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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)

2012 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 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	Notes	**2012** *RMB'000*	2011 *RMB'000*
Turnover	*2*	**324,669**	324,494
Cost of sales		**(129,183)**	(270,857)
Gross profit		**195,486**	53,637
Other net income/(expenses)	*3*	**134,773**	(3,801)
Selling and distribution expenses		**(13,568)**	(7,390)
General and administrative expenses		**(54,675)**	(54,544)
Other operating expenses		**(329,288)**	(233,344)
Net increase/(decrease) in fair value of investment properties		**293,570**	(752,000)
Impairment loss on inventories		**(48,000)**	(260,506)
Profit/(Loss) from operations		**178,298**	(1,257,948)

* *For identification purpose only*

	Notes	2012 RMB'000	2011 RMB'000
Net change in fair value of derivative financial instruments		**8**	14,267
Finance costs		**(185,982)**	(156,023)
Gain on derecognition of available-for-sale financial assets		**–**	33,306
Gain on disposal of subsidiaries		**17,719**	81,873
Impairment loss on subsidiaries group classified as held for sale	*10*	**–**	(8,861)
Profit/(Loss) before tax		**10,043**	(1,293,386)
Income tax credit	*4*	**29,277**	175,259
Profit/(Loss) and total comprehensive income/(expense) for the year	*5*	**39,320**	(1,118,127)
Attributable to:			
Owners of the Company		**39,320**	(1,118,121)
Non-controlling interests		**–**	(6)
		39,320	(1,118,127)
		RMB cents	*RMB cents* (Restated)
Earnings/(Loss) per share	*7*		
Basic and diluted		**6.12**	(290.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment		**7,676**	3,836
Investment properties		**1,080,000**	780,000
Deferred tax assets		**3,505**	8,924
		1,091,181	792,760
Current assets			
Inventories		**1,585,656**	1,273,475
Trade and other receivables	*8*	**681,341**	760,199
Consideration receivables		**–**	75,603
Trading securities		**2,130**	2,296
Pledged deposits		**1,155**	1,078
Bank and cash balances		**14,068**	49,049
		2,284,350	2,161,700
Subsidiaries group classified as held for sale – assets	*10*	**–**	447,108
Current liabilities			
Trade and other payables, and accruals	*9*	**561,558**	963,766
Receipts in advance		**14,816**	18,046
Rental and other deposits		**28,934**	11,768
Derivative financial liabilities		**–**	8
Bank and other borrowings		**1,803,822**	865,957
Current tax liabilities		**19,431**	138,414
		2,428,561	1,997,959

	Notes	**2012** *RMB'000*	2011 *RMB'000*
Subsidiaries group classified as held for sale – liabilities	*10*	**–**	201,408
Net current (liabilities)/assets		**(144,211)**	409,441
Total assets less current liabilities		**946,970**	1,202,201
Non-current liabilities			
Bank and other borrowings		**–**	447,000
Deferred tax liabilities		**176,250**	98,091
		176,250	545,091
NET ASSETS		**770,720**	657,110
Capital and reserves			
Share capital		**18,949**	11,971
Reserves		**751,771**	645,139
Equity attributable to owners of the Company		**770,720**	657,110
Non-controlling interests		**–**	–
TOTAL EQUITY		**770,720**	657,110

Notes:

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("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 2012. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. 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 two 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.

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 profits or losses do not include finance costs, net change in fair value of derivative financial instruments 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, accruals, receipts in advance and rental and other deposits.

