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)

FOR THE SIX MONTHS ENDED 30 JUNE 2016 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Sun Century Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2016 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the Six Months Ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Turnover	*3*	**205,524**	95,037
Cost of sales		**(106,761)**	(52,901)
Gross profit		**98,763**	42,136
Other net (expense)/income	*4*	**(21,288)**	1,237
Selling and distribution expenses		**(18,983)**	(8,931)
General and administrative expenses		**(30,620)**	(39,653)
Other operating expenses		**(3,390)**	(6,755)
Net increase in fair value of investment properties		**40,000**	55,000
Reversal of impairment loss on inventories		**7,329**	–
Profit from operations		**71,811**	43,034
Finance costs	*5*	**(115,244)**	(152,680)
Gain on disposal of subsidiaries		**1,144**	–
Loss before tax	*6*	**(42,289)**	(109,646)
Income tax	*7*	**(22,620)**	(31,850)
Loss and total comprehensive expense for the period		**(64,909)**	(141,496)
Attributable to:			
Owners of the Company		**(64,844)**	(140,647)
Non-controlling interests		**(65)**	(849)
		(64,909)	(141,496)
Loss per share (RMB cents)	*8*		
Basic		**(4.32)**	(9.49)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2016

	Note	**30 June 2016** *RMB'000* **(unaudited)**	31 December 2015 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**2,150**	2,843
Investments properties		**1,732,000**	1,692,000
Deferred tax assets		**193**	217
		1,734,343	1,695,060
Current assets			
Inventories		**1,261,991**	1,324,477
Trade and other receivables	*9*	**693,493**	636,977
Pledged deposits		**2,671**	2,666
Bank and cash balances		**63,988**	27,768
		2,022,143	1,991,888
Current liabilities			
Trade and other payables, and accruals	*10*	**582,779**	452,562
Receipts in advance		**877,042**	623,559
Rental and other deposits		**9,555**	10,200
Bank and other borrowings – due within one year		**1,363,323**	1,558,261
Current tax liabilities		**84,101**	144,532
		2,916,800	2,789,114
Net current liabilities		**(894,657)**	(797,226)
Total assets less current liabilities		**839,686**	897,834
Non-current liabilities			
Bank and other borrowings – due after one year		**470,000**	480,000
Deferred tax liabilities		**353,545**	341,393
		(823,545)	821,393
Net assets		**16,141**	76,441
Capital and reserves			
Share capital		**123,644**	123,644
Reserves		**(106,830)**	(41,986)
Equity attributable to owners of the Company		**16,814**	81,658
Non-controlling interests		**(673)**	(5,217)
TOTAL EQUITY		**16,141**	76,441

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Six Months Ended 30 June 2016

	Attributable to owner of the Company								
	Share capital	**Share premium**	**Merger reserve**	**Statutory reserve**	**Capital reserve**	**Accumulated losses**	**Total**	**Non – controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015 (audited)	120,945	986,863	24,227	49,373	22,823	(888,307)	315,924	(4,292)	311,632
Loss and total comprehensive expense for the period	–	–	–	–	–	(140,647)	(140,647)	(849)	(141,496)
Share option cancelled	–	–	–	–	(92)	92	–	–	–
Issue of shares	2,699	11,179	–	–	(3,137)	–	10,741	–	10,741
Change in equity for the period	2,699	11,179	–	–	(3,229)	(140,555)	(129,906)	(849)	(130,755)
At 30 June 2015 (unaudited)	123,644	998,042	24,227	49,373	19,594	(1,028,862)	186,018	(5,141)	180,877
At 1 January 2016 (audited)	**123,644**	**998,042**	**24,227**	**49,373**	**19,594**	**(1,133,222)**	**81,658**	**(5,217)**	**76,441**
Loss and total comprehensive expense for the period	–	–	–	–	–	(64,844)	(64,844)	65	(64,909)
Disposal of subsidiaries	–	–	–	–	–	–	–	4,609	4,609
Change in equity for the period	–	–	–	–	–	(64,844)	(64,844)	4,544	(60,300)
At 30 June 2016 (unaudited)	**123,644**	**998,042**	**24,227**	**49,373**	**19,594**	**(1,198,066)**	**16,814**	**(673)**	**(16,141)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the Six Months Ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**356,323**	372,015
Net cash generated from investing activities	**79**	3,457
Net cash used in financing activities	**(320,182)**	(435,821)
Net increase/(decrease) in cash and cash equivalents	**36,220**	(60,349)
Cash and cash equivalents at beginning of period	**27,768**	127,988
Cash and cash equivalents at end of period	**63,988**	67,639
Analysis of cash and cash equivalents		
Bank and cash balances	**63,988**	67,639

