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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

HIGHLIGHTS

- Revenue for the six months ended 30 June 2013 amounted to RMB2,150.4 million, representing an increase of approximately RMB465.5 million or 27.6% as compared to RMB1,684.9 million for the corresponding period in 2012.
- Gross profit margin for the period was approximately 30.9% and net profit margin was approximately 16.8%.
- Profit and total comprehensive income for the period attributable to owners of the Company amounted to RMB348.3 million.
- Basic earnings per share for the period amounted to approximately RMB13.32 cents.
- Contracted sales for the period amounted to approximately RMB3.741 billion, up 62% YoY, and area sold was approximately 466,100 sq.m., up 37% YoY. Average selling price for the period was approximately RMB8,026 per sq.m., up 19% YoY. The Group has already achieved approximately 50% of the full-year sales target of RMB7.5 billion.
- Bank balances and cash (including restricted bank deposits) as at 30 June 2013 was RMB3,413.0 million.
- The Group had 4 land acquisitions during the period with total GFA of approximately 900,000 sq.m.. The Group's land bank increased to approximately 10.55 million sq.m. of GFA with average land cost of approximately RMB970 per sq.m. as of 30 June 2013.

The board of directors (the "Board") of China Aoyuan Property Group Limited ("Aoyuan") or (the "Company") is pleased to announce the unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013, together with the comparative figures for the corresponding period in 2012, the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013 together with audited comparative figures as at 31 December 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended	
		30.6.2013	30.6.2012
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**2,150,443**	1,684,880
Cost of sales		**(1,485,245)**	(1,159,397)
Gross profit		**665,198**	525,483
Other income	*4*	**31,569**	64,996
Change in fair value of investment properties		**52,149**	140,825
Selling and distribution expenses		**(43,343)**	(58,305)
Administrative expenses		**(110,170)**	(129,587)
Finance costs		**(12,288)**	(8,326)
Share of result of a joint venture		**–**	(7,404)
Profit before tax		**583,115**	527,682
Income tax expense	*5*	**(221,732)**	(244,882)
Profit and total comprehensive income for the period	*6*	**361,383**	282,800
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**348,286**	283,731
Non-controlling interests		**13,097**	(931)
		361,383	282,800
Earnings per share (cents)			
– Basic	*7*	**13.32**	10.85
– Diluted	*7*	**13.31**	10.85

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	30.6.2013 RMB'000 (unaudited)	31.12.2012 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**367,790**	375,826
Prepaid lease payments		**155,041**	3,046
Investment properties		**2,038,500**	1,949,434
Available-for-sale investment		**25,000**	25,000
Deposits paid for acquisition of land use rights		**–**	1,705,435
Deferred tax assets		**78,927**	70,549
		2,665,258	4,129,290
CURRENT ASSETS			
Properties for sale		**15,635,384**	11,547,814
Deposits paid for acquisition of land use rights		**683,400**	1,116,940
Trade and other receivables	*8*	**939,364**	735,421
Amounts due from non-controlling shareholders of subsidiaries		**33,038**	32,904
Tax recoverable		**95,876**	107,139
Prepaid lease payments		**69**	69
Restricted bank deposits		**941,953**	762,481
Bank balances and cash		**2,471,037**	2,380,983
		20,800,121	16,683,751
CURRENT LIABILITIES			
Trade and other payables	*9*	**2,084,389**	2,298,530
Sales deposits		**4,896,851**	4,244,228
Amounts due to non-controlling shareholders of subsidiaries		**316,284**	156,174
Tax liabilities		**1,239,080**	1,205,957
Dividends payable		**550,000**	–
Secured bank loans		**1,200,647**	1,674,685
Provision		**533,027**	525,032
		10,820,278	10,104,606
NET CURRENT ASSETS		**9,979,843**	6,579,145
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,645,101**	10,708,435

	30.6.2013	31.12.2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
NON-CURRENT LIABILITIES		
Amounts due to non-controlling shareholders of subsidiaries	**45,000**	45,000
Secured bank loans	**3,937,678**	2,497,952
Deferred tax liabilities	**328,768**	311,472
Senior notes	**1,387,229**	750,326
	5,698,675	3,604,750
NET ASSETS	**6,946,426**	7,103,685
CAPITAL AND RESERVES		
Share capital	**25,015**	25,015
Reserves	**6,588,718**	6,926,320
Equity attributable to owners of the Company	**6,613,733**	6,951,335
Non-controlling interests	**332,693**	152,350
TOTAL EQUITY	**6,946,426**	7,103,685

Notes:

1. BASIS OF PREPARATION

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") from 9 October 2007.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012 except as described below.

