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)

2014 ANNUAL RESULTS ANNOUNCEMENT

The board ("Board") of directors ("Directors") of Sun Century Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
TURNOVER	*2*	**917,458**	226,830
Cost of sales		**(723,891)**	(128,041)
Gross profit		**193,567**	98,789
Other net income	*3*	**27,914**	40,798
Selling and distribution expenses		**(49,787)**	(98,879)
General and administrative expenses		**(83,907)**	(84,501)
Other operating expenses		**(183,797)**	(279,869)
Increase in fair value of investment properties		**467,000**	49,210
Reversal of impairment loss on inventories		**59,612**	–
Impairment loss on inventories		**–**	(57,000)
Profit/(Loss) from operations		**430,602**	(331,452)
Finance costs		**(347,102)**	(211,070)
Impairment loss recognised in respect of goodwill		**(3,564)**	–
(Loss)/Gain on disposal of subsidiaries		**(2,001)**	100
Profit/(Loss) before tax		**77,935**	(542,422)
Income tax expense	*4*	**(222,529)**	(36,091)
Loss and total comprehensive expense for the year	*5*	**(144,594)**	(578,513)
Attributable to:			
Owners of the Company		**(143,727)**	(578,513)
Non-controlling interests		**(867)**	–
		(144,594)	(578,513)
		RMB cents	*RMB cents*
Loss per share	*7*		
Basic and diluted		**(9.79)**	(40.52)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**5,241**	5,909
Investment properties		**1,597,000**	1,130,000
Deferred tax assets		**306**	9,262
		1,602,547	1,145,171
Current assets			
Inventories		**1,708,274**	1,855,454
Trade and other receivables	*8*	**601,582**	625,136
Trading securities		**3,207**	2,037
Pledged deposits		**125,045**	314,377
Bank and cash balances		**127,988**	17,174
		2,566,096	2,814,178
Current liabilities			
Trade and other payables, and accruals	*9*	**469,857**	538,483
Receipts in advance		**225,120**	721,608
Rental and other deposits		**9,566**	8,780
Bank and other borrowings – due within one year		**1,652,537**	1,863,299
Current tax liabilities		**96,402**	31,432
		2,453,482	3,163,602
Net current assets/(liabilities)		**112,614**	(349,424)
Total assets less current liabilities		**1,715,161**	795,747
Non-current liabilities			
Bank and other borrowings – due after one year		**1,090,000**	145,000
Deferred tax liabilities		**313,529**	192,666
		1,403,529	337,666
NET ASSETS		**311,632**	458,081
Capital and reserves			
Share capital		**120,945**	120,551
Reserves		**194,979**	337,530
Equity attributable to owners of the Company		**315,924**	458,081
Non-controlling interests		**(4,292)**	–
TOTAL EQUITY		**311,632**	458,081

Notes:

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee

The application of the new and revised HKFRSs 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.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

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

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[2] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[4] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[5] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[6] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions, earlier application permitted.

The Group has already commenced considering the potential impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. TURNOVER AND SEGMENT INFORMATION

The Group has three reportable segments as follows:

Property development – this segment develops and sells office premises, residential and retail properties. Currently all the Group's property development activities are carried out in the People's Republic of China (the "PRC").

Property leasing – this segment leases retail properties to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's entire investment property portfolio is located in the PRC.

Hotel consultancy service – this segment provides consultancy services to generate service income.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business segment requires different marketing strategies.

The accounting policies of the operating segments are the same as those of the Group. Segment profit or loss do not include finance costs and corporate income and expenses. Segment assets include all current and non-current assets with the exception of trading securities, deferred tax assets and other corporate assets. Segment liabilities include all trade and other payables, and accruals, receipts in advance, and rental and other deposits.