NOTES

1. BASIS OF PREPARATION

These condensed financial statements of the Company and its subsidiaries (collectively referred to as the "Group") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed financial statements should be read in conjunction with the 2015 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2015.

As at 30 June 2016, the Group recorded net current liabilities of approximately RMB894.66 million. In view of these circumstances, the Directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account that the Group will have sufficient resources in foreseeable future, including approximately RMB877.04 million receipts in advance at 30 June 2016 from the customers of Le Paysage which is non-refundable and the Group's ability to renew or refinance the loan facilities upon maturity, the Directors are of the view that the Group is able to continue as a going concern and settle its liabilities obligation. The Group is also contemplating a possible capital fund raising exercise to repay part of the outstanding bank and other borrowings. The Directors therefore are the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

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

These condensed financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial instruments classified as trading securities and derivative financial instruments which are carried at their fair values.

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2016. HKFRSs comprise HKFRSs; HKAS; 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 period 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 an assessment of the 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.

3. SEGMENT INFORMATION

The following is an analysis of the Group's turnover and results by reportable segments:

	Property development *RMB'000*	Property leasing *RMB'000*	Hotel consultancy services *RMB'000*	Total *RMB'000*
Six months ended 30 June 2016 (unaudited)				
Turnover from external customers	**173,814**	**31,710**	**–**	**205,524**
Segment profit/(loss)	**42,444**	**59,779**	**(24)**	**102,199**
Other information:				
Loss on disposal of property, plant and equipment	**–**	**(10)**	**–**	**(10)**
Depreciation	**(398)**	**(167)**	**(1)**	**(566)**
Gain on disposal of subsidiaries	**–**	**1,144**	**–**	**1,144**
Impairment loss on trade and other receivables	**(2,433)**	**–**	**–**	**(2,433)**
Net increase in fair value of investment properties	**–**	**40,000**	**–**	**40,000**
Overprovision of accrual	**4,453**	**–**	**–**	**4,453**
Reversal of impairment of inventories	**7,329**	**–**	**–**	**7,329**
Six months ended 30 June 2015 (unaudited)				
Turnover from external customers	66,000	28,665	372	95,037
Segment (loss)/profit	(24,146)	74,752	(1,470)	49,136
Other information:				
Loss on disposal of property, plant and equipment	–	(125)	–	(125)
Depreciation	(775)	(363)	(1)	(1,139)
Net increase in fair value of investment properties	–	55,000	–	55,000

Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Total profit of reportable segments	**102,199**	49,136
Other net expenses	**(24,926)**	(20)
Depreciation and amortisation	**(142)**	(145)
Corporate finance costs	**(115,244)**	(152,680)
Other corporate expenses	**(4,176)**	(5,937)
Consolidated loss before tax	**(42,289)**	(109,646)

4. OTHER NET (EXPENSES)/INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**105**	331
Impairment loss on trade and other receivables	**(2,433)**	–
Loss on disposal of property, plant and equipment	**(10)**	(125)
Net exchange (losses)/gains	**(24,956)**	378
Net realised loss on trading securities	**–**	(212)
Overprovision of accrual	**4,453**	–
Others	**1,553**	865
	(21,288)	1,237

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings		
– wholly repayable within five years	**97,770**	132,965
– not wholly repayable with five years	**17,474**	19,715
	115,244	152,680