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

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except for as described below, the application of the new and revised IFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

IFRS 10 "Consolidated financial statements"

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. IFRS10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy in determining whether it has control over the investee. The adoption does not change any of the control mechanisms reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 13 "Fair Value Measurement"

The Group has applied IFRS 13 for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of IFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. IFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The adoption of IFRS 13 does not have material impact on the fair value measurement of the Group's assets and liabilities.

Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 "Presentation of Items of Other Comprehensive Income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis-the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and there has been no effect in these condensed consolidated financial statements as at 30 June 2013. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective. The following amendments and interpretations have been issued after the date the consolidated financial statements for the year ended 31 December 2012 were authorised for issuance and are not yet effective:

Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC-Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014

The directors of the Company anticipate that the application of the above amendments and interpretation will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

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

Six months ended 30 June 2013 (unaudited)

	Property development *RMB'000*	**Property investment** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
External segment revenue	**2,093,021**	**27,495**	**29,927**	**2,150,443**
Segment profit (loss)	**551,370**	**68,546**	**(30,777)**	**589,139**
Other income				**31,569**
Unallocated corporate expenses				**(25,305)**
Finance costs				**(12,288)**
Profit before tax				**583,115**

Six months ended 30 June 2012 (unaudited)

	Property development *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
External segment revenue	1,666,531	2,512	15,837	1,684,880
Segment profit (loss)	404,863	137,474	(5,114)	537,223
Share of result of a joint venture				(7,404)
Other income				64,996
Unallocated corporate expenses				(58,807)
Finance costs				(8,326)
Profit before tax				527,682

4. OTHER INCOME

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Other income comprises of:		
Bank interest income	**11,230**	43,422
Exchange gain	**14,014**	–
Reversal of accruals (note)	**–**	17,638
Dividend income from available-for-sale investment	**1,300**	–
Others	**5,025**	3,936
	31,569	64,996

Note: The accrual of construction costs outstanding over 3 years were not required to pay and reversed as income accordingly.

5. INCOME TAX EXPENSE

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Income tax expense recognised comprises of:		
Current tax in the People's Republic of China (the "PRC"):		
PRC enterprise income tax ("EIT")	**160,588**	86,435
PRC land appreciation tax ("LAT")	**52,226**	92,797
	212,814	179,232
Deferred tax:		
Current period	**8,918**	65,650
	221,732	244,882

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

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

6. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting) the following items:		
Interest on bank loans wholly repayable within five years	**230,279**	171,086
Interest on bank loans not wholly repayable within five years	**12,267**	20,963
Interest on senior notes	**91,398**	–
Interest on amounts due to non-controlling shareholders of subsidiaries	**8,003**	–
Less: Amount capitalised under properties under development for sale	**(329,659)**	(183,723)
	12,288	8,326
Release of prepaid lease payments	**35**	2,952
Depreciation of property, plant and equipment	**17,256**	16,206
Loss on disposal of property, plant and equipment	**96**	292

For the six months ended 30 June 2013, cost of properties for sales recognised as an expense approximate to RMB1,541,651,000 (six months ended 30 June 2012: RMB1,261,668,000) as shown in the consolidated statement of profit or loss and other comprehensive income.

7. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2013	30.6.2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	**348,286**	283,731
	'000	*'000*
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	**2,615,500**	2,615,500
Effect of dilutive potential ordinary shares on share options	**474**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,615,974**	2,615,500

The computation of diluted earnings per share for the six months ended 30 June 2013 has accounted for the effect of those share options granted where the exercise price of the options was lower than the average market price of the Company's shares.

The computation of diluted earnings per share for the six months ended 30 June 2012 has not accounted for the effect of share options as the exercise price of all share options granted were higher than the average market price of the Company's shares.

