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 2015

HIGHLIGHTS

- Unaudited contracted sales for the period amounted to approximately RMB6,068.4 million, up 18% YoY, and contracted sales area was approximately 822,000 sq.m., up 53% YoY. Average selling price was approximately RMB7,383 per sq.m..
- Recognized revenue for the six months ended 30 June 2015 amounted to RMB3,935.4 million, representing an increase of approximately RMB1,277.2 million or 48.0% as compared to RMB2,658.2 million for the corresponding period in 2014.
- Gross profit for the period increased by RMB344.4 million or 42.4% to RMB1,156.2 million and gross profit margin for the period was approximately 29.4%.
- Net profit of the Group for the period increased by RMB235.5 million or 73.7% to RMB555.1 million. Basic earnings per share for the period amounted to approximately RMB19.34 cents.
- Bank balances and cash (including restricted bank deposits) as at 30 June 2015 was RMB6,731.2 million; net gearing was 72.6%. In April and May 2015, the Group successfully issued 3-year USD100 million and USD250 million senior notes respectively. In July the Group also issued domestic corporate bonds of RMB2.4 billion with a term of three years, carrying interest at rate of 5.8% per annum.
- The Group successfully acquired 6 high-quality commercial and residential projects during the period with total GFA of approximately 895,872 sq.m.. The Group's land bank increased to approximately 12.76 million sq.m. of GFA with average land cost of approximately RMB1,233 per sq.m. as of 30 June 2015.
- Declared a special dividend of RMB1.8 cents per share.

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 2015, together with the comparative figures for the corresponding period in 2014, the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 together with audited comparative figures as at 31 December 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended	
		30.6.2015	30.6.2014
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**3,935,393**	2,658,210
Cost of sales		**(2,779,194)**	(1,846,420)
Gross profit		**1,156,199**	811,790
Other income, gains and losses	*4*	**79,926**	15,432
Change in fair value of investment properties		**124,617**	18,300
Selling and distribution expenses		**(101,118)**	(99,671)
Administrative expenses		**(178,464)**	(142,671)
Share of results of joint ventures		**(2,016)**	634
Finance costs		**(59,040)**	(34,784)
Profit before tax		**1,020,104**	569,030
Income tax expense	*5*	**(465,035)**	(249,421)
Profit for the period	*6*	**555,069**	319,609
Other Comprehensive income			
Item that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		**(16,395)**	–
Profit and total comprehensive income for the year		**538,674**	319,609

	Notes	Six months ended **30.6.2015** *RMB'000* **(unaudited)**	30.6.2014 *RMB'000* (unaudited)
Profit for the period attributable to:			
Owners of the Company		**538,390**	309,470
Non-controlling interests		**16,679**	10,139
		555,069	319,609
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**521,995**	309,470
Non-controlling interests		**16,679**	10,139
		538,674	319,609
Earnings per share (cents)	*8*		
Basic		**19.34**	11.12
Diluted		**19.34**	11.12

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	NOTES	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**493,113**	501,446
Prepaid lease payments		**15,591**	15,809
Investment properties		**3,356,210**	2,727,946
Interests in joint ventures		**275,073**	62,978
Available-for-sale investments		**55,000**	25,000
Deferred tax assets		**186,895**	150,763
Amount due from a joint venture		**151,955**	151,955
		4,533,837	3,635,897
CURRENT ASSETS			
Properties for sale		**26,205,184**	24,946,828
Trade and other receivables	9	**2,383,566**	1,849,158
Amounts due from non-controlling shareholders of subsidiaries		**26,534**	21,014
Amount due from a related party		**175,414**	196,582
Amounts due from joint ventures		**79,750**	–
Tax recoverable		**178,695**	218,612
Prepaid lease payments		**435**	435
Restricted bank deposits		**2,577,013**	3,928,254
Bank balances and cash		**4,154,151**	1,989,054
		35,780,742	33,149,937
CURRENT LIABILITIES			
Trade and other payables	10	**4,542,395**	3,501,292
Deposits received for sale of properties		**7,496,610**	8,772,081
Amounts due to non-controlling shareholders of subsidiaries		**544,512**	197,008
Amount due to a related party		**158,825**	19,098
Amounts due to joint ventures		**89,778**	57,300
Tax liabilities		**1,930,796**	1,789,987
Bank and other borrowings		**4,091,411**	4,464,125
Provision		**1,601,737**	1,577,144
		20,456,064	20,378,035
NET CURRENT ASSETS		**15,324,678**	12,771,902
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,858,515**	16,407,799