Information about reportable segment profit or loss, assets and liabilities

	Property development	Property leasing	Total
	RMB'000	*RMB'000*	*RMB'000*
For the year ended 31 December 2012			
Revenue from external customers	**278,431**	**46,238**	**324,669**
Segment profit	**116,807**	**325,405**	**442,212**
Other information:			
Gain on disposal of property, plant and equipment	**136**	**–**	**136**
Reversal of over provision of accruals	**68,673**	**–**	**68,673**
Depreciation	**2,032**	**683**	**2,715**
Impairment loss on trade receivables	**2,160**	**–**	**2,160**
Net increase in fair value of investment properties	**–**	**293,570**	**293,570**
Impairment loss on inventories	**48,000**	**–**	**48,000**
Gain on disposal of subsidiaries	**17,719**	**–**	**17,719**
Provision for impairment on prepaid land cost	**27,540**	**–**	**27,540**
Additions to segment non-current assets	**3,051**	**3,247**	**6,298**
At 31 December 2012			
Segment assets	**1,685,721**	**1,090,997**	**2,776,718**
Segment liabilities	**544,809**	**49,080**	**593,889**
For the year ended 31 December 2011			
Revenue from external customers	288,552	35,942	324,494
Segment loss	368,357	763,461	1,131,818
Other information:			
Gain on disposal of property, plant and equipment	1,386	–	1,386
Loss on disposal of investment properties	–	22,100	22,100
Reversal of over provision of accruals	9,847	–	9,847
Depreciation	1,935	730	2,665
Impairment loss on trade receivables	160,157	1,106	161,263
Net decrease in fair value of investment properties	–	752,000	752,000
Impairment loss on inventories	260,506	–	260,506
Gain on derecognition of available-for-sale financial assets	33,306	–	33,306
Gain on disposal of subsidiaries	80,799	1,074	81,873
Impairment loss on subsidiaries group classified as held for sale	8,861	–	8,861
Additions to segment non-current assets	306	21	327
At 31 December 2011			
Segment assets	2,437,073	813,109	3,250,182
Segment liabilities	1,123,726	20,229	1,143,955

Reconciliations of reportable segment profit or loss, assets and liabilities

	2012	2011
	RMB'000	*RMB'000*
Profit/(Loss)		
Total profit/(loss) of reportable segments	**442,212**	(1,131,818)
Other net income	**1,570**	2,082
Depreciation and amortisation	**(54)**	(32)
Corporate finance costs	**(185,982)**	(156,023)
Net change in fair value of derivative financial instruments	**8**	14,267
Other corporate expenses	**(247,711)**	(21,862)
Consolidated profit/(loss) before tax	**10,043**	(1,293,386)
Assets		
Total assets of reportable segments	**2,776,718**	3,250,182
Trading securities	**2,130**	2,296
Deferred tax assets	**3,505**	8,924
Unallocated corporate assets	**593,178**	140,166
Consolidated total assets	**3,375,531**	3,401,568
Liabilities		
Total liabilities of reportable segments	**593,889**	1,143,955
Current tax liabilities	**19,431**	138,414
Deferred tax liabilities	**176,250**	98,091
Unallocated corporate liabilities	**1,815,241**	1,363,998
Consolidated total liabilities	**2,604,811**	2,744,458

Geographical information

All the revenue generated by the Group for the two years ended 31 December 2012 and 2011 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 approximately RMB118,260,000. This revenue is attributable to the property development segment. During the year ended 31 December 2011, revenue derived from the Group's largest customer which accounted for 10% or more of the Group's total revenue amounted to approximately RMB69,996,000.

3. OTHER NET INCOME/(EXPENSES)

	2012	2011
	RMB'000	*RMB'000*
Gain on disposal of property, plant and equipment	**136**	1,386
Interest income	**52**	3,142
Loss on disposal of investment properties	**–**	(22,100)
Net exchange gain/(loss)	**544**	(11)
Net realised and unrealised gain/(loss) on trading securities	**241**	(764)
Net utilities expenses related to property leasing business	**(2,114)**	(1,064)
Reversal of impairment on other receivables	**62,822**	–
Reversal of overprovision of accruals	**68,673**	9,847
Waiver of other payables	**–**	3,600
Others	**4,419**	2,163
	134,773	(3,801)

4. INCOME TAX CREDIT

Taxation in the consolidated statement of comprehensive income:

	2012	2011
	RMB'000	*RMB'000*
Current tax		
Hong Kong Profits Tax		
– Under provision in respect of prior year	**–**	16
PRC Corporate Income Tax		
– Provision for the year	**5,238**	13,343
– Over provision in respect of prior years	**(85,319)**	–
	(80,081)	13,359
Land Appreciation Tax ("LAT")		
– Provision for the year	**4,524**	–
– Over provision in prior years	**(37,298)**	–
	(32,774)	–
	(112,855)	13,359
Deferred tax		
Origination and reversal of temporary differences	**84,334**	(188,618)
Effect of changes in tax rate on opening deferred tax balances	**(756)**	–
	83,578	(188,618)
	(29,277)	(175,259)

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. Hong Kong Profits Tax has been provided at a rate of 16.5% (2011:16.5%) on the estimated assessable profits arising in Hong Kong.