6. LOSS BEFORE TAX

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging/(crediting) the followings:		
Depreciation	**718**	1,346
Less: Amount capitalised	**(10)**	(62)
	708	1,284
Directors' remuneration	**1,105**	1,256
Staff costs, excluding directors' remuneration	**16,284**	21,520
Impairment loss on trade and other receivables	**2,433**	–
Loss on disposal of property, plant and equipment	**10**	125
Net increase in fair value of investment properties	**(40,000)**	(55,000)
Overprovision of accrual	**(4,453)**	–
Reversal of impairment loss on inventories	**(7,329)**	–

7. INCOME TAX

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
PRC Corporate Income Tax		
– under provision in prior years	**–**	9,519
– current year	**8,958**	–
Land Appreciation Tax ("LAT")	**1,484**	6,513
	10,442	16,032
Deferred tax		
Origination and reversal of temporary differences	**12,178**	15,818
	22,620	31,850

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 Hong Kong Profits Tax has been provided for as the Group does not have estimated assessable profits 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 six months ended 30 June 2016.

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.

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB64,844,000 (2015: loss of RMB140,647,000) and the weighted average number of ordinary shares of 1,502,314,725 (2015: 1,481,781,576) in issue during the six months period.

(b) Diluted loss per share

The Company's outstanding share options had no dilutive effect on loss per share upon deemed exercise during the six months ended 30 June 2016 and 2015 as the exercise price of the share option were higher than the average market price for share.

9. TRADE AND OTHER RECEIVABLES

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Trade receivables		
0 to 3 months	**67,713**	67,750
	67,713	67,750
Other receivables	**13,625**	10,847
Loans and advances	**186,843**	126,284
Prepaid land costs	**101,314**	101,314
Prepayments and deposits	**323,998**	330,782
	693,493	636,977

The above receivables relate to a number of independent purchasers and tenants. In respect of the trade receivables arose from sale of properties, the Directors consider that these receivables would be recovered and no allowance was made against these past due receivables. Regarding the rental receivables, rental deposits were held as collateral over the balances. As such, the Directors consider that no allowance for impairment is necessary in respect of these balances.

10. TRADE AND OTHER PAYABLES, AND ACCRUALS

	30 June 2016 *RMB'000* (Unaudited)	31 December 2015 *RMB'000* (Audited)
Trade payables		
0 to 3 months or on demand	**62,331**	81,442
	62,331	81,442
Other creditors and accrued charges	**520,448**	371,120
	582,779	452,562

11. CONTINGENT LIABILITIES

(a) At 30 June 2016, 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:

	30 June 2016 *RMB'000* (Unaudited)	31 December 2015 *RMB'000* (Audited)
Guarantees given to banks for mortgage facilities granted to purchasers	**3,435,000**	3,435,000

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 30 June 2016, 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 financial statements.

(b) 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 30 June 2016, 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 interim results 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 2016 and the Group will not be subject to any penalties relating to the delay in the contractual construction completion date. Hence, no provision has been made in the financial statements.

(c) At 30 June 2016, the Group has been in litigation in relation to various claims in the aggregate amount of approximately RMB266,589,000 (31 December 2015: 298,814,000). 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 condensed consolidated financial statements.

12. EVENT AFTER THE REPORTING PERIOD

On 14 July 2016, the Group entered an agreement with (i) Mr. Chau Cheok Wa, the chairman of the Board and an executive Director and (ii) Ms. Chau Sui Heng (collectively "the Vendors") to acquire the entire issued share capital of Suncity Group Tourism Limited (the "Suncity Group Tourism"), a company incorporated in Macau with limited liabilities, at the consideration of MOP1,500,000 (equivalent to approximately HK$1,500,000) and accepted the Vendors to assign to it all amounts outstanding and owing to the Vendors and/or their associates by Suncity Group Tourism on a dollar-for-dollar basis. Please refer to the announcement of the Company dated 14 July 2016 for details.

