SUNCITY GROUP HOLDINGS LIMITED
太陽城集團控股有限公司

(formerly known as "**Sun Century Group Limited**" "太陽世紀集團有限公司")

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

2017 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

– Revenue decreased by 50.88% to RMB544,708,000 (2016: RMB1,108,841,000)

– Gross profit decreased by 66.53% to RMB182,050,000 (2016: RMB543,996,000)

– Profit attributable to owners of the Company of RMB197,002,000 in 2017 (2016: loss attributable to owners of the Company of RMB702,236,000)

– Basic earnings per share of RMB3.24 cents in 2017 (2016: Basic loss per share of RMB36.35 cents)

The board ("Board") of directors ("Directors") of Suncity Group Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	NOTES	**2017** *RMB'000*	2016 *RMB'000* (Restated)
Revenue	*4*	**544,708**	1,108,841
Cost of sales		**(362,658)**	(564,845)
Gross profit		**182,050**	543,996
Other income, gains and losses	*5*	**43,515**	(76,616)
Selling and distribution expenses		**(27,730)**	(79,075)
Administrative expenses		**(105,600)**	(73,401)
Other operating expenses		**(3,437)**	(18,059)
Change in fair value of investment properties		**(7,100)**	40,000
Change in fair value of derivative financial instruments	*15*	**(329,855)**	17,704
Reversal of provisions (provisions) for litigations	*14*	**289,240**	(130,761)
(Provision) reversal of provision for potential claims	*13*	**(41,882)**	14,937
Impairment loss recognised in respect of inventories		**(57,034)**	(21,557)
Impairment loss recognised in respect of goodwill		**–**	(4,039)
Impairment loss recognised in respect of prepayment for land use right	*10(a)*	**–**	(99,330)
Reversal of impairment loss (impairment loss) recognised in respect of deposits for non-current assets	*10(b)*	**438,000**	(316,259)
Share of result of an associate		**(37)**	–
Gain on disposal of subsidiaries		**–**	1,145
Finance costs		**(118,046)**	(192,137)
Profit (loss) before taxation	*6*	**262,084**	(393,452)
Income tax expense	*7*	**(65,191)**	(318,839)
Profit (loss) for the year		**196,893**	(712,291)

	NOTES	2017 RMB'000	2016 RMB'000 (Restated)
Other comprehensive income (expense):			
Exchange differences on translating foreign operations that may be subsequently reclassified to profit or loss		**392**	(234)
Total comprehensive income (expense) for the year		**197,285**	(712,525)
Profit (loss) for the year attributable to:			
– Owners of the Company		**197,002**	(702,236)
– Non-controlling interests		**(109)**	(10,055)
		196,893	(712,291)
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		**197,394**	(702,470)
– Non-controlling interests		**(109)**	(10,055)
		197,285	(712,525)
Earnings (loss) per share:			
– Basic (RMB cents)	*9*	**3.24**	(36.35)
– Diluted (RMB cents)	*9*	**3.18**	(36.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000 (Restated)	As at 1 January 2016 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment		**3,605**	2,643	2,843
Investment properties		**1,724,900**	1,732,000	1,692,000
Prepayment and deposits for non-current assets	*10*	**8,136**	149,774	546,678
Interest in an associate		**1,701**	–	–
Deferred tax assets		**96,307**	86,036	33,310
		1,834,649	1,970,453	2,274,831
Current assets				
Inventories		**653,230**	731,900	1,267,107
Trade and other receivables	*11*	**121,392**	124,821	45,377
Amount due from a related company		**–**	2,806	–
Amounts due from directors		**666**	–	–
Pledged bank deposits		**5,873**	1,634	2,666
Restricted bank deposits		**334**	–	–
Bank balances and cash		**302,557**	143,439	27,768
		1,084,052	1,004,600	1,342,918
Current liabilities				
Trade and other payables	*12*	**198,860**	288,997	604,134
Amount due to a related company		**50,193**	2,421	–
Amount due to a director		**4,668**	–	–
Receipt in advance		**339,441**	454,965	455,433
Rent and other deposits		**8,442**	9,238	10,200
Provision for potential claims	*13*	**42,082**	200	15,137
Provisions for litigations	*14*	**235,000**	653,843	523,082
Bank and other borrowings		**212,547**	270,000	1,118,102
Loan from immediate holding company		**–**	–	440,159
Convertible bond	*15*	**411,107**	–	–
Derivative financial instruments	*15*	**439,938**	129,675	–
Current tax liabilities		**461,288**	467,877	197,376
		2,403,566	2,277,216	3,363,623

		As at 31 December		As at 1 January
	NOTES	**2017**	2016	2016
		RMB'000	*RMB'000*	*RMB'000*
			(Restated)	(Restated)
Net current liabilities		**(1,319,514)**	(1,272,616)	(2,020,705)
Total assets less current liabilities		**515,135**	697,837	254,126
Non-current liabilities				
Bank borrowings		**405,000**	445,000	480,000
Amount due to a director		**–**	4,995	–
Deferred tax liabilities		**357,950**	355,602	341,393
Convertible bond	*15*	**–**	365,286	–
		762,950	1,170,883	821,393
Net liabilities		**(247,815)**	(473,046)	(567,267)
Capital and reserves				
Share capital		**525,734**	524,712	123,644
Reserves		**(762,777)**	(987,095)	(685,694)
Equity attributable to owners of the Company		**(237,043)**	(462,383)	(562,050)
Non-controlling interests		**(10,772)**	(10,663)	(5,217)
Total deficit		**(247,815)**	(473,046)	(567,267)

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and derivative financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Amendments to HKFRSs and HKASs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs and Hong Kong Accounting Standards ("HKASs") issued by the HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

Except as described below, the application of the amendments to HKFRSs and HKASs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of the consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in the Group's audited consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in the Group's audited consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. BASIS OF PREPARATION

As at 31 December 2017, the Group's current liabilities exceeded its current assets by RMB1,319,514,000 and total liabilities exceeded its total assets by RMB247,815,000. Taking into account the financial resources of the Group, including the financial support from Mr. Chau Cheok Wa (''Mr. Chau''), its controlling shareholder, the directors of the Company are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from end of the reporting period and accordingly these consolidated financial statements have been prepared on a going concern basis.

3. PRIOR YEAR ADJUSTMENTS AND CHANGES IN PRESENTATION OF COMPARATIVES

The Company has carried out a reassessment on the Group's consolidated financial statements for the prior years and identified the following misstatements. The directors of the Company decided that the most appropriate treatment for these misstatements is to restate the comparative figures in the Group's consolidated financial statements for the year ended 31 December 2017.

Prior year adjustments

(a)(i) Revenue was recognised incorrectly and recognised in the inappropriate period. In addition, cost of sales was incorrectly measured and certain administrative expenses were not recognised in the year in which they were incurred. Accordingly, the income tax expense was misstated in prior years.

(a)(ii) The Company identified that an amount of approximately RMB34,849,000 was previously recognised as a prepayment to a subcontractor included in trade and other receivables. The management of the Group performed impairment assessment on such balance and considered the possibility of recovering the amount is remote. Based on the analysis conducted by the management of the Group, the amount should have been fully impaired as at 1 January 2016.

(a)(iii) The Group has under-provided the land appreciation tax in relation to its inventories in prior years.

(a)(iv) Provisions in relation to the Bank Claim (as defined in note 14) and Consultant Claim (as defined in note 14) had not yet been provided in prior years, but such claims were disclosed as contingent liabilities in the consolidated financial statements for the year ended 31 December 2016. After reviewing all the relevant documents, the directors of the Company considered that the Group had a present legal obligation as a result of a past event, it was probable that the Group would be required to settle that obligation, and a reliable estimate could be made of the amount of the obligation in relation to the Bank Claim and Consultant Claim as at 1 January 2016 and 31 December 2016.

(a)(v) Certain properties under pre-sale arrangement have been seized by the court due to the litigations as set out in note 14 since 2015. As a result, the Group failed to fulfill the obligations stipulated in the sales and purchase agreement within the predetermined period of time. Pursuant to the terms of the sales and purchase agreement, the Group is liable to the claims for the return of pre-sale deposits, instalment payment and compensation made by the buyers. However, no such provision was made in the consolidated financial statements in prior years.

(a)(vi) Refer to note 15 for the details of the convertible bond issued by the Company in 2016. Due to the inappropriate assumptions used in the assessment of fair value of the convertible bond, the initial recognition of the convertible bond issued by the Company was not accounted for correctly in 2016. Such balance was presented as bank and other borrowings in the consolidated financial statements for the year ended 31 December 2016. The Group engaged Grant Sherman Appraisal Limited, independent and professional qualified valuer not connected to the Group, to revisit the valuation on the convertible bond as at 8 December 2016 (date of issuance) and 31 December 2016.