Information about reportable segment profit or loss, assets and liabilities

	Property development *RMB'000*	Property leasing *RMB'000*	Hotel consultancy service *RMB'000*	Total *RMB'000*
For the year ended 31 December 2014				
Revenue from external customers	863,691	53,569	198	917,458
Segment (loss)/profit	(50,119)	495,769	(4,624)	441,026
Other information:				
Loss on disposal of property, plant and equipment	(15)	–	–	(15)
Depreciation	(1,457)	(753)	–	(2,210)
Impairment loss on trade and other receivables	(150,000)	–	–	(150,000)
Increase in fair value of investment properties	–	467,000	–	467,000
Reversal of impairment loss on inventories	59,612	–	–	59,612
Loss on disposal of subsidiaries	(2,001)	–	–	(2,001)
Advertising and commission expenses	(36,508)	(205)	–	(36,713)
Impairment loss recognised in respect of goodwill	–	–	(3,564)	(3,564)
Additions to segment non-current assets	1,803	204	2	2,009
At 31 December 2014				
Segment assets	1,978,639	1,766,034	296	3,744,969
Segment liabilities	(563,677)	(14,067)	(5,089)	(582,833)

	Property development *RMB'000*	Property leasing *RMB'000*	Total *RMB'000*
For the year ended 31 December 2013			
Revenue from external customers	174,171	52,659	226,830
Segment (loss)/profit	(292,201)	82,338	(209,863)
Other information:			
Gain/(loss) on disposal of property, plant and equipment	608	(177)	431
Reversal of overprovision of accruals	12,136	–	12,136
Depreciation	(1,320)	(812)	(2,132)
Impairment loss on trade and other receivables	(99,282)	–	(99,282)
Increase in fair value of investment properties	–	49,210	49,210
Impairment loss on inventories	(57,000)	–	(57,000)
Gain on disposal of a subsidiary	–	100	100
Provision for legal obligation	(36,600)	–	(36,600)
Advertising and commission expenses	(87,370)	–	(87,370)
Additions to segment non-current assets	1,407	143	1,550
At 31 December 2013			
Segment assets	2,141,400	1,132,256	3,273,656
Segment liabilities	(1,584,975)	(21,358)	(1,606,333)

Reconciliations of reportable segment profit or loss, assets and liabilities

	2014	2013
	RMB'000	*RMB'000*
Profit /(Loss)		
Total profit/(loss) of reportable segments	**441,026**	(209,863)
Other net income	**(545)**	28,607
Depreciation and amortisation	**(290)**	(290)
Corporate finance costs	**(347,102)**	(211,070)
Other corporate expenses	**(15,154)**	(149,806)
Consolidated profit/(loss) before tax	**77,935**	(542,422)
Assets		
Total assets of reportable segments	**3,744,969**	3,273,656
Trading securities	**3,207**	2,037
Deferred tax assets	**306**	9,262
Unallocated corporate assets	**420,161**	674,394
Consolidated total assets	**4,168,643**	3,959,349
Liabilities		
Total liabilities of reportable segments	**(582,833)**	(1,606,333)
Current tax liabilities	**(96,402)**	(31,432)
Deferred tax liabilities	**(313,529)**	(192,666)
Unallocated corporate liabilities	**(2,864,247)**	(1,670,837)
Consolidated total liabilities	**(3,857,011)**	(3,501,268)

Geographical information

All the revenue generated by the Group for the two years ended 31 December 2014 and 2013 were attributable to customers based in the PRC. In addition, majority of the Group's non-current assets are located in the PRC. Accordingly, no geographical analysis is presented.

Revenue from major customers

During the year, revenue derived from the Group's largest customer which accounted for 10% or more of the Group's total revenue amounted to nil (2013: RMB27,791,000 which was attributable to the property development segment).

3. OTHER NET INCOME

	2014	2013
	RMB'000	*RMB'000*
Advertising income	**365**	410
(Loss)/Gain on disposal of property, plant and equipment	**(15)**	431
Interest income	**1,614**	8,506
Net exchange (loss)/gain	**(2,467)**	17,532
Net realised and unrealised gain/(loss) on trading securities	**1,170**	(93)
Net utilities expenses related to property leasing business	**(5,118)**	(3,163)
Reversal of impairment on trade and other receivables	**31,357**	2,086
Reversal of overprovision of accruals	**322**	12,136
Others	**686**	2,953
	27,914	40,798

4. INCOME TAX EXPENSE

Taxation in the consolidated statement of profit or loss and other comprehensive income:

	2014	2013
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax		
– Provision for the year	**(22,362)**	–
– Overprovision in prior years	**–**	5,235
	(22,362)	5,235
PRC Land Appreciation Tax ("LAT")		
– Provision for the year	**(70,348)**	(30,667)
Total current tax	**(92,710)**	(25,432)
Deferred tax		
Origination and reversal of temporary differences	**(129,819)**	(10,659)
Income tax expense	**(222,529)**	(36,091)

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI. No provision for Hong Kong Profits Tax for both years has been made in the consolidated financial statements as the Group has no estimated assessable profits arising in Hong Kong.

