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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

- The Group recorded unaudited contracted sales of RMB15.17 billion in 2015 with total sales area of approximately 1,888,000 sq.m., representing an increase of approximately 24.1% and 40.6% respectively when compared to 2014.
- The Group's recognized revenue for the year ended 31 December 2015 was RMB9,572.4 million representing an increase of RMB2,596.2 million or 37.2% as compared to 2014. Gross profit increased by 28.0% to RMB2,646.3 million and gross profit margin was 27.6% in 2015.
- Net profit of the Group for the year amounted to RMB907.5 million in 2015. Basic earnings per share were RMB29.17 cents in 2015.
- During the year 2015, the Group issued a US$250 million senior notes at a rate of 10.875%; a US$100 million 9.25% senior notes through private offering; successfully issued a RMB2.4 billion domestic corporate bonds at a coupon rate of 5.80% and a RMB1.5 billion non-public domestic corporate bonds with a coupon rate of 7.8%.
- The property projects currently held by the Group are mainly located in Guangdong, Chongqing, Jiangsu, Liaoning, Hunan, Auhui, Zhejiang, Guangxi, Jiangxi and Sydney, Australia etc. As at the end of year 2015, the Group's total land bank was approximately 13.33 million sq.m., with an average land cost of approximately RMB1,556 per sq.m. of GFA.
- Recommended a final dividend of RMB8.8 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 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	3	**9,572,424**	6,976,151
Cost of sales		**(6,926,148)**	(4,908,782)
Gross profit		**2,646,276**	2,067,369
Other income, gains and losses	5	**(130,973)**	109,622
Change in fair value of investment properties		**356,073**	97,610
Share of results of joint ventures		**27,802**	9,161
Loss on disposal of a subsidiary		**(33,112)**	–
Selling and distribution expenses		**(488,511)**	(379,292)
Administrative expenses		**(401,710)**	(390,609)
Finance costs	6	**(91,451)**	(65,155)
Profit before tax	7	**1,884,394**	1,448,706
Income tax expense	8	**(976,901)**	(665,773)
Profit for the year		**907,493**	782,933
Other comprehensive expense			
Item that maybe reclassified to profit or loss			
Exchange differences on translating foreign operations		**(2,551)**	–
Profit and total comprehensive expense for the year		**904,942**	782,933
Profit for the year attributable to:			
– Owners of the Company		**812,160**	809,392
– Non-controlling interests		**95,333**	(26,459)
		907,493	782,933
Profit and total comprehensive expense for the year attributable to:			
– Owners of the Company		**810,170**	809,392
– Non-controlling interests		**94,772**	(26,459)
		904,942	782,933
Earnings per share			
Basic (RMB cents)	10	**29.17**	29.08
Diluted (RMB cents)	10	**29.17**	29.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	**2015**	2014
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**493,882**	501,446
Prepaid lease payments		**15,374**	15,809
Investment properties		**4,504,545**	2,727,946
Interests in joint ventures		**216,966**	62,978
Available-for-sale investments		**75,000**	25,000
Deferred tax assets		**171,134**	150,763
Amount due from a joint venture		**151,989**	151,955
		5,628,890	3,635,897
CURRENT ASSETS			
Properties for sale		**31,792,372**	24,946,828
Trade and other receivables	*11*	**1,752,635**	1,849,158
Amounts due from non-controlling shareholders of subsidiaries		**26,534**	21,014
Amounts due from related parties		**221,992**	196,582
Amounts due from joint ventures		**105,320**	–
Tax recoverable		**263,016**	218,612
Prepaid lease payments		**435**	435
Restricted bank deposits		**1,266,632**	1,065,000
Bank balances and cash		**7,769,046**	4,852,308
		43,197,982	33,149,937
CURRENT LIABILITIES			
Trade and other payables	*12*	**5,348,139**	3,501,292
Deposits received for sale of properties		**9,823,411**	8,772,081
Amounts due to non-controlling shareholders of subsidiaries		**104,728**	197,008
Amount due to a related party		**–**	19,098
Amounts due to joint ventures		**1,123,287**	57,300
Tax liabilities		**2,202,224**	1,789,987
Bank and other borrowings		**2,570,344**	4,464,125
Provisions		**1,597,451**	1,577,144
		22,769,584	20,378,035
NET CURRENT ASSETS		**20,428,398**	12,771,902
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,057,288**	16,407,799

