**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)**

# RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

## HIGHLIGHTS

- The Group recorded unaudited contracted sales of RMB12.22 billion in 2014 with total sales area of approximately 1,343,000 sq.m., representing an increase of approximately 22% and 25% respectively when compared to 2013. The Group achieved unaudited contracted sales of approximately RMB1.77 billion for the first two months in 2015, representing an increase of approximately 28% when compared to same period in 2014.

- The Group's recognized revenue for the year ended 31 December 2014 was RMB6,976.2 million representing an increase of RMB1,246.9 million or 22% as compared to 2013. Gross profit increased by 18% to RMB2,067.4 million and gross profit margin was 29.6% in 2014.

- Net profit of the Group for the year amounted to RMB782.9 million in 2014. Basic earnings per share were RMB29.08 cents in 2014.

- As of 31 December 2014, the Group had bank balances of RMB5,917.3 million with a net gearing ratio of 61.8%. In 2014, the Group successfully issued 5-year USD300 million senior notes and Huaxia Life Insurance Corporation Limited injected RMB1 billion to a subsidiary of the Company.

- With successful land acquisitions in Guangdong and Chongqing in 2014, Aoyuan's land bank was increased to 12.31 million sq.m. GFA as of 31 December 2014 with average land cost of approximately RMB1,180 per sq.m.. In 2015, the Group had made land acquisitions in Jiaxing, Shanghai and Sydney.

- Recommended a final dividend of RMB8.7 cents per share.

The board of directors (the "Board") of China Aoyuan Property Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2014*

| | NOTES | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| Revenue | 3 | **6,976,151** | 5,729,267 |
| Cost of sales | | **(4,908,782)** | (3,970,717) |
| Gross profit | | **2,067,369** | 1,758,550 |
| Other income and gains | 5 | **109,622** | 115,034 |
| Change in fair value of investment properties | | **97,610** | 84,991 |
| Share of results of joint ventures | | **9,161** | (75) |
| Gain on disposal of a subsidiary | | **–** | 20,682 |
| Selling and distribution expenses | | **(379,292)** | (319,168) |
| Administrative expenses | | **(390,609)** | (350,885) |
| Finance costs | 6 | **(65,155)** | (44,048) |
| Profit before tax | 7 | **1,448,706** | 1,265,081 |
| Income tax expense | 8 | **(665,773)** | (512,945) |
| Profit and total comprehensive income for the year | | **782,933** | 752,136 |
| Profit and total comprehensive income for the year attributable to: | | | |
| – Owners of the Company | | **809,392** | 735,824 |
| – Non-controlling interests | | **(26,459)** | 16,312 |
| | | **782,933** | 752,136 |
| Earnings per share | | | |
| Basic (RMB cents) | 9 | **29.08** | 27.42 |
| Diluted (RMB cents) | 9 | **29.08** | 27.40 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2014*

| | NOTES | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | **501,446** | 415,336 |
| Prepaid lease payments | | **15,809** | 167,527 |
| Investment properties | | **2,727,946** | 2,419,399 |
| Interests in joint ventures | | **62,978** | 4,925 |
| Available-for-sale investment | | **25,000** | 25,000 |
| Deferred tax assets | | **150,763** | 118,214 |
| Amount due from a joint venture | | **151,955** | – |
| | | **3,635,897** | 3,150,401 |
| CURRENT ASSETS | | | |
| Properties for sale | | **24,946,828** | 19,437,238 |
| Deposits paid for acquisition of land use rights | | **–** | 1,063,890 |
| Trade and other receivables | *11* | **1,849,158** | 1,063,515 |
| Amounts due from non-controlling shareholders of subsidiaries | | **21,014** | 193,506 |
| Amounts due from related parties | | **196,582** | 164,113 |
| Tax recoverable | | **218,612** | 146,863 |
| Prepaid lease payments | | **435** | 415 |
| Restricted bank deposits | | **3,928,254** | 1,899,230 |
| Bank balances and cash | | **1,989,054** | 2,812,335 |
| | | **33,149,937** | 26,781,105 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | *12* | **3,501,292** | 2,952,522 |
| Deposits received for sale of properties | | **8,772,081** | 6,463,074 |
| Amounts due to non-controlling shareholders of subsidiaries | | **197,008** | 185,552 |
| Amount due to a related party | | **19,098** | 68,002 |
| Amount due to a joint venture | | **57,300** | – |
| Tax liabilities | | **1,789,987** | 1,488,462 |
| Bank and other borrowings | | **4,464,125** | 2,411,281 |
| Provisions | | **1,577,144** | 1,394,404 |
| | | **20,378,035** | 14,963,297 |
| NET CURRENT ASSETS | | **12,771,902** | 11,817,808 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **16,407,799** | 14,968,209 |