(a)(vii) The prepayment for land use right was presented as prepaid land costs under trade and other receivables in the consolidated financial statements for the year ended 31 December 2016. As described in note 10(a), since the Group did not comply with certain terms in the relevant land use right transfer agreement signed between the Group and the Fushun Land and Resource Bureau in the People's Republic of China (the "PRC") as at 31 December 2016, the directors of the Company impaired the entire prepayment during the year ended 31 December 2016. As the Group's equity interest in the subsidiary is 90%, adjustment to the equity attributable to non-controlling interests has been made during the year ended 31 December 2016.

Changes in presentation of comparatives

(a)(viii) In addition to the adjustments made to correct prior year's errors mentioned in note 3(a)(i) to 3(a)(vii) above, the directors of the Company also made certain reclassifications to the comparative figures as at 31 December 2016 and 1 January 2016 in order to conform with current year's presentation. Such adjustments were mainly made to group together multiple line items with similar nature that were previously disclosed on the face of the primary statements, so as to make the face of those statements clearer and more concise. The details of the relevant items have been retained in the notes to the consolidated financial statements.

(b) Summary of the effects of restatements

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016

	2016 (as previously reported)	Effect of prior year adjustments						2016 (after prior year adjustments)	Changes in presentation	2016 (as restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		a(i)	a(iii)	a(iv)	a(v)	a(vi)	a(vii)		a(viii)	
Revenue	1,108,544	297	–	–	–	–	–	1,108,841	–	1,108,841
Cost of sales	(603,238)	38,393	–	–	–	–	–	(564,845)	–	(564,845)
Gross profit	505,306	38,690	–	–	–	–	–	543,996	–	543,996
Other income, gains and losses	(78,319)	–	–	–	–	1,703	–	(76,616)	–	(76,616)
Selling and distribution expenses	(79,075)	–	–	–	–	–	–	(79,075)	–	(79,075)
Administrative expenses	(82,232)	8,831	–	–	–	–	–	(73,401)	–	(73,401)
Other operating expenses	(334,318)	–	–	–	–	–	–	(334,318)	316,259	(18,059)
Change in fair value of investment properties	40,000	–	–	–	–	–	–	40,000	–	40,000
Change in fair value of derivative financial instruments	7,138	–	–	–	–	10,566	–	17,704	–	17,704
Provisions for litigations	–	–	–	(130,761)	–	–	–	(130,761)	–	(130,761)
Reversal of provision for potential claims	–	–	–	–	14,937	–	–	14,937	–	14,937
Impairment loss recognised in respect of inventories	(21,557)	–	–	–	–	–	–	(21,557)	–	(21,557)
Impairment loss recognised in respect of goodwill	(4,039)	–	–	–	–	–	–	(4,039)	–	(4,039)
Impairment loss recognised in respect of prepayment of land use right	–	–	–	–	–	–	(99,330)	(99,330)	–	(99,330)
Impairment loss recognised in respect of deposits for non-current assets	–	–	–	–	–	–	–	–	(316,259)	(316,259)

	2016 (as previously reported)	Effect of prior year adjustments						2016 (after prior year adjustments)	Changes in presentation	2016 (as restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		a(i)	a(iii)	a(iv)	a(v)	a(vi)	a(vii)		a(viii)	
Gain on disposal of subsidiaries	1,145	–	–	–	–	–	–	1,145	–	1,145
Finance costs	(189,664)	–	–	–	–	(2,473)	–	(192,137)	–	(192,137)
Loss before taxation	(235,615)	47,521	–	(130,761)	14,937	9,796	(99,330)	(393,452)	–	(393,452)
Income tax expense	(254,893)	(72,779)	8,833	–	–	–	–	(318,839)	–	(318,839)
Loss for the year	(490,508)	(25,258)	8,833	(130,761)	14,937	9,796	(99,330)	(712,291)	–	(712,291)
Other comprehensive expense:										
Exchange differences on translating foreign operations that may be subsequently reclassified to profit or loss	(234)	–	–	–	–	–	–	(234)	–	(234)
Total comprehensive expense for the year	(490,742)	(25,258)	8,833	(130,761)	14,937	9,796	(99,330)	(712,525)	–	(712,525)
Loss for the year attributable to:										
– Owners of the Company	(490,386)	(25,258)	8,833	(130,761)	14,937	9,796	(89,397)	(702,236)	–	(702,236)
– Non-controlling interests	(122)	–	–	–	–	–	(9,933)	(10,055)	–	(10,055)
	(490,508)	(25,258)	8,833	(130,761)	14,937	9,796	(99,330)	(712,291)	–	(712,291)
Total comprehensive expense for the year attributable to:										
– Owners of the Company	(490,620)	(25,258)	8,833	(130,761)	14,937	9,796	(89,397)	(702,470)	–	(702,470)
– Non-controlling interests	(122)	–	–	–	–	–	(9,933)	(10,055)	–	(10,055)
	(490,742)	(25,258)	8,833	(130,761)	14,937	9,796	(99,330)	(712,525)	–	(712,525)

Consolidated statement of financial position at 31 December 2016

	31 December 2016 (as previously reported)	Effect of prior year adjustments							31 December 2016 (after prior year adjustments)	Changes in presentation	31 December 2016 (as restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		a(i)	a(ii)	a(iii)	a(iv)	a(v)	a(vi)	a(vii)		a(viii)	
Non-current assets											
Property, plant and equipment	2,643	–	–	–	–	–	–	–	2,643	–	2,643
Investment properties	1,732,000	–	–	–	–	–	–	–	1,732,000	–	1,732,000
Prepayment and deposits for non-current assets	–	–	–	–	–	–	–	–	–	149,774	149,774
Deferred tax assets	102	–	–	85,934	–	–	–	–	86,036	–	86,036
	1,734,745	–	–	85,934	–	–	–	–	1,820,679	149,774	1,970,453
Current assets											
Inventories	813,540	(96,611)	–	–	–	–	–	–	716,929	14,971	731,900
Trade and other receivables	386,213	(21,093)	(34,849)	–	–	–	–	(99,330)	230,941	(106,120)	124,821
Amount due from a related company	–	–	–	–	–	–	–	–	–	2,806	2,806
Pledged bank deposits	1,634	–	–	–	–	–	–	–	1,634	–	1,634
Bank balances and cash	143,439	–	–	–	–	–	–	–	143,439	–	143,439
	1,344,826	(117,704)	(34,849)	–	–	–	–	(99,330)	1,092,943	(88,343)	1,004,600
Current liabilities											
Trade and other payables	378,171	7,416	–	–	–	–	–	–	385,587	(96,590)	288,997
Amount due to a related company	–	–	–	–	–	–	–	–	–	2,421	2,421
Receipt in advance	421,117	(121,752)	–	–	–	–	–	–	299,365	155,600	454,965
Rent and other deposits	9,238	–	–	–	–	–	–	–	9,238	–	9,238
Provision for potential claims	–	–	–	–	–	200	–	–	200	–	200
Provisions for litigations	–	–	–	–	653,843	–	–	–	653,843	–	653,843
Bank and other borrowings	270,000	–	–	–	–	–	–	–	270,000	–	270,000
Derivative financial instruments	59,613	–	–	–	–	–	70,062	–	129,675	–	129,675
Current tax liabilities	298,246	126,002	–	43,629	–	–	–	–	467,877	–	467,877
	1,436,385	11,666	–	43,629	653,843	200	70,062	–	2,215,785	61,431	2,277,216

