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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

- The annual unaudited contracted sales was approximately RMB25,602.3 million, representing an increase of 68.8% over the year of 2015 corresponding period and an excess of annual target by approximately 51%.
- The revenue was RMB11,827.3 million, representing an increase of 23.6% to RMB2,254.9 million over the year 2015. Gross profit increased by 23.8% to RMB3,277.1 million and gross profit margin was 27.7%.
- Net profit increased by 10.9% to RMB1,006.6 million. Basic earnings per share were RMB32.30 cents.
- Total bank balances and cash were approximately RMB10,956.5 million, and net gearing ratio dropped to 50.7%, while achieving a positive operating cash flow.
- During the year, three major international credit rating agencies unanimously upgraded the rating outlook of Aoyuan to "Positive", and Fitch Ratings further upgraded the credit rating of Aoyuan to "BB-".
- As at the end of 2016, the Group's total land bank was approximately 14.65 million sq.m. in GFA. Currently, the Group has expanded to Sydney, Australia and Vancouver, Canada.
- Recommended a final dividend of RMB9.7 cents per share and a special dividend of RMB5.3 cents per share. The total recommended dividend is RMB15 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 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000
Revenue	3	**11,827,268**	9,572,424
Cost of sales		**(8,550,184)**	(6,926,148)
Gross profit		**3,277,084**	2,646,276
Other income, gains and losses	5	**(230,817)**	(130,973)
Change in fair value of investment properties		**309,527**	356,073
Gain (loss) on disposal of a subsidiary		**385**	(33,112)
Selling and distribution expenses		**(592,275)**	(488,511)
Administrative expenses		**(489,359)**	(401,710)
Share of results of joint ventures		**(32,137)**	27,802
Finance costs	6	**(157,419)**	(91,451)
Profit before tax	7	**2,084,989**	1,884,394
Income tax expense	8	**(1,078,381)**	(976,901)
Profit for the year		**1,006,608**	907,493
Other comprehensive income (expense)			
Items that maybe reclassified to profit or loss			
Net fair value gain on available-for-sale investments, net of income tax		**2,803**	–
Exchange differences on translating foreign operations		**26,911**	(2,551)
		29,714	(2,551)
Profit and total comprehensive expense for the year		**1,036,322**	904,942
Profit for the year attributable to:			
– Owners of the Company		**880,962**	812,160
– Non-controlling interests		**125,646**	95,333
		1,006,608	907,493
Profit and total comprehensive expense for the year attributable to:			
– Owners of the Company		**902,664**	810,170
– Non-controlling interests		**133,658**	94,772
		1,036,322	904,942
Earnings per share			
Basic *(RMB cents)*	10	**32.30**	29.17
Diluted *(RMB cents)*	10	**32.30**	29.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**505,983**	493,882
Prepaid lease payments		**14,939**	15,374
Investment properties		**5,424,507**	4,504,545
Goodwill		**1,602**	–
Intangible assets		**2,956**	–
Interests in joint ventures		**163,790**	216,966
Available-for-sale investments		**9,707**	75,000
Deferred tax assets		**183,279**	171,134
Deposits paid for acquisitions of subsidiaries		**130,000**	–
Amount due from a joint venture		**152,009**	151,989
		6,588,772	5,628,890
CURRENT ASSETS			
Properties for sale		**43,486,574**	31,792,372
Inventories		**26,481**	–
Trade and other receivables	*11*	**3,604,457**	1,752,635
Deposits paid for acquisition of land use rights		**147,053**	–
Amounts due from non-controlling shareholders of subsidiaries		**364,823**	26,534
Amounts due from related parties		**98,206**	221,992
Amounts due from joint ventures		**386,350**	105,320
Tax recoverable		**616,404**	263,016
Prepaid lease payments		**435**	435
Derivative financial instruments		**142,402**	–
Restricted bank deposits		**485,578**	1,266,632
Bank balances and cash		**10,470,878**	7,769,046
		59,829,641	43,197,982
CURRENT LIABILITIES			
Trade and other payables	*12*	**6,794,500**	5,348,139
Deposits received for sale of properties		**20,523,884**	9,823,411
Amounts due to non-controlling shareholders of subsidiaries		**163,098**	104,728
Amounts due to joint ventures		**132,819**	1,123,287
Tax liabilities		**2,592,685**	2,202,224
Bank and other borrowings		**2,997,390**	2,570,344
Senior notes and bonds		**1,508,498**	–
Provisions		**1,429,723**	1,597,451
		36,142,597	22,769,584
NET CURRENT ASSETS		**23,687,044**	20,428,398
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,275,816**	26,057,288

	2016	2015
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Other payable	–	300,000
Bank and other borrowings	**3,795,392**	4,802,953
Loans from non-controlling shareholders of subsidiaries	**1,187,400**	–
Deferred tax liabilities	**582,560**	454,100
Senior notes and bonds	**10,079,171**	8,924,378
	15,644,523	14,481,431
NET ASSETS	**14,631,293**	11,575,857
CAPITAL AND RESERVES		
Share capital	**25,292**	26,355
Reserves	**8,892,801**	8,216,420
Equity attributable to owners of the Company	**8,918,093**	8,242,775
Non-controlling interests	**5,713,200**	3,333,082
	14,631,293	11,575,857

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK").

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. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time in the current year.

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 IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The application of the above amendments to IFRSs in the current year has had no material effect on the Group's financial performance and position for the current and prior years and/or disclosures set out in the consolidated financial statements.