| | NOTES | **2014** | 2013 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| NON-CURRENT LIABILITIES | | | |
| Bank and other borrowings | | **3,776,180** | 5,741,996 |
| Deferred tax liabilities | | **340,545** | 331,790 |
| Senior notes | | **3,256,986** | 1,370,567 |
| | | **7,373,711** | 7,444,353 |
| | | **9,034,088** | 7,523,856 |
| CAPITAL AND RESERVES | | | |
| Share capital | | **26,355** | 26,347 |
| Reserves | | **7,693,097** | 7,192,699 |
| Equity attributable to owners of the Company | | **7,719,452** | 7,219,046 |
| Non-controlling interests | | **1,314,636** | 304,810 |
| | | **9,034,088** | 7,523,856 |

## 1. GENERAL

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on the 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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

| | |
|---|---|
| Amendments to IFRS 10, IFRS 12 and IAS 27 | Investment Entities |
| Amendments to IFRS 32 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to IFRS 36 | Recoverable Amount Disclosure for Non-Financial Assets |
| Amendments to IFRS 39 | Novation of Derivatives and Continuation of Hedge Accounting |
| IFRIC – Int 21 | Levies |

The application of above the new or revised 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 revised IFRSs that have been issued but are not yet effective.

| | |
|---|---|
| IFRS 9 | Financial Instruments[1] |
| IFRS 14 | Regulatory Deferral Accounts[2] |
| IFRS 15 | Revenue from Contracts with Customers[3] |
| Amendments to IFRS 11 | Accounting for Acquisitions of Interests in Joint Operations[5] |
| Amendments to IAS 1 | Disclosure Initiative[5] |
| Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation[5] |
| Amendments to IAS 19 | Defined Benefit Plans: Employee Contributions[4] |
| Amendments to IFRSs | Annual Improvements to IFRSs 2010-2012 Cycle[6] |
| Amendments to IFRSs | Annual Improvements to IFRSs 2011-2013 Cycle[4] |
| Amendments to IFRSs | Annual Improvements to IFRSs 2012-2014 cycle[5] |
| Amendments to IAS 16 and IAS 41 | Agriculture: Bearer Plants[5] |
| Amendments to IAS 27 | Equity Method in Separate Financial Statements[5] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5] |
| Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception[5] |

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

## 3. REVENUE

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

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Sales of properties | **6,802,952** | 5,599,797 |
| Rental Income | **70,822** | 48,706 |
| Hotel, consulting and management income | **102,377** | 80,764 |
| | **6,976,151** | 5,729,267 |

## 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 consulting and management services

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

| | Year ended 31 December 2014 | | | |
|---|---|---|---|---|
| | **Property development** | **Property investment** | **Others** | **Total** |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| External segment revenue | **6,802,952** | **70,822** | **102,377** | **6,976,151** |
| Segment profit (loss) | **1,375,134** | **143,909** | **(59,932)** | **1,459,111** |
| Other income and gains | | | | **109,622** |
| Unallocated corporate expenses | | | | **(64,033)** |
| Finance costs | | | | **(65,155)** |
| Share of results of joint ventures | | | | **9,161** |
| Profit before tax | | | | **1,448,706** |

| | Year ended 31 December 2013 | | | |
|---|---|---|---|---|
| | Property development | Property investment | Others | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| External segment revenue | 5,599,797 | 48,706 | 80,764 | 5,729,267 |
| Segment profit (loss) | 1,186,494 | 105,346 | (52,753) | 1,239,087 |
| Other income and gains | | | | 115,034 |
| Unallocated corporate expenses | | | | (65,599) |
| Finance costs | | | | (44,048) |
| Gain on disposal of a subsidiary | | | | 20,682 |
| Share of result of joint ventures | | | | (75) |
| Profit before tax | | | | 1,265,081 |

*Notes:* There is no inter-segment revenue in both years.

