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)

2013 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 2013.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
TURNOVER	2	**226,830**	324,669
Cost of sales		**(128,041)**	(129,183)
Gross profit		**98,789**	195,486
Other net income	3	**40,798**	134,773
Selling and distribution expenses		**(98,879)**	(13,568)
General and administrative expenses		**(84,501)**	(54,675)
Other operating expenses		**(279,869)**	(329,288)
Increase in fair value of investment properties		**49,210**	293,570
Impairment loss on inventories		**(57,000)**	(48,000)
(Loss)/Profit from operations		**(331,452)**	178,298
Change in fair value of derivative financial instruments		**–**	8
Finance costs		**(211,070)**	(185,982)
Gain on disposal of a subsidiary		**100**	17,719
(Loss)/Profit before tax		**(542,422)**	10,043
Income tax (expense)/credit	4	**(36,091)**	29,277
(Loss)/Profit and total comprehensive (expense)/income for the year	5	**(578,513)**	39,320
Attributable to:			
Owners of the Company		**(578,513)**	39,320
		RMB cents	*RMB cents*
(Loss)/Earnings per share	7		
Basic and diluted		**(40.52)**	6.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		**5,909**	7,676
Investment properties		**1,130,000**	1,080,000
Deferred tax assets		**9,262**	3,505
		1,145,171	1,091,181
Current assets			
Inventories		**1,855,454**	1,585,656
Trade and other receivables	*8*	**625,136**	681,341
Trading securities		**2,037**	2,130
Pledged deposits		**314,377**	1,155
Bank and cash balances		**17,174**	14,068
		2,814,178	2,284,350
Current liabilities			
Trade and other payables, and accruals	*9*	**538,483**	561,558
Receipts in advance		**721,608**	14,816
Rental and other deposits		**8,780**	28,934
Bank and other borrowings – due within one year		**1,863,299**	1,803,822
Current tax liabilities		**31,432**	19,431
		3,163,602	2,428,561
Net current liabilities		**(349,424)**	(144,211)
Total assets less current liabilities		**795,747**	946,970
Non-current liabilities			
Bank and other borrowings – due after one year		**145,000**	–
Deferred tax liabilities		**192,666**	176,250
		337,666	176,250
NET ASSETS		**458,081**	770,720
Capital and reserves			
Share capital		**120,551**	18,949
Reserves		**337,530**	751,771
TOTAL EQUITY		**458,081**	770,720

Notes:

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

In the current year, the Group has applied the following 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 2013. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int").

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HK (IFRIC*) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

* IFRIC represents the International Financial Reporting Interpretation Committee

The adoption of these new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior years.

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

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 -2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) - lnt 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014.

3 HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.

4 Effective for annual periods beginning on or after 1 January 2016.

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, 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, 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*	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 over provision 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**
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 and other receivables	(2,160)	–	(2,160)
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

Reconciliations of reportable segment profit or loss, assets and liabilities

	2013	2012
	RMB'000	*RMB'000*
(Loss)/Profit		
Total (loss)/profit of reportable segments	**(209,863)**	442,212
Other net income	**28,607**	1,570
Depreciation and amortisation	**(290)**	(54)
Corporate finance costs	**(211,070)**	(185,982)
Change in fair value of derivative financial instruments	**–**	8
Other corporate expenses	**(149,806)**	(247,711)
Consolidated (loss)/profit before tax	**(542,422)**	10,043
Assets		
Total assets of reportable segments	**3,273,656**	2,776,718
Trading securities	**2,037**	2,130
Deferred tax assets	**9,262**	3,505
Unallocated corporate assets	**674,394**	593,178
Consolidated total assets	**3,959,349**	3,375,531
Liabilities		
Total liabilities of reportable segments	**1,606,333**	593,889
Current tax liabilities	**31,432**	19,431
Deferred tax liabilities	**192,666**	176,250
Unallocated corporate liabilities	**1,670,837**	1,815,241
Consolidated total liabilities	**3,501,268**	2,604,811

Geographical information

All the revenue generated by the Group for the two years ended 31 December 2013 and 2012 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 RMB27,791,000 (2012: RMB118,260,000). This revenue is attributable to the property development segment.

