

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

2015 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 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
TURNOVER	3	726,088	917,458
Cost of sales		<u>(412,226)</u>	<u>(723,891)</u>
Gross profit		313,862	193,567
Other net (expenses)/income	4	(66,806)	27,914
Selling and distribution expenses		(50,762)	(49,787)
General and administrative expenses		(74,069)	(83,907)
Other operating expenses		(21,106)	(183,797)
Increase in fair value of investment properties		95,000	467,000
Reversal of impairment loss on inventories		<u>13,367</u>	<u>59,612</u>
Profit from operations		209,486	430,602
Finance costs		(296,431)	(347,102)
Impairment loss recognised in respect of goodwill		–	(3,564)
Loss on disposal of subsidiaries		<u>–</u>	<u>(2,001)</u>
(Loss)/Profit before tax		(86,945)	77,935
Income tax expense	5	<u>(158,987)</u>	<u>(222,529)</u>
Loss and total comprehensive expense for the year	6	<u>(245,932)</u>	<u>(144,594)</u>
Attributable to:			
Owners of the Company		(245,007)	(143,727)
Non-controlling interests		<u>(925)</u>	<u>(867)</u>
		<u>(245,932)</u>	<u>(144,594)</u>
		<i>RMB cents</i>	<i>RMB cents</i>
Loss per share	8		
Basic and diluted		<u>(16.42)</u>	<u>(9.79)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		2,843	5,241
Investment properties		1,692,000	1,597,000
Deferred tax assets		217	306
		<u>1,695,060</u>	<u>1,602,547</u>
Current assets			
Inventories		1,324,477	1,708,274
Trade and other receivables	9	636,977	601,582
Trading securities		–	3,207
Pledged deposits		2,666	125,045
Bank and cash balances		27,768	127,988
		<u>1,991,888</u>	<u>2,566,096</u>
Current liabilities			
Trade and other payables, and accruals	10	452,562	469,857
Receipts in advance		623,559	225,120
Rental and other deposits		10,200	9,566
Bank and other borrowings – due within one year		1,558,261	1,652,537
Current tax liabilities		144,532	96,402
		<u>2,789,114</u>	<u>2,453,482</u>
Net current (liabilities)/assets		<u>(797,226)</u>	112,614
Total assets less current liabilities		<u>897,834</u>	<u>1,715,161</u>
Non-current liabilities			
Bank and other borrowings – due after one year		480,000	1,090,000
Deferred tax liabilities		341,393	313,529
		<u>821,393</u>	<u>1,403,529</u>
NET ASSETS		<u>76,441</u>	<u>311,632</u>
Capital and reserves			
Share capital		123,644	120,945
Reserves		(41,986)	194,979
Equity attributable to owners of the Company		81,658	315,924
Non-controlling interests		(5,217)	(4,292)
TOTAL EQUITY		<u>76,441</u>	<u>311,632</u>

Notes:

1. APPLICATION 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 2015. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations (“Int”).

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performances 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 ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁴
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 2012-2014 Cycle ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁴
Amendments to HKAS 1	Disclosure Initiative ⁴
HKFRS 16	Leases ³

- 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 2019, with earlier application permitted.
- ⁴ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- ⁵ Effective for annual periods beginning on or after a date to be determined.

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 financial performance and financial position.

2. GOING CONCERN CONVENTION

In preparing the consolidated financial statements, the Directors have given careful consideration to the liquidity of the Group as the Group has sustained losses for 3 consecutive years. In particular, the Group incurred a loss of approximately RMB245,932,000 for the year ended 31 December 2015 and has net current liabilities of approximately RMB797,226,000 at 31 December 2015.