	31 December 2016 (as previously reported)	Effect of prior year adjustments							31 December 2016 (after prior year adjustments)	Changes in presentation	31 December 2016 (as restated)
	RMB'000	*RMB'000* a(i)	*RMB'000* a(ii)	*RMB'000* a(iii)	*RMB'000* a(iv)	*RMB'000* a(v)	*RMB'000* a(vi)	*RMB'000* a(vii)	*RMB'000*	*RMB'000* a(viii)	*RMB'000*
Net current liabilities	(91,559)	(129,370)	(34,849)	(43,629)	(653,843)	(200)	(70,062)	(99,330)	(1,122,842)	(149,774)	(1,272,616)
Total assets less current liabilities	1,643,186	(129,370)	(34,849)	42,305	(653,843)	(200)	(70,062)	(99,330)	697,837	–	697,837
Non-current liabilities											
Bank and other borrowings	895,139	–	–	–	–	–	(79,858)	–	815,281	(370,281)	445,000
Amount due to a director	–	–	–	–	–	–	–	–	–	4,995	4,995
Deferred tax liabilities	355,602	–	–	–	–	–	–	–	355,602	–	355,602
Convertible bond	–	–	–	–	–	–	–	–	–	365,286	365,286
	1,250,741	–	–	–	–	–	(79,858)	–	1,170,883	–	1,170,883
Net assets (liabilities)	392,445	(129,370)	(34,849)	42,305	(653,843)	(200)	9,796	(99,330)	(473,046)	–	(473,046)
Capital and reserves											
Share capital	524,712	–	–	–	–	–	–	–	524,712	–	524,712
Reserves	(131,537)	(129,370)	(34,849)	42,305	(653,843)	(200)	9,796	(89,397)	(987,095)	–	(987,095)
Equity (deficit) attributable to owners of the Company	393,175	(129,370)	(34,849)	42,305	(653,843)	(200)	9,796	(89,397)	(462,383)	–	(462,383)
Non-controlling interests	(730)	–	–	–	–	–	–	(9,933)	(10,663)	–	(10,663)
Total equity (deficit)	392,445	(129,370)	(34,849)	42,305	(653,843)	(200)	9,796	(99,330)	(473,046)	–	(473,046)

Consolidated statement of financial position at 1 January 2016

	1 January 2016 (as previously reported)	Effect of prior year adjustments					1 January 2016 (after prior year adjustments)	Changes in presentation	1 January 2016 (as restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		a(i)	a(ii)	a(iii)	a(iv)	a(v)		a(viii)	
Non-current assets									
Property, plant and equipment	2,843	–	–	–	–	–	2,843	–	2,843
Investment properties	1,692,000	–	–	–	–	–	1,692,000	–	1,692,000
Prepayment and deposits for non-current assets	–	–	–	–	–	–	–	546,678	546,678
Deferred tax assets	217	–	–	33,093	–	–	33,310	–	33,310
	1,695,060	–	–	33,093	–	–	1,728,153	546,678	2,274,831
Current assets									
Inventories	1,324,477	(144,335)	–	–	–	–	1,180,142	86,965	1,267,107
Trade and other receivables	636,977	6,313	(34,849)	–	–	–	608,441	(563,064)	45,377
Pledged bank deposits	2,666	–	–	–	–	–	2,666	–	2,666
Bank balances and cash	27,768	–	–	–	–	–	27,768	–	27,768
	1,991,888	(138,022)	(34,849)	–	–	–	1,819,017	(476,099)	1,342,918
Current liabilities									
Trade and other payables	452,562	13,573	–	–	–	–	466,135	137,999	604,134
Receipt in advance	623,559	(100,706)	–	–	–	–	522,853	(67,420)	455,433
Rent and other deposits	10,200	–	–	–	–	–	10,200	–	10,200
Provision for potential claims	–	–	–	–	–	15,137	15,137	–	15,137
Provisions for litigations	–	–	–	–	523,082	–	523,082	–	523,082
Bank and other borrowings	1,558,261	–	–	–	–	–	1,558,261	(440,159)	1,118,102
Loan from immediate holding company	–	–	–	–	–	–	–	440,159	440,159
Current tax liabilities	144,532	53,223	–	(379)	–	–	197,376	–	197,376
	2,789,114	(33,910)	–	(379)	523,082	15,137	3,293,044	70,579	3,363,623
Net current liabilities	(797,226)	(104,112)	(34,849)	379	(523,082)	(15,137)	(1,474,027)	(546,678)	(2,020,705)
Total assets less current liabilities	897,834	(104,112)	(34,849)	33,472	(523,082)	(15,137)	254,126	–	254,126

	1 January 2016 (as previously reported)	Effect of prior year adjustments					1 January 2016 (after prior year adjustments)	Changes in presentation	1 January 2016 (as restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		a(i)	a(ii)	a(iii)	a(iv)	a(v)		a(viii)	
Non-current liabilities									
Bank borrowings	480,000	–	–	–	–	–	480,000	–	480,000
Deferred tax liabilities	341,393	–	–	–	–	–	341,393	–	341,393
	821,393	–	–	–	–	–	821,393	–	821,393
Net assets (liabilities)	76,441	(104,112)	(34,849)	33,472	(523,082)	(15,137)	(567,267)	–	(567,267)
Capital and reserves									
Share capital	123,644	–	–	–	–	–	123,644	–	123,644
Reserves	(41,986)	(104,112)	(34,849)	33,472	(523,082)	(15,137)	(685,694)	–	(685,694)
Equity (deficit) attributable to owners of the Company	81,658	(104,112)	(34,849)	33,472	(523,082)	(15,137)	(562,050)	–	(562,050)
Non-controlling interests	(5,217)	–	–	–	–	–	(5,217)	–	(5,217)
Total equity (deficit)	76,441	(104,112)	(34,849)	33,472	(523,082)	(15,137)	(567,267)	–	(567,267)

4. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the year is as follows:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Income from sales of properties	**132,543**	1,048,519
Rental income and property management services income from investment properties	**55,513**	59,079
Travel agency services income	**6,246**	1,243
Income from sales of travel related products	**347,867**	–
Hotel and integrated resort management and consultancy services income	**2,539**	–
	544,708	1,108,841

Segment Information

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM") for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's operating and reportable segments are as follows:

(1) Property development – Development and sales of office premises, residential and retail properties in the PRC;

(2) Property leasing – Leasing of retail properties and provision of property management services in the PRC;

(3) Hotel and integrated resort management and consultancy services – Provision of hotel and integrated resort management and consultancy services; and

(4) Travel related products and services – Sales of travel related products and provision of travel agency services.

Commencing from the current year, CODM considers that the Group provides travel related arrangement to certain groups of gaming patrons under the segment of travel related products and services.

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

	Property development *RMB'000*	Property leasing *RMB'000*	Hotel and integrated resort management and consultancy services *RMB'000*	Travel related products and services *RMB'000*	Total *RMB'000*
For the year ended 31 December 2017					
Segment revenue from external customers	**132,543**	**55,513**	**2,539**	**354,113**	**544,708**
Segment (loss) profit	**(50,467)**	**(7,551)**	**(16,271)**	**17,807**	**(56,482)**
Reversal of impairment loss recognised in respect of deposits for non-current assets					**438,000**
Change in fair value of derivative financial instruments					**(329,855)**
Reversal of provisions for litigations					**289,240**
Share of result of an associate					**(37)**
Unallocated other income, gains and losses					**42,046**
Unallocated finance costs					**(72,184)**
Unallocated expenses					**(48,644)**
Profit before taxation					**262,084**

	Property development RMB'000	Property leasing RMB'000	Hotel and integrated resort management and consultancy services RMB'000	Travel related products and services RMB'000	Total RMB'000
For the year ended 31 December 2016 (Restated)					
Segment revenue from external customers	1,048,519	59,079	–	1,243	1,108,841
Segment profit (loss)	228,091	20,035	(1,714)	(268)	246,144
Impairment loss recognised in respect of deposits for non-current assets					(316,259)
Change in fair value of derivative financial instruments					17,704
Provisions for litigations					(130,761)
Impairment loss recognised in respect of goodwill					(4,039)
Unallocated other income, gains and losses					(79,613)
Unallocated finance costs					(105,798)
Unallocated expenses					(20,830)
Loss before taxation					(393,452)

Segment results represent the profit earned by/loss from each segment without allocation of other income, gains and losses, reversal of impairment loss/impairment loss recognised in respect of deposits for non-current assets, finance costs, change in fair value of derivative financial instruments, share of result of an associate, reversal of provisions/provisions for litigations, impairment loss recognised in respect of goodwill and corporate expenses. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

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

	As at 31 December		As at 1 January
	2017	2016	2016
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Segment assets			
Property development	**714,637**	907,615	1,417,892
Property leasing	**1,734,799**	1,744,821	1,725,392
Hotel and integrated resort management and consultancy services	**1,401**	461	352
Travel related products and services	**78,265**	8,214	–
Total segment assets	**2,529,102**	2,661,111	3,143,636
Unallocated assets:			
Interest in an associate	**1,701**	–	–
Bank balances and cash	**289,689**	86,632	899
Deferred tax assets	**96,307**	86,036	33,310
Deposits for non-current assets	**–**	140,135	439,212
Others	**1,902**	1,139	692
Consolidated assets	**2,918,701**	2,975,053	3,617,749

	As at 31 December		As at 1 January
	2017	2016	2016
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Segment liabilities			
Property development	**645,639**	851,710	1,050,274
Property leasing	**532,764**	569,529	685,222
Hotel and integrated resort management and consultancy services	**1,600**	3,053	6,102
Travel related products and services	**62,630**	7,984	–
Total segment liabilities	**1,242,633**	1,432,276	1,741,598
Unallocated liabilities:			
Bank and other borrowings	**–**	–	650,602
Current tax liabilities	**461,288**	467,877	197,376
Deferred tax liabilities	**357,950**	355,602	341,393
Loan from immediate holding company	**–**	–	440,159
Convertible bond	**411,107**	365,286	–
Derivative financial instruments	**439,938**	129,675	–
Provisions for litigations	**235,000**	653,843	523,082
Amount due to a director	**4,668**	4,995	–
Interest payables	**–**	–	173,868
Others	**13,932**	38,545	116,938
Consolidated liabilities	**3,166,516**	3,448,099	4,185,016

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interest in an associate, bank balances and cash, deferred tax assets, deposits for non-current assets and the corporate assets of investment holding companies; and

- all liabilities are allocated to operating segments other than certain bank and other borrowings, loan from immediate holding company, convertible bond, derivative financial instruments, provisions for litigations, current tax liabilities, deferred tax liabilities, amount due to a director, certain other payables and the corporate liabilities of investment holding companies.