8. TRADE AND OTHER RECEIVABLES

	30.6.2013	31.12.2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**72,149**	19,425
Accrued rental receivables	**42,780**	25,009
Other receivables	**303,721**	312,143
Advance to suppliers	**122,369**	68,441
Deposits paid to local government and third parties for the potential purchase of land use rights	**185,000**	115,000
Other tax prepayments	**213,345**	195,403
	939,364	735,421

Normally the average credit period on sale of properties ranging from 60 days to 180 days. The following is an analysis of trade receivables presented based on the date of the properties delivered and sales is recognised:

	30.6.2013	31.12.2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0-60 days	**61,208**	7,694
61-180 days	**4,393**	9
181 days-365 days	**309**	1,036
1-2 years	**616**	4,836
2-3 years	**4,787**	5,287
Over 3 years	**836**	563
	72,149	19,425

9. TRADE AND OTHER PAYABLES

	30.6.2013	31.12.2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**1,585,503**	1,863,564
Other payables	**424,335**	363,243
Other taxes payable	**74,551**	71,723
	2,084,389	2,298,530

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

	30.6.2013	31.12.2012
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0-60 days	**543,713**	948,494
61-180 days	**519,410**	493,574
181 days-365 days	**226,290**	125,238
1-2 years	**198,943**	180,065
2-3 years	**59,371**	112,760
Over 3 years	**37,776**	3,433
	1,585,503	1,863,564

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

With the favorable market condition in the first half of the year, the Group closely adhered to the operational initiatives such as "achieve sales targets, implement cost control and further expansion". The Group has also implemented the business strategy of "rapid and balanced development", product strategy of "developing commercial and residential properties in parallel" and development strategy of "rapid development and rapid sales". The functional centers and project companies were marketing-oriented, shrewdly and proactively seizing market opportunities to drive our sales growth. In the first half of the year, the Group achieved contracted sales of RMB3.741 billion which was 134% of the sales target of RMB2.8 billion for the first half of the year and approximately 50% of the full year sales target of RMB7.5 billion, representing an increase of 62% over the same period last year. The contracted average selling price was approximately RMB8,026 per sq.m, representing an increase of 19% compared to same period last year. Notably in June, units available for sale of our newly launched projects Aoyuan • Spring Garden and Chongqing Aoyuan • The Metropolis were sold out in 2 hours. Aoyuan • Spring Garden was the best selling project in Guangzhou property market in June. The overwhelming response fully reflected the competitive advantages of Aoyuan's products.

Details of sales breakdown in the first half of 2013 by major projects are as follows:

Project	Contracted Sales		
	Amount *(RMB million)*	Area *('000 sq.m.)*	Average Selling Price *(RMB/m²)*
Aoyuan Health Plaza	575	44,400	13,000
Zhuzhou Aoyuan • Shennong Health City	512	59,200	8,600
Shenyang Aoyuan • Convention Plaza	440	61,200	7,200
Aoyuan • Spring Garden	408	31,500	13,000
Chongqing Aoyuan • The Metropolis	323	17,100	18,900
Shenyang Aoyuan • The Metropolis	300	47,800	6,300
Kunshan Aoyuan	229	31,200	7,300
Zhongshan Aoyuan	199	38,100	5,200
Jiangmen Aoyuan • Waitan	143	18,100	7,900
Yulin Aoyuan	123	31,100	4,000
Others	489	86,400	5,700
Total	3,741	466,100	8,000

In June, the Group and various project companies had jointly held a strategic conference of Aoyuan commercial properties named "The new commercial properties forum". More than 300 guests including experts, scholars, elites of the property industry, business representatives, investors and major media representatives attended the conference. The Group unveiled the development strategies of Aoyuan's commercial real estate business and presented the unique features of Aoyuan's commercial brand in the conference. Aoyuan Alliance (奧商會), gathering a group of outstanding companies headed by Aoyuan, was established in this event, providing further support for the Group's commercial brand image building and sales of commercial projects in the future.