In the opinion of the Directors, the Group is able to operate as a going concern in the coming year after taking into consideration the following conditions and/or measures:

- (a) Included in current liabilities, receipts in advance as at 31 December 2015 of approximately RMB623,559,000 were received from the purchasers of Le Paysage and are non-refundable;
- (b) There was a net cash generated from operating activities of approximately RMB882,484,000 in 2015 compared to a net cash used in operating activities of approximately RMB313,888,000 in 2014; which showed a substantial improvement in cash flow control;
- (c) The Group is exploring other fund raising opportunities including, but not limited to, equity and debt financing; and
- (d) The Group communicates and negotiates with the lenders, including Fame Select Limited, the major shareholder of the Company for the further extension of repayment of loan principal of approximately RMB440,158,000 outstanding at 31 December 2015.

The Directors are of the opinion that the Group will be able to have sufficient working capital to finance its operations and meet its financial obligations when they fall due in the foreseeable future. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. 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 (“PRC”).

Property leasing – this segment leases retail properties to generate rental and management fee income and to gain 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 services – 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 current and non-current liabilities with the exception of deferred tax liabilities, current tax liabilities and other corporate liabilities.

Information about reportable segment profit or loss, assets and liabilities

	Property development	Property leasing	Hotel consultancy services	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
For the year ended 31 December 2015				
Revenue from external customers	<u>667,510</u>	<u>58,032</u>	<u>546</u>	<u>726,088</u>
Segment profit/(loss)	<u>157,788</u>	<u>136,039</u>	<u>(1,426)</u>	<u>292,401</u>
Other information:				
Loss on disposal of property, plant and equipment	–	(117)	–	(117)
Depreciation	(1,393)	(608)	(1)	(2,002)
Increase in fair value of investment properties	–	95,000	–	95,000
Reversal of impairment loss on inventories	13,367	–	–	13,367
Advertising and commission expenses	(42,648)	(225)	(56)	(42,929)
Additions to segment non-current assets	64	253	–	317
At 31 December 2015				
Segment assets	<u>1,545,286</u>	<u>1,719,519</u>	<u>352</u>	<u>3,265,157</u>
Segment liabilities	<u>(774,364)</u>	<u>(13,645)</u>	<u>(6,102)</u>	<u>(794,111)</u>

	Property development	Property leasing	Hotel consultancy services	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the year ended 31 December 2014				
Revenue from external customers	<u>863,691</u>	<u>53,569</u>	<u>198</u>	<u>917,458</u>
Segment (loss)/profit	<u>(50,119)</u>	<u>495,769</u>	<u>(4,624)</u>	<u>441,026</u>
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	<u>1,978,639</u>	<u>1,766,034</u>	<u>296</u>	<u>3,744,969</u>
Segment liabilities	<u>(563,677)</u>	<u>(14,067)</u>	<u>(5,089)</u>	<u>(582,833)</u>

Reconciliations of reportable segment profit or loss, assets and liabilities

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
(Loss)/Profit		
Total profit of reportable segments	292,401	441,026
Other net expenses	(70,486)	(545)
Depreciation	(288)	(290)
Corporate finance costs	(296,431)	(347,102)
Other corporate expenses	<u>(12,141)</u>	<u>(15,154)</u>
Consolidated (loss)/profit before tax	<u><u>(86,945)</u></u>	<u><u>77,935</u></u>
Assets		
Total assets of reportable segments	3,265,157	3,744,969
Trading securities	–	3,207
Deferred tax assets	217	306
Unallocated corporate assets	<u>421,574</u>	<u>420,161</u>
Consolidated total assets	<u><u>3,686,948</u></u>	<u><u>4,168,643</u></u>
Liabilities		
Total liabilities of reportable segments	(794,111)	(582,833)
Current tax liabilities	(144,532)	(96,402)
Deferred tax liabilities	(341,393)	(313,529)
Unallocated corporate liabilities	<u>(2,330,471)</u>	<u>(2,864,247)</u>
Consolidated total liabilities	<u><u>(3,610,507)</u></u>	<u><u>(3,857,011)</u></u>

Geographical information

All revenue generated by the Group for the two years ended 31 December 2015 and 2014 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, no customer (2014: nil) contributed for 10% or more of the Group's total revenue.