5. OTHER INCOME, GAINS AND LOSSES

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Advertising income	**100**	200
Interest income	**534**	423
Gain on disposal of property, plant and equipment	**59**	57
Gain from exchange of loan with convertible bond	**–**	1,098
Net exchange gain (loss)	**41,667**	(80,944)
Others	**1,155**	2,550
	43,515	(76,616)

6. PROFIT (LOSS) BEFORE TAXATION

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Profit (loss) before taxation has been arrived at after charging (crediting) the following:		
Depreciation	**1,701**	1,344
Auditor's remuneration	**2,595**	1,458
Directors' remuneration	**11,522**	2,254
Staff costs		
– Salaries and wages, excluding directors	**35,759**	31,172
– Share-based compensation benefits, excluding directors and consultants	**934**	–
– Retirement benefits scheme contributions, excluding directors	**2,042**	2,548
Total staff costs, excluding directors	**38,735**	33,720
(Reversal of impairment loss) impairment loss recognised in respect of deposits for non-current assets	**(438,000)**	316,259
Gain on disposal of property, plant and equipment	**(59)**	(57)
Change in fair value of investment properties	**7,100**	(40,000)
Change in fair value of derivative financial instruments	**329,855**	(17,704)
Impairment loss recognised in respect of inventories	**57,034**	21,557
Impairment loss recognised in respect of goodwill	**–**	4,039
Impairment loss recognised in respect of prepayment for land use right	**–**	99,330
Gain on disposal of subsidiaries	**–**	(1,145)
Legal and professional fee for litigations	**3,191**	662
Minimum lease payment under operating leases in respect of office premises	**4,238**	8,988
Cost of sales		
– Cost of properties sold	**30,326**	559,870
– Cost of travel-related products sold	**327,409**	–
– Cost of serviced rendered	**4,923**	4,975
	362,658	564,845
Gross rental income from investment properties	**(42,277)**	(44,583)
Less: Direct operating expenses incurred for investment properties	**685**	813
	(41,592)	(43,770)

7. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Current tax		
– PRC Corporate Income Tax ("EIT")	**15,524**	128,626
– Macau Complementary Income Tax ("CIT")	**1,534**	–
	17,058	128,626
PRC Land Appreciation Tax ("LAT")	**56,056**	228,730
Deferred tax	**(7,923)**	(38,517)
	65,191	318,839

(a) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits. No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

(b) EIT

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

(c) PRC Withholding income tax

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

(d) LAT

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

(e) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

(f) CIT

CIT is calculated at the progressive rate on the estimated assessable profits. The maximum tax rate is 12% for the years ended 31 December 2017 and 2016.

8. DIVIDEND

The board of directors does not recommend the payment of a final dividend for each of the years ended 31 December 2017 and 2016.

9. EARNINGS (LOSS) PER SHARE

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

Earnings (loss) figures are calculated as follows:

	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share (profit (loss) for the year attributable to owners of the Company)	**197,002**	(702,236)

	Number of shares	
	2017	2016
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**6,072,849,666**	1,931,724,464
Effect of dilutive potential ordinary shares:		
Share options	**124,116,274**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**6,196,965,940**	1,931,724,464

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings (loss) per share for the year ended 31 December 2016 have been adjusted to reflect the bonus element of the issue of rights shares during the year ended 31 December 2016.

For the year ended 31 December 2017, the computation of diluted earnings per share does not assume the conversion of the outstanding convertible bond of the Company since the conversion of the outstanding convertible bond would result in increase in earnings per share.

For the year ended 31 December 2016, the computation of diluted loss per shares does not assume the exercise of the Company's outstanding share options and the conversion of the outstanding convertible bond of the Company since the assumed exercise of those share options and the conversion of the outstanding convertible bond would result in decrease in loss per share.

10. PREPAYMENT AND DEPOSITS FOR NON-CURRENT ASSETS

The prepayment and deposits are for the following items:

	As at 31 December		As at 1 January
	2017	2016	2016
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Land use right in the PRC *(note (a))*	**8,136**	8,136	107,466
Property development projects in the PRC *(note (b))*	**–**	–	316,259
Potential investment projects in the PRC *(note (c))*	**–**	140,135	122,953
Property, plant and equipment	**–**	1,503	–
	8,136	149,774	546,678

Notes:

(a) The prepayment represents the consideration of the land use right and related tax of a project in the PRC which was fully paid by the Group in 2014.

Pursuant to the terms stipulated in the land use right transfer agreement (the "Agreement") signed between the Group and the Fushun Land and Resources Bureau ("FLRB") in 2014, the construction is required to be completed before 30 April 2016 or the Group could apply for an extension of construction completion date to 30 April 2017 before 30 April 2016, subject to the approval by FLRB. FLRB is entitled to rescind the Agreement at no cost if the Group did not comply with such term.

Neither the management of the Group applied for the extension of the construction completion date by 30 April 2016, nor FLRB agreed to extend the construction completion date as at 31 December 2016. The directors of the Company are in the opinion that the construction was unlikely to be approved by FLRB given that FLRB held up the application of the construction commencement lodged by the Group during the current year. Therefore, the directors of the Company impaired the entire prepayment amounting to RMB99,330,000 during the year ended 31 December 2016 given that the Group could not complete the construction before 30 April 2016 with no extension applied during the year ended 31 December 2016. The remaining balance represents the prepayment for land use right for a property project in the PRC.

(b) The deposit represents the earnest monies paid under two memorandums of understanding entered into with different independent third parties in relation to two property development projects in the PRC.

The Group paid deposits of RMB150,000,000 for a project in Jiangsu Province ("Jiangsu Project") to a company and approximately RMB316,259,000 for a project in Anhui Province ("Anhui Project") to an individual during the year ended 31 December 2011.

As the directors of the Company were in the opinion that the projects were not feasible and the earnest monies could not be recovered, the deposits for Jiangsu Project and Anhui Project were fully impaired during the year ended 31 December 2014 and 31 December 2016, respectively.

During the year ended 31 December 2017, the Group has received the refund of RMB150,000,000 and RMB288,000,000 for Jiangsu Project and Anhui Project, respectively after the series of follow up collection actions taken by the management of the Group. Accordingly, reversal of impairment loss of such deposits of RMB438,000,000 is recognised during the year ended 31 December 2017.

(c) Pursuant to the strategic cooperation agreement signed between the Group and an independent third party on 1 February 2014, the Group and the independent third party will explore investment opportunities together in the PRC for 3 years from the date of strategic cooperation agreement. The actual detailed terms and conditions for the investment(s) under the strategic cooperation agreement shall be subject to the entering of formal agreement(s) between the relevant parties. As at 31 December 2016 and 1 January 2016, deposits of RMB140,135,000 and RMB122,953,000, was paid by the Group for this strategic cooperation agreement, respectively.

As the strategic cooperation agreement was expired on 31 January 2017, the entire amount is received by the Group during the year ended 31 December 2017.

11. TRADE AND OTHER RECEIVABLES

	As at 31 December		As at 1 January
	2017	2016	2016
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Trade receivables *(note (a))*	**59,022**	25,101	330
Other receivables *(note (b))*	**7,983**	10,507	42,228
Deposit for a litigation *(note (c))*	**–**	84,603	–
Other deposits *(note (d))*	**54,387**	4,610	2,819
	121,392	124,821	45,377

Notes:

(a) Proceeds receivable in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Buyers are not granted with any credit period for both years. For the trade receivable in respect of rental income from lease of properties, no credit periods are granted for both years.

Except for the proceeds receivable from sale of properties and rental income from lease of properties which are payable on demand and payable in advance monthly, respectively, the Group generally allows a credit period of not exceeding 30 days to its customers.

