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 2009 ANNUAL RESULTS

HIGHLLGHTS

- The Group's total contracted sales grown by 111.2% to RMB2,877.4 million in 2009 with total sales area of 589,100 sq.m..
- The Group's recognized sales revenue for the year ended 31 December 2009 increased to RMB2,364.5 million with total delivered area of 522,800 sq.m., up 281.4%, as compared to RMB619.9 million in the same period of 2008.
- The Group's net profit increased to RMB326.2 million, while earnings per share were RMB13.23 cents in 2009.
- According to the Group's remarkable M&A strategy, we acquired and co-developed several quality projects in Beijing, Zhongshan, Guangzhou and Shenyang. The Group's land bank has increased by 60.7% from 5.6 million sq.m. in 2008 to 9.0 million sq.m. in 2009.
- Net gearing ratio was 15.4%, keeping the Group at a sound financial position and a highly competitive level.
- Recommended a final dividend of RMB3.3 cents per share and a special dividend of RMB1.7 cents per share.

The board of directors (the "**Board**") of China Aoyuan Property Group Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	NOTES	**2009** *RMB'000*	2008 *RMB'000*
Revenue	*4*	**2,364,467**	619,941
Cost of sales		**(1,924,753)**	(597,164)
Gross profit		**439,714**	22,777
Other income		**69,979**	79,897
Change in fair value of investment properties		**(19,557)**	(34,558)
Fair value gain in respect of investment properties transferred from completed properties for sale		**53,817**	88,437
Selling and distribution costs		**(91,462)**	(135,276)
Administrative expenses		**(121,878)**	(198,283)
Change in fair value of embedded derivatives component of convertible notes		**(2,062)**	76,145
Finance costs	*5*	**—**	(5,219)
Gain on disposal of subsidiaries		**—**	16,713
Share of result of jointly controlled entities		**101,344**	45
Profit (loss) before taxation	*6*	**429,895**	(89,322)
Income tax (expense) credit	*7*	**(103,598)**	31,857
Profit (loss) and total comprehensive income (expense) for the year		**326,297**	(57,465)
Profit (loss) and total comprehensive income (expense) attributable to:			
Owners of the Company		**320,133**	(57,153)
Minority interests		**6,164**	(312)
		326,297	(57,465)
Earnings (loss) per share (cents)			
Basic	*8*	**13.23**	(2.54)
Diluted	*8*	**12.66**	(6.28)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2009

	NOTES	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**144,446**	148,646
Prepaid lease payments		**12,377**	18,652
Investment properties		**791,078**	439,890
Interest in jointly controlled entities		**466,831**	326,804
Amount due from a venturer of a jointly controlled entity		**140,488**	—
Available-for-sale investments		**296,000**	—
Amounts due from jointly controlled entities		**850,024**	60,850
Other property interests		**86,952**	86,952
Restricted bank deposits		**345,000**	—
Deferred taxation assets		**27,636**	8,369
		3,160,832	1,090,163
CURRENT ASSETS			
Properties for sales		**6,123,183**	4,530,096
Trade and other receivables	*9*	**745,512**	1,240,283
Income tax recoverable		**5,190**	—
Prepaid lease payments		**6,275**	6,275
Restricted bank deposits		**400,419**	135,732
Bank balances and cash		**1,283,930**	1,345,861
		8,564,509	7,258,247
CURRENT LIABILITIES			
Trade and other payables	*10*	**1,719,448**	975,783
Sales deposits		**552,115**	244,208
Amount due to a minority shareholder		**26,688**	—
Taxation payable		**681,358**	653,255
Derivative financial instruments		**5,968**	3,906
Secured bank loans		**743,420**	215,000
		3,728,997	2,092,152
NET CURRENT ASSETS		**4,835,512**	5,166,095
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,996,344**	6,256,258

	2009	2008
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Secured bank loans	**1,842,945**	999,687
Deferred taxation liabilities	**74,589**	63,053
Convertible notes	**325,850**	304,133
	2,243,384	1,366,873
NET ASSETS	**5,752,960**	4,889,385
CAPITAL AND RESERVES		
Share capital	**24,990**	21,838
Reserves	**5,702,318**	4,857,722
Equity attributable to owners of the Company	**5,727,308**	4,879,560
Minority interests	**25,652**	9,825
TOTAL EQUITY	**5,752,960**	4,889,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated on 6 March 2007 as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") since 9 October 2007. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Nanguo Aoyuan, Hanxi Road, Zhong Cun Town, Panyu, the People's Republic of China (the "PRC"), respectively.

The Company acts as an investment holding company. The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board.

IAS 1 (Revised 2007)	Presentation of Financial Statements
IAS 23 (Revised 2007)	Borrowing Costs
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Vesting Conditions and Cancellations
IFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IFRIC-Int 9 & IAS 39 (Amendments)	Embedded Derivatives
IFRIC-Int 13	Customer Loyalty Programmes
IFRIC-Int 15	Agreements for the Construction of Real Estate
IFRIC-Int 16	Hedges of a Net Investment in a Foreign Operation
IFRIC-Int 18	Transfer of Assets from Customers
IFRSs (Amendments)	Improvements to IFRSs issued in 2008, except for the amendment to IFRS 5 that is effective for annual periods beginning on or after 1 July 2009
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 in relation to the amendment to paragraph 80 of IAS 39

Except as described below, the adoption of the new and revised IFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

IAS 1 (Revised 2007) Presentation of Financial Statements

IAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)

The amendments to IFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

Amendments to IAS 40 Investment Property

As part of Improvements to IFRSs (2008), IAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). In the past, the leasehold land and building elements of investment properties under construction were accounted for separately. The leasehold land element was accounted for as an operating lease and the building element was carried at cost less accumulated impairment losses, if any. The Group has used the fair value model to account for its investment properties.