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, bank interests and other income, finance costs, share of results of joint ventures and gain on disposal of a subsidiary. This is the measure reported to 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**

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Property development | **27,061,540** | 21,930,148 |
| Property investment | **2,763,029** | 2,461,676 |
| Others | **249,152** | 191,241 |
| Total segment assets | **30,073,721** | 24,583,065 |
| Unallocated assets: | | |
| Available-for-sale investment | **25,000** | 25,000 |
| Interests in joint ventures | **62,978** | 4,925 |
| Amount due from a joint venture | **151,955** | – |
| Deferred tax assets | **150,763** | 118,214 |
| Tax recoverable | **218,612** | 146,863 |
| Restricted bank deposits | **3,928,254** | 1,899,230 |
| Bank balances and cash | **1,989,054** | 2,812,335 |
| Others | **185,497** | 341,874 |
| Consolidated assets | **36,785,834** | 29,931,506 |

**Segment liabilities**

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Property development | **13,967,650** | 10,977,354 |
| Property investment | **34,513** | 47,659 |
| Others | **60,834** | 36,268 |
| Total segment liabilities | **14,062,997** | 11,061,281 |
| Unallocated liabilities: | | |
| Bank and other borrowings | **8,240,305** | 8,153,277 |
| Senior notes | **3,256,986** | 1,370,567 |
| Amount due to a joint venture | **57,300** | – |
| Tax liabilities | **1,789,987** | 1,488,462 |
| Deferred tax liabilities | **340,545** | 331,790 |
| Others | **3,626** | 2,273 |
| Consolidated liabilities | **27,751,746** | 22,407,650 |

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, amount due from a joint venture, AFS investment, deferred tax assets, tax recoverable, 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 tax liabilities, bank and other borrowings, senior notes, amount due to a joint venture, deferred tax liabilities and other liabilities not attributable to respective segment.

**Other information**

| | **Year ended 31 December 2014** | | | | |
|---|---|---|---|---|---|
| | **Property development** *RMB'000* | **Property investment** *RMB'000* | **Others** *RMB'000* | **Unallocated** *RMB'000* | **Total** *RMB'000* |
| *Amounts included in the measure of segment profit or loss or segment assets:* | | | | | |
| Addition of property, plant and equipment | **104,919** | **–** | **7,240** | **842** | **113,001** |
| Addition of investment properties | **–** | **210,937** | **–** | **–** | **210,937** |
| Depreciation of property, plant and equipment | **8,991** | **–** | **8,918** | **7,442** | **25,351** |
| Release of prepaid lease payments | **435** | **–** | **–** | **–** | **435** |
| Loss on disposal of property, plant and equipment | **871** | **–** | **269** | **–** | **1,140** |
| Change of fair value of investment properties | **–** | **97,610** | **–** | **–** | **97,610** |
| Write-down on properties for sale | **309** | **–** | **–** | **–** | **309** |

| | Year ended 31 December 2013 | | | | |
|---|---|---|---|---|---|
| | Property development *RMB'000* | Property investment *RMB'000* | Others *RMB'000* | Unallocated *RMB'000* | Total *RMB'000* |
| *Amounts included in the measure of segment profit or loss or segment assets:* | | | | | |
| Addition of property, plant and equipment | 9,257 | – | 3,669 | 23,699 | 36,625 |
| Addition of investment properties | – | 439,178 | – | – | 439,178 |
| Depreciation of property, plant and equipment | 4,838 | – | 14,131 | 14,932 | 33,901 |
| Release of prepaid lease payments | 69 | – | – | – | 69 |
| Loss on disposal of property, plant and equipment | 380 | – | 3,005 | – | 3,385 |
| Change of fair value of investment properties | – | 84,991 | – | – | 84,991 |
| Write-down on properties for sale | 24,645 | – | – | – | 24,645 |

**Geographical information**

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

**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 2014 and 2013.

## 5. OTHER INCOME AND GAINS

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Other income and gains comprises of: | | |
| Exchange gain | **2,838** | 37,999 |
| Bank interest income | **59,758** | 21,748 |
| Dividend income from available-for-sale investments | **2,000** | 2,800 |
| Other interest income | **8,130** | 16,663 |
| Others *(note)* | **36,896** | 35,824 |
| | **109,622** | 115,034 |

*Note:* Others mainly represent the government subsidy received.

## 6. FINANCE COSTS

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest on: | | |
| Bank and other borrowings | | |
| – wholly repayable within five years | **850,010** | 625,618 |
| – not wholly repayable within five years | **3,728** | 15,741 |
| Senior notes | **402,186** | 189,979 |
| Amounts due to non-controlling shareholders of subsidiaries | **19,866** | 16,998 |
| Total borrowing costs | **1,275,790** | 848,336 |
| Less: amounts capitalised to properties under development for sale | **(1,210,635)** | (804,288) |
| | **65,155** | 44,048 |

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 10.01% (2013: 10.80%) per annum to expenditure on the qualifying assets.