	2015	2014
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Other payable	**300,000**	–
Bank and other borrowings	**4,802,953**	3,776,180
Deferred tax liabilities	**454,100**	340,545
Senior notes and bonds	**8,924,378**	3,256,986
	14,481,431	7,373,711
NET ASSETS	**11,575,857**	9,034,088
CAPITAL AND RESERVES		
Share capital	**26,355**	26,355
Reserves	**8,216,420**	7,693,097
Equity attributable to owners of the Company	**8,242,775**	7,719,452
Non-controlling interests	**3,333,082**	1,314,636
	11,575,857	9,034,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL

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

The Company acts as an investment holding company.

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

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

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[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]

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 2019
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after a date to be determined
6 Effective for annual periods beginning on or after 1 January 2017

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:

	2015	2014
	RMB'000	*RMB'000*
Sales of properties	**9,294,506**	6,802,952
Rental Income	**68,800**	70,822
Hotel, consulting and management income	**209,118**	102,377
	9,572,424	6,976,151

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

	Year ended 31 December 2014			
	Property development *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Total *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, gains and losses				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

Note: 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, exchange gain (loss), finance costs, share of results of joint ventures and loss on disposal of a subsidiary. This is the measure reported to the Group's chief executive officer for the purposes of resource allocation and performance assessment.

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

Segment assets

	2015 *RMB'000*	2014 *RMB'000*
Property development	**33,723,104**	27,061,540
Property investment	**4,535,064**	2,763,029
Others	**366,800**	249,152
Total segment assets	**38,624,968**	30,073,721
Unallocated assets:		
Available-for-sale investments	**75,000**	25,000
Interests in joint ventures	**216,966**	62,978
Amounts due from joint ventures	**257,309**	151,955
Deferred tax assets	**171,134**	150,763
Tax recoverable	**263,016**	218,612
Restricted bank deposits	**1,266,632**	1,065,000
Bank balances and cash	**7,769,046**	4,852,308
Others	**182,801**	185,497
Consolidated assets	**48,826,872**	36,785,834

Segment liabilities

	2015	2014
	RMB'000	*RMB'000*
Property development	**16,945,364**	13,967,650
Property investment	**60,147**	34,513
Others	**164,368**	60,834
Total segment liabilities	**17,169,879**	14,062,997
Unallocated liabilities:		
Bank and other borrowings	**7,373,297**	8,240,305
Senior notes	**8,924,378**	3,256,986
Amount due to joint ventures	**1,123,287**	57,300
Tax liabilities	**2,202,224**	1,789,987
Deferred tax liabilities	**454,100**	340,545
Others	**3,850**	3,626
Consolidated liabilities	**37,251,015**	27,751,746

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 joint ventures, AFS investments, 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 bank and other borrowings, senior notes and bonds, amount due to joint ventures, tax liabilities, deferred tax liabilities and other liabilities not attributable to respective segment.

Other information

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

	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:					
Additions of property, plant and equipment	104,919	–	7,240	842	113,001
Additions 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 in fair value of investment properties	–	97,610	–	–	97,610
Write-down on properties for sale	309	–	–	–	309

Geographical information

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

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2015 and 2014.

5. OTHER INCOME, GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Other income, gains and losses comprises of:		
Exchange (loss) gain	**(277,509)**	2,838
Bank interest income	**71,739**	59,758
Dividend income from AFS investments	**2,500**	2,000
Other interest income	**29,260**	8,130
Others *(note)*	**43,037**	36,896
	(130,973)	109,622

Note: Others mainly represent the government subsidy received.

6. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on:		
Bank and other borrowings		
– wholly repayable within five years	**637,578**	850,010
– not wholly repayable within five years	**2,192**	3,728
Senior notes and bonds	**753,432**	402,186
Amounts due to non-controlling shareholders of subsidiaries	**–**	19,866
Total borrowing costs	**1,393,202**	1,275,790
Less: amounts capitalised to properties under development for sale	**(1,301,751)**	(1,210,635)
	91,451	65,155

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 9.03% (2014: 10.01%) per annum to expenditure on the qualifying assets.

7. PROFIT BEFORE TAX

	2015	2014
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Auditors' remuneration	**3,990**	3,800
Directors' emoluments	**11,557**	11,679
Staff salaries	**358,662**	297,828
Retirement benefit scheme contributions	**18,500**	13,811
Total staff costs	**388,719**	323,318
Less: amounts capitalised to properties under development for sale	**(72,830)**	(58,082)
	315,889	265,236
Release of prepaid lease payments	**435**	435
Depreciation of property, plant and equipment	**34,329**	25,351
(Gain) loss on disposal of property, plant and equipment	**(6,870)**	1,140
Rental expenses in respect of rented premises under operating leases	**8,233**	8,869
Gross rental income in respect of investment properties	**(68,800)**	(70,822)
Less: direct operating expenses from investment properties that generated rental income during the year	**19,700**	21,181
	(49,100)	(49,641)
Write-down on properties for sale	**–**	309

8. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Income tax expense recognised comprises of:		
Current tax:		
Enterprise Income Tax ("EIT")	**506,286**	386,200
LAT	**371,800**	304,956
	878,086	691,156
Deferred tax	**98,815**	(25,383)
Income tax expense for the year	**976,901**	665,773

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:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**1,884,394**	1,448,706
Tax charge at domestic tax rate of 25%	**471,099**	362,176
Tax effect of share of results of joint ventures	**(6,951)**	(2,291)
Tax effect of expenses not deductible for tax purpose	**175,855**	49,181
Tax effect of income that are not taxable for tax purpose	**(201)**	(1,384)
Tax effect of tax losses not recognised	**34,589**	16,472
Utilisation of tax losses previously not recognised	**(9,465)**	–
LAT provision	**371,800**	304,956
Tax effect of LAT	**(92,950)**	(76,239)
Deferred tax effect of LAT on revaluation of investment properties	**33,660**	12,902
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(535)**	–
Income tax expense for the year	**976,901**	665,773

9. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividends, recognised as distribution during the year:		
2014 final – RMB8.7 cents (2014: 2013 final dividend RMB8.0 cents) per share	**242,195**	222,628
2015 special dividend – RMB1.8 cents (2014: nil) per share	**50,109**	–
	292,304	222,628

During the year ended 31 December 2015, a final dividend of RMB8.7 cents per share in respect of the year ended 31 December 2014 (2014: RMB8.0 cents per share in respect of the year ended 31 December 2013) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the interim period amounting to RMB242,195,000 (2014: RMB222,628,000).

A special dividend of RMB1.8 cents per ordinary share (2014: nil) was declared by the board of the Company on 11 August 2015. This special dividend, amounting to RMB50,109,000, has been paid during the year ended 31 December 2015.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2015 of RMB8.8 cents per share has been proposed by the Board of Directors and is subject to approval by the shareholders in the forthcoming general meeting.