The change has been applied prospectively by the Group and the jointly controlled entity from 1 January 2009 in accordance with the relevant transitional provisions, resulting in a recognition of gain in fair value of investment properties under construction as included in share of results of jointly controlled entities of approximately RMB115,979,000 attributable to the Group's interests in the entities and gain in fair value of the Group's investment properties under construction of approximately RMB10,101,000 and related deferred tax expenses of approximately RMB2,525,000. At 31 December 2009, the impact has been to increase investment property by approximately RMB10,101,000, to increase deferred tax liabilities by approximately RMB2,525,000 and to increase profit for the year and retained earnings by approximately RMB123,555,000. The impact on basic and diluted earning per share for the year ended 31 December 2009 is to increase by RMB5.11 cent and RMB4.89 cent, respectively.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Amendment to IFRS 5 as part of improvements to IFRSs May 2008[1]
IFRSs (Amendments)	Improvements to IFRSs April 2009[2]
IAS 24 (Revised)	Related Party Disclosures[6]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 32 (Amendments)	Classification of Rights Issues[4]
IAS 39 (Amendment)	Eligible Hedged Items[1]
IFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[3]
IFRS 1 (Amendments)	Limited Exemptions from Comparative IFRS 7 Disclosures for First-time Adopters[5]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
IFRS 3 (Revised)	Business Combinations[1]
IFRS 9	Financial Instruments[7]
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
IFRIC 17	Distributions of Non-cash Assets to Owners[1]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009

2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

3 Effective for annual periods beginning on or after 1 January 2010

[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods ending on or after 1 July 2010
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 January 2013

The adoption of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the accounting treatment for changes in parent ownership interest in a subsidiary.

IFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination of net realisable value of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of the cost and net realisable value with carrying amount of approximately RMB6,123,183,000 (2008: RMB4,530,096,000). Cost of each unit in each phase of development is determined using the weighted average method. The net realisable value is the estimated selling price less estimated selling expenses and estimated cost of completion (if any), which are estimated based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, there may be impairment loss recognised on the properties under development for sale and completed properties for sale.

Convertible notes

The Group's convertible notes contain embedded derivatives with carrying amount of RMB5,968,000 (2008: RMB3,906,000) that are remeasured to fair value through profit or loss at subsequent reporting dates. The Company engaged an independent appraiser to assist it in determining the fair value of these embedded derivatives. Assumptions are made based on market yields of comparable corporate bonds and return volatility of comparable companies adjusted for specific features of the embedded derivatives.

Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with any local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

4. REVENUE

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief executive officer (the chief operating decision maker) in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14. Nor has the adoption of IFRS 8 changed the basis of measurement of segment profit or loss and segment assets and liabilities.

During the year, the Group is principally engaged in the property development and property investment in the PRC. Information reported to the Group's management for the purposes of resource allocation and assessment of performance focuses the result of the type of operation. The Group's reportable segments under IFRS 8 are as follows:

Property development — developing and selling of properties in the PRC

Property investment — leasing of investment properties in the PRC

Others — provisions of consulting services and management operation

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

	Year ended 31 December 2009			
	Property development *RMB'000*	**Property investment** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Segment revenue	**2,348,145**	**15,086**	**1,236**	**2,364,467**
Segment results	**348,190**	**(11,423)**	**(1,443)**	**335,324**
Other income				**66,542**
Unallocated corporate expenses				**(71,253)**
Change in fair value of embedded derivatives component of convertible notes				**(2,062)**
Share of result of a jointly controlled entity				**101,344**
Profit before taxation				**429,895**

	Year ended 31 December 2008			
	Property development *RMB'000* *(Note)*	Property investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue	609,015	9,525	1,401	619,941
Segment results	(79,916)	(25,758)	219	(105,455)
Other income				44,234
Unallocated corporate expenses				(115,785)
Change in fair value of embedded derivatives component of convertible notes				76,145
Finance costs				(5,219)
Gain on disposal of subsidiaries				16,713
Share of result of a jointly controlled entity				45
Loss before taxation				(89,322)

Note: During the year ended 31 December 2008, two customers settled the outstanding portion of the consideration amounting to approximately RMB338,325,000 for properties they purchased in 2007 by returning to the Group certain properties previously sold to them in 2007.

In addition, the Group purchased certain other properties previously sold to these two customers at a consideration of approximately RMB197,028,000 so as to integrate them with the properties returned by the two customers for further enhancement and selling. The settlement and purchase of properties are recognised as sales returns such that the relevant revenue amounting to approximately RMB597,951,000 (net of business tax) and relevant cost of properties sold amounting to approximately RMB262,346,000 previously recognised in 2007 are now recognised as deductions from revenue and cost of properties sold during the year ended 31 December 2008. Prior to the sales returns, the Group received certain amount of cash from these two customers for settlement of sales consideration. Accordingly, the Group recognised revenue of approximately RMB92,738,000 (net of business tax) to the extent cash is received and retained.