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

3. REVENUE

The Group is principally engaged in the property development and property investment in the People's Republic of China (the "PRC"). An analysis of the Group's revenue for the year is as follows:

	2016	2015
	RMB'000	*RMB'000*
Sale of properties	**11,239,878**	9,294,506
Rental income	**73,013**	68,800
Hotel, property management services income and sale of goods	**514,377**	209,118
	11,827,268	9,572,424

4. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on the type of operation. The Group's reportable and operating segments under IFRS 8 are as follows:

Property development – development and sale of properties
Property investment – lease of investment properties
Others – hotel operation, provision of property management services and sale of goods

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

	Year ended 31 December 2016			
	Property development	**Property investment**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
External segment revenue	**11,239,878**	**73,013**	**514,377**	**11,827,268**
Segment profit (loss)	**2,303,043**	**354,999**	**(71,295)**	**2,586,747**
Other income, gains and losses				**(230,817)**
Gain on disposal of a subsidiary				**385**
Unallocated corporate expenses				**(81,770)**
Share of results of joint ventures				**(32,137)**
Finance costs				**(157,419)**
Profit before tax				**2,084,989**

	Year ended 31 December 2015			
	Property development	Property investment	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
External segment revenue	9,294,506	68,800	209,118	9,572,424
Segment profit (loss)	1,828,007	399,539	(46,375)	2,181,171
Other income, gains and losses				(130,973)
Loss on disposal of a subsidiary				(33,112)
Unallocated corporate expenses				(69,043)
Share of results of joint ventures				27,802
Finance costs				(91,451)
Profit before tax				1,884,394

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment results represent the profit generated or loss incurred by each segment without allocation of central administration costs including directors' salaries, head office operating expenses, other income, gains and losses, finance costs, share of results of joint ventures and gain (loss) on disposal of a subsidiary. This is the measure reported to the Group's chief executive officer for the purposes of resource allocation and performance assessment.

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

Segment assets

	2016	2015
	RMB'000	*RMB'000*
Property development	**47,750,943**	33,723,104
Property investment	**5,459,173**	4,535,064
Others	**419,596**	366,800
Total segment assets	**53,629,712**	38,624,968
Unallocated assets:		
Interests in joint ventures	**163,790**	216,966
Available-for-sale investments	**9,707**	75,000
Deferred tax assets	**183,279**	171,134
Amounts due from joint ventures	**538,359**	257,309
Tax recoverable	**616,404**	263,016
Derivative financial instruments	**142,402**	–
Restricted bank deposits	**485,578**	1,266,632
Bank balances and cash	**10,470,878**	7,769,046
Others	**178,304**	182,801
Consolidated assets	**66,418,413**	48,826,872

Segment liabilities

	2016	2015
	RMB'000	*RMB'000*
Property development	**29,754,635**	16,945,364
Property investment	**73,383**	60,147
Others	**270,587**	164,368
Total segment liabilities	**30,098,605**	17,169,879
Unallocated liabilities:		
Bank and other borrowings	**6,792,782**	7,373,297
Senior notes and bonds	**11,587,669**	8,924,378
Amounts due to joint ventures	**132,819**	1,123,287
Tax liabilities	**2,592,685**	2,202,224
Deferred tax liabilities	**582,560**	454,100
Others	**–**	3,850
Consolidated liabilities	**51,787,120**	37,251,015

For the purposes monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable and operating segments other than interests in joint ventures, available-for-sale investments, deferred tax assets, amounts due from joint ventures, tax recoverable, derivative financial instruments, restricted bank deposits, bank balances and cash and other assets not attributable to respective segment.

- all liabilities are allocated to reportable and operating segments other than amounts due to joint ventures, tax liabilities, bank and other borrowings, senior notes and bonds, deferred tax liabilities and other liabilities not attributable to respective segment.

Other segment information

	Year ended 31 December 2016				
	Property development	**Property investment**	**Others**	**Unallocated**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	**15,241**	**–**	**25,054**	**2,226**	**42,521**
Additions of investment properties	**–**	**660,707**	**–**	**–**	**660,707**
Depreciation of property, plant and equipment	**21,801**	**–**	**14,529**	**5,340**	**41,670**
Amortisation of intangible assets	**–**	**–**	**129**	**–**	**129**
Release of prepaid lease payments	**–**	**–**	**435**	**–**	**435**
Loss on disposal of property, plant and equipment	**737**	**–**	**42**	**323**	**1,102**
Change in fair value of investment properties	**–**	**309,527**	**–**	**–**	**309,527**

	Year ended 31 December 2015				
	Property development	Property investment	Others	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	15,240	–	19,470	1,134	35,844
Additions of investment properties	–	848,738	–	–	848,738
Depreciation of property, plant and equipment	14,681	–	12,808	6,840	34,329
Release of prepaid lease payments	–	–	435	–	435
Loss (gain) on disposal of property, plant and equipment	695	–	(7,565)	–	(6,870)
Change in fair value of investment properties	–	356,073	–	–	356,073

Geographical information

The Group's operation and location of non-current assets are substantially in the PRC.

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2016 and 2015.

5. OTHER INCOME, GAINS AND LOSSES

	2016	2015
	RMB'000	*RMB'000*
Other income, gains and losses comprises of:		
Exchange losses	**(472,358)**	(277,509)
Gain on change in fair value of derivative financial instruments	**142,402**	–
Gain on disposal of available-for-sale investment	**11,919**	–
Bank interest income	**54,458**	71,739
Dividend income from available-for-sale investments	**–**	2,500
Other interest income	**4,313**	29,260
Government subsidy	**7,500**	7,500
Others *(note)*	**20,949**	35,537
	(230,817)	(130,973)

Note: Others mainly represent the forfeited deposits from customers.