## 7. PROFIT BEFORE TAX

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Profit before tax has been arrived at after charging (crediting): | | |
| Auditors' remuneration | **3,800** | 3,580 |
| Directors' emoluments | **11,679** | 13,306 |
| Staff salaries | **297,828** | 226,448 |
| Retirement benefit scheme contributions | **13,811** | 10,342 |
| Total staff costs | **323,318** | 250,096 |
| Less: amounts capitalised to properties under development for sale | **(58,082)** | (40,069) |
| | **265,236** | 210,027 |
| Release of prepaid lease payments | **435** | 69 |
| Depreciation of property, plant and equipment | **25,351** | 33,901 |
| Loss on disposal of property, plant and equipment | **1,140** | 3,385 |
| Rental expenses in respect of rented premises under operating leases | **8,869** | 7,452 |
| Gross rental income in respect of investment properties | **(70,822)** | (48,706) |
| Less: direct operating expenses from investment properties that generated rental income during the year | **21,181** | 16,583 |
| | **(49,641)** | (32,123) |
| Write-down on properties for sale | **309** | 24,645 |
| Exchange gain | **(2,838)** | (37,999) |

## 8. INCOME TAX EXPENSE

| | 2014 | 2013 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Income tax expense recognised comprises of: | | |
| Current tax: | | |
| Enterprise Income Tax ("EIT") | **386,200** | 340,249 |
| Land Appreciation Tax ("LAT") | **304,956** | 192,701 |
| | **691,156** | 532,950 |
| Deferred tax | **(25,383)** | (20,005) |
| Income tax expense for the year | **665,773** | 512,945 |

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.

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:

| | 2014 | 2013 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Profit before tax | **1,448,706** | 1,265,081 |
| Tax charge at domestic tax rate of 25% | **362,176** | 316,270 |
| Tax effect of share of results of joint ventures | **(2,291)** | 19 |
| Tax effect of expenses not deductible for tax purpose | **49,181** | 54,292 |
| Tax effect of income that are not taxable for tax purpose | **(1,384)** | (6,860) |
| Tax effect of tax losses not recognised | **16,472** | 17,588 |
| Utilisation of tax losses previously not recognised | **–** | (33,414) |
| LAT provision | **304,956** | 192,701 |
| Tax effect of LAT | **(76,239)** | (48,175) |
| Deferred tax effect of LAT on revaluation of investment properties | **12,902** | 5,524 |
| Deferred tax on undistributed earnings of PRC subsidiaries | **–** | 15,000 |
| Income tax expense for the year | **665,773** | 512,945 |

## 9. EARNINGS PER SHARE

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

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Earnings** | | |
| Earnings for the purposes of basic and diluted earnings per share, being profit for the year attributable to owners of the Company | **809,392** | 735,824 |

| | **2014** | 2013 |
|---|---|---|
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **2,783,512** | 2,683,811 |
| Effect of dilutive potential ordinary shares: | | |
| – Share options | **59** | 1,383 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **2,783,571** | 2,685,194 |

The computation of diluted earnings per share for the year ended 31 December 2014 and 31 December 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.

## 10. DIVIDENDS

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Dividends, recognised as distribution during the year: | | |
| 2013 final – RMB8.0 cents (2013: 2012 final dividend RMB5.20 cents) per share | **222,628** | 136,006 |
| 2012 special dividend – HK26 cents per share | **–** | 550,000 |
| | **222,628** | 686,006 |

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2014 of RMB8.7 cents per share has been proposed by the Board of Directors and is subject to approval by the shareholders in the forthcoming general meeting.