During the year ended 31 December 2008, revenue and segment results attributed to the property development segment amounting to approximately RMB147,572,000 (net of business tax) and RMB86,635,000, respectively, were derived from corporate bulk sales.

During the year ended 31 December 2009, the Group continues to enhance the properties returned by the two customers and plans to complete the enhancement in year 2010.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2008: Nil).

Segment result represents the profit earned or loss incurred by each segment without allocation of central administration costs including directors' salaries, head office operating expenses, bank interest and other bank interest income, and items as disclosed in the above table. This is the measure reported to Group's chief executive officer for the purposes of resource allocation and performance assessment.

Information about major customers

During the year ended 31 December 2008, revenue from a customer contributing over 10% of the total sales of the Group amounted to approximately RMB151,370,000. There is no individual customer who contributed over 10% of the total sales of the Group during the year ended 31 December 2009.

5. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**94,501**	81,403
Interest on convertible notes	**44,196**	42,662
	138,697	124,065
Less: Amount capitalised in properties under development for sales	**(138,697)**	(118,846)
	—	5,219

Interest capitalised arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of approximately of 6.9% (2008: 8.4%) to expenditure on the qualifying assets.

6. PROFIT (LOSS) BEFORE TAXATION

	2009	2008
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging (crediting):		
Staff costs including directors' emoluments	**69,788**	84,950
Retirement benefit scheme contributions	**2,048**	932
Total staff costs	**71,836**	85,882
Less: Amount capitalised to properties under development for sales	**(9,425)**	(12,861)
	62,411	73,021
Amortisation of prepaid lease payments	**6,275**	6,275
Auditor's remuneration	**2,500**	2,700
Depreciation of property, plant and equipment	**10,810**	11,278
Loss on disposal of property, plant and equipment	**284**	360
Net foreign exchange loss	**5,499**	40,329
Rental expenses in respect of rented premises under operating leases	**10,313**	14,776
Rental income in respect of investment properties under operating leases, less direct operating expenses from investment properties that generated rental income during the year of approximately RMB677,000 (2008: RMB725,000)	**(14,409)**	(8,800)

Note: As disclosed in note 4, two customers settled the remaining consideration payable to the Group of approximately RMB338,325,000 during the year ended 31 December 2008 by returning to the Group certain properties sold to them in 2007.

7. INCOME TAX EXPENSE (CREDIT)

	2009	2008
	RMB'000	*RMB'000*
Income tax expense (credit) recognised comprises of:		
Enterprise Income Tax in the PRC	**112,639**	181,319
Deferred taxation	**(8,957)**	(165,550)
Land appreciation tax:		
— current year	**28,347**	—
— overprovision in prior year *(note)*	**(28,431)**	(47,626)
Income tax expense (credit) for the year	**103,598**	(31,857)

Note: Land appreciation tax is calculated on a progressive rate basis where higher rate is applicable for land with higher appreciation. The overprovision of land appreciation tax during the years ended December 31, 2009 and 2008 arose as a result of decrease in the applicable land appreciation tax rates for the projects as whole calculated on an cumulative land appreciation basis.

The Group's PRC Enterprise Income Tax is calculated at 25% (2008: 25%) of the estimated assessable profit for the year. PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. According to the New Law, starting from January 1, 2008, withholding income tax will be imposed on dividends relating to profits earned in year ended December 31, 2008 onwards to foreign investors for the companies established in the PRC. Deferred taxation has not been provided for in the consolidated financial statement in respect of temporary difference attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB392,446,000 (2008: RMB156,893,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The Group has provided deferred taxation amounting to approximately RMB2,500,000 related to the undistributed profit of PRC subsidiaries based on the Group's dividend plan.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2009. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements for the year ended 31 December 2008.

8. EARNINGS (LOSS) PER SHARE

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

Earnings (loss)

	2009	2008
	RMB'000	*RMB'000*
Earnings (loss) for the purposes of basic earnings (loss) per share, being profit (loss) for the year attributable to owners of the Company	**320,133**	(57,153)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes charged to consolidated statement of comprehensive income	**—**	5,219
Change in fair value of embedded derivatives component of convertible notes	**2,062**	(76,145)
Exchange difference	**(2,204)**	(18,855)
Earnings (loss) for the purpose of diluted earnings per share	**319,991**	(146,934)

Number of shares

	2009	2008
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,419,671**	2,252,000
Effect of dilutive potential ordinary shares:		
— Convertible notes	**102,933**	89,423
— Share options	**5,248**	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**2,527,852**	2,341,423

Note: The computation of diluted earnings per share for the year ended 31 December 2009 has not accounted for the effect of certain share options granted because the exercise price of those options was higher than the average market price of the Company's shares.

The computation of diluted loss per share for the year ended 31 December 2008 has not accounted for i) the effect of certain share options granted because the exercise price of those options was higher than the average market price of the Company's shares and ii) the effect arising from the remaining share options, where the exercise price of those options was lower than the average market price of the Company's shares, as their exercise would result in a decrease in loss per share.