4. OTHER NET (EXPENSES)/INCOME

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Advertising income	373	365
Interest income	4,368	1,614
Loss on disposal of property, plant and equipment	(117)	(15)
Net exchange loss	(70,415)	(2,467)
Net realised and unrealised (loss)/gain on trading securities	(212)	1,170
Net utilities expenses related to property leasing business	(2,570)	(5,118)
Reversal of impairment on trade and other receivables	–	31,357
Reversal of overprovision of accruals	–	322
Others	1,767	686
	<u>(66,806)</u>	<u>27,914</u>

5. INCOME TAX EXPENSE

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current tax		
PRC Corporate Income Tax		
– Provision for the year	19,394	22,362
– Under provision in prior years	6,671	–
	<u>26,065</u>	<u>22,362</u>
PRC Land Appreciation Tax (“LAT”)		
– Provision for the year	104,970	70,348
	<u>131,035</u>	<u>92,710</u>
Deferred tax		
Origination and reversal of temporary differences	27,952	129,819
	<u>158,987</u>	<u>222,529</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “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 2015 (2014: 25%).

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 expenditures.

(b) Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rate:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
(Loss)/Profit before tax	<u>(86,945)</u>	<u>77,935</u>
Notional tax on (loss)/profit before tax calculated at 25% (Note)	(21,736)	19,483
Tax effect on LAT deductible for calculation of income tax purpose	(26,243)	(17,587)
Tax effect of non-taxable revenue	(4,402)	(8,444)
Tax effect of non-deductible expenses	81,743	152,205
Tax effect of unused tax losses not recognised	17,984	6,524
LAT	104,970	70,348
Under provision in prior years	<u>6,671</u>	<u>–</u>
Income tax expense	<u>158,987</u>	<u>222,529</u>

Note: It represents the tax rate of the jurisdiction where the operation of the Group is substantially based.

6. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Depreciation	2,382	2,651
Less: Amount capitalised	<u>(92)</u>	<u>(151)</u>
	<u>2,290</u>	<u>2,500</u>
Auditors' remuneration:		
– Current year	1,349	1,207
– Other services	<u>–</u>	<u>–</u>
	<u>1,349</u>	<u>1,207</u>
Staff costs including Directors' emoluments:		
– Salaries, bonus and allowances	37,554	39,290
– Retirement benefit scheme contributions	4,116	4,312
– Quarter expenses	527	523
	42,197	44,125
Less: Amount capitalised	<u>(1,112)</u>	<u>(3,777)</u>
	<u>41,085</u>	<u>40,348</u>
Net exchange loss	70,415	2,467
Operating lease charges in respect of office premises	6,530	6,685
Cost of inventories sold	406,946	719,566
Impairment loss on trade and other receivables	–	150,000
Impairment loss in respect of goodwill	–	3,564
Loss on disposal of property, plant and equipment	117	15
Loss on disposal of subsidiaries	–	2,001
Direct outgoings (note)	<u>5,151</u>	<u>4,332</u>

Note:

Direct outgoings represent management fee expenses.

7. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

8. 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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Loss for the year attributable to owners of the Company and loss for the purpose of basic loss per share	<u>(245,007)</u>	<u>(143,727)</u>
	Number of shares	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,492,132,533</u>	<u>1,468,132,533</u>

The diluted loss per share is the same as basic loss per share as for the year ended 31 December 2015, the potential ordinary shares issuable in respect of outstanding share options have anti-dilutive effect on the basic loss per share.