10. EARNINGS PER SHARE

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

	2015	2014
	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	**812,160**	809,392

	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,783,845**	2,783,512
Effect of dilutive potential ordinary shares:		
– Share options	**–**	59
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,783,845**	2,783,571

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

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

11. TRADE AND OTHER RECEIVABLES

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Trade receivables	*(a)*	**154,648**	158,128
Rental receivables		**29,671**	39,584
Other receivables	*(b)*	**597,028**	411,124
Advances to constructors and suppliers		**156,259**	57,505
Deposits paid to respective local governments and third parties for the potential purchase of land use rights		**391,911**	506,393
Deposits paid to purchase properties for sale	*(c)*	**–**	300,000
Other tax prepayments		**423,118**	376,424
		1,752,635	1,849,158

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

	2015 *RMB'000*	2014 *RMB'000*
0 to 60 days	**77,820**	71,910
61 to 180 days	**8,084**	29,307
181 to 365 days	**16,265**	16,417
1 to 2 years	**28,156**	37,243
2 to 3 years	**21,668**	–
Over 3 years	**2,655**	3,251
	154,648	158,128

Notes:

(a) Trade receivables mainly represent receivables from properties buyers for mortgage sale of properties. The average credit period on mortgage 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 2015, there were RMB52,479,000 (2014: RMB40,494,000) receivables aged more than 1 year that were past due but not impaired. The management of the Company is of the opinion that no provision for impairment is necessary in respect of these receivables as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The concentration of credit risk in the remaining trade receivables is limited due to the customer base being large and unrelated.

(b) As at 31 December 2015, the balances mainly include deposits paid to 廣州市蘿崗區蘿崗街蘿崗社區經濟聯合社 ("Luogang Business Association") and 廣州市頤境投資有限公司 ("Yijing Investment") of RMB100,000,000 (2014: RMB100,000,000) for the property project carried out by 廣州蘿奧房地產開發有限公司 ("Luo Ao Real Estate Development"), a subsidiary indirectly owned by the Company.

(c) The balance of RMB300,000,000 as at 31 December 2014 represented deposit paid to a court for potential acquisition of a property project under development for sale upon the agreement (the "Agreement") entered. The amount has been fully refunded as the Group has terminated the Agreement during the year ended 31 December 2015.

12. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**3,586,159**	2,651,337
Other payables	**1,710,325**	816,837
Other taxes payables	**51,655**	33,118
	5,348,139	3,501,292

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

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

	2015	2014
	RMB'000	*RMB'000*
0 to 60 days	**1,583,660**	951,261
61 to 180 days	**569,042**	392,202
181 to 365 days	**214,092**	466,283
1 to 2 years	**372,161**	612,029
2 to 3 years	**585,612**	118,935
Over 3 years	**261,592**	110,627
	3,586,159	2,651,337

At 31 December 2015, the balance of trade payables with age over 1 year include retention money of RMB528,405,000 (2014: RMB617,667,000), which represents approximately 5% to 10% of the contract prices.

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

Other payables mainly include:

(i) A balance of RMB121,209,000 (2014: RMB340,691,000) payable to Yijing Investment, co-founders of Luo Ao Real Estate Development, a subsidiary of the Company. The property project undertaken by Luo Ao Real Estate Development commenced its pre-sale during the year ended 31 December 2014 and the Group had received proceeds from pre-sale on behalf of Yijing Investment.

(ii) A balance of RMB598,000,000 (2014: nil) represents amount received from cooperative partner, an independent third party for a public auction of a parcel of land. The amount will be fully repaid to the independent third party in case the public auction is unsuccessful.

(iii) 奧園集團有限公司Aoyuan Group Company Limited ("Aoyuan Group"), a wholly owned subsidiary of the Company entered into an agreement (the "Agreement") with an independent third party for a property development project. According to the Agreement, Aoyuan Group will pay 20% of the aggregate revenue of the property development project, but no less than RMB600,000,000 by instalment to the independent third party in return for a parcel of land which is used for the property development project, thus, the aggregate payment amount is deemed as land cost incurred. As at 31 December 2015, RMB50,000,000 has been paid and the remaining of RMB250,000,000 and RMB300,000,000 are classified as current and non-current liability according to the payment schedule stipulated in the Agreement, respectively.