	NOTES	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Bank and other borrowings		**4,321,310**	3,776,180
Deferred tax liabilities		**412,040**	340,545
Senior notes		**5,385,659**	3,256,986
		10,119,009	7,373,711
NET ASSETS		**9,739,506**	9,034,088
CAPITAL AND RESERVES			
Share capital		**26,355**	26,355
Reserves		**7,979,694**	7,693,097
Equity attributable to owners of the Company		**8,006,049**	7,719,452
Non-controlling interests		**1,733,457**	1,314,636
TOTAL EQUITY		**9,739,506**	9,034,088

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

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

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

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

3. SEGMENT INFORMATION

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

Six months ended 30 June 2015 (unaudited)

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

Six months ended 30 June 2014 (unaudited)

	Property development *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
External segment revenue	2,583,579	27,305	47,326	2,658,210
Segment profit (loss)	585,813	36,224	(23,189)	598,848
Other income				15,432
Unallocated corporate expenses				(11,100)
Finance costs				(34,784)
Share of profit of joint ventures				634
Profit before tax				569,030

There was no inter-segment revenue for six months ended 30 June 2015 and 2014.

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended	
	30.6.2015	30.6.2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
The balance comprises of:		
Bank interest income	**31,783**	25,939
Interest income from a non-controlling shareholder	**499**	3,864
Dividend income from available-for-sale investments	**2,500**	2,000
Net exchange gain (loss)	**36,875**	(23,184)
Others	**8,269**	6,813
	79,926	15,432

5. INCOME TAX EXPENSE

	Six months ended	
	30.6.2015	30.6.2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Income tax expense recognised comprises of:		
Current tax in the People's Republic of China (the "PRC"):		
Enterprise Income Tax ("EIT")	**232,513**	150,610
Land Appreciation Tax ("LAT")	**197,159**	105,046
	429,672	255,656
Deferred tax:		
Current period	**35,363**	(6,235)
	465,035	249,421

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	
	30.6.2015	30.6.2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging the following items:		
Interest on bank and other borrowings		
– wholly repayable within five years	**362,380**	382,378
– not wholly repayable within five years	**1,465**	3,132
Interest on senior notes	**239,836**	193,223
Interest on amounts due to non-controlling shareholders of subsidiaries	**–**	4,124
Less: Amount capitalised under properties under development for sale	**(544,641)**	(548,073)
	59,040	34,784
Staff cost	**118,431**	89,427
Release of prepaid lease payments	**218**	35
Depreciation of property, plant and equipment	**17,890**	10,765
Loss on disposal of property, plant and equipment	**1,160**	81

7. DIVIDENDS

	Six months ended	
	30.6.2015	30.6.2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
2014 final dividend of RMB8.7 cents (six months ended 30 June 2014: 2013 final dividend of RMB8 cents) per share	**242,195**	222,628

A special dividend of RMB1.80 cents per ordinary share (six months ended 30 June 2014: nil) was declared by the board of the Company on 11 August 2015. This special dividend, amounting to RMB50,109,000 (six months ended 30 June 2014: nil), has not been recognised as a liability in this condensed consolidated financial statements.

8. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2015	30.6.2014
	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	**538,390**	309,470

	30.6.2015	30.6.2014
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,783,845**	2,783,179
Effect of dilutive potential ordinary shares on share options	**–**	20
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,783,845**	2,783,199

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

9. TRADE AND OTHER RECEIVABLES

	30.6.2015	31.12.2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables *(note)*	**152,821**	158,128
Rental receivables	**35,160**	39,584
Other receivables	**547,992**	411,124
Advance to constructors and suppliers	**80,049**	57,505
Deposits paid to local government and third parties for the potential purchase of land use rights	**887,900**	506,393
Deposits paid to purchase properties for sale	**300,000**	300,000
Other tax prepayments	**379,644**	376,424
	2,383,566	1,849,158