Land Bank

Backed by its healthy financial position, Aoyuan actively grasps the development opportunities in the land market. During the first half of the year, with "further expansion" as core investment strategies, the Group strived to expand the project investment information channels and actively explored new development opportunities. The Group acquired four quality commercial and residential projects with aggregate GFA of approximately 900,000 sq.m., namely Aoyuan Kangwei Plaza, Jiangmen Aoyuan • Yicheng Plaza, Aoyuan • Central Parkview and Chongqing Aoyuan • Shuiyunjian.

The investment strategies of the Group are to monitor closely the market situation and target at districts or projects which are suitable for "rapid development and rapid sales", with end user demand and less influenced by the macro-control policy of the Central government. The Group has considered in priority areas with established markets such as Guangdong and Chongqing, etc to have further investment in those local cities and gradually expand and maintain an appropriate balance in developing commercial and residential properties in parallel.

As of 30 June 2013, the Group had land bank of approximately 10,549,000 sq.m. of GFA in total. The management believes the current land bank is sufficient for our project development in the next 5 to 7 years. The Group will adhere to positive yet prudent expansion strategy and continue to seek for land with good quality to implement its investment strategy in the second half of the year.

Financial Review

Revenue

The revenue is primarily generated from property development segment. For the first half of 2013, the Group's total revenue was RMB2,150.4 million, representing an increase of RMB465.5 million or 27.6% over RMB1,684.9 million in the same period of 2012. Property development revenue, other revenue such as operation of hotel and property investment revenue accounted for 97.3%, 1.4% and 1.3% respectively.

In the first half of 2013, the Group's sales revenue generated from property development amounted to RMB2,093.0 million, representing a 25.6% or RMB426.5 million increase compared with RMB1,666.5 million in the same period of 2012. The GFA of delivered properties increased by 94.8% to 305,643 sq.m. from 156,900 sq.m. in the same period of 2012, while the average selling price decreased by 35.5% to approximately RMB6,848 per square meter from approximately RMB10,621 per square meter in the same period of 2012. This was mainly attributable to a lower proportion of the revenue in the first half of 2013 of 9.7% was derived from a relative high average selling price of townhouses projects against 30.0% in the same period of 2012. The revenue derived from commercial properties accounted for 34.1% of total revenue, representing a decrease as compared to 49.5% in the same period of 2012.

For the six months ended 30 June 2013, the revenue generated from property development of Zhongshan Aoyuan (commercial and residential project), Aoyuan Health Plaza (commercial project), Shenyang Aoyuan • The Metropolis (commercial and residential project) and Aoyuan Plaza (commercial project) were the main source of property development revenue for the Group, with sales revenue amounting to RMB1,140.6 million in total. The revenue generated from property development attributable to Guangzhou, Zhongshan, Shenyang and other cities accounted for 34%, 22%, 21% and 23% respectively.

Revenue from property development by products for the first half of 2013 are as follows:

Product	**Revenue** *(RMB million)*	**Sold and Delivered Area** *('000 sq.m.)*
Apartments	1,175.0	232.5
Commercial properties	714.7	51.1
Townhouses	203.3	22.0
Total	2,093.0	305.6

Gross Profit and Margin

In the first half of 2013, the gross profit of the Group was RMB665.2 million, representing a significant increase of 26.6% over RMB525.5 million in the first half of 2012, mainly attributable to a substantial increase in turnover. The gross profit margin for the period was 30.9%, substantially the same as compared to 31.2% for the same period of 2012, which was attributable to the Group's successful commercial properties development and sales model as well as effective cost control.

Other Income

In the first half of 2013, other income of the Group decreased by RMB33.4 million to RMB31.6 million from RMB65.0 million in the corresponding period of 2012, mainly due to the lack of interest income arising from significant restricted bank pledged deposits in the same period of 2012 as those restricted bank deposits were released by the end of 2012.

Selling and Administrative Expenses

In the first half of 2013, the selling and administrative expenses of the Group was RMB153.5 million, representing a 18.3% decrease compared with RMB187.9 million in the corresponding period of 2012. The total selling and distribution expenses amounted to RMB43.3 million, representing a decrease of 25.7% compared with RMB58.3 million in the corresponding period of 2012. This was because the Group strictly implemented expense control procedure and more efficient sales strategy. The total administrative expenses amounted to RMB110.2 million, representing a decrease of 15.0% from RMB129.6 million in the corresponding period of 2012. This was mainly due to the Group strictly controlled the administrative expenses budget in 2013 as well as the management focused on optimizing workflow and utilizing human resources and other resources.