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

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB8.8 cents per ordinary share to shareholders of the Company for the year ended 31 December 2015. The proposed final dividend will be paid to shareholders whose names appear on the register of members of the Company on 27 May 2016, amounting to approximately RMB244,978,000, if the proposal is approved by the shareholders at the forthcoming Annual General Meeting ("2016 AGM") (2014: final dividend of RMB8.7 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 18 May 2016. The final dividend is expected to be paid on 14 July 2016.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 18 May 2016 and the notice of 2016 AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

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

i) from 13 May 2016 to 18 May 2016, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2016 AGM which is scheduled on 18 May 2016, the register of members of the Company will be closed. In order to be eligible to attend and vote at the 2016 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 12 May 2016; and

ii) from 25 May 2016 to 27 May 2016, 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 24 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

I. China Property Market

Facing uncertain economic situations, the Chinese government has implemented a series of policies to achieve a balance between steady growth and structure adjustment. It was able to maintain economic growth at a reasonable rate. New progress was made on economic structure adjustment, and the people's wellbeing continued to improve.

In economic growth downward and pressure on the high stock, the government put greater emphasis on the important role of real estate in promoting consumption and stimulating investment. The central and local governments announced various policies to support the property sector. These policies focused on exploring the potential housing consumption and encouraged demand to recover and boost the confidence of investors. With the support of various policies, market demand huge increased, the general trend of property market has become revive. In view of different cities, these polices had significant impacts on Tier 1 cities and certain Tier 2 cities, where property prices have rapid growth. However, their impacts on lower tier cities were limited, where there were still a large number of properties unsold and a lack of driving force for sales in certain cities. For some cities, further relaxing policies are still required.

II. Business Review of the Group

The year 2015 was a year when the policies for the property market changed from gradual relaxing to comprehensive favourable. The favourable policies facilitated the smooth recovery of property sales across China. Under such market background, Aoyuan adhered to its product strategy of "developing commercial and residential properties in parallel" by deepening its mix of property development models including combining with sports, education, commercial complexes, health care, cultural tourism and cross-border e-commerce. Focus on key projects, carry out improvements and regulated operation may help our business development sustainable.

As at 31 December 2015, the Group achieved total contracted sales of approximately RMB15.17 billion, a significant increase of approximately 24.2% from 2014. Contracted sales area for the year was approximately 1,888,000 sq.m., a year-on-year increase of approximately 40.6%; average selling price was RMB8,037 per sq.m., approximating to that of last year. Residential properties and commercial properties (mainly comprising commercial apartments and retail shops) accounted for 68.9% and 31.1%, respectively.

Our sales in 2015 were mainly contributed by the following projects: Guangzhou Aoyuan City Plaza, One30 Hyde Park Sydney, Zhuhai Aoyuan Plaza, Chongqing Aoyuan Panlong Yihao and Chongqing Aoyuan City Plaza.

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

Project	**Amount** *(RMB million)*	**Contracted sales area** *(sq.m.)*
Guangzhou Aoyuan City Plaza	1,251	70,663
One30 Hyde Park Sydney	1,022	8,050
Zhuhai Aoyuan Plaza	975	39,289
Chongqing Aoyuan Panlong Yihao	833	120,385
Chongqing Aoyuan City Plaza	816	120,008
Zhuzhou Aoyuan Plaza	777	46,352
Zhongshan Aoyuan	670	144,745
Guangzhou Luogang Aoyuan Plaza	603	45,289
Others	8,224	1,292,765
Total	**15,171**	**1,887,546**

Raising management standards and improving operational efficiency

To cope with the changes in the property market, the Group strengthened its management standards and raised professional requirements of various links including deign, construction, marketing and property management, in order to realize refined management and boost its operational efficiency. In respect of marketing, its sales, pricing and positioning systems were improved and upgraded; in respect of research and development, reasonable adjustments to its organizational structure were made and specialized training on design and construction was provided; in respect of construction, overall quality management system was gradually upgraded to acheive higher construction quality.