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

9. TRADE AND OTHER RECEIVABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	67,750	180
Other receivables	10,847	13,899
Loans and advances	126,284	158,199
Prepaid land costs	101,314	105,692
Prepayments and deposits	<u>330,782</u>	<u>323,612</u>
	<u>636,977</u>	<u>601,582</u>

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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
0 to 3 months	<u>67,750</u>	<u>180</u>

10. TRADE AND OTHER PAYABLES, AND ACCRUALS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade payables	81,442	258,380
Other creditors and accrued charges	<u>371,120</u>	<u>211,477</u>
	<u>452,562</u>	<u>469,857</u>

The ageing analysis of trade payables is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
0 – 3 months or on demand	<u>81,442</u>	<u>258,380</u>

11. CONTINGENT LIABILITIES

- (a) At 31 December 2015, the Group had 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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Guarantees given to banks for mortgage facilities granted to purchasers	<u>3,435,000</u>	<u>3,435,000</u>

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 2015, 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) Pursuant to a purchase agreement of land use rights 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 2015, 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 2017 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.
- (c) At 31 December 2015, the Group has been in litigation in relation to various claims totalled approximately RMB298,814,000 (2014: RMB291,000,000). 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.
- (d) Pursuant to the settlement agreement with the major contractor, Shan Tou Jian An Industrial (Group) Company Limited dated 8 April, 2015, the Group is responsible for settlement of accounts payable by installments in full by the end of October 2015. Otherwise, an overdue interest will be applied at a rate of 0.06% per day on the unsettled balance starting from the due date. At 31 December 2015, the accounts payable of approximately RMB20,000,000 is outstanding and the corresponding overdue interest on the unsettled balance has not been accrued in the consolidated financial statements.

At the end of the reporting period, the Directors do not consider it probable that a claim for the overdue interest will be made against the Group in accordance with the above-mentioned settlement agreement and the Group is able to settle the outstanding balance on demand. Hence, no provision for overdue interest has been made in the consolidated financial statements.

12. OTHER MATTERS

On 8 February 2013, the Company received a writ of summons issued out of the court with respect to the dispute between CCB International Asset Management Limited (the “CCBI”) as the plaintiff with the Company as one of the defendants (the “Action”). For the avoidance of doubt, Grand Prosperity Limited (“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.

On 4 February 2016, CCBI, Grand Prosperity, the Company, Mr. Zeng Yunshu and Mr. Zeng Sheng entered into a settlement deed (the “Settlement Deed”) pursuant to which the parties to the Settlement Deed agreed that, in full and final settlement of the dispute in the Action (including legal costs incurred by CCBI in connection with the Action and interest):

- (a) each of Grand Prosperity, Mr. Zeng Yunshu and Mr. Zeng Sheng shall jointly and severally pay a total sum of HK\$25 million to CCBI, of which HK\$3 million shall be payable within one business day of execution of the Settlement Deed (the “First Payment”) and the remaining balance of HK\$22 million shall be payable on 31 December 2016;
- (b) each of Grand Prosperity, Mr. Zeng Yunshu and Mr. Zeng Sheng shall jointly and severally indemnify and keep indemnified CCBI against any liabilities, losses, damages, claims, costs and expenses incurred or suffered by CCBI (including but not limited to all legal expenses and other professional fees on a full indemnity basis) as a result of or in connection with CCBI’s enforcement of paragraph (a) above in the event of any non-payment; and
- (c) CCBI shall on due performance by Grand Prosperity, Mr. Zeng Yunshu and/or Mr. Zeng Sheng, as the case may be, of paragraph (a) above (the “Settlement Date”), transfer a total of 8 million shares in the Company (the “Settlement Shares”) to Grand Prosperity (or a nominee designated by Grand Prosperity), free from any encumbrances and with all rights attached to the Settlement Shares in accordance with the terms of the Settlement Deed.