On 11 August 2016, the Company entered an agreement with 深圳必應投資諮詢有限公司 to terminate the agreement of intent entered by the Company on 19 July 2012 in respect of the possible acquisition of the entire equity interest in Anhui Longsheng Property Development Company Limited. Please refer to the announcement of the Company dated 11 August 2016 for details.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover: Turnover comprises sales proceeds of properties delivered, property leasing income and hotel and integrated resort consultancy service income. The turnover increased from approximately RMB95.04 million in the first half of 2015 to approximately RMB205.52 million in the first half of 2016. The increase in turnover for the first half of 2016 is owning to the substantial rise in the sale proceeds from the properties delivered as we have delivered residential units of approximately 5,152m^2 in the first half of 2016, which represented an increase of 118.09%, compared to the delivery of residential units of approximately 2,350m^2 in the first half of 2015.

Other net expenses: The other net expenses in the first half of 2016 was mainly attributable to the net exchange losses.

Selling and distribution expenses: The increase was mainly due to the increase in sales commission paid.

General and administrative expenses: The decrease was mainly due to the decrease in the staff costs.

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

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

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

Gain on disposal of subsidiaries: Represented the gain recognised on the disposal of subsidiaries, namely Vanilla Rose Investments Limited and its subsidiaries.

Finance costs: The finance costs decreased in the first half of 2016, mainly due to the decrease of interest-bearing loans during the period under review. Despite that, the finance costs remained high at approximately RMB115.24 million. Due to the finance costs, the Group's operating profit position was dragged down to an overall net loss of approximately RMB89.91 million during the period.

Income tax: Income tax included current tax and deferred tax. The decrease of current tax was mainly due to the decrease of LAT implication on the recognition of sales of stock properties in Le Paysage and the recognition of the corresponding profits. The decrease of deferred tax was mainly due to the decrease of deferred tax implication on the increase in fair value of investment properties arose during the period under review.

Segment Analysis

In the first half of 2016, property development income, property leasing income and hotel consultancy services income accounted for approximately 84.57% (2015: 69.45%), 15.43% (2015: 30.16%) and nil (2015: 0.39%).

Liquidity, Financial Resources And Gearing

Bank and cash balances and pledged deposits as at 30 June 2016 amounted to approximately RMB66.66 million (31 December 2015: RMB30.43 million), which include RMB65.50 million and HK$0.97 million.

The Group had total interest-bearing borrowings of approximately RMB1,833.32 million as at 30 June 2016 (31 December 2015: RMB2,038.26 million). RMB1,363.32 million were repayable on demand or within one year, RMB37.50 million were repayable on more than one year but not exceeding two years; RMB117.50 million were repayable on more than two years but not exceeding five years, and the remaining RMB315.00 million were repayable over five years. The Group's borrowings carried interest at fixed or floating interest rates. The Group's total borrowings divided by total assets as at 30 June 2016 was 48.80% (31 December 2015: 60.16%).

As at 30 June 2016, the Group had current assets of approximately RMB2,022.14 million (31 December 2015: RMB1,991.89 million) and current liabilities of approximately RMB2,916.80 million (31 December 2015: RMB2,789.11 million).

In view of the interest-bearing borrowings of the Group (the majority of which are repayable on demand or within one year) and the substantial finance costs attributable thereto, which have caused the Group to record overall net loss despite the operating profit position, the Group has been contemplating a possible equity fund raising exercise to, among other things, repay part of the outstanding borrowings so as to improve the financial position of the Group.

Charge On Assets

As at 30 June 2016, bank and other borrowings of approximately RMB710.00 million were secured by certain investment properties, stock properties and pledged deposits of the Group of approximately RMB1,732.00 million, RMB914.99 million and RMB2.37 million respectively.

Exposure To Fluctations 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$1,238.24 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 statement of financial position exposure as at 30 June 2016.

Contingent Liabilities

For the details of contingent liabilities, please refer to the note 11 to the condensed consolidated financial statements.

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 30 June 2016, the Group had a staff force of approximately 250 (2015: 350) employees. Of this, most were stationed in the People's Republic of China (the "PRC" or "China"). 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 first half of 2016 was approximately RMB17.51 million (in the first half of 2015: RMB23.38 million).

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: nil).