9. TRADE AND OTHER RECEIVABLES

	2009	2008
	RMB'000	*RMB'000*
Trade receivables	**294,568**	267,891
Other receivables	**269,633**	291,844
Advances to suppliers	**145,914**	655,020
Deposits for purchase of land use rights	**10,000**	20,000
Prepayments and deposits	**25,397**	5,528
	745,512	1,240,283

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

	2009	2008
	RMB'000	*RMB'000*
Age:		
0 to 60 days	**181,937**	151,582
61 to 180 days	**15,597**	81,719
181 to 365 days	**10,862**	7,608
1 to 2 years	**78,256**	9,579
2 to 3 years	**7,207**	17,403
over 3 years	**709**	—
	294,568	267,891

10. TRADE AND OTHER PAYABLES

	2009	2008
	RMB'000	*RMB'000*
Trade payables	**1,458,554**	802,685
Other payables	**193,729**	132,982
Other taxes payable	**67,165**	40,116
	1,719,448	975,783

Trade payables principally comprise amounts outstanding for trade purchases and ongoing cash expenses. The average credit period for trade purchases is from 6 months to 1 year. No interest is charged by the suppliers on the trade payables. The management closely monitors the payments of the payable to ensure that all payables are paid within the credit timeframe.

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

	2009	2008
	RMB'000	*RMB'000*
Age:		
0 to 60 days	**175,256**	310,926
61 to 180 days	**856,727**	188,271
181 to 365 days	**205,180**	110,705
1 to 2 years	**106,796**	121,148
2 to 3 years	**91,469**	33,274
Over 3 years	**23,126**	38,361
	1,458,554	802,685

At 31 December 2009, the balance of approximately RMB125,491,000 (2008: RMB96,302,000) with age over 1 year mainly represents the retention money of approximately 5% to 10% of the contract prices.

According to the construction contracts, the retention money is interest free, and would be paid to constructors after 1–3 year period from the completion of construction.

MANAGEMENT DISCUSSION AND ANALYSIS

China Property Market

Looking back to 2009, China real estate market experienced a great change from "cold" to "hot" and went through a year of ups and downs. Under the domestic and international macro-economic environment, the Chinese government decisively adopted a series of economic stimulus measures and bailout policies, the domestic real estate market in 2009 got out of the shadow of the market downturn in 2008, leading the national economy the first to pick up with a performance continuously exceeding expectation. The turnover of property transaction in the second half of the year obviously increased and the property prices in certain core cities raised significantly. The Group seized the opportunity of the investment and M&A of quality projects and rapid return of funds during the best time of market conversion, which laid a solid foundation for the sustainable development of the Company.

Looking forward to 2010, this will also be a complex year for domestic and international economic situation. Under the background of economy stabilization and recovery, the national policy in this year will be mainly on stabilization and the prevention of inflation. With the further decline for the dependence on the real estate from the macro economy, showing solicitude for people's livelihood and differential regulation will become the main tone of the policy for property market in 2010. It is worth paying close attention to the following five development trends in the real estate industry in 2010: firstly, increasing competition in the industry; secondly, the second and third-tier cities in Mainland China will become a new hotspot; thirdly, numerous requirements for subsequent development are added to the government's land transfer conditions, and combating the practice of land hoarding will become a focus in real estate regulation; fourthly, the scale of transferring the land parcels for commercial and residential uses will gradually reduce, and SMEs will get more opportunities to obtain lands; fifthly, the government will promulgate more restrictive policies against market speculation and the behavior for investment purchases.

Business Review

The Group continued to deepen our national development strategy of "Regional Focus, Balanced Distribution" in 2009 and achieved a satisfactory sales performance: delivered area amounted to 522,800 square meters, and property sales revenue amounted to approximately RMB2,348.15 million, representing an increase of 285.6% compared with 2008.

Project	**Delivered Area** *(thousand square meters)*	**Sales Revenue Amount** *(RMB million)*
Chongqing Aoyuan • City of Health	304.5	1,130.28
Nansha Aoyuan	87.2	465.07
Panyu Aoyuan	43.8	261.62
Nanguo Aoyuan	38.5	259.16
Qingyuan Aoyuan	20.1	133.71
Others	28.7	98.31
Total	522.8	2,348.15

The performance in 2009 was significantly improved, which was among one of the indicators showing our successes in various fields of works. The Group decisively seized the opportunity and achieved a tremendous advancement and improvement in various aspects amidst the complex and volatile international and domestic economic situation in 2009:

A major breakthrough achieved in investment and M&A

In respect of investment, the M&A strategy has achieved remarkable results. We successfully merged and acquired Chang'an Ave, Zhongshan Aoyuan Plaza and Aoyu Plaza, which laid a solid foundation for the future development of the Group. The deploy for national first-tier cities and resources-based cities has been revealed, and formed a deploy which is centered around regions such as Beijing, Guangdong Province and Shenyang; at the same time, we have successfully reserved quality land bank including Shenyang Aoyuan • International New Town project, which made our land bank reach approximately 9.0 million square meters in 2009, representing a significant increase compared with the land bank of 5.6 million square meters in 2008. The average cost of the land bank of only RMB544 per square meter has laid a good foundation for the future operation of the Group.