Improving services quality in a people-centered manner

Since its establishment, Aoyuan's property team has been carrying out strict and effective guidance on and management of its property companies by adhering to its service philosophy of "becoming a caring housekeeper with high-quality services". In March 2015, Guangzhou Aoyuan Property Co., Ltd. successfully passed a strict review by the Ministry of Housing and Urban-Rural Development of the PRC and became one of the few enterprises that have obtained the National First Class Property Management Qualification.

This represents another milestone in the development of the Group after it obtained the First Class Property Developer Qualification in 2013. Aoyuan's property team will take this as an opportunity and its new beginning to be committed to providing property owners with more standard, professional, refined and convenient home and property services and assisting in the property development and commercial operation of the Group by relying on the Company's outstanding enterprise culture, advanced service philosophy, extensive management experience, strong beliefs and relentless efforts and based on its essential work principle of "putting customer first".

In addition, the Aoyuan Sports Club was established in October 2015 under its brand philosophy of "leading a healthy life". With its mission of "more sports, more fun", the activities of the club include but are not limited to hiking, jogging, badminton, parent-child activities, dancing and volunteering. In November 2015, the first event of the Aoyuan Sports Club, "Run 2015! Night Jogging Event", was held in Baiyunshan Mountain, Guangzhou.

III. Land Bank

In 2015, the Group successively acquired a total of 13 high-quality commercial and residential projects in Sydney, Australia, Zhuhai, Guangzhou, Foshan, Nanning, Guangxi and etc. The newly added GFA available for development of approximately 2.49 million sq.m..

As at 31 December 2015, the total land bank of the Group was approximately 13.33 million sq.m., with an average land cost of approximately RMB1,556 per sq.m. of GFA, among which 1.90 million sq.m. of properties was completed, 5.08 million sq.m. of properties was under construction and 6.35 million sq.m. was reserved for future development.

IV. Future Outlook

The policies for property sector in 2015 had a general theme of boosting consumption and reducing inventories. The announcement of a series of relaxing policies on supply and demand facilitated the stable recovery of property trading volume and price in the market. The policy environment for the property sector had been significantly improved. The year 2015 was a year of rapid development for Aoyuan. Looking forward, Aoyuan will continue its development strategy of "rapid development and rapid sales" and its product strategy of "developing commercial and residential properties in parallel" by acquiring land in high growth potential area to ensure target for the year.

The Group will continue to enhance its product research and development (i) to improve the competitiveness of its products; (ii) realize uniform standards for design, construction and cost to improve its ability to reduce costs; (iii) reinforce sales strategy execution ability, increase the systematicness of its brand management and effectively accelerate sale of inventories.

FINANCIAL REVIEW

Operating Results

The revenue is primarily generated from two business segments: property development and other revenue such as hotel operation. In 2015, the Group's total revenue was RMB9,572.4 million, representing an increase of RMB2,596.2 million or 37.2% over RMB6,976.2 million in 2014. Property development revenue, other revenue such as hotel operation and property investment revenue accounted for 97.1%, 2.2% and 0.7% respectively.

In 2015, the Group's revenue generated from property development amounted to RMB9,294.5 million, representing an increase of RMB2,491.5 million or 36.6% over RMB6,803.0 million in 2014. The GFA of delivered properties increased by 11.3% to 1,018,009 sq.m. from 914,250 sq.m. in 2014, while the average selling price increased by 22.7% to RMB9,130 per square meter from RMB7,441 per square meter in 2014. This was mainly attributable to the properties delivered in 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 54%, 15%, 5%, 5% and 21% respectively.