Note:

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

	30.6.2015	31.12.2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0-60 days	**44,626**	71,910
61-180 days	**15,155**	29,307
181 days-365 days	**52,026**	16,417
1-2 years	**34,583**	37,243
2-3 years	**3,688**	–
Over 3 years	**2,743**	3,251
	152,821	158,128

10. TRADE AND OTHER PAYABLES

	30.6.2015	31.12.2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**2,945,224**	2,651,337
Other payables	**1,556,450**	816,837
Other taxes payable	**40,721**	33,118
	4,542,395	3,501,292

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

	30.6.2015	31.12.2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0-60 days	**1,610,424**	951,261
61-180 days	**416,041**	392,202
181 days-365 days	**300,506**	466,283
1-2 years	**360,284**	612,029
2-3 years	**78,742**	118,935
Over 3 years	**179,227**	110,627
	2,945,224	2,651,337

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the first half of the year, the Group achieved unaudited total contracted sales amount of approximately RMB6.07 billion and contracted sales area of approximately 822,000 sq.m., representing an increase of approximately 18% and 53% respectively as compared with the same period of last year; the average selling price per sq.m. amounted to RMB7,383. During the first half of 2015, our contracted sales contribution mainly came from the following projects: Guangzhou Aoyuan City Plaza, Guangzhou Aoyuan Beyond Era, Guangzhou Luogang Aoyuan Plaza, Chongqing Aoyuan City Plaza, Chongqing Aoyuan The Metropolis, Chongqing Aoyuan Panlong Yihao, Zhuzhou Aoyuan Shennong Health City, Meizhou Aoyuan Peninsula View and Zhongshan Aoyuan.

Details of contracted sales of major projects in the first half of 2015 are as follows:

Project	**Contracted Sales** *(RMB million)*	**Contracted GFA Sold** *(sq.m.)*	**Average Selling Price** *(RMB/sq.m.)*
Guangzhou Aoyuan City Plaza	799	39,000	20,334
Chongqing Aoyuan City Plaza	506	78,000	6,495
Chongqing Aoyuan The Metropolis	372	63,000	5,904
Guangzhou Luogang Aoyuan Plaza	334	24,000	14,118
Guangzhou Aoyuan Beyond Era	311	18,000	17,316
Meizhou Aoyuan Peninsula View	301	50,000	6,005
Chongqing Aoyuan Panlong Yihao	236	34,000	6,926
Zhongshan Aoyuan	220	43,000	5,077
Guangzhou Aoyuan Kangwei Plaza	213	14,000	14,974
Zhuzhou Aoyuan Shennong Health City	210	36,000	5,880
Others	2,566	423,000	6,071
Total	6,068	822,000	7,383

Land Bank

The Group maintains the long term solid development strategy, continues its prudent approach in land acquisition, the development strategy of land acquisition is mainly to focus on the first tier and second tier cities, to do work well in the first tier and second tier cities, but will also consider the third tier and fourth tier cities which have special potential and characteristics. In the first half of 2015, the Group successively acquired 6 quality commercial and residential projects in Jiaxing city in Jiangsu province, Meizhou city in Guangdong province, Sydney in Australia, Nanning city in Guangxi province and Bengbu city in Anhui province, the additional GFA available for development was approximately 900,000 sq. m..

As at 30 June 2015, the total land bank of the Group was approximately 12.76 million sq.m. GFA, the average cost per sq.m. of the GFA of the land bank was approximately RMB1,233, among which, 1.47 million sq.m. of properties was completed, 4.75 million sq.m. of properties was under construction and 6.54 million sq.m. was reserved for future development, our business extended to 19 cities. The Group considers that the existing land bank is sufficient 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 the first half of 2015, the Group's total revenue was RMB3,935.4 million, representing an increase of RMB1,277.2 million or 48.0% over RMB2,658.2 million in the same period of 2014. Property development revenue, other revenue such as hotel operation and property investment revenue accounted for 97.5%, 1.7% and 0.8% respectively.

