.

## *Pledge of Assets*

As at 30 June 2016, the Group pledged its properties for sales, property, plant and equipment, investment properties and restricted bank deposit of approximately RMB7,955.3 million (as at 31 December 2015: RMB9,444.5 million) to various banks to secure project loans and general banking facilities granted to the Group.

## **INTERIM DIVIDEND**

The directors of the Company (the “Directors”) have resolved not to declare interim dividend for the six months ended 30 June 2016 (2015: RMB1.8 cents).

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

Save for the Company’s purchases of its own shares on The Stock Exchange of Hong Kong Limited as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s shares during the six months ended 30 June 2016.

<b>Month</b>	<b>Number of shares repurchased</b>	<b>Purchase consideration per share</b>		<b>Aggregate consideration paid</b>
		<i>Highest</i> <i>HK\$</i>	<i>Lowest</i> <i>HK\$</i>	<i>(before expenses)</i> <i>HK\$</i>
May	48,475,000	1.70	1.54	79,362,088
June	34,483,000	1.70	1.50	56,085,560
	<u>82,958,000</u>			<u>135,447,648</u>

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The board of Directors (the “Board”) recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and has applied the principles of the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 (the “CG Code”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). For the period ended 30 June 2016, the Company has complied with the code provisions of the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all the directors of the Company, all the directors confirmed that they have complied with the required standard of dealings set out in the Model Code throughout the six months ended 30 June 2016.

## **HUMAN RESOURCES**

As of 30 June 2016, the Group had about 4,116 employees (31 December 2015: 3,761). The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as medical insurance, mandatory provident fund and share options to motivate and reward employees at all levels to achieve the Group's business performance targets.

## **AUDIT COMMITTEE**

The audit committee of the Company, comprising Mr. Cheung Kwok Keung as chairman as well as Mr. Tsui King Fai and Mr. Hu Jiang as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2016.

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

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company. The interim report of the Company for the six months ended 30 June 2016 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By order of the Board  
**China Aoyuan Property Group Limited**  
**Guo Zi Wen**  
*Chairman*

Hong Kong, 18 August 2016

*As at the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Ms. Zhong Ping and Mr. Ma Jun; the non-executive director of the Company is Mr. Yang Zhong; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.*