Pursuant to the Settlement Deed, in consideration of the due performance by Grand Prosperity, Mr. Zeng Yunshu and/or Mr. Zeng Sheng, as the case may be, and CCBI of their obligations above, among others, each of Grand Prosperity, the Company, Mr. Zeng Yunshu and Mr. Zeng Sheng has waived any and all legal and beneficial rights to the remaining 18 million shares in the Company held by CCBI as at the date after the Settlement Date, including any and all actual or potential rights and claims, whether present or future and whether known or unknown to them, of whatsoever nature which any of them now has, or thereafter may have, against CCBI in respect of such shares.

The parties to the Settlement Deed further agreed that upon due performance by Grand Prosperity, Mr. Zeng Yunshu and/or Mr. Zeng Sheng, as the case may be, of its payment of the First Payment, the parties, through their solicitors, shall forthwith sign and the solicitors for CCBI shall forthwith file in the Action a consent summons for an order by consent that, among others, CCBI's claim against Grand Prosperity, the Company, Mr. Zeng Yunshu and Mr. Zeng Sheng and Grand Prosperity's counterclaim against CCBI in the Action be dismissed, with no order as to costs as between them and without further order of the court, save that the costs of the Company be paid by Grand Prosperity, Mr. Zeng Yunshu and Mr. Zeng Sheng in equal share in any event to be taxed if not agreed. The consent summons was filed on 5 February 2016.

Details of the Action and the Settlement Deed, please refer to the announcements of the Company dated 14 December 2012, 14 February 2013 and 11 February 2016.

13. EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the reporting period.

REVIEW AND OUTLOOK

In 2015, the global economy has slowed down and continued instability. However, the Chinese government implemented a series of policies to keep the national economy improvement stayed in a reasonable range. During the year, the Chinese Central government and local governments issued a series of policies to support the industry, including the adjustment of down-payment ratio for purchase of the second property and purchaser using housing accumulation fund loans, together with the relaxed monetary policies, such as reductions of interest rate for five times and benchmark rates for four times. Cost of home purchasers and upgraders to purchase houses decreased, thus boosting the demand for upgraders. In a multiple policy support, the market demand of property market has showed recovery and overall warming trend.

During the process of industrial restructuring, the supply and demand of different cities varied significantly. First-tier cities and certain major second-tier cities showed strong recovery with rapid and significant growth in property prices and turnover. Property markets in other second-tier cities remained stable, while the inventory pressure is still high in third-tier and fourth-tier cities.

Looking forward to 2016, it is expected that the economic growth in China will be slowdown and within a more reasonable range. The structural reform and urbanisation will be continued. In light of a slower growth of China GDP, the Chinese Central government is expected to continue its quantitative easing policy and effective financial policies in order to stimulate domestic economic development. The moderate supporting policies to the real estate industry are also expected to be continued. In respect of the PRC real estate industry, the development of urbanisation and the real estate enterprises has shown.

The Group continues to seize the situation and adjust the Group's development strategy to meet changing market environment. In 2015, the Group introduced the concept of Chinese tourism style of property development. In 2016, in order to mitigate the impact of the slowdown of China's economic growth to the Group, the Group will actively examine the developing real estate markets outside China. Asian and Southeast Asia such as South Korea, Malaysia and Vietnam, are initial objectives of the Group.

FINANCIAL REVIEW

Turnover: Turnover comprised of sales proceeds of properties delivered and property leasing income. The turnover in 2015 decreased 20.86% when compared with 2014. In 2015, we have delivered residential units of approximately 18,842m² gross floor area ("GFA"), which including high-rise building units of approximately 15,779m² GFA, luxury high-rise building units of approximately 2,073m² GFA and villa of approximately 990m² GFA, while residential units (all from high-rise building units) of approximately 33,316m² GFA in 2014.

Other net expenses: In 2015, other net expenses were mainly attributable to the net exchange losses. The Group has a number of liabilities denominated in Hong Kong dollars (including bank and other borrowings of approximately HK\$1,295.87 million). Due to the depreciation of the Renminbi in the period under review, the Group is therefore required to recognise the net exchange loss of approximately RMB70.42 million.