Continuous improvement in operating capacity of each project

The operating and management capacity of each project continues to improve, and their self-operation ability are enhanced. For instance, according to the official statistics published by Bureau of Land Resources and Housing Management of Chongqing Municipality, Chongqing Aoyuan • City of Health was nominated TOP 10 in a monthly ranking for Chongqing single site sales in 2009 for 10 times. In addition, Chongqing Aoyuan • City of Health also ranked No. 1 in terms of sales area and unit sales for a single site in Chongqing real estate market in 2009; Qingyuan Aoyuan Phase I completed the works involving its demonstration area, launching and returning funds in sales within a relatively short time, and achieved a good performance of development and returning funds in the same year.

Significant broadening in financing channels

By continuous development and expansion of business channels between the Group and other banks and other non-bank financial institutions as well as the planning, design and implementation of the financing programs for the projects of the Group, we have obtained a bank credit amounting to RMB6.4 billion in aggregate and annual new loans amounting to approximately RMB2.0 billion in 2009. We have applied to each bank to adjust the previous loans with higher interest rates, with the effective annual interest rate reduced from 6.9% in 2008 to 5.6% in 2009. Highly efficient financing capacity and foreign exchange business capacity have provided us a funding security for the project development, merges and acquisitions of the Group, and made a great contribution for the investment and deploy of the Group.

More distinctive brand personality

In 2009, the Group's brand idea became clearer and its personality was more distinctive. The Group has established its theme involving the creation of a lifestyle of low carbon, health and regimen and a brand personality which is characterized with "building a low carbon and healthy living" in the future, and formed a unique development path with differentiation. The Group has established a standard design system of "low-carbon and healthy house" in respect of product research and development, and selected to apply the system to each project according to their characteristics, incorporating the brand concept of "low carbon and health" into the project development and construction. Among which, Beijing project "Chang'an Ave" reached a strategic advisory relationship with the initiator of China's low carbon property — "CIHAF China Home", using 15 world's leading low carbon technologies to build with all its strength a high-end "high comfort level" low carbon mansion. Nansha Aoyuan's five blocks were committed to building a luxurious mansion area with a theme of low carbon, health and regimen on the back of the natural ecological resources of "mountain, forest, lake, sea, spring" only distributed in Guangzhou; Zhongshan Aoyuan Plaza successfully declares "healthy house construction pilot site", and we are devoted to construct this project as the chief healthy life city in Zhongshan.

Improvement of the incentive and appraisal system as well as optimization of personnel structure

In 2009, we established and perfected the incentive and appraisal system, strengthening the concept of "Result is King", and together with the right positioning of our marketing management and cost control, the Group eventually completed its estimated annual sales targets ahead of schedule in October 2009. The lump costs of each project were controlled within the budget set at the beginning of the year. We invited a number of high-end talents to join the Group around 2009. In order to enable these high-end talents to adapt our management culture and improve themselves as quickly as possible, we strived to create a good communication environment for them.

Future Outlook

In 2010, the Group has established an operating guiding ideology summarized as "taking marketing as its orientation, taking economic benefits as its goal; taking the achieving of maximum benefits for projects and the Group as a whole as its purpose, giving consideration to improve the Group's brand value as well". We also insist on the implementation of the incentive and appraisal system summarized as "Result is King, Effectiveness comes First", and re-examine the project development strategies and pace in respective areas. We commence our major works specifically in several aspects below:

1. In respect of the operation of regional project company: taking the completion of 2010 operation plan and maximizing overall profit for projects as its goal, coordinating and arranging management to the projects during the whole development cycle, achieving the four-class resolution of target plan as well as putting the business indicator into the daily actual work of each division for implementation. In connection with the new changes in the market, by product positioning and planning, comprehensive development of cost planning during the whole process, product cost performance improvement planning, supporting the promotion of integrated and systematic work of marketing objective, etc, which greatly enhance the profitability of the projects, and while laying the foundation for rapid growth and future benefits of the projects and the Group, we strive to put the integrated management level of the Company to a higher grade through an effective operating management.

2. In respect of design management and product research and development: focus is put on conducting the technical research involving low carbon, health, energy-saving house, and we continue to improve the system documentation on design and guidance and product design standards of the Group, maintaining and updating product library series, upgrading design standardization especially the guide for fine decoration standard, and gathering all efforts to build a new generation of outstanding property series of the Group.

3. In respect of brand promotion and marketing management: adhering to the development notion of "creating a low carbon and healthy lifestyle", and combining of the Group's product strategy of "building different series of low carbon and healthy house", the Group will unite and integrate quality resources and customers of various project and closely align brand promotion with marketing campaigns to form a distinctive brand image of the Group and contribute to a remarkable enhancement in the Group's brand value by adopting effective measures.

4. In respect of team building and incentive-based management: the Group will continue to take an incentive and appraisal approach whereby "actual operating performance" in terms of sales, profit margin and profit amount of the respective projects will be the core indicators in appraising our staff members. High-calibre key personnel will be trained and developed to form a pool of talents serving different business lines of the companies under the Group.