Breakdown of property development revenue in 2015 by product type:

Product	Revenue	Sold and Delivered Area
	(RMB million)	*('000 sq.m.)*
Residential apartments	3,783.5	706.6
Commercial apartments	3,564.4	202.4
Retail shops and others	1,837.4	95.3
Low-density residential	109.2	13.7
Total	9,294.5	1,018.0

Gross Profit and Margin

In 2015, the gross profit of the Group was RMB2,646.3 million, representing an increase of 28.0% over RMB2,067.4 million in 2014. Although the average selling price for the revenue recognized from property development increased to RMB9,130 per square meter from RMB7,441 per square meter in 2014, the gross profit margin decreased to 27.6%, mainly due to the increase in the property development cost.

Other Income, Gains and Losses

In 2015, the other income, gains and losses of the Group recorded RMB131.0 million net loss, representing a decrease of 219.5% over RMB109.6 million net gain in 2014, which mainly included exchange loss of RMB277.5 million, interest income of RMB101.0 million, and other income of RMB45.5 million.

Selling and Administrative Expenses

In 2015, total selling and distribution expenses of the Group were RMB488.5 million, representing an increase of 28.8% from RMB379.3 million in 2014, 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 2.8% from RMB390.6 million in 2014 to RMB401.7 million.

Taxation

Income tax expense comprised of PRC EIT, LAT and deferred taxation. The effective tax rate of 51.8% is higher than the standard PRC EIT rate of 25%, mainly attributable to LAT of RMB371.8 million.

Profit Attributable to Owners of the Company

In 2015, profit attributable to owners of the Company was RMB812.2 million, representing an increase of 0.4% over RMB809.4 million in 2014. Core net profit (excluding after tax fair value gain on investment properties and non-recurring income and losses) for the year amounted to RMB951.1 million.

Financial Position

As at 31 December 2015, the Group's total assets amounted to approximately RMB48,826.9 million (as at 31 December 2014: RMB36,785.8 million) and total liabilities were approximately RMB37,251.0 million (as at 31 December 2014: RMB27,751.7 million).

Current ratio was 1.9 as at 31 December 2015 (as at 31 December 2014: 1.6).

Financial Resources and Liquidity

In 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 and corporate bonds in RMB, which were used in our business operations and investment and development of projects.

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

Cash Position

As at 31 December 2015, the Group had cash and bank deposits of approximately RMB7,769.0 million (as at 31 December 2014: RMB4,852.3 million). As at 31 December 2015, the Group had restricted bank deposits of approximately RMB1,266.6 million (as at 31 December 2014: RMB1,065.0 million) which were reserved for obtaining bank loans.

As at 31 December 2015, cash, bank deposits and restricted bank deposits of the Group mentioned above totaled RMB9,035.7 million, of which 98.0% was denominated in Renminbi and 2.0% was denominated in other currencies (mainly in Hong Kong dollar, US dollar and Australia dollar).

In 2015, cash collection ratio (total sales proceeds received in 2015 divided by the annual contract sales amount) for the Group's contracted sales was approximately 82%.

Borrowings, Senior Notes, Corporate Bonds and Net Gearing Ratio

Borrowings, Senior Notes and Corporate Bonds

As at 31 December 2015, the Group had bank borrowings of approximately RMB7,373.3 million (as at 31 December 2014: RMB8,240.3 million) and senior notes and corporate bonds of approximately RMB8,924.4 million (as at 31 December 2014: RMB3,257.0 million) as follows:

	31 December 2015 *RMB Million*	31 December 2014 *RMB Million*
Repayment period		
Within one year	**2,570.3**	4,464.1
More than one year, but not exceeding two years	**4,199.3**	2,127.4
More than two years, but not exceeding five years	**9,498.6**	4,858.1
More than five years	**29.5**	47.7
	16,297.7	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. During the year 2015, the effective interest rate on borrowings, senior notes and corporate bonds in 2015 was 9.5%, which was lower than 10.2% in 2014. 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 April and May 2015, the Group successfully issued offshore 3-year senior notes of US$100,000,000 and US$250,000,000, respectively, which were for the Group's refinancing and general corporate purposes.