The provision for the PRC Corporate Income Tax is based on a statutory rate of 25% of the taxable profits determined in accordance with the relevant income tax rules and regulations in the PRC for the year ended 31 December 2014 (2013: No provision for the PRC Corporate Income Tax has been made in the consolidated financial statements as the Group incurred a tax loss).

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditure including lease charges of land use rights, borrowing costs and all property development expenditure.

5. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	2014	2013
	RMB'000	*RMB'000*
Depreciation	**2,651**	2,573
Less: Amount capitalised	**(151)**	(151)
	2,500	2,422
Auditor's remuneration:		
– Current year	**1,207**	1,140
– Other services	**–**	40
	1,207	1,180
Staff costs including directors' emoluments:		
– Salaries, bonus and allowances	**39,290**	32,732
– Retirement benefit scheme contributions	**4,312**	3,709
– Equity-settled share-based payment	**–**	1,564
– Quarter expenses	**523**	381
	44,125	38,386
Less: Amount capitalised	**(3,777)**	(4,116)
	40,348	34,270
Operating lease charges in respect of office premises	**6,685**	4,680
Cost of inventories sold	**719,566**	123,992
Impairment loss on trade and other receivables	**150,000**	223,696
Impairment loss recognised in respect of goodwill	**3,564**	–
Loss/(Gain) on disposal of subsidiaries	**2,001**	(100)
Direct outgoings *(note)*	**4,332**	4,048

Note:

Direct outgoings represent management fee expenses.

6. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: nil).

7. LOSS PER SHARE

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

	2014	2013
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company and loss for the purpose of basic and diluted loss per share	**(143,727)**	(578,513)

	Number of shares	
	2014	2013
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,468,132,533**	1,427,753,960

The Company's outstanding share options had no dilutive effect on loss per share upon deemed exercise during the two years ended 31 December 2014 and 2013 as the exercise price of the share options was higher than the average market price of the Company's shares.

8. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**180**	553
Other receivables	**13,899**	6,618
Loans and advances	**158,199**	30,820
Prepaid land costs	**105,692**	80,870
Prepayments and deposits	**323,612**	506,275
	601,582	625,136

Trade receivables are mainly arisen from leasing and sales of properties. Rental receivables from tenants are due on presentation of invoices and no credit terms for sales of properties unless otherwise specified in the underlying agreements with the purchasers.

The ageing analysis of trade receivables, based on invoice date for property leasing and delivery date for property sales, is as follows:

	2014	2013
	RMB'000	*RMB'000*
0 to 3 months	**180**	553

9. TRADE AND OTHER PAYABLES, AND ACCRUALS

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**258,380**	46,313
Other creditors and accrued charges	**211,477**	492,170
	469,857	538,483

The ageing analysis of trade payables is as follows:

	2014	2013
	RMB'000	*RMB'000*
0 – 3 months or on demand	**258,380**	46,313

10. CONTINGENT LIABILITIES

(a) At 31 December 2014, the Group provided guarantees to certain banks in respect of mortgage facilities granted in connection with the mortgage loans entered into by purchasers of the Group's properties as follows:

	2014	2013
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers	**3,435,000**	2,530,000

Pursuant to the terms of the guarantees, if there are any defaults on the mortgages, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulting purchasers to banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees shall be released in accordance with the terms of the guarantee contracts, such as:

(i) upon the issue of the relevant purchaser's property ownership certificate and in the custody of the bank; or

(ii) up to a maximum of two years after the full repayment of mortgage loan by the relevant purchaser.

At 31 December 2014, the Directors do not consider it probable that a claim will be made against the Group under the above guarantees.

The fair value of the guarantees at date of inception is not material and is not recognised in the consolidated financial statements.