The provision for the PRC Corporate Income Tax is based on a statutory rate of 25% (2011: 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 2012. Certain subsidiaries of the Group located within the special economic zones in the PRC for which the applicable preferential tax rate is 24% for 2011. The preferential tax rate is increased to 25% for the year ended 31 December 2012. Accordingly, the deferred tax of the Group is recognised based on tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

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. PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR

	2012	2011
	RMB'000	*RMB'000*
Depreciation	**2,795**	2,731
Less: Amount capitalised	**(26)**	(34)
	2,769	2,697
Auditor's remuneration:		
– Current year	**1,136**	1,216
– Under provision in prior year	**–**	130
– Other services	**429**	684
	1,565	2,030
Staff costs including directors' emoluments:		
– Salaries, bonus and allowances	**17,333**	24,479
– Retirement benefit scheme contributions	**2,106**	2,935
	19,439	27,414
Less: Amount capitalised	**(2,109)**	(2,238)
	17,330	25,176
Operating lease charges in respect of:		
– Sub-leased properties	**–**	5,846
– Office premises and staff quarters	**2,365**	4,800
Cost of inventories sold	**128,079**	256,402
Impairment loss on trade and other receivables	**256,542**	161,263
Impairment loss on prepaid land costs	**27,540**	–
Direct outgoings *(note)*	**1,104**	14,455

Note:

Direct outgoings represent operating lease charges (in respect of sub-leased properties which are disclosed separately above) and management fee expenses.

6. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: nil).

7. 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:

	2012	2011
	RMB'000	*RMB'000*
Profit/(Loss) for the year attributable to owners of the Company and earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	**39,320**	(1,118,121)

	Number of shares	
	2012	2011
		(restated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	**642,767,406**	385,200,143

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share for both periods have been retrospectively adjusted for the effect of bonus element in connection to the open offer completed in January 2013.

The Company's outstanding share options and warrants had no dilutive effect on earnings/(loss) per share upon deemed exercise during the two years ended 31 December 2012 and 2011 as the exercise price of the share options and warrants were higher than the average market price of the Company's shares.

8. TRADE AND OTHER RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**8,321**	11,750
Other receivables	**11,611**	2,127
Loans and advances	**31,062**	33,280
Prepaid land costs	**38,000**	74,494
Prepayments and deposits	**592,347**	638,548
	681,341	760,199

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:

	2012	2011
	RMB'000	*RMB'000*
0 to 3 months	**6,530**	11,670
More than 3 months but less than 6 months	**–**	–
More than 6 months but less than 1 year	**–**	–
Over 1 year	**1,791**	80
	8,321	11,750

9. TRADE AND OTHER PAYABLES, AND ACCRUALS

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**48,580**	109,644
Amounts due to directors	**–**	440
Other creditors and accrued charges	**512,978**	853,682
	561,558	963,766

The ageing analysis of trade payables is as follows:

	2012 *RMB'000*	2011 *RMB'000*
0 – 3 months or on demand	**48,580**	109,644
More than 3 months but less than 6 months	**–**	–
More than 6 months but less than 1 year	**–**	–
Over 1 year	**–**	–
	48,580	109,644

10. SUBSIDIARIES GROUP CLASSIFIED AS HELD FOR SALE

In August 2011, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Luxegood Developments Limited ("Luxegood") for a consideration of HK$323,170,000 (equivalent to approximately RMB269,308,000). In December 2011, the Group entered into a supplemental agreement to adjust the consideration to HK$294,840,000 (equivalent to approximately RMB245,700,000). The transaction was subsequently completed on 24 February 2012. In 2011, the assets and liabilities attributable to Luxegood had been classified as a disposal group held for sale and were presented separately in the consolidated statement of financial position (see below). In 2011, Luxegood was included in the Group's property development business for segment reporting purposes. The net carrying amount of the relevant assets and liabilities exceeded the net proceeds of disposal and accordingly, an impairment loss of RMB8,861,000 had been recognised in 2011.

(a) Assets of subsidiaries group classified as held for sale

	2011 *RMB'000*
Property, plant and equipment	606
Deferred tax assets	177
Inventories	399,631
Trade and other receivables	40,220
Taxation recoverable	6,188
Pledged deposits	1,575
Bank and cash balances	7,572
	455,969
Impairment loss recognised	(8,861)
	447,108

(b) Liabilities of subsidiaries group classified as held for sale

	2011
	RMB'000
Trade and other payables	6,571
Receipt in advance	145,987
Bank and other borrowings	48,850
	201,408

11. CONTINGENT LIABILITIES

(a) At 31 December 2012, 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:

	2012	2011
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers	**–**	30,462

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 2012, 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 2012, the Group provided guarantees to certain banks and financial institutions to the extent of RMB981,000,000 (2011: RMB1,131,000,000) in respect of loan facilities granted to certain disposed subsidiaries. The maximum liability of the Group, at 31 December 2012, under the guarantees was the total facilities utilised by the disposed subsidiaries as at the same date which amounted to approximately RMB503,000,000 (2011: RMB756,000,000). 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.