## 11. TRADE AND OTHER RECEIVABLES

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **158,128** | 169,096 |
| Rental receivables | **39,584** | 40,606 |
| Other receivables | **411,124** | 317,865 |
| Advances to constructors and suppliers | **57,505** | 82,121 |
| Deposits paid to respective local governments for granting the rights to purchase land by auction | **506,393** | 201,900 |
| Deposits paid to purchase properties for sale | **300,000** | – |
| Other tax prepayments | **376,424** | 251,927 |
| | **1,849,158** | 1,063,515 |

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

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 60 days | **71,910** | 84,437 |
| 61 to 180 days | **29,307** | 79,101 |
| 181 to 365 days | **16,417** | 1,971 |
| 1 to 2 years | **37,243** | – |
| 2 to 3 years | **–** | 88 |
| Over 3 years | **3,251** | 3,499 |
| | **158,128** | 169,096 |

Trade receivables mainly represent receivable from properties buyers for mortgage sale of properties amounting to RMB49,095,000 (2013: RMB60,278,000). The average credit period on sale of properties is 60 days. Impairment on trade receivables are provided for based on estimated irrecoverable amounts from the sale of properties, determined by reference to past default experience. Considerations under pre-sale contracts will be fully received prior to the delivery of the ownership certificate of the properties to the purchasers.

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 2014, there were RMB40,494,000 (2013: RMB3,587,000) receivable 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.

## 12. TRADE AND OTHER PAYABLES

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **2,651,337** | 2,355,170 |
| Other payables | **816,837** | 557,036 |
| Other taxes payables | **33,118** | 40,316 |
| | **3,501,292** | 2,952,522 |

Trade payables principally comprise amounts outstanding for payments to constructors 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.

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

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 60 days | **951,261** | 1,052,076 |
| 61 to 180 days | **392,202** | 576,594 |
| 181 to 365 days | **466,283** | 311,033 |
| 1 to 2 years | **612,029** | 279,103 |
| 2 to 3 years | **118,935** | 98,657 |
| Over 3 years | **110,627** | 37,707 |
| | **2,651,337** | 2,355,170 |

At 31 December 2014, the balance of trade payables with age over 1 year include retention money of RMB617,667,000 (2013: RMB237,750,000) to the sub-contractors of property development projects, which relates to 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For 2014, the Group achieved unaudited total contracted sales amount of approximately RMB12.22 billion and contracted sales area of approximately 1,343,000 sq.m., representing an increase of approximately 22% and 25% respectively as compared with the same period of last year; the average selling price per sq.m. amounted to RMB9,103 and was comparable to the previous year. Total contracted sales were evenly split between residential and commercial properties (including commercial apartments and shops).

In 2014 contracted sales contribution mainly came from the following projects: Guangzhou Aoyuan City Plaza, Guangzhou Aoyuan Beyond Era, Guangzhou Luogang Aoyuan Plaza, Guangzhou Aoyuan Kangwei Plaza, Chongqing Aoyuan City Plaza, Chongqing Aoyuan The Metropolis, Zhuzhou Aoyuan Plaza, Shenyang Aoyuan The Metropolis and Zhongshan Aoyuan.

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.)* |
|---|---|---|
| Guangzhou Aoyuan City Plaza | 1,897 | 86,000 |
| Guangzhou Aoyuan Beyond Era | 1,463 | 72,000 |
| Guangzhou Luogang Aoyuan Plaza | 1,412 | 83,000 |
| Guangzhou Aoyuan Kangwei Plaza | 817 | 66,000 |
| Chongqing Aoyuan The Metropolis | 786 | 132,000 |
| Zhuzhou Aoyuan Plaza | 641 | 124,000 |
| Jiangmen Aoyuan Yicheng International Plaza | 606 | 75,000 |
| Zhongshan Aoyuan | 497 | 99,000 |
| Chongqing Aoyuan City Plaza | 416 | 34,000 |
| Shenyang Aoyuan The Metropolis | 361 | 65,000 |
| Others | 3,327 | 507,000 |
| Total | 12,223 | 1,343,000 |

The Group maintains the long term solid development strategy, continues to adopt, gives preferential consideration of cities and regions which have been explored and where projects with good sales achievement are located, actively explore the land and optimize the existing land bank. In 2014, the Group successively acquired 8 parcels of quality commercial and residential projects in Luogang of Guangzhou, Chongqing and Shaoguan, the additional GFA available for development was approximately 2,657,000 sq. m..

As at 31 December 2014, the total land bank of the Group was approximately 12.31 million sq.m. GFA, the average cost per sq.m. of the GFA of the land bank was approximately RMB1,180, among which, 1.64 million sq.m. of properties was completed, 3.89 million sq.m. of properties was under construction and 6.78 million sq.m. was reserved for future development. The Group considers that the existing land bank is enough to meet the development need of the Group in the coming 5 years.