Business Review

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

Properties Development

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

Completed Project

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

As of 30 June 2016, total contracted sum of sales and purchase agreement entered for Le Paysage is approximately RMB3,109 million, of which RMB1,806 million has been recognised as sales in the year of 2014, 2015 and the first half of 2016. The balance of approximately RMB1,303 million is expected to be recognised in the second half of 2016 and the year of 2017.

Projects Under Development

The Landale: The Landale is situated in Zhongmiao Town of Chaohu in Anhui Province. The Landale consists of lake-side villas and residential units with planned GFA of approximately 116,000m^2. To cope with the rectification, integration and development of Chaohu Scenic Area, the Group planned to delay the development progress of The Landale and commence pre-sale of the project in phases on the fourth quarter of 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 72,350m^2 with a plot ratio of more than 1 but less than 2.7 and the planned GFA of approximately of 195,000m^2. The land use of the land is for commercial and residential use. The project is still in the initial design and planning stage.

Properties Leasing and Management

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

Hotel and Integrated Resort Management and Consultancy

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

Following the introduction of tourism style property development, the Group acquired a subsidiary group in 2014 which is principally engaged in operating hotel consultancy service in the PRC. For the years of 2014, 2015 and the first six months of 2016, the subsidiary group recorded a loss of approximately of RMB4.62 million, RMB1.4 million and RMB0.02 million respectively. The Company has been in the process of setting up subsidiaries for the opportunities of hotels and integrated resorts in the Asian countries, such as Korea, Malaysia and Vietnam.

Review and Outlook

The Chinese government continued to implement a relatively loose credit policies, coupled with the reduction of stamp duty rates and lowered the proportion of down payments of the properties prices in the cities without home purchase restriction. Those policies have led to the real estate market continues to heat up during the first half of 2016 and properties price went up along with the sales volume.

The Group has started to deliver Le Paysage to buyers since the fourth quarter of 2014. With the heating up of Shenzhen property market and we began to deliver the boutique high-rise building residential units, the gross profit margin in property development segment has increased significantly from 23.08% in the first half of 2015 to 41.36% in the first half of 2016.

Looking ahead, we expect the government policies will remain unchanged and the local government will fine-tune and introduce targeted policies based on growth properties stock, properties prices and land prices. Given that the accumulated properties stock in the first and second-tier cities in China have fallen to the ideal range, we remain optimistic to the market conditions in the second half of 2016 and expected that there is still room for increase in properties prices and land prices. In the meantime, the Group will actively examine the developing real estate markets outside China. Asian countries, such as Korea, Malaysia and Vietnam are among the initial target markets of the Group.

Subsequent to the end of the reporting period, the Group entered into a sale and purchase agreement to acquire the entire issued capital of Suncity Group Tourism Limited to diversify its business to the tourism related service business. By integrating with its hotels and integrated resort management and consultancy service business, the Group plans to provide consultancy, advisory, technical services for hotels or integrated resorts in the regions with rapid growth in the tourism industry.

Further, in view that the Group had approximately RMB1,363.32 million of interest-bearing borrowings which are repayable on demand or within one year, in order to improve the financial position of the Group and reduce the finance costs, the Group has been contemplating a possible equity fund raising exercise to repay part of the outstanding bank and other borrowings. The Group is also considering deploying part of the proceeds to be raised from the possible fund raising exercise for the abovementioned business plans in respect of the Group's development of tourism-related business. As at the date of this announcement, no definitive agreement has been entered into in these regards. Further announcement(s) will be made by the Company as and when appropriate.

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

Save as disclosed in above, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

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 Listing Rules. As far as the Code is concerned, the Company complies with all aspects of the Code during the six months ended 30 June 2016 and up to the date of the interim results announcement.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference to set out its authority and duties. The audit committee comprises three independent non-executive Directors. The audit committee has reviewed the unaudited condensed financial statements for the six months ended 30 June 2016.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time (the "Model Code"), set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions of the directors of the Company. On specific enquiries made, all directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2016.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

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

Hong Kong, 19 August 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 and Mr. Lo Wai Tung John.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.