At 31 December 2012, the Directors do not consider it probable that a claim will be made against the Group under the above guarantees since the loan facilities were also secured by certain certificates of land use rights of lands owned by the disposed subsidiaries and 100% equity interest of the disposed subsidiaries.

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

(c) Pursuant to a purchase agreement of land use right and a supplement 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 2012, 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 the approval of the financial statements, 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 2013 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 2012, the Group has been in litigation in relation to various claims totalled RMB560,600,000, in which RMB440,600,000 due to Shenzhen Branch of China Construction Bank has already been accrued. Based on the legal advice obtained, the Directors believe that the Group has reasonable good chances of successfully defending those claims. Hence no further provision has been made in the consolidated financial statements.

12. 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. 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 to 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.

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.

13. EVENTS AFTER THE REPORTING PERIOD

On 5 September 2012, the Board proposed to raise approximately HK$313 million before expenses and the set off of the shareholder's loan of approximately HK$69 million by issuing 1,254,184,050 offer shares at the subscription price of HK$0.25 per offer share on the basis of six offer shares for every one share of the Company held on 27 December 2012 (the "Open Offer"). The resolution approving the Open Offer has been passed by the shareholders at the extra-ordinary general meeting held on 17 December 2012. The acceptance of and payment for the offer shares closed at 15 January 2013 and a total of 255 valid acceptances of offer shares have been received for a total of 716,186,608 offer shares. The remaining 537,997,442 un-subscribed offer shares were underwritten and taken up the underwriter. The net proceeds of the Open Offer raised is approximately HK$244 million. The share certificates for the offer shares have been dispatched to those relevant shareholders on 23 January 2013.

REVIEW AND OUTLOOK

Following the global financial crisis in 2008, China further strengthened its economy by loosening macroeconomic policies and launching its RMB4 trillion stimulus package in 2008. Starting in 2010, in order to cope with the rising inflation and unbalanced economic growth, China implemented a series of economic austerity measures to slow down its overheated economy by adjusting interest rates, bank deposit reserve ratio and austerity measures for the housing market. From 2009 to 2011, China's real GDP grew at an annual growth rate of approximately 9.2%, 10.4% and 9.2%, respectively. In March 2012, the PRC Government announced a real GDP growth rate target of 7.5% in 2012 and an average real GDP growth rate target of 7% for the five-year plan which ends in 2015. After years of high but unbalanced economic growth, the PRC Government sets a more moderate annual growth target which aims to improve the quality of economic growth and to promote economic restructuring as a way to sustain longer-term growth.

Growth in the PRC property market increased moderately in 2010 and the first half of 2011. However, the PRC property market experienced downward pricing pressures in the second half of 2011, as a result of the various "cool-off" policies and measures introduced by the PRC government. Transaction volumes remained low in 2012.

Looking ahead, although the PRC government is expected to continue to enforce the tightening polices or measures, we remain prudently optimistic regard the PRC property market. Followed by China's central bank lowered the reserve requirement ratio and cut the benchmark interest rates two times, we believed that more fiscal stimuli initiatives would be launched. Moreover, the economic growth has encouraged the rapid expansion of cities in China and acceleration in rural-to-urban migration and increased the disposable income of the PRC population. The continued rapid urbanization in the PRC and the improving living standards have spurred urban residents to pursue high quality property has created ongoing demand.

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.

FINANCIAL REVIEW

Turnover: Turnover comprises of sales proceeds of properties delivered and property leasing income. The turnover in 2012 when compared with 2011 remained stable. In 2012, we have delivered office units and shop of approximately 7,339m^2 GFA and residential units of approximately 1,367m^2 GFA.

Other net income/(expenses): The increase in 2012 was mainly due to the reversal of impairment on other receivables and the increase in reversal of overprovision of accruals of approximately RMB62,822,000 and RMB68,673,000 respectively.

Selling and distribution expenses: The increase in 2012 was mainly due to the re-decorate expenses for the sale office in Shenzhen.

Other operating expenses: The increase in 2012 was mainly due to the increase in impairment loss recognised in trade and other receivables.