In the first half of 2015, the Group's revenue generated from property development amounted to RMB3,837.9 million, representing an increase of RMB1,254.3 million or 48.5% over RMB2,583.6 million in the same period of 2014. The GFA of delivered properties slightly increased by 13.8% to 342,149 sq.m. from 300,608 sq.m. in the same period of 2014, while the average selling price increased by 30.5% to RMB11,217 per square meter from RMB8,595 per square meter in the same period of 2014. This was mainly attributable to the properties delivered in the first half of 2015 were mainly in Guangzhou with higher selling prices. The revenue generated from property development attributable to Guangzhou, Chongqing, Shenyang, Zhongshan and other cities accounted for 75%, 12%, 4%, 4% and 5% respectively.

Breakdown of property development revenue in the first half of 2015 by product type is as follows:

	Sold and Delivered	
Product	**Revenue**	**Area**
	(RMB million)	*('000 sq.m.)*
Residential apartments	894.8	184.2
Commercial apartments	2,111.0	115.7
Retail shops and others	811.4	39.6
Low-density residential	20.7	2.6
Total	3,837.9	342.1

GROSS PROFIT AND MARGIN

In the first half of 2015, the gross profit of the Group was RMB1,156.2 million, representing an increase of 42.4% over RMB811.8 million in the same period of 2014. The gross profit margin was 29.4%, substantially the same which was attributable to the Group's successful commercial properties development and sales model as well as effective cost control.

OTHER INCOME AND GAINS

In the first half of 2015, other income and gains of the Group increased by 418.8% to RMB79.9 million from RMB15.4 million in the corresponding period of 2014. Other income and gains mainly included exchange gains of RMB36.9 million, interest income of RMB32.3 million and other income of RMB10.7 million.

SELLING AND ADMINISTRATIVE EXPENSES

In the first half of 2015, total selling and distribution expenses of the Group were RMB101.1 million, substantially the same with RMB99.7 million compared with the same period in 2014. Total administrative expenses were RMB178.5 million increased by 25.1% from RMB142.7 million in the same period of 2014 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 45.6% is higher than the standard PRC EIT rate of 25%, primarily due to the inclusion of LAT of approximately RMB197.2 million.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

In the first half of 2015, profit attributable to owners of the Company amounted to RMB538.4 million, representing an increase of 74.0% from RMB309.5 million in the same period of 2014. Core net profit (excluding after tax fair value gain on investment properties and non-recurring income) for the period amounted to RMB461.6 million.

FINANCIAL POSITION

As at 30 June 2015, the Group's total assets amounted to approximately RMB40,314.6 million (as at 31 December 2014: RMB36,785.8 million) and total liabilities were approximately RMB30,575.1 million (as at 31 December 2014: RMB27,751.7 million).

Current ratio was 1.7 as at 30 June 2015 (as at 31 December 2014: 1.6).

FINANCIAL RESOURCES AND LIQUIDITY

In the first half of 2015, the Group's sources of fund primarily included income generated from business operations, cash from bank borrowings and issuance of senior notes in US dollar, which were used in our business operations and investment in development projects.

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

CASH POSITION

As at 30 June 2015, the Group had cash and bank deposits of approximately RMB4,154.2 million (as at 31 December 2014: RMB1,989.1 million). As at 30 June 2015, the Group had restricted bank deposits of approximately RMB2,577.0 million (as at 31 December 2014: RMB3,928.3 million), of which, the deposits of RMB1,020.0 million was only for obtaining bank loans, and the other deposits were only for payments to construction contractors.

As at 30 June 2015, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled to RMB6,731.2 million, of which 86.2% was denominated in Renminbi and 13.8% was denominated in other currencies (mainly HK dollar and US dollar).

In the first half of 2015, cash collection ratio (total sales proceeds received in first half of 2015 divided by the contract sales amount for the first half of the year) for the Group's contracted sales was approximately 88%.