3. OTHER NET INCOME

	2013	2012
	RMB'000	*RMB'000*
Advertising	**410**	–
Gain on disposal of property, plant and equipment	**431**	136
Interest income	**8,506**	52
Net exchange gain	**17,532**	544
Net realised and unrealised (loss)/gain on trading securities	**(93)**	241
Net utilities expenses related to property leasing business	**(3,163)**	(2,114)
Reversal of impairment on trade and other receivables	**2,086**	62,822
Reversal of overprovision of accruals	**12,136**	68,673
Others	**2,953**	4,419
	40,798	134,773

4. INCOME TAX (EXPENSE)/CREDIT

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

	2013	2012
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax		
– Provision for the year	**–**	(5,238)
– Over provision in prior years	**5,235**	85,319
	5,235	80,081
Land Appreciation Tax ("LAT")		
– Provision for the year	**(30,667)**	(4,524)
– Over provision in prior years	**–**	37,298
	(30,667)	32,774
	(25,432)	112,855
Deferred tax		
Origination and reversal of temporary differences	**(10,659)**	(84,334)
Effect of changes in tax rate on opening deferred tax balances	**–**	756
	(10,659)	(83,578)
	(36,091)	29,277

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.

No provision for the PRC Corporate Income Tax has been made in the consolidated financial statements for the year ended 31 December 2013 as the Group incurred a tax loss in current year. (2012: 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).

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

	2013 ***RMB'000***	2012 *RMB'000*
Depreciation	**2,573**	2,795
Less: Amount capitalised	**(151)**	(26)
	2,422	2,769
Auditor's remuneration:		
– Current year	**1,140**	1,136
– Other services	**40**	429
	1,180	1,565
Staff costs including directors' emoluments:		
– Salaries, bonus and allowances	**32,732**	17,333
– Retirement benefit scheme contributions	**3,709**	2,106
– Equity-settled share-based payment	**1,564**	–
– Quarter expenses	**381**	–
	38,386	19,439
Less: Amount capitalised	**(4,116)**	(2,109)
	34,270	17,330
Operating lease charges in respect of office premises	**4,680**	2,365
Cost of inventories sold	**123,992**	128,079
Impairment loss on trade and other receivables	**223,696**	256,542
Impairment loss on prepaid land costs	**–**	27,540
Direct outgoings *(note)*	**4,048**	1,104

Note:

Direct outgoings represent management fee expenses.

6. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: nil).

7. (LOSS)/EARNINGS PER SHARE

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

	2013	2012
	RMB'000	*RMB'000*
(Loss)/Profit for the year attributable to owners of the Company and (loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	**(578,513)**	39,320

	Number of shares	
	2013	2012
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**1,427,753,960**	642,767,406

The Company's outstanding share options and warrants had no dilutive effect on (loss)/earnings per share upon deemed exercise during the two years ended 31 December 2013 and 2012 as the exercise price of the share options and warrents were higher than the average market price of the Company's shares.

8. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**553**	8,321
Other receivables	**6,618**	11,611
Loans and advances	**30,820**	31,062
Prepaid land costs	**80,870**	38,000
Prepayments and deposits	**506,275**	592,347
	625,136	681,341

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:

	2013	2012
	RMB'000	*RMB'000*
0 to 3 months	**553**	6,530
Over 1 year	**–**	1,791
	553	8,321

9. TRADE AND OTHER PAYABLES, AND ACCRUALS

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**46,313**	48,580
Other creditors and accrued charges	**492,170**	512,978
	538,483	561,558

The ageing analysis of trade payables is as follows:

	2013	2012
	RMB'000	*RMB'000*
0 – 3 months or on demand	**46,313**	48,580

10. CONTINGENT LIABILITIES

(a) At 31 December 2013, 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:

	2013	2012
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers	**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 2013, 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 (2012: RMB981,000,000) 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 (2012: 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.

At 31 December 2013, 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 2013, 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 2015 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 2013, the Group has been in litigation in relation to various claims totalled 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

On 8 January 2014, an indirect non-wholly owned subsidiary of the Company won the bid for the land use right of a piece of state-owned construction land with the site area of approximately 72,350m^2 with a plot ratio of more than 1 but not more than 2.7 and a planned gross floor area of 195,345m^2 for residential units located at Hua Mao Jie Dong, Fushun Economic Development Zone in Liaoning Province, the PRC at a consideration of RMB95,510,000.

REVIEW AND OUTLOOK

In 2013, the world economy continued to experience a slow recovery from the global financial crisis. However, the consecutive quantitative easing polices launched by the United States resulted United States and European countries rebounded from its bottom and showed signs of recovery from negative growth.

China remained on track for steady economic development in 2013. Most economic indicators during the year continued to remain positive, easing worries about a deepening economic downturn. The Third Plenary Session of the 18th Central Committee of China's Communist Party issued development guidance to "comprehensively deepen reforms". In addition, policies stated in the report of the Third Plenary of the 18th Central Committee of China's Communist Party addressed many of the in-depth issues related to the property sector, including the need to roll out reforms for rural land transfer, press ahead with urbanization, bring forward legislation for property tax reform, and establish sustainable policies to enable healthy development of the property sector.