Net increase/(decrease) in fair value of investment properties: The change in fair value was mainly due to the prevailing market conditions.

Impairment loss on inventories: The impairment in 2012 represented the difference between the recognised inventory costs in Chaohu Project and its fair value valued by an independent valuer.

Net change in fair value of derivative financial instruments: In September 2007, the Company issued Senior Note with warrants. The warrants expired in the year. The associated derivative financial liabilities were written back in the consolidated statement of comprehensive income. It is a non-cash item.

Gain on disposal of subsidiaries: During 2012, the Group completed to dispose of various subsidiaries as a result of Group re-organisation.

Income tax credit: The tax credit was mainly due to the written back of PRC Corporate Income Tax and LAT over provided in previous years.

SEGMENT ANALYSIS

In 2012, property development income and property leasing income accounted for approximately 85.76% (2011:88.92%) and 14.24% (2011:11.08%) respectively.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Bank and cash balances and pledged deposits as at 31 December 2012 amounted to approximately RMB15.22 million (31 December 2011: RMB50.13 million) which including RMB14.43 million, US$0.01 million, and HK$0.98 million.

The Group had total borrowings of approximately RMB1,803.82 million as at 31 December 2012 (31 December 2011: RMB1,312.96 million). All the borrowings were repayable within one year. The Group's borrowings carried interest at fixed or floating interest rates. The Group's total borrowings divided by total assets as at 31 December 2012 was 53.44% (31 December 2011: 38.60%).

As at 31 December 2012, the Group had current assets of approximately RMB2,284.35 million (31 December 2011: RMB2,608.81 million) and current liabilities of approximately RMB2,428.56 million (31 December 2011: RMB2,199.37 million).

CHARGE ON ASSETS

As at 31 December 2012, bank and other borrowings of approximately RMB923.26 million were secured by certain investment properties, inventories and pledged deposits of the Group of approximately RMB1,080.00 million, RMB1,273.24 million and RMB1.15 million respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets, loans and transactions are principally denominated in Renminbi. All of the Group's borrowings are denominated in Renminbi. 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 2012.

CONTINGENT LIABILITIES

For the details of contingent liabilities, please refer to the note 11.

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 2012, the Group had a staff force of approximately 300 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 2012 was approximately RMB19.44 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year 2012 (2011: nil).

BUSINESS REVIEW

The Group is principally engaged in the development of middle to high end residential and commercial properties as well as leasing of commercial properties in Guangdong, Liaoning and Anhui Provinces, the PRC.

At 31 December 2012, the Group's total leasable GFA is approximately 64,000m^2.

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

Projects under development

Le Paysage: Le Paysage (formerly known as Zirui Garden) is in the boarder land of Luohu district and Buji of 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. The project is under construction with pre-sale and delivery in phases scheduled for the first quarter of 2013 onwards.

Vacation Water Town: Vacation Water Town is situated in Zhongmiao Town of Chaohu in Anhui Province. Vacation Water Town consists of lake-side villas and residential units with planned GFA of approximately 116,000m^2. The Group planned to commence pre-sale of the residential project in phases on 2014 onwards.

Shengshi Yayuan: Shengshi Yayuan is situated in Shenyang Tiexi Industrial New City of Shenyang Economic and Technological Development Zone of Liaoning Province. Shengshi Yayuan consists of high-end residence with planned GFA of approximately 196,000m^2 and is under construction.

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 Projects/Assets

The Group completed to dispose of certain projects during 2012. We considered these are good opportunities for us to realise these investments at reasonable prices. In addition, we will no longer be required to provide further resources for these investments, so that the Group may relocate its resources to other investments which may generate higher returns for the Group.

The Group disposed of the following projects/assets during 2012:

1) a wholly owned subsidiary which is developing Xingning Ningjiang Uptown project at a consideration of HK$294,840,000.

2) a wholly owned subsidiary which is developing Shenyang Hong Long Century Business Square at a consideration of RMB82,000,000.

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

The Company has adopted the code provisions set out in the Code of Corporate Governance Practices, as amended from time to time (the "Code"), as stated in Appendix 14 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). As far as the Code is concerned, the Company complies with all aspects of the Code during the year ended 31 December 2012 and up to the date of the announcement.

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 of the Company had complied with the provisions of the Model Code for Securities Transactions by Directors.

AUDIT COMMITTEE

The audit committee of the Company, comprising 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 financial statements for the year ended 31 December 2012.

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 2012 of the Company 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, 28 March 2013

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.