The following is an aging analysis of trade receivables based on the date of the properties delivered and revenue were recognised at the end of the reporting period:

	As at 31 December		As at 1 January
	2017	2016	2016
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Within 30 days	**56,791**	1,767	232
31 – 90 days	**31**	164	73
91 – 180 days	**120**	–	25
Over 180 days	**2,080**	23,170	–
	59,022	25,101	330

As at 31 December 2017, approximately RMB2,231,000 (31 December 2016: RMB25,084,000 (restated) and 1 January 2016: RMB98,000 (restated)), of trade receivables are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group is entitled to take over the legal title and possession of the underlying properties for resale under the sales and purchase agreements and rental deposits were held as collateral over the proceeds receivable in respect of rental income from lease of properties. The Group does not hold any collateral as security for other trade receivable.

(b) Other receivables are non-trade nature, unsecured, interest-free and recoverable within one year from the end of the reporting period.

(c) As details set out in note 14, the balance represents the deposit placed in the court in relation to the Consultant Claim (as defined in note 14) as at 31 December 2016. Such deposit was paid to the Claimant during the year ended 31 December 2017.

(d) The balance mainly represents construction deposits of approximately RMB52,000,000 for properties under development as at 31 December 2017 (31 December 2016: Nil and 1 January 2016: Nil). As the deposit is expected to be realised in the Group's normal operating cycle, such deposit is classified as current assets.

12. TRADE AND OTHER PAYABLES

	As at 31 December		As at 1 January
	2017	2016	2016
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Trade payables *(notes (a) and (b))*	**76,173**	112,886	206,561
Interest payable *(note (c))*	**–**	–	173,868
Other payables *(note (d))*	**122,687**	176,111	223,705
	198,860	288,997	604,134

Notes:

(a) The credit period of trade payables ranges from 30 to 180 days.

(b) The following is an aging analysis of trade payables at the end of the reporting period based on invoice date:

	As at 31 December		As at 1 January
	2017	2016	2016
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
0 – 90 days	**11,157**	7,437	1,138
Over 90 days	**65,016**	105,449	205,423
	76,173	112,886	206,561

(c) The balance represents interest payables of approximately RMB30,594,000 and RMB143,274,000 which are arising from the loan from immediate holding company and a borrowing from a third party, respectively. The interest payable due to a related company was settled through issuing the convertible bond and the entire amount of interest payable due to a third party was settled by cash during the year ended 31 December 2016.

(d) Amounts mainly include accruals, other tax payables and salaries payable.

13. PROVISION FOR POTENTIAL CLAIMS

The balance represents the provision for potential claims which include refund of the deposit and compensation from the buyers of the properties held for sale in relation to the breach of terms stipulated in the sales and purchase agreements entered into between the Group and the buyers.

Certain properties under pre-sale arrangement have been seized by the court due to the litigations as set out in note 14 since 2015. As a result, the Group failed to fulfill the obligations stipulated in the sales and purchase agreement within the predetermined period of time.

Pursuant to the terms of the sales and purchase agreement, the Group is liable to the claims for the return of pre-sale deposits, instalment payment and compensation made by the buyers.

During the year ended 31 December 2016, certain properties were released by the court as set out in note 14 and the Group has performed the obligations stipulated in the sales and purchase agreements, and reversal of provision of RMB14,937,000 was recognised in profit or loss. However, as the Group received a Judgement (as defined in note 14), additional properties have been seized by the court which leads to non-fulfilment of certain obligations stipulated in the sales and purchase agreements and therefore RMB41,882,000 of provision has been recognised during the year ended 31 December 2017.

No claims from the buyers have been received by the Group during both years.

The movement of the provision for potential claims is shown as follows:

	RMB'000
At 1 January 2016 (Restated)	15,137
Credit to profit or loss	(14,937)
At 31 December 2016 (Restated)	200
Charge to profit or loss	41,882
At 31 December 2017	**42,082**

14 PROVISIONS FOR LITIGATIONS

In July 2017, the Group has received an enforcement civil ruling (the "Judgement") from 廣東省深圳市中級人民法院 (the "Intermediate Court") relating to the enforcement of a civil claim (the "Bank Claim") taken out by a bank (the "Bank"). As alleged by the Bank under the Bank Claim, the Bank Claim relates to a loan agreement for a loan with principal amount of RMB120,000,000 (the "Bank Loan") and made between the Bank and a company (the "Borrower"), which is not connected to the Group, established in the PRC as borrower in prior years. Pursuant to the Bank Claim, it was alleged that 深圳紫瑞房地產開發有限公司 ("Shenzhen Zirui") and 太陽世紀地產集團有限公司 ("Sun Century Property"), both being indirect wholly-owned subsidiaries of the Company established in the PRC, together with other four defendants which are not connected to the Group in the Bank Claim, had been acting as guarantors for the Bank Loan.

The provision for the Bank Claim is determined by the terms of the loan agreement under which, the loan is interest bearing at 24% per annum and repayable within 6 months from the date of withdrawal of the loan. Beyond the loan period, the interest will be adjusted to 36% per annum and all unpaid interest will be subject to compound interest rate at 36% per annum until the loan is settled.

Pursuant to the Judgement, the assets of the Borrower, Shenzhen Zirui, Sun Century Property and other defendants under the Bank Claim (up to the sum of RMB807,133,000 with interest thereon together with fees and expenses to be incurred under the enforcement) shall be seized or frozen (the "Frozen Assets") and such Frozen Assets shall be disposed of for repayment of the amounts under the Bank Claim if not paid. As at 31 December 2017, the Frozen Assets under the Group's legal title comprised bank balances in the aggregate amount of approximately RMB334,000 (31 December 2016: Nil and 1 January 2016: Nil) and inventories with carrying value of approximately RMB213,367,000 (31 December 2016: Nil and 1 January 2016: Nil).

As the Borrower defaulted the repayment of the Bank Loan in 2012, the directors of the Company have revisited the provisions in relation to the Bank Claim in prior years and retrospectively recognised provision of RMB116,267,000 for the year ended 31 December 2016 (1 January 2016: RMB99,939,000).

During the year ended 31 December 2017, the Group has reached a settlement agreement (the "Settlement Agreement A") with the Bank. Pursuant to the Settlement Agreement A, the Group's liabilities in relation to the Bank Claim is limited to RMB235,000,000, subject to the fulfilment of the precedent events. Based on the legal opinion from the PRC lawyers, Settlement Agreement A is legally enforceable and binding as at 31 December 2017 even though there are some precedent events to be fulfilled, the directors of the Group consider that the maximum exposure for the liabilities of the Group in relation to the Bank Claim is RMB235,000,000 as at 31 December 2017 and therefore reversal of provisions of RMB304,082,000 has been recognised during the year ended 31 December 2017.

The provision in relation to the Bank Claim as at 31 December 2017 is RMB235,000,000 (31 December 2016: RMB539,082,000 (restated) and 1 January 2016: RMB422,815,000 (restated)).

Pursuant to another civil claim (the "Consultant Claim") alleged by an individual (the "Claimant") alleged provision of consultancy services to the Borrower relating to the Bank Loan pursuant to a consultancy agreement (the "Consultancy Agreement") made between the Claimant and the Borrower in prior year. It was alleged that Shenzhen Zirui, Sun Century Property and another defendant which is not connected to the Group had been acting as guarantors in respect of payment of consultancy fee under the Consultancy Agreement. Under the Consultant Claim, certain inventories held by Shenzhen Zirui with carrying value of approximately RMB388,374,000 were seized or frozen as at 1 January 2016.

The provision for Consultant Claim is determined by the terms of the Consultancy Agreement under which, daily interest rate of 0.1% will be charged on the unpaid consultancy fee until the consultancy fee is settled.

As the consultancy fee had not been paid by the Borrower, of which was payable in 2012, the directors of the Group have revisited the provisions in relation to the Consultant Claim in prior years and recognised provision of RMB14,494,000 for the year ended 31 December 2016 (1 January 2016: RMB14,454,000).

During the year ended 31 December 2016, the Group paid deposit of RMB84,603,000 to the court in the PRC and accordingly inventories with value of RMB221,419,000 were released.

In July 2017, the Group received an enforcement notice (the "Enforcement Notice") from the Intermediate Court, certain inventories held by Shenzhen Zirui shall be tendered and disposed of to settle the Consultant Claim. The aggregate amount of inventories, being seized or frozen and shall be disposed of by way of tender to settle the Consultant Claim, was approximately RMB166,955,000.

In December 2017, the Group has reached a settlement agreement (the "Settlement Agreement B") with the Claimant. Pursuant to the Settlement Agreement B, the Group's liabilities in relation to the Consultant Claim is limited to RMB129,603,000, subject to the fulfilment of the precedent events. Accordingly, provision of RMB14,842,000 in relation to the Consultant Claim has been recognised during the year ended 31 December 2017.