(b) At 31 December 2013, the Group provided guarantees to certain banks and financial institutions to the extent of RMB581,000,000 in respect of loan facilities granted to certain disposed subsidiaries. The maximum liabilities of the Group, at 31 December 2013, under the guarantees was the total facilities utilised by the disposed subsidiaries as at the same date which amounted to approximately RMB503,000,000. The guarantees shall be released, in accordance with the terms of the guarantee contracts, up to a maximum of two years after the full repayment of the loans.

The fair value of the guarantees at date of inception is not material and is not recognised in the consolidated financial statements.

At 31 December 2014, the guarantee contracts have been released.

(c) Pursuant to a purchase agreement of land use right and a supplementary agreement both dated 31 January 2008, if the Group cannot complete the underlying property development project at Chaohu City, Anhui Province, the PRC ("Chaohu Project") on or before 31 December 2010, the vendor shall charge the Group a daily penalty of 0.1% on the land premium amount. At 31 December 2014, the Group experienced a delay in the construction progress and would not be able to meet the contractual construction completion date. However, up to the date of this announcement, the Group has not received any enforcement notice from the vendor in relation to the above. Based on past experience, the Directors are of the opinion that the first phase of Chaohu Project shall be completed in year 2016 and the Group will not be subject to any penalties relating to the delay in the contractual construction completion date. Hence, no provision has been made in the consolidated financial statements.

(d) At 31 December 2014, the Group has been in litigation in relation to various claims totalled of approximately RMB291,000,000 (2013: RMB120,000,000). Based on the legal advice obtained, the Directors believe that the Group has reasonable good chances of successfully defending those claims. Hence, no provision has been made in the consolidated financial statements.

11. OTHER MATTERS

On 21 December 2009, the Company entered into a credit note with CCB International Asset Management Limited ("CCB") under which CCB agreed to make available to the Company an offshore financing in the amount of US$40,000,000 (the "Credit Note"). Grand Prosperity Limited ("Grand Prosperity"), the then majority shareholder of the Company, was acting as the corporate guarantor in favour of CCB under the Credit Note.

Under the Credit Note, the Company agreed to pay CCB an up-front fee of HK$76,000,000, which was settled by issue and allotment of 80,000,000 consideration shares by the Company at the issue price of HK$0.95 per share.

Under the Credit Note, Grand Prosperity has granted a put option to CCB. On exercise of the put option, the price payable by Grand Prosperity for the purchase of each consideration share would be HK$1.50 per share, being the aggregate of HK$120,000,000.

On 20 November 2012, the Company received a letter (the "Letter") from the solicitors acting on behalf of CCB ("CCB Solicitors") alleging and claiming that:

(i) as a result of the exercise of the put option by CCB, Grand Prosperity was required under the Credit Note to pay CCB the aggregate exercise price of the option shares of HK$120,000,000;

(ii) CCB has received from Grand Prosperity only partial payment in the sum of HK$35,000,000, leaving the outstanding balance of HK$85,000,000 which remains due and payable;

(iii) pursuant to the terms of the Credit Note, the Company is required to indemnify CCB against any cost, loss or liability incurred by CCB as a result of, respectively, an event of default, and the failure by Grand Prosperity (being an obligor) to pay any amount due under a finance document as defined under the Credit Note on its due date; and

(iv) pursuant to the terms of the Credit Note, an event of default includes the non-payment by an obligor of any amount payable pursuant to a finance document as defined under the Credit Note.

Under the Letter, CCB's solicitors demanded payment from the Company (by way of indemnity) of (i) the unpaid sum of HK$85,000,000, together with (ii) default interest at the rate of ten per cent per annum from 13 January 2012, the original completion date of the alleged exercise of the put option, until the date of payment and (iii) all costs and expenses (including legal fees) incurred by them in recovering payment.

On 8 February 2013, the Company received a writ of summons issued out of the court with respect to the dispute between CCB as the plaintiff with the Company as one of the defendants. For the avoidance of doubt, Grand Prosperity, Mr. Zeng Yunshu, being a director of Grand Prosperity and the then chairman and president of the Company and Mr. Zeng Sheng, being a director of Grand Prosperity and the then vice-chairman of the Company, have been joined as the other defendants.

Based on counsel opinion, the Directors are of the view that the claims are not valid.

No judgment on the legal proceedings has been made yet and the financial impact of the legal proceedings cannot be ascertained at the date of this announcement. Hence, no provision has been made in the consolidated financial statements.

12. EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

REVIEW AND OUTLOOK

The global economy has an uneven developments in 2014. The economy of United States picked up the recovery momentum and gradually end the quantitative easing policies. However, the economies of other developed countries and regions remain stressed and experienced various downturns. As the world's second largest economy, the China's macro economy has also stepped into a new norm of adjustment in 2014. China's property sector adjusted from last year's rapid growth and also moved towards a new normal. Administrative policies were gradually lifted, movement on longer-term structural adjustments started to be seen, and market forces began to play a more important role.

The "Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform" is published in 2013. In 2014, in order to better promote the new urbanization construction, the "National New-type Urbanization Plan (2014-2020)" issued in March put forward that in 2020 China's permanent population urbanization rate shall reach 60%, and the census register population urbanization rate shall reach 45%, which clearly defined the goal need to be achieved in the medium-term of urbanization development. In July, the State Council promulgated the Opinion on Further Promoting the Reform of Household Registration System (《國務院關於進一步推進戶籍制度改革的意見》) to make adjustments to the household relocation and household registration policy, to put forward a differential household registration policy to different types of city, to break the restriction of household registration system to urbanization, and to create the conditions for 100 million agricultural population to relocate and settle. The issues of various policies are not only beneficial to facilitate the process of China's new urbanization, improve the quality of urbanization construction, but also provide industry participants with new business opportunities and challenges.

With China's repaid economic growth in recent years, Chinese people's livelihood has substantial improvement and the needs for capital investment and leisure tourism is increasing. In addition, the proportion of retirees has been increasing in China, the Group therefore expected the needs of tourism style real estate and the real estate for the elderly will increase. The Group modifying its real estate development business, besides to the existing residential and commercial property development, to introduce a tourism style property development and the property development for the elderly. The Group in August 2014 acquired Vanilla Rose Investments Limited, a company group which are principally engaged in the provision of hotel consultancy service, to provide the necessary technical support about the tourism style property development, and planned to begin operation of tourism style property development and property development for the elderly in 2015.

FINANCIAL REVIEW

Turnover: Turnover comprises of sales proceeds of properties delivered and property leasing income. The turnover in 2014 increased 304.47% when compared with 2013 turnover. In 2014, we have delivered residential units of approximately 33,316m^2 gross floor area ("GFA") while we have delivered residential units and shops of approximately 1,337m^2 GFA and 5,772m^2 GFA respectively in 2013.

Other net income: In 2014, the amount was mainly attributable to the reversal of impairment on trade and other receivables.

Selling and distribution expenses: The decrease in 2014 was mainly due to the decrease in advertising campaign and promotion incurred for the project named Le Paysage.

General and administrative expenses: The general and administrative expenses in 2014 remained stable when compared with 2013. In 2014, it was mainly attributable to professional charges and staff costs.

Other operating expenses: The decrease in 2014 was mainly due to the decrease in impairment loss recognised in respect of trade and other receivables.

Increase in fair value of investment properties: The increase was mainly due to the prevailing market conditions.

Reversal of impairment loss on inventories: The amount represented the reversal of impairment loss recognised for the difference between the inventory costs and its net realisable value, as assessed by an independent valuer.

Impairment loss recognised in respect of goodwill: Represented the impairment loss recognised on the goodwill arising from the acquisition of subsidiaries.

Loss on disposal of subsidiaries: Represented the loss recognised on the disposal of subsidiaries at a consideration of RMB36,000,000.

Income tax expense: The substantial increase of corporate income tax and land appreciation tax in 2014 was mainly due to the tax implication on the recognition of sales of stock properties in the Le Paysage and the recognition of the corresponding profits. The substantial increase of deferred tax was mainly due to the deferred tax implication on the increase in fair value of investment properties arose in the year.

SEGMENT ANALYSIS

In 2014, property development income, property leasing income and hotel consultancy service income accounted for approximately 94.14% (2013: 76.78%), 5.84% (2013: 23.22%) and 0.02% (2013: nil) respectively.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Total bank and cash balances and pledged deposits as at 31 December 2014 amounted to approximately RMB253.03 million (31 December 2013: RMB331.55 million) which including approximately RMB251.01 million, US$0.01 million, and HK$2.44 million.