## FINANCIAL REVIEW

### Operating Results

The revenue is primarily generated from two business segments: property development and other revenue such as hotel operation. In 2014, the Group's total revenue was RMB6,976.2 million, representing an increase of RMB1,246.9 million or 21.8% over RMB5,729.3 million in 2013. Property development revenue, other revenue such as hotel operation and property investment revenue accounted for 97.5%, 1.5% and 1.0% respectively.

In 2014, the Group's revenue generated from property development amounted to RMB6,803.0 million, representing an increase of RMB1,203.2 million or 21.5% over RMB5,599.8 million in 2013. The GFA of delivered properties increased by 12.1% to 914,250 sq.m. from 815,614 sq.m. in 2013, while the average selling price increased by 8.4% to RMB7,441 per square meter from RMB6,866 per square meter in 2013, mainly due to the increase in average selling price of shops delivered in 2014. The revenue generated from property development attributable to Guangzhou, Chongqing, Shenyang, Zhongshan and other cities accounted for 40%, 14%, 14%, 13% and 19% respectively.

Breakdown of property development revenue in 2014 by product type:

| | Sold and Delivered | |
|---|---|---|
| **Product** | **Revenue** | **Area** |
| | *(RMB million)* | *('000 sq.m.)* |
| Residential apartments | 4,607.3 | 783.5 |
| Commercial apartments | 352.8 | 33.8 |
| Retail shops and others | 1,711.2 | 77.8 |
| Low-density residential | 131.7 | 19.2 |
| Total | 6,803.0 | 914.3 |

**Gross Profit and Margin**

In 2014, the gross profit of the Group was RMB2,067.4 million, representing an increase of 17.6% over RMB1,758.6 million in 2013. The gross profit margin maintained at approximately 30%. The stable gross margin of the Group was attributed to its success in commercial properties development and sales model, as well as its effective cost control measures.

**Other Income and Gains**

In 2014, the other income and gains of the Group was RMB109.6 million, representing a decrease of 4.7% over RMB115.0 million in 2013. Other income mainly included exchange gain of RMB2.8 million, interest income of RMB67.9 million, government subsidy of RMB23.9 million and other income of RMB15.0 million.

**Selling and Administrative Expenses**

In 2014, total selling and distribution expenses of the Group were RMB379.3 million, representing an increase of 18.8% from RMB319.2 million in 2013, 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 11.3% from RMB350.9 million in 2013 to RMB390.6 million, mainly due to the increase in staff expenses and other management costs resulting from the expansion of operation scale of the Group.

**Taxation**

Income tax expense comprised of PRC EIT, LAT and deferred taxation. The effective tax rate of 46.0% is higher than the standard PRC EIT rate of 25%, mainly attributable to LAT of RMB305.0 million.

**Profit Attributable to Owners of the Company**

In 2014, profit attributable to owners of the Company was RMB809.4 million, representing an increase of 10.0% over RMB735.8 million in 2013.

**Financial Position**

As at 31 December 2014, the Group's total assets amounted to approximately RMB36,785.8 million (as at 31 December 2013: RMB29,931.5 million) and total liabilities were approximately RMB27,751.7 million (as at 31 December 2013: RMB22,407.7 million).

Current ratio was 1.6 as at 31 December 2014 (as at 31 December 2013: 1.8).

**Financial Resources and Liquidity**

In 2014, 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 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. With an investment by Huaxia Life Insurance Corporation Limited made in 2014, 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 2014, the Group had cash and bank deposits of approximately RMB1,989.1 million (as at 31 December 2013: RMB2,812.3 million). As at 31 December 2014, the Group had restricted bank deposits of approximately RMB3,928.3 million (as at 31 December 2013: RMB1,899.2 million). Among which, deposits of RMB1,065.0 million were reserved for obtaining bank loans, while the remaining deposits were reserved as payments to construction contractors.

As at 31 December 2014, cash, bank deposits and restricted bank deposits of the Group mentioned above totaled RMB5,917.4 million, of which 95.0% was denominated in Renminbi and 5.0% was denominated in other currencies (mainly in US dollar).

In 2014, cash collection ratio (total sales proceeds received in 2014 divided by the annual contract sales amount) for the Group's contracted sales was approximately 81%.