As all precedent events have been fulfilled and the Group has settled the Consultant Claim as at 31 December 2017. No provision in relation to the Consultant Claim as at 31 December 2017 (31 December 2016: RMB114,761,000 (restated) and 1 January 2016: RMB100,267,000 (restated)), however, inventories with carrying value of approximately RMB166,955,000 were still seized under the Enforcement Notice as the inventories are under the process of release from the court as at 31 December 2017.

The carrying value of inventories of RMB380,322,000 (31 December 2016: RMB166,955,000 (restated) and 1 January 2016: RMB388,374,000 (restated)) have been seized by the count in the PRC in relation to the Bank Claim and Consultant Claim as at 31 December 2017.

The movement of the provisions for litigations is shown as follows:

	Bank Claim	**Consultant Claim**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2016 (Restated)	422,815	100,267	523,082
Charge to profit or loss for the year	116,267	14,494	130,761
At 31 December 2016 (Restated)	539,082	114,761	653,843
Charge to profit or loss for the year	–	14,842	14,842
Credit to profit or loss for the year	(304,082)	–	(304,082)
Settled through deposit paid *(note 11(c))*	–	(84,603)	(84,603)
Payment for the year	–	(45,000)	(45,000)
At 31 December 2017	**235,000**	**–**	**235,000**

15. CONVERTIBLE BOND/DERIVATIVE FINANCIAL INSTRUMENTS

On 8 December 2016, the Company issued a Hong Kong dollar denominated convertible bond (the "Convertible Bond") with a principal amount of HK$570,000,000 (equivalent to RMB505,077,000 at the issuance date) to Fame Select Limited, the major shareholder of the Company to set off the balance of the loan from immediate holding company and its accrued interest due to Fame Select Limited on a dollar-for-dollar basis against the total subscription price payable by Fame Select Limited in respect of the subscription of the Convertible Bond.

The maturity date of the Convertible Bond is 7 December 2018 ("CB Maturity Date") which is 2 years from the date of issue of the Convertible Bond. The Convertible Bond is not interest bearing and matures on CB Maturity Date at the principal amount. The Convertible Bond is convertible into shares at any time after the issuance up to the close of business on the CB Maturity Date at the conversion price of HK$0.26 per share, subject to anti-dilutive adjustments ("CB Conversion Option"). The initial number of ordinary shares of the Company issuable upon conversion is 2,192,307,692 shares, which represent 59.34% of the total number of ordinary shares of the Company issued and outstanding as of the issue date of the Convertible Bond on a fully diluted basis.

The Company is entitled to an option to early redeem at anytime before CB Maturity Date the whole or part of the principal outstanding amount of the Convertible Bond at principal amount (''CB Redemption Option'').

The Convertible Bond contains a debt component and derivative component. The CB Conversion Option is classified as a derivative financial liability as it will be settled other than by an exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments on the basis that the Convertible Bond is denominated in Hong Kong dollar, a foreign currency of the Company.

The fair value of the Convertible Bond is HK$568,761,000 (approximately RMB503,979,000) on the initial recognition date. On initial recognition, the debt component was recognised at fair value, calculated based on the present value of the principal amount plus accrued coupon interest over the expected life of the Convertible Bond. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 14.64% per annum. The derivative component is measured at fair value at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

The fair value of the derivative financial instruments as at 31 December 2017, 31 December 2016 and 1 January 2016 is determined by Grant Sherman Appraisal Limited, an independent valuer not connected to the Group, based on a binomial model.

The inputs used for the calculation of fair values of the CB Conversion Option and CB Redemption Option are as follows:

	31 December 2017	31 December 2016 (Restated)	8 December 2016 (date of issuance) (Restated)
Share price	HK$0.465	HK$0.204	HK$0.218
Conversion price	HK$0.260	HK$0.260	HK$0.260
Expected volatility *(note (a))*	71.403%	93.469%	94.466%
Expected option life	0.94 Year	1.94 Years	2 Years
Expected dividend yield *(note (b))*	Zero	Zero	Zero
Risk-free rate *(note (c))*	1.519%	1.711%	1.213%

Notes:

(a) The expected volatility of the underlying shares during the life of the options was estimated based on average historical volatility of comparable companies for the year before the valuation date with lengths equal to the expected terms of the options.

(b) The expected dividend yield was estimated with reference to the historical dividend payment record and the expected dividend payment in the next three years of the Company.

(c) Risk-free rate is estimated based on the yield of Hong Kong Government bond with a similar remaining tenure.

The movement of the convertible bond debt component and derivative financial instruments are shown as follows:

	Debt component *RMB'000*	**Derivative financial instruments** *RMB'000*	**Total** *RMB'000*
At date of issuance (Restated)	357,196	146,783	503,979
Credit to profit or loss	–	(17,704)	(17,704)
Exchange difference	3,589	596	4,185
Effective interest expenses	4,501	–	4,501
At 31 December 2016 (Restated)	365,286	129,675	494,961
Charge to profit or loss	–	329,855	329,855
Exchange difference	(26,359)	(19,592)	(45,951)
Effective interest expenses	72,180	–	72,180
At 31 December 2017	**411,107**	**439,938**	**851,045**

16. CONTINGENT LIABILITIES

(a) At 31 December 2017 and 2016, the Group provided guarantees to certain banks in respect of mortgage facilities granted in connection with the mortgage loans entered into by buyers of the Group's properties as follows:

	2017 ***RMB'000***	2016 *RMB'000* (Restated)
Guarantees given to banks for mortgage facilities granted to buyers	**3,600**	11,660

Pursuant to the terms of the guarantees contract, if there are any defaults on the mortgages, the Group would be liable to the repayment of the outstanding mortgage principals together with the accrued interest and penalty payable by the defaulting buyers to banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees shall be released upon the issue of the relevant buyer's property ownership certificate and in the custody of the banks.

The fair value of the guarantees at date of inception is not material and is not recognised in the consolidated financial statements. The directors of the Company consider that no provision should be recognised at each of the years end as the potential cash outflow related to the guarantee is not probable.

Bank balances of approximately RMB297,000 (31 December 2016: RMB296,000 and 1 January 2016: RMB295,000) have been pledged with the banks as guarantee deposits for the mortgage loan facilities granted by the banks to buyers of the Group's properties.

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 13 February 2018, Suncity Group Management and Consultancy (Hoi An) Limited ("SGMC (HA)"), a wholly-owned subsidiary of the Company entered into the Technical Services Agreement with Hoi An South Development Ltd, pursuant to which SGMC (HA) shall provide technical and pre-opening services in relation to a casino and the food and beverages outlets to be established in the integrated resort project being developed in Hoi An, Quang Nam Province, Vietnam. Details of which are disclosed in the announcement of the Company dated 13 February 2018.

(b) On 23 February 2018, the Group has fully settled the Bank Claim with settlement amount of RMB235,000,000. Details of which are disclosed in the announcement of the Company dated 23 February 2018.

(c) On 27 July 2017, Goal Summit Limited, a wholly-owned subsidiary of the Company entered into an acquisition agreement (the "Acquisition Agreement") with Suncity International Holdings Limited, a related company wholly owned by Mr. Chau. Pursuant to the Acquisition Agreement, the Group will acquire the entire equity interest of a company, which indirectly owns approximately 34% effective interest in a company which is engaged in an integrated resort project being developed in Vietnam, subject to certain conditions. The expected completion date was 31 December 2017, and was extended to 31 March 2018 on 2 January 2018 and 31 May 2018 on 29 March 2018. The directors of the Company are still assessing the financial impact of the acquisition.

AUDIT OPINION

The auditor of the Group has issued an opinion with a material uncertainty related to going concern paragraph on the consolidated financial statements of the Group for the period under audit. An extract of the auditor's report is set out in the section headed "EXTRACT OF THE AUDITOR'S REPORT" below.

EXTRACT OF THE AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements, which indicates that as at 31 December 2017, the Group's current liabilities exceeded its current assets by RMB1,319,514,000 and total liabilities exceeded its total assets by RMB247,815,000. As stated in Note 2 to the consolidated financial statements, the Group is dependent on the financial support from its controlling shareholder, which indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

REVIEW AND OUTLOOK

The Group has commenced to deliver Le Paysage to buyers since the fourth quarter of 2014. With the heating up of Shenzhen property market and we began to deliver the boutique highrise building and villa residential units, the gross profit margin in property development segment has increased from 46.60% in the year of 2016 to 76.97% in the year of 2017. Looking ahead, we expect the government policies will remain unchanged and the local governments will fine-tune and introduce targeted policies based on growth properties stock, properties prices and land prices. In the meantime, the Group will actively examine the developing real estate markets outside China. Asian countries, such as Korea, Malaysia and Vietnam are among the initial target markets of the Group.