The property sector in China maintained in a steadily growth in 2013. The transaction volumes and prices rose for both land and residential markets due to strong demand in first and second tier cities as a whole. Looking ahead, property developers are expected to continue to enhance their overall operational capabilities to capture new opportunities brought about by urbanization and retain their highly competitive in the property market.

FINANCIAL REVIEW

Turnover: Turnover comprises of sales proceeds of properties delivered and property leasing income. The turnover in 2013 decreased 30.13% when compared with 2012 turnover. In 2013, we have delivered residential units and shops of approximately 1,337m^2 GFA and 5,772m^2 GFA respectively while we have delivered residential units of approximately 1,367m^2 GFA, office units of approximately 2,632m^2 GFA and shops of approximately 4,707m^2 GFA in 2012.

Other net income: The decrease in 2013 was mainly due to the shrink of the reversal of impairment on the trade and other receivables and the reversal of overprovision of accruals during the year. In 2013, the other net income was mainly attributable by the net exchange gain, the reversal of impairment on trade and other receivables and the reversal of overprovision of accruals.

Selling and distribution expenses: The increase in 2013 was mainly due to the increase in advertisement and promotion events incurred for the launch of the pre-sale of Le Paysage and the sales commission incurred for the project of Hong Long Century Plaza.

General and administrative expenses: The increase in 2013 was mainly due to the increase of the manpower of the Group and equity-settled share-based payments from the issue of share options issued in December 2013 which was valued by an independent valuer. The equity-settled share-based payments is one-off and non-cash item.

Other operating expenses: The decrease in 2013 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 in fair value was mainly due to the prevailing market conditions.

Impairment loss on inventories: The impairment represented the difference between the inventory costs and its fair value, as assessed by an independent valuer.

Gain on disposal of a subsidiary: Represented the disposal of a subsidiary namely Shenzhen Hong Long Commercial Management Company Limited at a consideration of RMB100,000.

Income tax: No current Corporate Income Tax has been provided in 2013 as there were no assessable profits in the Group companies. The provision of income tax in 2013 was mainly due to the additional LAT provision made for the sale of Hong Long Century Plaza during the year.

SEGMENT ANALYSIS

In 2013, property development income and property leasing income accounted for approximately 76.78% (2012: 85.76%) and 23.22% (2012: 14.24%) respectively.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Total bank balances and cash and pledged deposits as at 31 December 2013 amounted to approximately RMB331.55 million (31 December 2012: RMB15.22 million) which including RMB328.74 million, US$0.01 million, and HK$3.45 million.

The Group had total borrowings of approximately RMB2,008.30 million as at 31 December 2013 (31 December 2012: RMB1,803.82 million). Approximate RMB1,863.30 million were repayable on demand or within one year; approximately RMB75.00 million were repayable in the second 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 2013 was 50.72% (31 December 2012: 53.44%).

As at 31 December 2013, the Group had current assets of approximately RMB2,814.18 million (31 December 2012: RMB2,284.35 million) and current liabilities of approximately RMB3,163.60 million (31 December 2012: RMB2,428.56 million).

CHARGE ON ASSETS

As at 31 December 2013, bank and other borrowings of approximately RMB600.44 million were secured by certain investment properties and pledged deposits of the Group of approximately RMB1,130.00 million and RMB314.38 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$1,104.87 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 2013.

CONTINGENT LIABILITIES

For the details of contingent liabilities, please refer to the note 10.

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 2013, 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 2013 was approximately RMB38.39 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year 2013 (2012: 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 2013, the Group's total leasable GFA is approximately 64,000m^2 (2012: 64,000m^2).

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

Projects Under Development

Le Paysage: Le Paysage 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 second quarter of 2014 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 the second half of 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.

On 8 January 2014, Fushun Sun Era Property Development Company Limited, an indirect non-wholly owned subsidiary of the Company won the bid for the land use right of a land at Hua Mao Jie Dong, Fushun Economic Development Zone in Liaoning Province, the PRC at a consideration of RMB95,510,000. The site area of the land is approximately 72,350m^2 with a plot ratio of more than 1 but not more than 2.7 and a planned gross floor area of 195,345m^2 for residential units. The land use is for commercial and residential purpose with the term of grant of rights for 70 years and 40 years respectively.

Disposal of a Subsidiary

The Group completed to dispose of a subsidiary named Shenzhen Hong Long Commercial Management Company Limited during 2013 at a consideration of RMB100,000.

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

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 2013 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 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 financial statements for the year ended 31 December 2013.

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 2013 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 2014

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.