5. In respect of land reserve, investment and financing: through the acquisition of equity interests, cooperation with funds, and via auction, tender and listing-for-sale, the Group will endeavour to hold the development opportunities in the second-tier hotspot cities while expanding in first-tier cities including Guangzhou, Beijing and Shenzhen, in order to accumulate quality land bank for the Group. In addition, efforts will be stepped up for getting more involved in old-city redevelopment schemes in the year 2010.

In 2010, it is the Group's intention to achieve an area of approximately 867,000 square meters for construction newly commenced and of approximately 600,000 square meters for area completed.

Land Bank

In 2009, the Group still adhered to a prudential and rational strategy on land bank. With the principle of "Regional Focus, Balanced Distribution", the Group increased its land bank in its existing focus region (such as the Pearl River Delta and Pan Bohai Rim), while driving product recognition and raising brand reputation via its existing projects.

We believe that a low and reasonable land cost is in line with the strategic choice of the Group's solid and long-term development. In 2009, the Group newly acquired five lands located in four cities, namely, Beijing, Guangzhou, Zhongshan and Shenyang, with the new total gross floor area amounting to approximately 4.03 million square meters. Such new land banks are strategically located in urban centers or areas with a high development potential, which laid a solid foundation for the development of future business and operation of the Group. The Group will insist and remain prudential to hold the golden opportunity to buy, merge and acquire premium lands, so as to increase the land bank of the Group.

In June 2009, the Group entered into an agreement to acquire 100% equity interest of Earning Ever Limited ("Earning Ever") for a consideration of approximately RMB640 million. Earning Ever owns the land use right of a site located in the urban area of Zhongshan City, Guangdong Province with a total site area of approximately 0.35 million square meters. Among which, the Group obtained an approximately RMB590 million bank loan with interest rate of 4.5% per annum (interest will be exempted if repaid on a timely basis) by way of entering into a 3-year loan agreement with a bank.

In July 2009, the Group completed the acquisition of 41.33% equity interest in Century Profit Zone Investments Limited ("Century Profit"), which owns a parcel of land located at southeast section, intersection of Xidawang Road and Jianguo Road, Chaoyang District, Beijing with a total gross floor area of approximately 0.25 million square meters. At the same time, the Group also entered a subscription agreement, under which, the Group can further acquire 11.36% of the entire issued share capital of Century Profit in September 2010 with a consideration of RMB296,000,000. Upon commencement of cooperation in respect of the project, the Group generated earnings of approximately RMB100 million in 2009. This project is of a highly profitable and high quality land bank and this successful acquisition is a milestone in the development history of the Group.

In October 2009, the Group completed the acquisition of certain equity interest in Head Win Limited with a total consideration of approximately RMB258 million, enabling the Group to own the entire equity interest in Head Win Limited. The project is located in the central area of Panyu District, Guangzhou City, with a total gross floor area of approximately 0.245 million square meters. The land bank carries a lower cost. Upon the completion of acquisition, the Group will wholly own the project and the progress for development will be enhanced.

In 2009, the Group acquired two lands in Shenyang with a total gross floor area of approximately 2.84 million square meters through auction, tender and listing-for-sale. The acquisition cost was relatively low at only RMB392 per square meter, which further enriched the Group's land bank for future development.

As at 31 December 2009, the Group had a total land bank of approximately 9.0 million square meters, of which the completed properties, the properties under construction and the properties held for future development were 0.58 million square meters, 0.98 million square meters and 7.47 million square meters respectively.

Financial Review

Revenue

The revenue is primarily generated from two business segments: property development and property investment. For the year ended 31 December 2009, the Group's total revenue was approximately RMB2,364.5 million (2008: RMB619.9 million), representing an increase of 281.4% over 2008, which was mainly attributable to the increase in property sales.

In 2009, the Group's sales revenue generated from property development amounted to approximately RMB2,348.1 million (2008: RMB609.0 million), representing an increase of 285.6% over 2008. The increase of sales revenue was primarily due to an increase in the area of delivered properties. The sales revenue generated from property development attributable to Guangzhou, Chongqing and other cities represented 43%, 48% and 9% respectively. The average price of delivered properties for the year was basically in the line with 2008.

In 2009, the Group's revenue derived from property investment was approximately RMB15.1 million (2008: RMB9.5 million), representing an increase of 58.9% over 2008.

Gross profit and margin

In 2009, the gross profit of the Group was approximately RMB439.7 million, representing an increase of 1,828.5% over approximately RMB22.8 million in 2008; the gross margin increased to 18.6% from 3.7% in the corresponding period of 2008.

Other income

In 2009, the Group's other income was approximately RMB70 million, which mainly included an interest income of approximately RMB36.8 million and reversal of accruals of approximately RMB30.2 million.

Selling and Administrative expenses

In 2009, the Group's selling and distribution costs decreased by 32.4% to approximately RMB91.5 million from approximately RMB135.3 million in 2008. The sales costs ratio significantly decreased to 3.9% from 21.8% in 2008. The total administrative expenses decreased by 38.5% to approximately RMB121.9 million from approximately RMB198.3 million in 2008. It was benefited from more effective marketing approaches adopted by the Group to reduce costs while appointing more experienced management to improve the operating efficiency and implement more stringent budget control measures.