6. FINANCE COSTS

	2016 *RMB'000*	2015 *RMB'000*
Interest on:		
Bank and other borrowings	**670,224**	639,770
Loan from non-controlling shareholders of subsidiaries	**111,856**	–
Senior notes and bonds	**942,256**	753,432
Loss on early redemptions of senior notes and private notes	**47,103**	–
Total borrowing costs	**1,771,439**	1,393,202
Less: amounts capitalised to properties under development for sale	**(1,602,043)**	(1,301,751)
amounts capitalised to investment properties under development	**(11,977)**	–
	157,419	91,451

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 8.49% (2015: 9.03%) per annum to expenditure on the qualifying assets.

7. PROFIT BEFORE TAX

	2016 *RMB'000*	2015 *RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Auditors' remuneration	**4,380**	3,990
Directors' emoluments	**13,004**	11,557
Staff salaries	**402,028**	358,662
Retirement benefit scheme contributions	**21,664**	18,500
Share-based payment	**376**	321
Total staff costs	**437,072**	389,040
Less: amounts capitalised to properties under development for sale	**(86,404)**	(72,830)
	350,668	316,210
Cost of inventories recognised as an expense	**8,305,628**	6,785,773
Release of prepaid lease payments	**435**	435
Depreciation of property, plant and equipment	**41,670**	34,329
Amortisation of intangible assets	**129**	–
Loss (gain) on disposal of property, plant and equipment	**1,102**	(6,870)
Rental expenses in respect of rented premises under operating leases	**34,087**	8,233
Gross rental income in respect of investment properties	**(73,013)**	(68,800)
Less: direct operating expenses from investment properties that generated rental income during the year	**21,406**	19,700
	(51,607)	(49,100)

8. INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
Income tax expense recognised comprises of:		
Current tax:		
Enterprise Income Tax ("EIT")	**515,117**	506,286
Land Appreciation Tax ("LAT")	**420,931**	371,800
	936,048	878,086
Deferred tax	**142,333**	98,815
Income tax expense for the year	**1,078,381**	976,901

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under the Provisional Regulations of the People's Republic of China on LAT (the "LAT Provisional Regulations") and Implementation Regulation of the LAT Provisional Regulations, the tax rate of the PRC subsidiaries 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.

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group's income neither arises in, nor is derived from, Hong Kong.

Under Australian tax law, the tax rate used for the year is 30% (2015: 30%) on taxable profits on Australian incorporated entities. No tax provision has been made in consolidated financial statements as there is no assessable profit arising in Australia for both years.

The income tax expense for the year can be reconciled to the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	RMB'000	*RMB'000*
Profit before tax	**2,084,989**	1,884,394
Tax charge at domestic tax rate of 25%	**521,247**	471,099
Tax effect of share of results of joint ventures	**8,034**	(6,951)
Tax effect of expenses not deductible for tax purpose	**162,284**	175,855
Tax effect of income that are not taxable for tax purpose	**(2,267)**	(201)
Tax effect of tax losses not recognised	**50,274**	34,589
Utilisation of tax losses previously not recognised	**(14,559)**	(9,465)
LAT provision	**420,931**	371,800
Tax effect of LAT	**(105,233)**	(92,950)
Deferred tax effect of LAT on revaluation of investment properties	**38,920**	33,660
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(1,250)**	(535)
Income tax expense for the year	**1,078,381**	976,901

9. DIVIDENDS

	2016	2015
	RMB'000	*RMB'000*
Dividends, recognised as distribution during the year:		
2015 final – RMB8.8 cents (2015: 2014 final dividend RMB8.7 cents) per share	**244,978**	242,195
2015 special dividend – RMB1.8 cents per share	**–**	50,109
	244,978	292,304

During the year ended 31 December 2016, a final dividend of RMB8.8 cents per share in respect of the year ended 31 December 2015 (2015: RMB8.7 cents per share in respect of the year ended 31 December 2014) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the interim period amounting to RMB244,978,000 (2015: RMB242,195,000).

A special dividend of RMB1.8 cents per ordinary share was declared by the Board of Directors on 11 August 2015. This special dividend, amounting to RMB50,109,000, has been paid during the year ended 31 December 2015.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2016 of RMB9.7 cents per ordinary share, in an aggregate amount of RMB259,142,000, and a special dividend in respect of the year ended 31 December 2016 of RMB5.3 cents per ordinary share, in an aggregate amount of RMB141,593,000, taking into account the 2,671,571,354 ordinary shares in issue at the reporting date, have been proposed by the Board of Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. The final dividend and special dividend proposed after the end of the reporting period have not been recognised as liabilities in this consolidated financial statements.

10. EARNINGS PER SHARE

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

	2016	2015
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to owners of the Company	**880,962**	812,160

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**2,727,595**	2,783,845

Those share options granted have no impact on the computation of diluted earnings per share for the year ended 31 December 2016 and 2015, as the exercise price of the options was higher than the average market price of the Company's shares.