Selling and distribution expenses: The selling and distribution expenses remained stable in 2015 when compared with 2014. It mainly consists of advertising and commission expenses.

General and administrative expenses: The decrease in 2015 was mainly due to the decrease in legal and professional fee incurred. General and administrative expense mainly consists of staff costs.

Other operating expenses: The decrease in 2015 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 2015 was less than that of 2014 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 cost and its net realisable value, as assessed by an independent valuer.

Finance costs: The decrease in 2015 was mainly due to the decrease of interest-bearing loans during the period under review.

Income tax expense: The decrease of income tax expense in 2015 was mainly due to the decrease of deferred tax. The decrease of deferred tax was mainly due to the deferred tax implication on the increase in fair value of investment properties arose in 2015 being less than that arose in 2014.

SEGMENT ANALYSIS

In 2015, property development income, property leasing income and hotel consultancy services income accounted for approximately 91.93% (2014: 94.14%), 7.99% (2014: 5.84%) and 0.08% (2014: 0.02%) respectively.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Total bank and cash balances and pledged deposits as at 31 December 2015 amounted to approximately RMB30.43 million (31 December 2014: RMB253.03 million) which included approximately RMB29.76 million, US\$0.01 million, and HK\$0.71 million respectively.

The Group had total borrowings of approximately RMB2,038.26 million as at 31 December 2015 (31 December 2014: RMB2,742.54 million) of which approximately RMB1,558.26 million were repayable on demand or within one year; approximately RMB35.00 million were repayable in the second year; approximately RMB115.00 million were repayable in the third to fifth years, inclusive; and the remainings were repayable after the fifth year. The Group's borrowings carried interest at fixed or floating interest rates. The Group's total bank and other borrowings divided by total assets as at 31 December 2015 was 55.28% (31 December 2014: 65.79%).

As at 31 December 2015, the Group had current assets of approximately RMB1,991.89 million (31 December 2014: RMB2,566.10 million) and current liabilities of approximately RMB2,789.11 million (31 December 2014: RMB2,453.48 million).

CHARGE ON ASSETS

As at 31 December 2015, bank and other borrowings of approximately RMB717.50 million were secured by certain investment properties, inventories and pledged deposits of the Group of approximately RMB1,692.00 million, RMB990.48 million and RMB2.37 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\$1,295.87 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 financial position exposure as at 31 December 2015.

CONTINGENT LIABILITIES

For the details of contingent liabilities, please refer to the note 11 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 2015, the Group had a staff force of approximately 250 employees. Of this, most were stationed in the PRC. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives (such as Share Option Scheme). Total staff costs incurred for the year 2015 were approximately RMB42.20 million.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year 2015 (2014: 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.

At 31 December 2015, the Group's total leasable GFA is approximately 64,000m² (2014: 64,000m²).

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 135,000m². In March 2013, the Group launched pre-sales part of Le Paysage and was well received by the market. The project is completed and delivered 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 116,000m². To cope with the rectification, integration and development of Chaohu Scenic Area, the Group planned to postpone the development progress of The Landale and commence pre-sale of the project in phases in 2017 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 72,350m² with a plot ratio of more than 1 but less than 2.7 and the planned GFA of approximately of 195,345m². 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.

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 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 "Code") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2015 except for the following deviations:

In respect of Code provision A.6.7 and E.1.2 of the Code, Mr. Chau Cheok Wa, the chairman of the Board, Dr. Wu Kam Fun Roderick, the chairman of nomination committee and an independent non-executive Director, Mr. Lo Wai Tung John, the chairman of remuneration committee and an independent non-executive Director and Mr. Tou Kin Chuen, the chairman of audit committee and an independent non-executive Director, were unable to attend the annual general meeting of the Company held on 29 May 2015 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 of the Company.

Details of the Company's corporate governance practices will be set out in the Company's 2015 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 2015.

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 2015 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 2016

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