## Borrowings, Senior Notes and Net Gearing Ratio

### *Borrowings and Senior Notes*

As at 31 December 2014, the Group had bank borrowings of approximately RMB8,240.3 million (as at 31 December 2013: RMB8,153.3 million) and senior notes of approximately RMB3,257.0 million (as at 31 December 2013: RMB1,370.6 million) as follows:

| | **31 December 2014** *RMB Million* | 31 December 2013 *RMB Million* |
|---|---|---|
| **Repayment period** | | |
| Within one year | **4,464.1** | 2,411.3 |
| More than one year, but not exceeding two years | **2,127.4** | 3,672.6 |
| More than two years, but not exceeding five years | **4,858.1** | 3,194.2 |
| More than five years | **47.7** | 245.8 |
| | **11,497.3** | 9,523.9 |

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 and senior notes in 2014 was 10.2%, which was lower than 11.4% in 2013. 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 January 2014, the Group successfully issued offshore 5-year senior notes of US$300,000,000, which was for the Group's refinancing and general corporate purposes.

As at 31 December 2014, the Group had credit facilities of approximately RMB21,902.9 million (as at 31 December 2013: RMB14,294.8 million) for short-term and long-term borrowings, of which approximately RMB5,859.6 million (as at 31 December 2013: RMB2,750.0 million) were unutilized.

**Net Gearing Ratio**

Net gearing ratio is measured by the net borrowings (total amount of borrowings and senior notes net of cash and cash equivalents and restricted bank deposits) over the total equity. As at 31 December 2014, the Group's net gearing ratio was 61.8%. 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 2014, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers amounting to approximately RMB8,693.7 million (as at 31 December 2013: RMB6,432.6 million).

The contingent liabilities represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is liable to the repayment of outstanding mortgage principals together with accrued interest and penalty owed to the banks by defaulted purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The amounts as at 31 December 2014 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 Company (the "Subsidiary") entered into an agreement with two independent third parties (the "Vendors") 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 Vendors' shareholding in the Target. The Vendors then claimed against the Subsidiary for compensation of RMB61,096,000. Final ruling was declared on 5 December 2014, and the related compensation of RMB6.3 million has been taken into account in the consolidated financial statements during the year ended 31 December 2014.

**Commitments**

As at 31 December 2014, the Group had construction cost and land payments contracted but not provided for of approximately RMB11,147.4 million (as at 31 December 2013: RMB8,280.8 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 were denominated in Renminbi. Except for the bank deposits 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 during the year ended 31 December 2014.

**Pledge of Assets**

As at 31 December 2014, the Group pledged its properties for sales, property, plant and equipment, investment properties and restricted bank deposit of approximately RMB8,495.4 million (as at 31 December 2013: RMB3,395.8 million) to various banks to secure project loans and general banking facilities granted to the Group.

**Events After the Reporting Period**

On 21 January 2015, the Company and an Australian property developer, Ecove Investments Pty Limited ("Ecove"), entered into an agreement collectively to acquire one parcel of land situated at 130 Elizabeth Street in Sydney, Australia, at a total consideration of AUD121,250,000 (equivalent to RMB600,000,000). The Company will hold 70% equity interest of the project company established for developing the land upon execution of agreement. The Company and Ecove have paid AUD12,125,000 (equivalent to RMB60,000,000) of the consideration and required to settle the remaining balance on or before 21 April 2015. The land in Australia is designated for residential properties for sale.

On 26 January 2015, the Company entered into an agreement to acquire two parcels of land situated in Jiaxing, the PRC, at a consideration of RMB221,060,000 through public auction. The Company has paid RMB114,530,000 of the consideration on the same date and required to settle the remaining balance on or before 9 June 2015. The land in Jiaxing is designated for commercial and residential properties for sale.

On 16 February 2015, the Company entered into an agreement to acquire 67% equity interest in each of Shanghai Tianye Eco-Industrial Development Limited and Shanghai Jiangnan Tianyuan Clubhouse Limited by way of capital injection at a total consideration of RMB200,000,000 to acquire a parcel of land in Shanghai, the PRC. The land in Shanghai is designated for commercial properties for sales.

**Employees and Remuneration**

As at 31 December 2014, the Group employed a total of 2,994 employees. In order to encourage and retain excellent staff, the Group has adopted a performance-based rewarding system since September 2007 and such system was reviewed on a regular basis. As at 31 December 2014, share options in respect of a total of 4,500,000 shares were granted to certain directors and employees. In addition to a basic salary, year-end bonuses would 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 employees social insurance and other insurance benefits. The Group believes that the compensation and benefits offered to the staff were competitive in comparison with market standards.

## CORPORATE GOVERNANCE

The Group strives to maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The Group's corporate governance principles emphasize the importance of a quality Board, effective internal controls and accountability to shareholders.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as its own code of corporate governance.