11. TRADE AND OTHER RECEIVABLES

	Notes	2016 RMB'000	2015 RMB'000
Trade receivables	(a)	**244,018**	154,648
Deferred rental receivables	(b)	**34,062**	29,671
Other receivables	(c)	**1,402,205**	412,638
Security deposits		**363,054**	184,390
Advances to constructors and suppliers		**213,637**	156,259
Deposits paid to respective local governments and third parties for the potential purchase of land use rights		**536,171**	391,911
Other tax prepayments		**811,310**	423,118
		3,604,457	1,752,635

Notes:

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

	2016 RMB'000	2015 RMB'000
0 to 60 days	**126,437**	77,820
61 to 180 days	**18,302**	8,084
181 to 365 days	**22,969**	16,265
1 to 2 years	**34,533**	28,156
2 to 3 years	**19,659**	21,668
Over 3 years	**22,118**	2,655
	244,018	154,648

Trade receivables mainly represent receivables amounting to RMB171,392,000 (2015: RMB154,648,000) from properties buyers and RMB72,626,000 (2015: nil) from customers for purchases of goods.

Payments terms with wholesale customer for purchase of goods are mainly on credit. The wholesale customers are allowed a credit period of 0 to 60 days from date of issuance of the invoices. There is no credit period granted for retail customers.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

As at 31 December 2016, there were RMB75,950,000 (2015: RMB52,479,000) receivables aged more than 1 year that were past due but not impaired. The management of the Company is of the opinion that no provision for impairment is necessary in respect of these receivables as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience.

The concentration of credit risk in the remaining trade receivables is limited due to the customer base being large and unrelated.

(b) Rental receivables from tenants are payable on presentation of demand note.

(c) As at 31 December 2016, the balances mainly include:

(i) Deposits of RMB100,000,000 (2015: RMB100,000,000) paid to 廣州市蘿崗區蘿崗街蘿崗社區經濟聯合社 ("Luogang Business Association") and 廣州市頤境投資有限公司 ("Yijing Investment") for the property project carried out by 廣州蘿奧房地產開發有限公司 ("Luo Ao Real Estate Development"), a subsidiary indirectly owned by the Company.

(ii) Deposit of RMB645,000,000 (2015: nil) paid for public auction of a parcel of land situated in Guangzhou, the PRC. The amount has been fully refunded in February 2017 due to the public auction was unsuccessful.

12. TRADE AND OTHER PAYABLES

	Notes	2016 RMB'000	2015 RMB'000
Trade payables	(a)	**4,568,181**	3,586,159
Other payables	(b)	**1,927,635**	1,710,325
Consideration payable		**218,000**	–
Other taxes payables		**80,684**	51,655
		6,794,500	5,348,139

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

	2016 RMB'000	2015 RMB'000
0 to 60 days	**1,753,004**	1,583,660
61 to 180 days	**955,048**	569,042
181 to 365 days	**482,286**	214,092
1 to 2 years	**600,527**	372,161
2 to 3 years	**366,545**	585,612
Over 3 years	**410,771**	261,592
	4,568,181	3,586,159

At 31 December 2016, the balance of trade payables with age over 1 year include retention money payable of RMB492,312,000 (2015: RMB528,405,000) to the sub-contractors of property development projects, which represents approximately 5% to 10% of the contract prices.

According to the construction contracts, the retention money is interest-free and would be paid to the sub-contractors in 1 to 3 years upon completion of development of the properties.

Trade payables principally comprise amounts outstanding for payments to sub-contractors of property development projects and purchases of construction materials. The average credit period for trade purchases is from 6 months to 1 year. The management closely monitors the payments of the payable to ensure that all payables are paid within the credit timeframe.

(b) Other payables mainly include:

(i) A balance of RMB136,192,000 (2015: RMB121,209,000) payable to Yijing Investment, co-founders of LuoAo Real Estate Development, a subsidiary of the Company. The property project undertaken by LuoAo Real Estate Development commenced its pre-sale during the year ended 31 December 2014 and the Group had received proceeds from pre-sale on behalf of Yijing Investment.

(ii) During the year ended 31 December 2015, 奧園集團有限公司 Aoyuan Group Company Limited ("Aoyuan Group"), a wholly owned subsidiary of the Company entered into an agreement (the "Agreement 1") with an independent third party for a property development project. According to the Agreement 1, Aoyuan Group will pay 20% of the aggregate revenue of the property development project, but no less than RMB600,000,000 by instalment to the independent third party in return for a parcel of land which is used for the property development project, thus, the aggregate payment amount is deemed as land cost incurred. As at 31 December 2016, RMB170,000,000 has been paid and the remaining of RMB430,000,000 (2015: RMB550,000,000) will be settled within twelve months according to the payment schedule stipulated in the Agreement 1.

(iii) During the year ended 31 December 2016, 廣東奧園商業地產集團有限公司 Guangdong Aoyuan Commercial Property Group Company Limited ("Guangdong Aoyuan"), a wholly owned subsidiary of the Company entered into a series of agreements (the "Agreement 2") with an independent third party for purchase of three property development projects situated in Nanning, the PRC, with total consideration of RMB720,286,000. As at 31 December 2016, consideration of RMB366,272,000 has been paid and the remaining consideration of RMB354,014,000 will be settled within twelve months.

(iv) As at 31 December 2016, balance of RMB126,000,000 is due to Mr. Li Lianzhu, a former non-controlling shareholder in connection to the reduction of capital contribution of 廣西瀚林地產開發有限公司 Guangxi Hanlin Property Development Company Limited.