Financial Position

The Group's total assets amounted to approximately RMB11,725.3 million as at 31 December 2009 (as at 31 December 2008: RMB8,348.4 million) and total liabilities were approximately RMB5,972.4 million (as at 31 December 2008: RMB3,459.0 million).

Current ratio was 2.3 as at 31 December 2009 (as at 31 December 2008: 3.5).

Financial Resources and Liquidity

In 2009, the Group derived its sources of fund primarily from income generated from business operations and cash from bank borrowings, which were used in our business operations and investment in development projects. In addition, in July 2009, the Company issued 360 million new shares and placed them to independent investors at HK$1.73 per share in order to enhance the Group's financial position and cash flow to further enlarge its land bank. The net proceeds from the placement were approximately HK$600 million and were used for satisfying the Group's general working capital requirement as well as the acquisition of 41.33% of the issued share capital of Century Profit.

The Group expects that income generated from business operations and bank borrowings will continue to 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 strictly control the cost and various expenses. In addition, the Group will continue to explore opportunities of cooperation with foreign and domestic investors to provide another source of funding for the expansion of projects and business development.

Cash Position

As at 31 December 2009, the Group had cash and bank deposits of approximately RMB1,283.9 million (as at 31 December 2008: RMB1,345.9 million).

As at 31 December 2009, the Group had restricted bank deposits of approximately RMB745.4 million (as at 31 December 2008: RMB135.7 million).

Borrowings and Net Gearing ratio

Bank Borrowings

The Group had bank borrowings of approximately RMB2,586.4 million as at 31 December 2009 (as at 31 December 2008: RMB1,214.7 million).

The majority of bank borrowings of the Group are variable-rate borrowings. The effective interest rate on bank borrowings for 2009 was 5.6% (2008: 6.9%). The Group has implemented certain interest rate management policies which mainly include, among others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

As at 31 December 2009, the Group had banking facilities of approximately RMB6,373.0 million (as at 31 December 2008: RMB2,385.0 million) for short-term and long-term bank loans, of which approximately RMB5,081.9 million (as at 31 December 2008: RMB1,170.3 million) were unutilized.

Convertible Notes

Convertible notes with an aggregate principal amount of USD60.0 million were issued by a subsidiary of the Group in 2007. The convertible notes have an interest rate of London Inter Bank Offer Rate plus 3.0% payable semi-annually. The Group did not use any financial instruments for hedging purpose as at 31 December 2009.

Net Gearing ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted bank deposits) over the total capital and reserves attributable to equity holders. As at 31 December 2009, the net gearing ratio of the Group was 15.4% (as at 31 December 2008: 0.8%).

Contingent Liabilities

As at 31 December 2009, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by bank to purchasers amounting to approximately RMB1,859.3 million (as at 31 December 2008: RMB646.8 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 31 December 2009 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.

In 2007, a subsidiary of the Group (the "Purchaser") entered into an agreement with two independent third parties (the "Vendor") for a potential acquisition of a company (the "Target"). However, this acquisition agreement was subsequently terminated by the Purchaser because of the uncertainty about the validity of the Vendor's shareholding in the Target. The Vendor then claimed against the Purchaser for compensation of approximately RMB61,096,000. The legal case is in legal proceeding. No provision has been provided for this case, however, because in the opinion of the executive directors of the Group and the Group's legal counsel, the likelihood that the subsidiary is required to pay the compensation is remote.

As at 31 December 2009, the Group had the contingent liabilities relating to guarantees in respect of bank borrowings of approximately RMB590 million of Century Profit.

Commitment

As at 31 December 2009, the Group has construction cost contracted but not provided for of approximately RMB2,367.0 million (as at 31 December 2008: RMB1,788.0 million). The Group expects to fund these commitments principally from sale proceeds of the properties and partly from 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, the convertible notes denominated in U.S. dollar and the bank loans denominated in HK dollar, the Group's operating cash flow or liquidity is not subject to any other material direct exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 31 December 2009.

Pledge of assets

As at 31 December 2009, the Group pledged its property held for development and properties under construction of approximately RMB1,937.8 million (as at 31 December 2008: RMB1,204.3 million) to various banks to secure project loans and general banking facilities granted to the Group.

Subsequent Events

According to our announcement dated 29 March 2010, on 29 March 2010, the Group entered into a framework agreement to acquire a commercial office building of 6,586.75 sq.m. and parts of the parking spaces at a consideration of approximately RMB 176.5 million. As the recent property market in the PRC is on rebound, such acquisition represents a good investment opportunity and the Group will be benefited from the anticipated growth in property value.

According to our announcement dated 15 April 2010, on 15 April 2010, the Group entered into an agreement with Sunrise Partiners Limited Partnership to agree upon the early redemption of convertible notes with a principal of USD 60,000,000 by the Group.

Employees and Remuneration

As at 31 December 2009, the Group employed a total of 477 employees. The Group has adopted a performance based incentive system since September 2007 to motivate and retain its high-calibre staff and such system is subject to review on a regular basis. As at 31 December 2009, share options in respect of a total of 38,195,145 shares of the Company was granted to certain directors and employees. In addition to basic salary, year-end bonuses are also offered to staff with outstanding performance. At the same time, the Group is required to pay on behalf of the employees a social insurance premium and other insurance premium benefits according to relevant national and local government labor laws and regulations. The Group believes the salaries and benefits that the employees receive are competitive in comparison with market rates.