The Company has complied with most of the code provisions as set out in the CG Code.

The Company will, from time to time, review and enhance its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

### Chairman and Chief Executive Officer

The roles and duties of the Chairman and the Chief Executive Officer of the Company are carried out by different individuals and have been clearly defined in writing.

The Chairman of the Board is Mr. Guo Zi Wen, and the Chief Executive Officer is Mr. Guo Zi Ning. With the support of the company secretary and the senior management, the Chairman is responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings, and that all key and appropriate issues are discussed by the Board in a timely manner. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board's approval.

### Code provision A.1.3

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

Certain Board meetings held during the year ended 31 December 2014 were convened with less than 14 days' notice. The Company adopted a flexible approach in convening Board meetings and ensuring that sufficient time and adequate information were given to directors for making informed decisions.

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

*Audit Committee*

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

Throughout the year ended 31 December 2014, the Audit Committee comprises three independent non-executive directors, namely, Mr. Cheung Kwok Keung (chairman of the Committee), Mr. Tsui King Fai, Mr. Song Xian Zhong (up to 28 February 2014) and Mr. Hu Jiang (from 28 February 2014 onwards). Mr. Hu Jiang was appointed as an independent non-executive director and a member of the Audit Committee on 28 February 2014. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

During the year under review, the Audit Committee reviewed the Group's annual results and annual report for the year ended 31 December 2014, the financial reporting and compliance procedures, the report of the internal auditor on the Company's internal control and risk management systems and processes, and the re-appointment of the external auditors.

*Nomination Committee*

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. The Nomination Committee is also responsible for reviewing the structure, size and composition of the Board on a regular basis and is required to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company and assesses the independence of the independent non-executive directors. Throughout the year ended 31 December 2014, the Nomination Committee comprises four members, namely Mr. Guo Zi Wen (chairman of the Committee), Mr. Tsui King Fai, Mr. Cheung Kwok Keung, Mr. Song Xian Zhong (up to 28 February 2014) and Mr. Hu Jiang (from 28 February 2014 onwards), the majority of them are independent non-executive directors. Mr. Hu Jiang was appointed as an independent non-executive director and a member of the Nomination Committee on 28 February 2014.

*Remuneration Committee*

The Remuneration Committee is responsible for making recommendations to the Board on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. Their written terms of reference are in line with the Code provisions. Throughout the year ended 31 December 2014, the Remuneration Committee comprises three members, namely, Mr. Tsui King Fai (chairman of the Committee), Mr. Cheung Kwok Keung, Mr. Song Xian Zhong (up to 28 February 2014) and Mr. Hu Jiang (from 28 February 214 onwards), all of which are independent non-executive directors. Mr. Hu Jiang was appointed as an independent non-executive director and a member of the Remuneration Committee to fill the vacancy due to the resignation of Mr. Song Xian Zhong on 28 February 2014.

## COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company securities. Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2014.

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

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

## SUFFICIENCY OF PUBLIC FLOAT

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

## FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB8.7 cents per ordinary share to shareholders of the Company for the year ended 31 December 2014. The proposed final dividend will be paid to shareholders whose names appear on the register of members of the Company on 29 May 2015, amounting to approximately RMB242,195,000, if the proposal is approved by the shareholders at the forthcoming Annual General Meeting ("2015 AGM") (2013: final dividend of RMB8.0 cents per share).

The proposed dividend shall be declared in Renminbi and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from Renminbi at the average mean rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 20 May 2015. The final dividend is expected to be paid on 10 July 2015.

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

For the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

i) from 16 May 2015 to 20 May 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2015 AGM which is scheduled on 20 May 2015, the register of members of the Company will be closed. In order to be eligible to attend and vote at the 2015 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 15 May 2015; and

ii) from 27 May 2015 to 29 May 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 26 May 2015.

## ANNUAL GENERAL MEETING

The 2015 AGM will be held on 20 May 2015 and the Notice of 2015 AGM will be sent to the shareholders in the manner as required by the Listing Rules before the 2015 AGM.

## 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 2014 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.

## APPRECIATION

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

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

Hong Kong, 17 March 2015

*As at the date of this announcement, the Board comprises (1) the executive directors namely Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Yang Zhong and Ms. Zhong Ping; (2) the non-executive director namely Mr. Paul Steven Wolansky; and (3) the independent non-executive directors namely Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.*