The remaining balances of other payables mainly represent deposits received, payable for staff salaries, staff welfare and operating expenses.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend of RMB9.7 cents (2015: RMB8.8 cents) per ordinary share ("Proposed Final Dividend") and a special dividend of RMB5.3 cents (2015: RMB1.8 cents in respect of the interim results for the six months ended 30 June 2015) per ordinary share ("Proposed Special Dividend") to shareholders of the Company for the year ended 31 December 2016 (collectively, the "Proposed Dividends"). The Proposed Dividends will be paid to shareholders whose names appear on the Register of Members of the Company on Wednesday, 7 June 2017, of which the aggregate amounts of the Proposed Final Dividend and the Proposed Special Dividend are approximately RMB259,142,421 and RMB141,593,281 respectively, if the Proposal Final Dividend and the Proposed Special Dividend are approved by the shareholders of the Company at the forthcoming Annual General Meeting ("2017 AGM").

The Proposed Dividends shall be declared in RMB and paid in Hong Kong dollars. The Proposed Dividends payable in Hong Kong dollars will be converted from RMB at the average mean rate of RMB to Hong Kong dollars as announced by the People's Bank of China on Friday, 26 May 2017. The Proposed Dividends are expected to be paid on Friday, 14 July 2017.

ANNUAL GENERAL MEETING

The 2017 AGM will be held on Friday, 26 May 2017 and the notice of 2017 AGM will be published and despatched to the shareholders in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed during the following periods:

i) from Tuesday, 23 May 2017 to Friday, 26 May 2017, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2017 AGM which is scheduled on Friday, 26 May 2017, the Register of Members of the Company will be closed. In order to be eligible to attend and vote at the 2017 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 22 May 2017; and

ii) from Monday, 5 June 2017 to Wednesday, 7 June 2017, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the Proposed Dividends, the Register of Members of the Company will be closed. In order to establish entitlements to the Proposed Dividends, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 2 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

I. China Property Market

In 2016, the world economy continued its deep adjustment and the various changes also led to increasing risks. The global economic growth has slowed down as compared to 2015. Diverse growth patterns were seen in the developed economies. The U.S. economic recovery was relatively rapid while Japan and Europe remained sluggish. The overall economic growth of emerging markets and developing economies gradually stabilized. During the year, growth in international trade remained weak and global capital flow sped up. Commodity prices recovered amid significant fluctuation due to capital flows. At the same time, China accelerated its pace on opening up and was increasingly integrated into the world economy. China's economic growth has entered into a state of "new normal". Although its economic growth slowed down to some extent, a medium to high growth was maintained, which was among the highest in major economies of the world. Driven by the stable development of the "One Belt, One Road" initiatives in particular, enterprises significantly sped up in "going out" with booming overseas investments and economic cooperation. They have become important participants in the improvement of infrastructure and the acceleration of the industrialization process in developing countries. They also played an essential role in expanding markets, creating employment opportunities and easing the debt pressure of developed countries.

In 2016, the real estate market reached a new high in this cycle with the turnover for the whole year breaking new grounds and differentiated development was seen among cities. Various regulatory policies on local governments were issued around the National Day and the market gradually stabilized in the fourth quarter. The real estate industry witnessed highs as well as lows in 2016. The "highs" refer to both the sales area and amount of commodity houses which hit historical highs while the area for sale continued declining. The "lows" refer to the growth in the investment in real estate development and the newly constructed area which maintained at low levels with the structural adjustment slowing down and increasing risks on commercial and office inventories. In terms of policy, the policy environment became tighter and different policies were introduced in different cities to strictly control market risks. In 2016, the policies for property sector shifted from somewhat easing to continual tightening in hot cities. In terms of pricing, the property prices in hot cities grew significantly, but became stable after tightening of the regulations. In terms of turnover, market transactions for the whole year maintained at high level with turnover structure moving up obviously. Various demands have emerged and property transactions maintained at high level. Turnover in commodity residential buildings in 50 representative cities increased over 20% year on year and the absolute volume hit a new high over the corresponding periods in history.

II. Business Review of the Group

On the whole, the housing prices in hot cities surged rapidly due to the accommodative monetary environment, the periodical tight supply and demand as well as the surging land price. With its increasingly improved and innovative sales strategy and the more powerful brand effect, the Group created new heights in sales results and maintained a strong development momentum.

As at 31 December 2016, the Group achieved total contracted sales of approximately RMB25,602.3 million, representing an impressive year-on-year increase of approximately 68.8% and completed approximately 150.6% of the contracted sales target for the whole year. Contracted sales area for the year was approximately 2.98 million sq.m., a year-on-year increase of approximately 57.9%; average selling price was RMB8,591 per sq.m., a year-on-year increase of RMB554 per sq.m. Residential properties and commercial properties (mainly comprising commercial apartments and retail shops) accounted for 73.0% and 27.0%, respectively.

Our sales in 2016 were mainly contributed by the following projects: Foshan Aoyuan The Prime Palace/Zhuhai Aoyuan Plaza/Chongqing Aoyuan Panlong Yihao/Chengdu Chenghua Aoyuan Plaza/Foshan Aoyuan Central Parkview/Guangzhou Aoyuan International Center.