Share of Result of a Joint Venture

In the first half of 2013, the Group recorded no gain from share of result of a joint venture as the Group disposed this joint venture in the second half of 2012.

Income Tax Expense

Income tax expense comprised of PRC enterprise income tax, PRC land appreciation tax and deferred tax. The effective tax rate of 38.0% is higher than the standard PRC enterprise income tax of 25% because of PRC land appreciation tax of approximately RMB52.2 million.

Profits and Total Comprehensive Income Attributable to Owners of the Company

In the first half of 2013, profits and total comprehensive income attributable to owners of the Company amounted to RMB348.3 million, representing an increase of 22.8% from RMB283.7 million in the corresponding period of 2012.

Financial Position

As at 30 June 2013, the Group's total assets amounted to approximately RMB23,465.4 million (as at 31 December 2012: RMB20,813.0 million) and total liabilities were approximately RMB16,519.0 million (as at 31 December 2012: RMB13,709.4 million).

Current ratio was 1.9 as at 30 June 2013 (as at 31 December 2012: 1.7).

Financial Resources and Liquidity

In the first half of 2013, the Group's sources of fund primarily included income generated from business operations, cash from bank borrowings and issuance of senior notes in US dollar, which were used in our business operations and investment in development projects.

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

Cash Position

As at 30 June 2013, the Group had cash and bank deposits of approximately RMB2,471.0 million (as at 31 December 2012: RMB2,381.0 million).

As at 30 June 2013, the Group had restricted bank deposits of approximately RMB942.0 million (as at 31 December 2012: RMB762.5 million), of which RMB85.0 million was only for obtaining bank loans, and others only for payments to construction contractors.

As at 30 June 2013, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled to RMB3,413.0 million, of which 69.2% was denominated in Renminbi and 30.8% was denominated in other currencies (mainly HK dollar and U.S. dollar).

Borrowings, Senior Notes and Net Gearing Ratio

Borrowings and Senior Notes

As at 30 June 2013, the Group had borrowings of approximately RMB5,138.3 million (as at 31 December 2012: RMB4,172.6 million) and senior notes of approximately RMB1,387.2 million (as at 31 December 2012: RMB750.3 million) as follows:

Repayment period

	30 June 2013 ***(RMB million)***	31 December 2012 *(RMB million)*
Within one year	**1,200.6**	1,674.7
More than one year, but not exceeding two years	**2,221.9**	893.7
More than two years, but not exceeding five years	**2,754.7**	2,033.9
More than five years	**348.3**	320.6
	6,525.5	4,922.9

The majority of borrowings of the Group are floating rate borrowings, of which interest rates are subject to negotiation on annual basis, thus exposing the Group to fair value interest rate risk. The effective interest rate on borrowings for the first half of 2013 was 10.2%, which was slightly higher than 9.5% in 2012. The Group has implemented certain interest rate management policies which mainly include, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

In January 2013, the Group successfully issued additional offshore US$100,000,000 5-year senior notes to fund the Group's existing and new projects and for general corporate purposes.

As at 30 June 2013, the Group had credit facilities of approximately RMB7,771.0 million (as at 31 December 2012: RMB7,408.0 million) for short-term and long-term borrowings, of which approximately RMB774.0 million (as at 31 December 2012: RMB503.0 million) were unutilized.

Net gearing ratio

The net gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted bank deposits) over the total equity attributable to owners of the Company. As at 30 June 2013, the Group's net gearing ratio was 47.1%. The Group has implemented certain loan management policies, which mainly include close monitoring of the gearing ratio and any changes in net gearing ratio, and optimization of the bank credit structure when good pricing opportunities arise.

Contingent liabilities

As at 30 June 2013, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers amounting to approximately RMB4,757.7 million (as at 31 December 2012: RMB3,676.5 million).