CORPORATE GOVERNANCE

The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance.

The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company.

Throughout the year under review, the Company has complied with provisions as set out in the Code on Corporate Governance Practices (the "**Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") except for the deviations as listed below:

Code Provision A.2.1

The provision A.2.1 of the Code provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr Guo Zi Wen acts as the chairman and chief executive officer of the Company. He is responsible to ensure that the Board works effectively and formulates business strategies. He also provides leadership for the running of the Company's business and implementing the policies devised by the Board. The Board believes that Mr Guo Zi Wen in his dual capacity as the chairman and chief executive officer of the Company, can provide strong and consistent leadership for the development and allow for effective and efficient planning and implementation of business decisions and strategies of the Group.

Code provision A.1.3

Code provision A.1.3 stipulates that at least 14 days' notice should be given for a regular Board meeting.

During the year ended 31 December 2009, less than 14 days' notice was given for certain regular Board meetings in order to suit the tight and busy schedules of the participants.

The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for shareholders.

Audit Committee

The Audit Committee was established in accordance with the requirements of the Listing Rules for the purposes of reviewing the financial statements and reports and consider any significant or unusual items raised by staff responsible for the accounting and financial reporting function, internal audit department or external auditors before submission to the Board. Besides, the main duties of the Audit Committee are to review and provide supervision over the Group's financial reporting system, internal control system and risk management system and make recommendation to the Board on any material issues in relation thereto. The Audit Committee is also responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors and considering any questions of resignation or dismissal of such auditors. The Audit Committee meets whenever deem necessary with the Company's external auditors to discuss the audit process and accounting issues. Their written terms of reference are in line with the Code provisions.

The Audit Committee consists of three independent non-executive Directors namely Mr Ma Kwai Yuen, Mr Song Xian Zhong and Mr Tsui King Fai. Mr Ma Kwan Yuen is the chairman of the said committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The Audit Committee reviewed, together with senior management, the internal audit department, the external auditors, the internal control system, the accounting principles and practices adopted by the Company, risk management, the annual results and reports for the year ended 31 December 2009 and other financial reporting and compliance matters of the Group and the Company.

Nomination Committee

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. The Nomination Committee is also responsible for reviewing the structure, size and composition of the Board on a regular basis and is required to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company and assesses the independence of the independent non-executive Directors. The Nomination Committee is comprised of Mr Guo Zi Wen, Mr Leung Ping Chung, Hermann, Mr Ma Kwai Yuen, Mr Song Xian Zhong and Mr Tsui King Fai. Mr Guo Zi Wen is the chairman of the said committee.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations, reviewing and approving the executive Directors' and senior management's remuneration and other benefits as well as making recommendations to the Board on the remuneration of non-executive Directors to ensure that the level of their remunerations is reasonable. Besides, the Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration. Their written terms of reference are in line with the Code provisions. The Remuneration Committee is comprised of Mr Leung Ping Chung, Hermann, Mr Tsui King Fai and Mr Ma Kwai Yuen. Mr Leung Ping Chung, Hermann is the chairman of such committee.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by Directors. The Company has made enquiries of all the Directors and all the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2009.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by the relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the public float as required by the Listing Rules as at the latest practicable date prior to the issue of this announcement.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB3.3 cents per ordinary share to shareholders (the "Shareholders") for the year ended 31 December 2009. In addition to the payment of a final dividend, the Board recommended the payment of a special dividend of RMB1.7 cents per ordinary share to the Shareholders for the year ended 31 December 2009 in recognition of the continual support of the Shareholders, amounting to approximately RMB8.6 million and RMB4.4 million respectively. The proposed final dividend and special dividend will be paid to Shareholders whose names appear on the register of members of the Company on 8 June 2010, if the proposal is approved by the Shareholders at the forthcoming annual general meeting (2008: Nil).

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

For the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 June 2010 to 11 June 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and special dividend and for attending and voting at the 2010 Annual General Meeting (the "2010 AGM"), all transfers documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 8 June 2010.

ANNUAL GENERAL MEETING

The 2010 AGM of the Company will be held on 11 June 2010 and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules in due course.

APPRECIATION

On behalf of the Board, I would like to express our sincere appreciation for the consistent confidence in and support for the Group from our shareholders, investors, business partners, customers and others who devote attention to the affairs of the Group. I would also like to thank our employees for their hard-working, admirable work ethic and professional performance during the year.

On behalf of the Board
China Aoyuan Property Group Limited
Guo Zi Wen
Chairman and CEO

Hong Kong, 20 April 2010

As at the date of this announcement, the directors comprising of (1) the executive directors namely Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Hu Da Wei, Mr. Lam Kam Tong and Ms. Xin Zhu; (2) the non-executive directors namely Mr. Wu Jie Si, Mr. Paul Steven Wolansky and Mr. Leung Ping Chung, Hermann (Mr. Leung Ping Chung, Hermann is also the alternate director of Mr. Paul Steven Wolansky); (3) the independent non-executive directors namely Mr. Song Xian Zhong, Mr. Ma Kwai Yuen and Mr. Tsui King Fai.