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

Project	**Contracted Sales Amount** *(RMB million)*	**Contracted Sales Area** *(sq.m.)*
Foshan Aoyuan Prime Palace	1,904	85,726
Zhuhai Aoyuan Plaza	1,780	92,119
Chongqing Aoyuan PanlongYihao	1,697	221,838
Chengdu Chenghua Aoyuan Plaza	1,684	177,524
Foshan Aoyuan Central Parkview	1,626	158,423
Guangzhou Aoyuan International Center	1,237	46,589
Guangzhou Luogang Aoyuan Plaza	1,216	79,224
Jiaxing Aoyuan Gold Coast	984	161,332
Bengbu Aoyuan Hanlin Huafu	871	140,860
Nanhai Aoyuan	826	95,636
One30 Hyde Park Sydney	639	5,355
Maison188 Maroubra Sydney	217	3,716
Others	10,921	1,711,628
Total	25,602	2,979,970

Pursuing innovation and changes, launching of three new major upgraded platforms

In September, an inauguration ceremony for the launch of a cross-border e-commerce platform under Aoyuan Group was grandly held at the base of Guangzhou Aoyuan cross-border e-commerce headquarters. Three comprehensive cross-border e-commerce platforms with upgraded functions, including the official online mall (aomygod.com), the mobilephone APP and WeChat mall of Aomygod, were officially launched. While consumers can purchase outstanding products around the world, Aomygod innovated the community O2O model and the membership system and established a strong resources-backed system with the strengthened and abundant property resources of Aoyuan Group as one of the top 30 property developers in China, its big data membership system and various commercial operation experiences. It strives to become a self-operated and reliable leading cross-border e-commerce O2O brand in China to promote the development of the domestic cross-border e-commerce industry. From articles of daily use to light luxury products, from basic necessities of living to learning, leisure, safety, health and beauty, to parallel import of vehicles, Aomygod joins hands with strategic partners and leading teams in the industry in reshaping the quality life of consumers through professional shopping around the world.

Increasing land bank and promoting sustainable development overseas

In November, Aoyuan Group successfully acquired two high quality residential projects in Gordon and Turramurra, Sydney, Australia at a total consideration of A$55.5 million. Both projects are in key north shore locations of Sydney and are within 5 minute walking distance to the nearby train stations and a 30 minute drive from Sydney CBD. The acquisitions will bolster its land bank and facilitate its building of a sustainable development business in Australia. Riding on its strong execution capabilities in overseas projects, Aoyuan will further foster parallel development in domestic and overseas markets to enhance the brand influence and to advance the progress towards internationalisation, thus delivering fruitful returns to its shareholders and investors.

New projects introduced to the cultural tourism sector

After the commissioning of Aoyuan Cultural Tourism City Shaoguan Lingnan Impression in 2014, China Aoyuan Property Group introduced another cultural tourism project in Yingde as another major project in developing cultural tourism. In December, the ground-breaking ceremony for Aoyuan (Yingde) Heart Flower Town (奧園(英德)心花小鎮) was held in Yingde City, Guangdong Province. The project deeply explored the English black tea culture and integrated the black tea culture and industrial chains into cultural tourism projects. It also integrated with the food culture, consolidating on an innovative approach with food workshops, hot spring resorts, animation entertainment, countryside pasture, science popularization education, ecological residence as well as other industries to create a complete town model with "food factory + cultural tourism experiences" and achieved complementary development of industries. Aoyuan Group has made investments in various towns with the model of "industrial chains + cultural tourism" across the country, including "zen meditation + art performance" towns, "intelligent technology + cultural tourism" towns, "art incubation + tourism" towns and "cross-border e-commerce + leisure and vacation" towns in many locations of China.

III. Land Bank

The Group has adhered to the strategy of focusing on Tier 1 and Tier 2 cities in its development planning. At the same time, it pursued growth in domestic business in tandem with overseas business to raise the brand influence and promote the recognition of Aoyuan internationally. In 2016, the Group successively acquired a total of 17 high-quality commercial and residential projects. The newly added GFA available for development was approximately 3.14 million sq.m.

As at 31 December 2016, the total land bank of the Group was approximately 14.65 million sq.m., with an average land cost of approximately RMB1,916 per sq.m. of GFA, among which 1.91 million sq.m. of properties were completed, 5.46 million sq.m. of properties were under construction and 7.28 million sq.m. were reserved for future development. Its businesses have been expanded to 30 cities.

IV. Future Outlook

On the whole, property demands in various kinds continued to emerge with the properties turnover maintained at a high level in 2016. The turnover of commercial residential buildings in 50 representative cities increased over 20% year on year and the absolute volume hit a new high as compared with the corresponding periods in history. Various regulatory policies concerning hot cities were issued around the National Day and the market of those representative cities began to cool down. In terms of turnover structure, the overall prices of products of all levels in core Tier 1 and Tier 2 cities surged significantly and the demand for living improvement in hot cities also actively emerged. The turnover structure moved up with an increase in the proportion of large units.

Looking forward to the future, the turnover and price in the real estate markets of Tier 1 and Tier 2 cities across the country will undergo an adjustment period yet different cities will still offer different market opportunities. Tier 1 cities will enter the era of inventory houses and the market for the development and construction of new houses will be squeezed to certain extent. The vitalization of inventory land and properties driven by the upgrading of urban industries will be the theme in the future. The houses rental market is expected to become new opportunities. As hot Tier 2 cities have little potential in further property price hikes, the more likely scenario will be "declines in turnover and prices". Cities with growing business and population supports may bring new development opportunities. The policies on most Tier 3 and Tier 4 cities will remain relaxed. Certain Tier 3 and Tier 4 cities in the Yangtze River Delta and the Pearl River Delta will see opportunities arising from demand spillovers.

In the future, Aoyuan will continue to adhere to its development model of "rapid development and rapid sales" and improve the regulation and controlling efficiency in all processes. The Group will enhance project design, develop outstanding products and strengthen the design of product lines. Meanwhile, it will start reforms on the management system. Three Level 2 groups with high autonomy will be created as new business platforms. It will actively conduct innovation and deeply implant the idea and seeds of "innovation" into all business sectors during the development process in the increasingly competitive era.