The contingent liabilities represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is liable to the repayment of outstanding mortgage principals together with accrued interest and penalty owed to the banks by defaulted purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The amounts as at 30 June 2013 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 "Subsidiary") 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 Subsidiary because of the uncertainty about the validity of the Vendor's shareholding in the Target. The Vendor then claims the Subsidiary for compensation of approximately RMB61,096,000. The legal case is in legal proceeding. However, no provision has been provided for this case 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.

Commitments

As at 30 June 2013, the Group had construction cost contracted and land payments but not provided for of approximately RMB7,817.4 million (as at 31 December 2012: RMB5,722.5 million). The Group expects to fund these commitments principally from sale proceeds of the properties, bank borrowings and senior notes.

Foreign currency risks

Most of the Group's revenues and operating costs were denominated in Renminbi. Except for the bank deposits and the bank loans denominated in foreign currencies, senior notes denominated in US dollar and bank loans denominated in Hong Kong dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 30 June 2013.

Pledge of assets

As at 30 June 2013, the Group pledged its property held for sales, property, plant and equipment, investment properties and restricted bank deposit of approximately RMB3,861.8 million (as at 31 December 2012: RMB3,299.8 million) to various banks to secure project loans and general banking facilities granted to the Group.

EVENTS AFTER THE REPORTING PERIOD

On 23 July 2013, the Group entered into a sales and purchase agreement to acquire 80% of the registered capital of 陽江市潤信置業有限公司 (for identification purpose only, Yangjiang City Run Xin Property Company Limited, the "Target Company"), an independent third party, for consideration of RMB4,000,000, to develop a commercial and residential project mainly for sales on Long Island, Yangjiang City, Guangdong Province, the PRC. Pursuant to the sales and purchase agreement, the Group will further inject a sum of no less than RMB208,800,000 to the Target Company by way of shareholder's loan and increase of its registered capital. The above transaction has been completed up to the date these condensed consolidated financial statement were authorised for issuance.

In August 2013, the Group purchased three land parcels for residential and commercial uses in Chongqing and two land parcels in Luogang in Guangzhou, the PRC, respectively, at three public auctions for a total consideration of RMB970,000,000 and RMB1,305,780,000. The Group has paid deposits amounting to RMB422,850,000 and RMB261,170,000, respectively for these land parcels. The transactions have not been completed up to the date these condensed consolidated financial statements were authorised for issuance.

EMPLOYEES AND REMUNERATION

As at 30 June 2013, the Group employed a total of 2,006 employees. In order to encourage and retain excellent staff, the Group has adopted a performance based rewarding system since September 2007 to motivate its staff and such system was reviewed on a regular basis. As at 30 June 2013, share options in respect of a total of 8,300,000 shares of the Company were granted to certain directors. In addition to a basic salary, year-end bonuses will be offered to those staff with outstanding performance. In accordance with the relevant national and local labour laws and regulations, the Group is required to pay for employees social insurance premium and other insurance benefits. The Group believes the salaries and benefits that the employees receive are competitive in comparison with market rates.

DIVIDEND

The Board has resolved that no interim dividend to be paid for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's internal control system and financial reporting matters. The audit committee has reviewed the unaudited financial report for the six months ended 30 June 2013.

COMPLIANCE WITH MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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 required standards during the six months ended 30 June 2013.

CORPORATE GOVERNANCE COMPLIANCE

The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance especially the areas of internal control, fair disclosure and accountability to all shareholders.

For the six months ended 30 June 2013, the Company has applied the principles and complied with the requirements set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The Company's compliance with the provisions and recommended best practices of the CG Code are set out in the Corporate Governance Report contained in the 2012 Annual Report.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (http://www.aoyuan.com.cn) and the Stock Exchange (http://www.hkex.com.hk). An interim report for the six months ended 30 June 2013 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the said websites in due course.

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

Hong Kong, 15 August 2013

As at the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Yang Zhong and Ms. Xin Zhu; the non-executive director of the Company is Mr. Paul Steven Wolansky; and the independent non-executive directors of the Company are Mr. Song Xian Zhong, Mr. Tsui King Fai and Mr. Cheung Kwok Keung.