In July and October 2015, the Group successfully issued offshore 3-year corporate bonds of RMB2,400,000,000 and RMB1,500,000,000, respectively, which were for the Group's refinancing and general corporate purposes.

As at 31 December 2015, the Group had credit facilities of approximately RMB26,721.3 million (as at 31 December 2014: RMB21,902.9 million) for short-term and long-term borrowings, of which approximately RMB10,912.7 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, senior notes and corporate bonds net of cash and cash equivalents and restricted bank deposits) over the total equity. As at 31 December 2015, the Group's net gearing ratio was 62.7%. The Group has implemented certain loan management policies, which mainly include close monitoring of the gearing ratio and any changes in net gearing ratio, and optimization of the bank credit structure when good pricing opportunities arise.

Contingent Liabilities

As at 31 December 2015, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers amounting to approximately RMB9,239.6 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 31 December 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 31 December 2015, the Group had construction cost and land payments contracted but not provided for of approximately RMB10,312.1 million (as at 31 December 2014: RMB11,147.4 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, US dollars and Australia 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 2015.

Pledge of Assets

As at 31 December 2015, the Group pledged its properties for sales, property, plant and equipment, investment properties and restricted bank deposit of approximately RMB9,444.5 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.

Events After the Reporting Period

On 15 January 2016, the Group entered into an agreement to acquire a parcel of land situated in Ningdu, the PRC, at a consideration of RMB63,000,000 through public auction. The Group has paid RMB31,000,000 of the consideration. The land in Ningdu is designated for commercial and residential properties for sale.

On 4 February 2016, the Group issued private domestic corporate bond of RMB500,000,000 with a term of four years (the "2016 Private Corporate Bonds"). 2016 Private Corporate Bonds are secured by the Company, carrying interest at rate of 7.9% per annum and interest is payable annually, commencing 2 February 2017. The proceeds are to be used for refinancing certain of the Group's existing indebtedness and for the general working capital purposes. The 2016 Private Corporate Bonds will mature on 2 February 2020 unless the bonds holders sell back the bonds to Aoyuan Group earlier. Aoyuan Group is entitled to adjust the interest rate on 2 February 2019, 20 days prior to the second interest repayment date. Upon the adjustment, bonds holders may at their options to sell back 2016 Private Corporate Bonds to Aoyuan Group in whole or in part at face value of their principal amount within three working days from 2 February 2019.

On 11 February 2016, the Company redeemed an aggregate principal amount of US$112,500,000 of 2012 Notes and 2013 Notes, representing all of the remaining and outstanding principal amount of US$225,000,000, at a redemption price equal to 106.93750% of the principal amount thereof together with all accrued and unpaid interest.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2015, the Group had 3,761 employees (31 December 2014: 2,994 employees). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance of the China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

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

On 23 November 2015, the Company redeemed an aggregate principal amount of US$112,500,000, representing all its outstanding 50% senior notes due 2017 at the redemption price equal to 106.93750% of the principal amount plus accrued and unpaid interest.

Save as disclosed above, during 2015, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Cheung Kwok Keung as chairman as well as Mr. Tsui King Fai and Mr. Hu Jiang as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2015.

SCOPE OF WORK OF 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 2015 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by 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 Deloitte Touche Tohmatsu on the Preliminary Announcement.

CORPORATE GOVERNANCE

The Board periodically reviews the corporate governance practices of the Company to ensure that the practices continue to meet the requirements of the Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 of the Listing Rules. The Company has applied the principles of the CG Code. For the year ended 31 December 2015, the Company has complied with the code provisions of the CG.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Upon specific enquiry by the Company Secretary of the Company, all directors of the Company have confirmed that they have complied with the required standards set out in Model Code throughout the year ended 31 December 2015.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.aoyuan.com.cn). The annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

BOARD OF DIRECTORS

At the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Ms. Zhong Ping and Mr. Ma Jun; the non-executive director of the Company is Mr. Yang Zhong; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.

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

Hong Kong, 7 March 2016