FINANCIAL REVIEW

Operating Results

The revenue is primarily generated from property development. In 2016, the Group's total revenue was RMB11,827.3 million, representing an increase of RMB2,254.9 million or 23.6% over RMB9,572.4 million in 2015. Property development revenue, other revenue such as hotel operation and property investment revenue accounted for 95.0%, 4.4% and 0.6% respectively.

In 2016, the Group's revenue generated from property development amounted to RMB11,239.9 million, representing an increase of RMB1,945.4 million or 20.9% over RMB9,294.5 million in 2015. The GFA of delivered properties increased by 57.9% to 1.607 million sq.m. from 1.018 million sq.m. in 2015, while the average selling price decreased by 23.4% to RMB6,993 per square meter from RMB9,130 per square meter in 2015. This was mainly attributable to the decrease in the proportion of shops and commercial apartments with higher selling price from 58% in 2015 to 29%.

Breakdown of property development revenue in 2016 by product type:

	Sold and Delivered	
Product	**Revenue**	**Area**
	(RMB million)	*('000 sq.m.)*
Residential apartments	7,881.8	1,377.7
Commercial apartments	1,350.5	88.2
Retail shops and others	1,963.5	134.5
Low-density residential	44.1	7.0
Total	11,239.9	1,607.4

Gross Profit and Margin

In 2016, the gross profit of the Group was RMB3,277.1 million, representing an increase of 23.8% over RMB2,646.3 million in 2015, and the gross profit margin was 27.7%, which was basically the same as last year.

Other Income, Gains and Losses

In 2016, the other income, gains and losses of the Group recorded RMB230.8 million net loss, representing an increase of 76.2% over RMB131.0 million net loss in 2015, which mainly included exchange loss of RMB472.4 million, interest income of RMB58.8 million, gain on change in fair value of derivative financial instruments of RMB142.4 million, and other income of RMB40.4 million.

Selling and Distribution and Administrative Expenses

In 2016, total selling and distribution expenses of the Group were RMB592.3 million, representing an increase of 21.2% from RMB488.5 million in 2015, which was mainly attributable to the increase in overall sales, marketing and promotional activities owing to the increase in contracted sales amount during the year, caused by the increase in the number of pre-sales properties during the year. Total administrative expenses increased by 21.8% from RMB401.7 million in 2015 to RMB489.4 million.

Taxation

Income tax expense comprised of PRC EIT, LAT and deferred taxation. The effective tax rate of 51.7% is higher than the standard PRC EIT rate of 25%, mainly attributable to LAT of RMB420.9 million.

Profit Attributable to Owners of the Company

In 2016, profit attributable to owners of the Company was RMB881.0 million, representing an increase of 8.5% over RMB812.2 million in 2015. Core net profit (excluding after tax fair value gain on investment properties and non-recurring income and losses) for the year amounted to RMB1,237.5 million.

Financial Position

As at 31 December 2016, the Group's total assets amounted to approximately RMB66,418.4 million (as at 31 December 2015: RMB48,826.9 million) and total liabilities were approximately RMB51,787.1 million (as at 31 December 2015: RMB37,251.0 million).

Current ratio was 1.7 as at 31 December 2016 (as at 31 December 2015: 1.9).

Financial Resources and Liquidity

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

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

Cash Position

As at 31 December 2016, the Group had cash and bank deposits of approximately RMB10,470.9 million (as at 31 December 2015: RMB7,769.0 million). As at 31 December 2016, the Group had restricted bank deposits of approximately RMB485.6 million (as at 31 December 2015: RMB1,266.6 million) which were reserved for obtaining bank loans.

As at 31 December 2016, cash, bank deposits and restricted bank deposits of the Group mentioned above totaled RMB10,956.5 million, of which 98.2% was denominated in Renminbi and 1.8% was denominated in other currencies (mainly in Hong Kong dollar, US dollar and Australia dollar).

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

Borrowings, Senior Notes, Corporate Bonds and Net Gearing Ratio

Borrowings, Senior Notes and Corporate Bonds

As at 31 December 2016, the Group had bank and other borrowings of approximately RMB6,792.8 million (as at 31 December 2015: RMB7,373.3 million) and senior notes and corporate bonds of approximately RMB11,587.7 million (as at 31 December 2015: RMB8,924.4 million) as follows:

	31 December 2016 ***RMB Million***	31 December 2015 *RMB Million*
Repayment period		
Repayment on demand	**811.3**	–
Within one year	**3,694.6**	2,570.3
More than one year, but not exceeding two years	**6,633.6**	4,199.3
More than two years, but not exceeding five years	**7,229.6**	9,498.6
More than five years	**11.4**	29.5
	18,380.5	16,297.7

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. As at 31 December 2016, the effective interest rate on borrowings, senior notes and corporate bonds was 8.1%, which was lower than 9.5% in 2015. The Group has implemented certain interest rate management policies which 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 4-year non-public domestic corporate bonds of RMB500 million for the Group's refinancing and general corporate purposes.

In April 2016, the Group successfully issued 3-year offshore senior notes of US$250 million for the Group's refinancing and general corporate purposes.

In October 2016, the Group successfully issued 3-year non-public domestic corporate bonds of RMB1,500 million for the Group's refinancing and general corporate purposes.

