



CENTURY SUNSHINE GROUP HOLDINGS LIMITED

世紀陽光集團控股有限公司

(Stock code: 0509.HK)

2012 Annual Results Announcement

Dual businesses - magnesium product and fertiliser are on a fast-growth track
Profit for the year surged 66.7% to HK\$169million; Dividend per share at HK1.03cents

Financial Highlights

For the year ended 31 Dec	2012 HK\$ million	2011 HK\$ million	Change
Revenue	1,243	736	+68.7%
Gross Profit	332	132	+151.2%
Profit for the year	169	101	+66.7%
Profit for the year (from operations)	169	44*	+280.0%
Profit attributable to owners of the Company	130	97	+35.0%
Basic earnings per share (HK cents)	5.08	3.74	+35.8%
Final dividend per share (HK cents)	1.03	0.35	+194.3%
Gross profit margin	26.7%	17.9%	+8.8p.p
Profit for the year margin	13.6%	13.7%	-0.1p.p
Profit for the year margin (from operations)	13.6%	6.0%*	+7.6p.p.

* Remark: excluded the one-off gain of HK\$56,753,000 in FY2011

(Hong Kong - 18 March 2013) Century Sunshine Group Holdings Limited (the “Company”, stock code: 0509.HK) is pleased to announce the annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2012 (the “Year”).

The Group embarked a swift growth in 2012. The two principal businesses of the Group, magnesium product business and fertiliser business, recorded outstanding achievements. Revenue of the Group increased by 68.7% to HK\$1,242,930,000 (2011: HK\$736,790,000),

profit for the Year increased by 66.7% to HK\$168,584,000 (2011: HK\$101,118,000) and profit attributable to owners of the Company increased by 35.0% to HK\$130,312,000 (2011: HK\$96,541,000). Profit from operations grew around 280.0% in 2012 in comparison to 2011, which was HK\$44,365,000. To extend our gratitude to our shareholders for their prolonged support, the Board has proposed a final dividend of HK1.03cents per share for the year ended 31 December 2012.

Business Review

Magnesium Product Business

The new business, magnesium product business commenced operations in the second half of 2011 and proved to be the high-growth engine for the Group in 2012. For the Year, revenue generated from the magnesium product business was HK\$380million, accounted for 30.6% of the Group's sales, representing a year-on-year increase of 287.8%. The magnesium business comprises two product categories, namely basic magnesium products and rare earth magnesium alloys, representing 45.5% and 51.0% of the segment revenue, with gross profit margin of 24.6% and 39.4% respectively. The Group is one of the few integrated magnesium enterprises in China. It possesses quality dolomite resources which make it self-sufficient in supplying and complementing with its downstream operations, commanding greater advantages in costs and resources than its fellow market players. Furthermore, the Group is dedicated to technology innovation and has currently owned 21 patented technologies for producing high-performance rare earth magnesium alloys and rare earth magnesium middle alloys. This has set the basis for expanding the proportion of high-end rare earth magnesium alloy business in the future.

Mr Chi Wen Fu, Chairman and Chief Executive Officer of the Group, is confident in the outlook of magnesium product business and said, "magnesium alloy is recognised as the "21st green material". As well, it is enlisted in the PRC 12th Five-Year Plan for development of critical/minor metals. Major automobile manufacturers in Europe, the US and Japan are eager to take advantage of attributes of magnesium to improve energy efficiency and consequently minimise CO2 emission. With a lift of the export tariff imposed on the magnesium products in the PRC effective from January 2013, I believe that the competitiveness of magnesium alloy products, especially high-performance rare earth magnesium alloys, has been enhanced substantially in the market. Given the favorable environment, the Group will be further committing in the R&D of new products and

technological advancement to capitalise on the opportunities. In order to meet the rapid growing demand, the Group will speed up technology reforms of its current production lines to increase its annual supply in 2014 and has undergone actively the second phase of capacity expansion of 50,000 tonnes per annum by 2016.”

Fertiliser Business

Fertiliser business is where the Group’s core competencies lie. We have more than a decade of experience in the industry and market domination with strong brand recognition. For the Year, the segment contributed revenue of HK\$802million for the Group, accounted for 64.5% of the Group’s revenue, representing an annual increase of 34.8%. Fertiliser business consists of two main categories, compound (mixed) fertilisers and organic fertilisers, and their revenue increased by 53.8% and 23.0% respectively during the Year.

In March 2012, the Group successfully launched compound silicon magnesium (Si-Mg) fertiliser through its comprehensive sales channel and gained high recognitions by the market. The key attribute of Si-Mg fertiliser is to recover deficiency of silicon and magnesium in arable land in China. It can improve soil structure, enhance resistance of crops at the same time boost their growth. During the Year, the quantity sold of Si-Mg fertiliser was 59,544 tonnes which improved the gross profit margin of compound fertilisers from 9.0% to 17.9%. On the other hand, the Group effectively reduced production cost of organic fertilisers through technological innovations and industrial wastes recycling in their formulas. Hence the Group’s revenue from organic fertilisers increased by 25.6% to 86,304 tonnes and gross margin increased from 33.3% to 35.5%. An additional production capacity of 300,000 tonnes will be commenced at the Jiangsu arm by the first half of 2014, while phase II expansion plan of 400,000 tonnes is currently under review. The swift growth of the fertiliser business of the Group will further excel upon the completion of its expansion.

Outlook

Chairman Chi added, “the Group will execute its goal of stable growth and sustainability for magnesium and fertilisers businesses, therefore, emphasis will be allocated to R&D, capacity expansion together with market development. In February 2013, the Group disposed its financial business to focus on its dual businesses. The Group has taken the initiative to formulate its five-year expansion plan to cope with the excess demand and upcoming economic boom in both businesses to generate lucrative returns to all the shareholders.”

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About Century Sunshine Group Holdings Limited

Century Sunshine and its subsidiaries engage in diverse yet vertically integrated business activities including research and development, production, and distribution of magnesium alloys and ecological fertilisers. The Group was listed on the GEM Board on 17 February 2004 then was transferred to the Main Board on 1 August 2008. Ordinary shares of the Company is listed on the Hong Kong Stock Exchange, trading ticker is 0509.

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