The Group has been actively developed its travel agent business since the acquisition of the entire interest of Sun Travel Limited ("Sun Travel") in 2016. The sale of hotel accommodation products and ferry tickets increased significantly during the year ended 31 December 2017. According to the information published by the Statistics and Census Service of the Macau Government, the average occupancy rate of hotels and guesthouses increased from 83.3% in 2016 to 86.9% in 2017 and the number of guests through travel agents increased from approximately 5.4 million in 2016 to approximately 5.8 million in 2017. With the continual growth in number of visitors to Macau and more specifically, the increase in overnight visitors, it is anticipated that revenue from travel agent business will continue to grow in the future.

Having entered into the technical services agreement to provide pre-opening and technical services to integrated resorts, the Group commenced to receive revenue during the year ended 31 December 2016 and will continue to explore opportunities in Asia.

On 27 July 2017, the Group entered the acquisition agreement in relation to the proposed acquisition of the entire equity interest in and shareholder's loan owned by Star Admiral Limited, which is a company indirectly wholly owned by Mr. Chau. Star Admiral Limited owns approximately 34% equity interest in a project company, in which its principal asset is an integrated resort project in Hoi An, Vietnam. We expect this acquisition shall complete by first half year of 2018, subject to the fulfilment of the conditions precedent as disclosed in the circular of the Company dated 1 November 2017.

The Group will continue to explore and invest in potential projects and business opportunities with good potential and to further expand its tourism-related business to other countries in the Asian market.

FINANCIAL REVIEW

Revenue: Revenue was derived from (i) the sale of properties, and (ii) the leasing of properties, (iii) provision of hotel and integrated resort management and consultancy services, and (iv) the provision of travel related products and services. Revenue for the year was approximately RMB544.7 million, decreased by approximately RMB564.1 million when compared to approximately RMB1,108.8 million for the last year. The decrease was due to lower contributions from property sales and rental income, netting off with the increase in revenue from provision of travel related products and services and provision of hotel and integrated resort management and consultancy services.

In respect of sales proceed of properties delivered, we have delivered residential units of approximately 1,202m^2 (2016: 23,489m^2) gross floor area ("GFA"), which includes high-rise building units of approximately 204m^2 (2015: 13,775m^2) GFA, luxury high-rise building units of approximately 215m^2 (2016: 6,821m^2) GFA and villa of approximately 783m^2 (2016: 2,893m^2) GFA in 2017.

Revenue from provision of travel related products and services has been growing rapidly, contributing a total of approximately RMB354.1 million in revenue for the year, representing an increase of approximately RMB352.9 million over the previous year.

Revenue from the leasing of properties decreased as a result of the decrease in occupancy rate during the year.

Provision of hotel and integrated resort management and consultancy services is a new business of the Group and has generated revenue of approximately RMB2.5 million for the year.

Other income, gains and losses: The significant increase in other gains was mainly attributable to net exchange gain of approximately RMB41.7 million when compared to net exchange loss of approximately RMB80.9 million for the last year.

Selling and distribution expenses: The decrease in 2017 was mainly attributable to the decrease in commission paid for the sales of Le Paysage.

Administrative expenses: The increase in 2017 was mainly attributable to the share-based compensation benefits of approximately RMB24.4 million (2016: nil) and the increase in directors' remuneration by approximately RMB9.3 million.

Other operating expenses: The decrease in 2017 was mainly due to the decrease in compensation and penalty paid.

Change in fair value of investment properties: The decrease in 2017 was mainly due to the prevailing market conditions.

Change in fair value of derivative financial instruments: In December 2016, the Company issued convertible bonds in the principal amount of HK$570 million (equivalent to approximately RMB505.1 million) to Fame Select Limited, the major shareholder of the Company. The change in fair value, as assessed by an independent valuer, of derivative component has been recognised in the consolidated statement of profit or loss and other comprehensive income.

Reversal of provisions (provisions) for litigations: As stated in note 14, since the Group reached settlement agreements in relation to the Bank Claim and Consultant Claim during the year, reversal of provisions for litigations amounting to approximately RMB289.2 million was recognised as compared to provisions for litigations amounting to approximately RMB130.8 million for the last year.

(**Provision) reversal of provision for potential claims**: As stated in note 13, since certain properties have been seized by the court in relation to the Bank Claim during the year, provision for potential claims amounting to approximately RMB41.9 million was provided, as compared to reversal of provision for potential claim amounting to approximately RMB14.9 million was provided for the last year.

Impairment loss recognised in respect of inventories: The amount represented the impairment loss recognised for the difference between the cost and its net realisable value of a property project in the PRC, as assessed by an independent valuer.

Impairment loss recognised in respect of goodwill: The amount represented the impairment loss recognised on the goodwill arising from the acquisition of the subsidiary, Sun Travel, during the year ended 31 December 2016.

Impairment loss recognised in respect of prepayment for land use right: As stated in note 10(a), the amount represented the impairment loss recognised on the prepayment for the consideration of the land use right and related tax of a property project in the PRC.

Reversal of impairment loss (impairment loss) recognised in respect of deposit of non-current assets: As stated in note 10(b), since the Group has received the fund of RMB150.0 million and RMB288.0 million for Jiangsu Project and Anhui Project after a series of follow up collection actions taken by management of the Group, reversal of impairment loss of such deposits of RMB438.0 million was recognised during the year, when compared to the impairment loss of approximately RMB316.3 million recognised for the last year.

Share of result of an associate: The amount represented the share of loss and other comprehensive income of the Group's associate.

Gain on disposal of subsidiaries: The amount represented the gain recognised on the disposal of subsidiaries, Vanilla Rose Investments Limited together with its subsidiaries, to an independent third party.

Finance costs: Finance costs comprised interests on interest-bearing loan and effective interest expenses on the convertible bond. The decrease in 2017 was mainly due to the decrease of interest-bearing loans.

Income tax expense: Income tax expense included current tax and deferred tax and the decrease for the year was mainly due to the decrease in sale of properties.

SEGMENT ANALYSIS

In 2017, property development income, property leasing income, hotel and integrated resort management and consultancy services income and travel agency services income accounted for approximately 24.33% (2016: 94.56%), 10.19% (2016: 5.33%), 0.47% (2016: 0.00%) and 65.01% (2016: 0.11%) of the total revenue respectively.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Total pledged bank deposits, restricted bank deposits and bank balances and cash as at 31 December 2017 amounted to approximately RMB308.8 million (2016: RMB145.1 million) which included approximately RMB262.4 million, US$0.01 million, MOP0.3 million and HK$55.1 million respectively.

The Group had total bank and other borrowings of approximately RMB617.5 million as at 31 December 2017 (2016: RMB715.0 million) of which approximately RMB212.5 million were repayable on demand or within one year; approximately RMB40.0 million were repayable in the second year; approximately RMB140.0 million were repayable in the third to fifth years, inclusive; and the remainings were repayable after the fifth year. The Group's borrowings carried interest at fixed or floating interest rates. The Group's total bank and other borrowings divided by total assets as at 31 December 2017 was 21.16% (2016: 24.03%).

The Group had convertible bond and derivative financial instruments of approximately RMB411.1 million (2016: RMB365.3 million) and RMB439.9 million (2016: RMB130.0 million), respectively. The total of convertible bond and derivative financial instruments divided by total assets as at 31 December 2017 was 29.16% (2016: 16.64%).

As at 31 December 2017, the Group had current assets of approximately RMB1,084.1 million (2016: RMB1,004.6 million) and current liabilities of approximately RMB2,403.6 million (2016: RMB2,277.2million).

CHARGE ON ASSETS

As at 31 December 2017, bank and other borrowings of approximately RMB617.5 million were secured by certain investment properties and inventories of the Group of approximately RMB1,724.9 million (31 December 2016: RMB1,732.0 million) and RMB178.1 million (31 December 2016 (Restated): RMB458.9 million) respectively.

As at 31 December 2017, pledged deposits of approximately RMB5.6 million (31 December 2016: RMB1.3 million) were pledged for the license and suppliers in relation to Sun Travel, an indirect wholly-owned subsidiary of the Company.

As at 31 December 2017, pledged deposits of approximately RMB297,000 (31 December 2016: RMB296,000) have been pledged with the banks as guarantee deposits for the mortgage loan facilities granted to the buyers of the Group's properties.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group conducts its business primarily in Renminbi. Except for bank balances and cash of approximately HK$48.5 million and US$0.01 million, pledged bank deposits of approximately HK$6.6 million, convertible bond in the principal amount of HK$570 million and promissory note of approximately HK$5.6 million, the Group does not have material exposures to fluctuations in exchange rates. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 31 December 2017.