The Group had total borrowings of approximately RMB2,742.54 million as at 31 December 2014 (31 December 2013: RMB2,008.30 million). For the total borrowings of approximately RMB2,742.54 million approximately RMB1,652.54 million were repayable on demand or within one year; approximately RMB 610.00 million were repayable in the second year; approximately RMB115.00 million were repayable in the third to fifth year, inclusive; and the remaining were repayable after five years. 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 2014 was 65.79% (31 December 2013: 50.72%).

As at 31 December 2014, the Group had current assets of approximately RMB2,566.10 million (31 December 2013: RMB2,814.18 million) and current liabilities of approximately RMB2,453.48 million (31 December 2013: RMB3,163.60 million).

CHARGE ON ASSETS

As at 31 December 2014, bank and other borrowings of approximately RMB1,506.00 million were secured by certain investment properties, inventories and pledged deposits of the Group of approximately RMB1,597.00 million, RMB1,397.43 million and RMB125.05 million respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets, loans and transactions are principally denominated in RMB. Except for a borrowing of HK$1,275.87 million, all of the Group's borrowings are denominated in RMB. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposure as at 31 December 2014.

CONTINGENT LIABILITIES

For the details of contingent liabilities, please refer to the note 10 to 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 2014, the Group had a staff force of approximately 350 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 2014 was approximately RMB44.13 million (2013: RMB38.39 million).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year 2014 (2013: 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 hotel consultancy service in PRC.

At 31 December 2014, the Group's total leasable GFA is approximately 64,000m^2 (2013: 64,000m^2).

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 approximately 116,000m^2. To cope with the rectification, integration and development of Chaohu Scenic Area, the Group planned to delay the development progress of The Landale and commence pre-sale of the project in phases in 2015 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.

Future Development

On 19 July 2012, the Group entered into a non-legally binding agreement of intent with an independent third party in relation to the possible acquisition of the entire equity interest in Anhui Longsheng Property Development Company Limited, a limited liability company established in the PRC, which owns the project in Huangshan City of Anhui Province. The consideration for the possible acquisition will be negotiated between the parties based on the results of the due diligence investigations.

Disposal of Subsidiaries

The Group completed the disposal of subsidiaries holding the project named Shengshi Yayuan during 2014 at a consideration of RMB36,000,000.

Acquisition of Subsidiaries

The Group acquired 51% equity interest of Vanilla Rose Investments Limited together with its subsidiaries from an independent third party at a consideration of HK$100 (equivalent to RMB80) during 2014 (the "Acquisition"), Vanilla Rose Investments Limited together and its subsidiaries are principally engaged in the provision of hotel consultancy services in PRC. The Acquisition completed on 1 August 2014.

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, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

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

In the opinion of the Directors, the Company has complied with all the Code Provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2014 except for the following deviations:

In respect of Code Provision A.6.7 and E.1.2 of the CG Code, Dr. Wu Kam Fun Roderick, the chairman of nomination committee and an independent non-executive Director and Mr. Lo Wai Tung John, chairman of remuneration committee and an independent non-executive Director, were unable to attend the annual general meeting and extraordinary general meeting of the Company both held on 29 May 2014 due to other business engagement.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the Shareholders.

Details of the Company's corporate governance practices will be set out in the Company's 2014 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had complied with the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules. After making inquiry of the Directors, the Company confirmed that the Directors had complied with the provisions of the Model Code for Securities Transactions by Directors.

AUDIT COMMITTEE

The audit committee of the Company, comprising all independent non-executive Directors, has reviewed the accounting principles and practices adopted by the Company and has discussed auditing, internal control and financial reporting matters. The audit committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2014.

PUBLICATION OF FINAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual results announcement for the current year was published on the website of the Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.sun1383.com). The annual report for the year ended 31 December 2014 containing all the information required by the Listing Rules will be published on above websites and despatch to the shareholders of the Company in due course.

By order of the Board
Sun Century Group Limited
Chau Cheok Wa
Chairman

Hong Kong, 31 March 2015

As at the date of this announcement, the executive Directors are Mr Chau Cheok Wa, Ms Yeung So Mui, Ms Cheng Mei Ching, Ms Yeung So Lai and Mr Qiu Bin; and the independent non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.