BORROWINGS, SENIOR NOTES AND NET GEARING RATIO

Borrowings and Senior Notes

As at 30 June 2015, the Group had borrowings of approximately RMB8,412.7 million (as at 31 December 2014: RMB8,240.3 million) and senior notes of approximately RMB5,385.7 million (as at 31 December 2014: RMB3,257.0 million) as follows:

Repayment period

	30 June 2015 (RMB million)	31 December 2014 (RMB million)
Within one year	**4,091.4**	4,464.1
More than one year, but not exceeding two years	**2,625.0**	2,127.4
More than two years, but not exceeding five years	**7,043.4**	4,858.1
More than five years	**38.6**	47.7
	13,798.4	11,497.3

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 the first half of 2015 was 9.9% per annum, which was lower than 10.2% compared to the same period in 2014. The Group has implemented certain interest rate management policies which mainly included, among others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

In April and May 2015, the Group successfully issued offshore US$100,000,000 and US$250,000,000 3-year senior notes, which was to refinance the Group's existing indebtedness and for general corporate purposes.

As at 30 June 2015, the Group had credit facilities of approximately RMB21,017.5 million (as at 31 December 2014: RMB21,902.9 million) for short-term and long-term borrowings, of which approximately RMB5,504.3 million (as at 31 December 2014: RMB5,859.6 million) were unutilized.

Net gearing ratio

Net gearing ratio is measured by the net borrowings (total amount of borrowings and senior notes net of cash and cash equivalents and restricted bank deposits) over the total equity. As at 30 June 2015, the Group's net gearing ratio was 72.6%. 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 2015, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers amounting to approximately RMB9,549.3 million (as at 31 December 2014: RMB8,693.7 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 2015 were to be discharged upon the earlier of: (i) issuance of the real estate ownership certificate; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Commitments

As at 30 June 2015, the Group had construction cost and land payments contracted but not provided for of approximately RMB8,898.8 million (as at 31 December 2014: RMB11,147.4 million). The Group expects to fund these commitments principally from sale proceeds of the properties and bank borrowings.

Foreign Currency Risks

Most of the Group's revenues and operating costs were denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, senior notes denominated in US dollar and bank loans denominated in Hong Kong dollars, US dollars and Australian dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 30 June 2015.

Pledge of Assets

As at 30 June 2015, the Group pledged its properties for sales, property, plant and equipment, investment properties and restricted bank deposit of approximately RMB9,142.7 million (as at 31 December 2014: RMB8,495.4 million) to various banks to secure project loans and general banking facilities granted to the Group.

EVENT AFTER THE REPORTING PERIOD

On 22 July 2015, the Group entered into an agreement to acquire a parcel of land situated in Nanning, the PRC, at a consideration of RMB133,636,000 through public auction. The Group paid a deposit of RMB27,000,000 and required to settle the remaining balance on or before 22 January 2016. The land in Nanning is designated for commercial and residential properties for sale.

On 31 July 2015, the Group issued domestic corporate bonds of RMB2.4 billion with a term of three years, carrying interest at rate of 5.8% per annum. The proceeds are to be used for refinancing certain of the Group's existing indebtedness and for general working capital purposes. The domestic bonds will be listed on the Shanghai Stock Exchange.

EMPLOYEES AND REMUNERATION

As at 30 June 2015, the Group employed a total of 3,524 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 30 June 2015, share options in respect of a total of 4,500,000 shares of the Company were granted to certain directors and employees. In addition to a basic salary, year-end bonuses will be offered to 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 the salaries and benefits that the employees receive are competitive in comparison with market rates.

DIVIDEND

The Board resolved to declare a special dividend of RMB1.8 cents (equivalent to approximately HK2.2 cents according to the average mean rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 11 August 2015, i.e. RMB0.8036 equivalent to HK$1.00) per ordinary share to shareholders whose names appear on the register of members of the Company on 18 September 2015. The special dividend declared in Renminbi and shall be paid in Hong Kong dollars. The special dividend is expected to be paid on 8 October 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 September 2015 to 18 September 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the special dividend, the register of members of the Company will be closed. In order to establish entitlements to the special dividend, unregistered holders of shares of the Company shall ensure that 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 September 2015.

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

During the six months ended 30 June 2015, 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 2015.

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 2015.

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 2015, 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 2014 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 2015 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.

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

Hong Kong, 11 August 2015

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. Zhong Ping; the non-executive director of the Company is Mr. Paul Steven Wolansky; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.