CONTINGENT LIABILITIES

For the details of contingent liabilities, please refer to the note 16 of this announcement.

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EMPLOYEES

As at 31 December 2017, the Group had a staff force of approximately 168 (2016: 250) employees. Of this, most were stationed in the PRC. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives (such as Share Option Scheme). Total staff costs incurred for the year 2017 was approximately RMB38.7 million (2016: RMB33.7 million).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: nil).

BUSINESS REVIEW

The Group is principally engaged in the development of residential and commercial properties as well as leasing of commercial properties in Guangdong, Liaoning and Anhui Provinces, the PRC, and providing hotel and integrated resort management and consultancy service and travel agency service.

Property Development

Summary of development and status of existing projects are reported in the following paragraphs.

Completed Project

Le Paysage: Le Paysage is in the boarder land of Luohu district and Longgang district of Shenzhen, on the hillside of the east side of Qingping expressway and Fengyi mountain tunnel. Le Paysage consists of premier villas, residential units and retail shops with planned GFA of approximately 135,000m^2. In March 2013, the Group launched pre-sales part of Le Paysage and was well received by the market. The project is completed and to deliver in phases in the third quarter of 2014 onwards.

Projects Under Development

The Landale: The Landale formerly known as Vacation Water Town, and is situated in Zhongmiao Town of Chaohu in Anhui Province. The Landale consists of lake-side villas and residential units with planned GFA of 85,756m^2. To cope with the rectification, integration and development of Chaohu Scenic Area, the Group planned to postpone the development progress of The Landale and commence pre-sale of the project in phases in 2019 onwards.

Fushun Project: The Group acquired a land at Hua Mao Jie Dong, Fushun Economic Development Zone in Liaoning Province, the PRC. The site area of the land is approximately of 72,350m^2 with a plot ratio of more than 1 but less than 2.7 and the planned GFA of approximately of 195,345m^2. The land use of the land is for commercial and residential use. The project is still in the initial design and planning stage.

Properties Leasing and Management

Hong Long Plaza: Hong Long Plaza is situated in Bao Min 2nd Road, Baoan District, Shenzhen City, Guangdong Province, the PRC. Hong Long Plaza is a commercial and residential complex occupying a total GFA of approximately 172,630m^2. For residential portion, it comprises three 25 to 27 storey towers with a total of approximately 1,500 residential units erected on a 5-storey shopping mall and a 2-storey basement for car parking. It is managed by Shenzhen Sun Era Management Company Limited, a wholly owned subsidiary of the Group. The commercial portion of Hong Long Plaza, namely Gang Long City Shopping Centre, comprise a total GFA of approximately 64,397m^2 for a shopping mall. Gang Long City Shopping Centre is held by the Group for leasing purpose and is managed by Shenzhen Gang Long City Commercial Management Company Limited, a wholly-owned subsidiary of the Group.

Hotel and Integrated Resort Management and Consultancy

Hotel and integrated resort management and consultancy represents the provision of management and consultancy services to hotels and integrated resorts.

During the year ended 31 December 2017, the Group entered into memorandums of understanding in relation to the provision of management and consultancy services to two integrated resorts in Vietnam.

On 22 September 2017, the Group entered into the technical services agreement with Van Don Sun Joint Stock Company, an independent third party, which owns and in the course of developing an integrated resort in Van Don District, Quang Ninh Province, Vietnam, to provide pre-opening and technical services.

Travel Agency Service

On 6 February 2017, Sun Travel entered into (i) a hotel accommodation procurement agreement and (ii) a ferry ticket supply agreement with Sun City Gaming Promotion Company Limited (''Sun City Gaming Promotion''), a related company which is wholly-owned by Mr. Chau, the Chairman of the Company.

Pursuant to the hotel accommodation procurement agreement, Sun Travel may from time to time to procure from Sun City Gaming Promotion the hotel accommodation products, subject to the cap of HK$120 million (the ''Original Cap'') from the commencement date of hotel accommodation procurement agreement to 31 December 2017.

Pursuant to the ferry ticket supply agreement, Sun City Gaming Promotion may from time to time purchase from Sun Travel the ferry tickets and other complementary services, subject to the annual caps of HK$8.5 million in 2017, HK$10 million in 2018 and HK$10 million in 2019 respectively.

On 15 May 2017, Sun Travel and Sun City Gaming Promotion entered into a revised hotel accommodation procurement agreement to amend the Original Cap to HK$420 million and to provide the annual caps of HK$570 million and HK$590 million for the years ending 31 December 2018 and 31 December 2019, respectively.

Investment in Integrated Resort

On 27 July 2017, the Group entered into the acquisition agreement in relation to the proposed acquisition of the entire equity interest in and shareholder's loan to Star Admiral Limited, which indirectly owns approximately 34% equity interest in an integrated resort in Hoi An, Quang Nam Province, Vietnam, which is expected to complete by first half year of 2018 subject to the fulfillment of the conditions precedents as disclosed in the circular of the Company dated 1 November 2017.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 31 March 2017, together with the approval of the Register of Companies in the Cayman Islands on 11 April 2017 and the approval of the Registrar of Companies in Hong Kong on 12 May 2017, the name of the Company has been changed from "Sun Century Group Limited 太陽世紀集團有限公司" to "Suncity Group Holdings Limited 太陽城集團控股有限公司" with effect from 11 April 2017.

SOCIAL RESPONSIBILITY

The Group is committed to bear its social responsibility and contribute to the weak and poor. The employees of the Group have actively participated in various charity activities involving cultural education, disaster relief, environmental protection, health and hygiene, as well as public transportation of the municipal. The Group will continue to promote our corporate culture of dedicating sincerity and love to the community internally, and bear our related social responsibility.

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

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standard of corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has complied with the code on corporate governance practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2017 except the following deviations:

Code provision A.2.1

Under code A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Following the resignation of Ms. Yeung So Lai as an executive Director and the chief executive officer of the Company (the "Chief Executive Officer") on 31 March 2017, the Company has not appointed an individual to take up the vacancy of the Chief Executive Officer, and the roles and functions of the Chief Executive Officer have been performed by all the executive Directors collectively.

Code provision D.1.4

Under Code provision D.1.4 of the Code, the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Mr. Chau, Mr. Lo Kai Bong, Mr. Au Chung On John and Mr. Manuel Assis Da Silva, executive Directors of the Company.

However, Mr. Chau, Mr. Lo Kai Bong, Mr. Au Chung On John and Mr. Manuel Assis Da Silva are subject to retirement by rotation at least once in every three years in accordance with the Articles.

Code provision E.1.2

Under Code provision E.1.2 of the Code, the chairman of the Board should attend the general meetings of the Company and invite the chairman of the committees to attend. However, due to his other business commitment, Mr. Chau, the chairman of the Board, did not attend the extraordinary general meetings held on 31 March 2017, 23 June 2017 and 21 November 2017 and the annual general meeting of the Company held on 23 June 2017.

Code provision A.6.7

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Lo Wai Tung John, the chairman of remuneration committee of the Company and an independent non-executive Director, did not attend the extraordinary general meetings held on 31 March 2017, 23 June 2017 and 21 November 2017 and the annual general meeting of the Company held on 23 June 2017. Mr. Tou Kin Chuen, the chairman of audit committee of the Company (the "Audit Committee") and an independent non-executive Director and Dr. Wu Kam Fun Roderick, the Chairman of nomination committee of the Company and independent non-executive Director, did not attend the extraordinary general meetings held on 31 March 2017 and 23 June 2017 and the annual general meeting of the Company held on 23 June 2017. However, executive Director(s) were present to enable the Board to develop a balanced understanding of the views of shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the Directors throughout the year ended 31 December 2017.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process, financial control, risk management and internal controls systems. The consolidated results of the Group for the year ended 31 December 2017 have been reviewed by the Audit Committee. The Audit Committee comprises three members namely Mr. Tou Kin Chuen (Chairman), Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John. All of them are independent non-executive Directors.

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 2017 set out in this preliminary announcement have been agreed by the Group's auditor, 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 Certificate Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2017 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.suncitygroup.com.hk). The Company's 2017 annual report containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Suncity Group Holdings Limited
Chau Cheok Wa
Chairman

Hong Kong, 29 March 2018

As at the date of this announcement, the executive Directors are Mr. Chau Cheok Wa, Mr. Lo Kai Bong, Mr. Au Chung On John and Mr. Manuel Assis Da Silva; and the independent non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.