As at 31 December 2016, the Group had credit facilities of approximately RMB27,051.0 million (as at 31 December 2015: RMB26,721.3 million) for short-term and long-term borrowings, of which approximately RMB13,249.7 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 bank and other borrowings, senior notes and corporate bonds net of cash and cash equivalents and restricted bank deposits) over the total equity. As at 31 December 2016, the Group's net gearing ratio was 50.7%. 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 31 December 2016, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and banking facilities granted to joint ventures of the Group amounting to approximately RMB21,584.0 million (as at 31 December 2015: RMB9,239.6 million).

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain property purchasers of the Group's and agreed to repurchase the properties upon the purchasers' default on the repayment of the outstanding mortgage loans and the loan interest accrual thereon. The fair value of the financial guarantee contracts is not significant at the initial recognition and provision has not been made as the default rate is low.

As at 31 December 2016, the Group has outstanding financial guarantees issued to banks in respect of banking facilities granted to joint ventures of the Group. The amount disclosed above represents the aggregate amounts that could be required to be paid if the guarantees were called upon in entirety, of which RMB1,150 million (2015: nil) has been utilised by the joint ventures at the end of the reporting period.

Commitments

As at 31 December 2016, the Group had construction cost, land payments and acquisition of subsidiaries payment contracted but not provided for of approximately RMB11,226.9 million (as at 31 December 2015: RMB9,347.1 million). The Group expects to fund these commitments principally from sale proceeds of properties and bank borrowings.

Foreign Currency Risks

Most of the Group's revenues and operating costs are 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 Australia dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. During the year ended 31 December 2016, the Group has entered into certain foreign currency forward contracts to keep the net exposure of currency risk to an appropriate level. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Pledge of Assets

As at 31 December 2016, the Group pledged its properties for sales, plant and equipment, investment properties and restricted bank deposit of approximately RMB5,950.4 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.

Events After the Reporting Period

On 4 January 2017, the Company issued senior notes (the "2017 Notes") in an aggregate principal amount of US$250 million (equivalent to RMB1,734.25 million) carries interest at 6.35% per annum and due in 2020. Details of the terms and conditions are set out in the announcement issued by the Company on 4 January 2017. Up to the date of the issuance of the audited consolidated financial statements of the Group, the net proceeds of approximately US$244.47 million (equivalent to approximately RMB1,695.87 million) from the issuance of the 2017 Notes have been fully received.

On 13 January 2017, the Group acquired 60% equity interest of 珠海來利科技有限公司 Zhuhai Laili Technology Co., Ltd. ("Zhuhai Laili") with cash consideration of RMB630 million. Zhuhai Laili holds a parcel of land situated in Zhuhai, the PRC, which is designated for commercial properties development.

On 24 February 2017, the Group acquired the entire equity interest of 深圳市秋銘投資發展有限公司 Shenzhen Qiuming Investment Development Co., Ltd. ("Shenzhen Qiuming") with cash consideration of approximately RMB984.93 million. Shenzhen Qiuming holds two projects under development situated in Shenzhen, the PRC, which is designated for residential and commercial properties development.

On 1 March 2017, the Group entered into an agreement to acquire a parcel of land located Vancouver, Canada with cash consideration of Canadian Dollar 30.6 million (equivalent to RMB161 million), which is designated for residential and commercial properties development.

On 2 March 2017, the company redeemed an aggregate principal amount of US$300 million of 2014 Notes, representing entire principal amount of 2014 Notes, at a redemption price equal to 105.6250% of the principal amount thereof together with all accrued and unpaid interest.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2016, the Group had 4,460 employees (31 December 2015: 3,761 employees). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance of the China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

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

During the year ended 31 December 2016, the Company repurchased a total of 112,274,000 shares of the Company on the Stock Exchange for enhancing net asset value and earnings per share of the Company. All the repurchased shares were cancelled. Details of the repurchases of shares are as follows:

Month	Number of shares repurchased	Purchase consideration per share Highest	Purchase consideration per share Lowest	Aggregate consideration paid (before expenses)
		HK$	*HK$*	*HK$*
May	48,475,000	1.70	1.54	79,362,088
June	34,483,000	1.70	1.50	56,085,560
August	8,486,000	1.79	1.71	14,851,980
September	8,305,000	1.86	1.75	15,099,640
October	10,523,000	1.87	1.76	19,125,840
November	2,002,000	1.86	1.82	3,696,560
	112,274,000			188,221,668

On 11 February 2016, the Company redeemed an aggregate principal amount of US$112.5 million of the 13.875% senior notes due 2017 in the principal amount of US$225 million ("Notes"), representing all the remaining and outstanding principal amount of US$225 million, at a redemption price equal to 106.93750% of the principal amount plus all accrued and unpaid interest. All the Notes redeemed by the Company on 23 November 2015 and 11 February 2016, each representing 50% of the outstanding principal amount of US$225 million, had been delisted from the Stock Exchange.

Save as disclosed above, during the year ended 31 December 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board 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.

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 audited financial statements of the Group for the year ended 31 December 2016.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

CORPORATE GOVERNANCE CODE

The Board periodically reviews the corporate governance practices of the Company to ensure that the practices continue to meet the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Company has applied the principles of the CG Code. For the year ended 31 December 2016, the Company has complied with the code provisions of the CG.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Model Code is sent to each director of the Company on his/her initial appointment and from time to time which is amended or restated.

Upon specific enquiry by the Company Secretaries of the Company, all directors of the Company have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2016.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.aoyuan.com.cn). The annual report of the Company for the year ended 31 December 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.

BOARD OF DIRECTORS

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.

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

Hong Kong, 10 March 2017