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世紀陽光

世紀陽光集團控股有限公司

CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 509)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the “Board” or the “Director(s)”) of Century Sunshine Group Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2013 together with comparative figures for the year ended 31 December 2012 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Continuing operations			
Revenue	3	1,640,291	1,242,930
Cost of sales		(1,132,526)	(910,734)
Gross profit		507,765	332,196
Other income and gains	5	11,782	12,015
Selling and marketing costs		(69,437)	(48,948)
Administrative expenses		(55,767)	(48,084)
Realised and unrealised (loss)/gain on investments held for trading		(1,313)	1,457
Finance costs	6	(21,441)	(20,363)
Profit before income tax		371,589	228,273
Income tax expense	7	(94,456)	(47,984)
Profit for the year from continuing operations		277,133	180,289

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2013

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
Discontinued operation			
Loss for the year from discontinued operation		—	(11,705)
Profit for the year	8	277,133	168,584
Items that may be reclassified subsequently to profit or loss:			
Other comprehensive income (net of income tax):			
Available-for-sale investment:			
Net gain arising on revaluation of available-for-sale investment during the year		18,867	123,557
Exchange differences arising from translation of foreign operations		54,953	28,584
Other comprehensive income for the year (net of income tax)		73,820	152,141
Total comprehensive income for the year		350,953	320,725

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
Profit for the year attributable to:			
Owners of the Company		230,215	130,312
Non-controlling interests		46,918	38,272
		<u>277,133</u>	<u>168,584</u>
 Total comprehensive income attributable to:			
Owners of the Company		295,930	249,417
Non-controlling interests		55,023	71,308
		<u>350,953</u>	<u>320,725</u>
 Earnings per share:			
From continuing and discontinued operations			
– basic	<i>10(a)</i>	8.96 cents	5.08 cents
– diluted	<i>10(b)</i>	8.69 cents	5.08 cents
		<u>8.96 cents</u>	<u>5.08 cents</u>
 From continuing operations			
– basic	<i>10(a)</i>	8.96 cents	5.41 cents
– diluted	<i>10(b)</i>	8.69 cents	5.41 cents
		<u>8.96 cents</u>	<u>5.41 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current assets			
Land use rights		148,003	147,089
Property, plant and equipment		936,047	619,040
Investment properties		141,323	140,108
Intangible assets		80	80
Mining rights		576,278	571,859
Payment for acquisition of patents		57,645	–
Deposits for acquisition of property, plant and equipment		8,538	–
Available-for-sale investment		–	123,586
		1,867,914	1,601,762
Current assets			
Available-for-sale investment		142,453	–
Inventories		93,167	69,981
Land use rights		3,485	3,385
Trade and other receivables, prepayments and deposits	<i>11</i>	302,915	173,175
Investments held for trading		7,387	11,941
Deposits with banks		40,992	112,043
Cash and cash equivalents		381,909	391,151
		972,308	761,676
Less: Current liabilities			
Trade and other payables	<i>12</i>	209,782	130,113
Income tax payable		19,970	15,988
Borrowings		301,076	317,102
		530,828	463,203
Net current assets		441,480	298,473
Total assets less current liabilities		2,309,394	1,900,235
Less: Non-current liabilities			
Deferred revenue		24,980	–
Deferred tax liabilities		131,452	130,721
		156,432	130,721
Net assets		2,152,962	1,769,514
Capital and reserves attributable to owners of the Company			
Share capital		61,810	60,683
Reserves		1,927,679	1,568,569
		1,989,489	1,629,252
Non-controlling interests		163,473	140,262
Total equity		2,152,962	1,769,514

Notes:

1. GENERAL INFORMATION

Century Sunshine Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in magnesium product business, fertiliser business, metallurgical flux business. During the year ended 31 December 2012, the Group has disposed its financial service business.

The Company was incorporated in the Cayman Islands on 21 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 17 February 2004, the Company’s shares were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and were withdrawn from the GEM Board on 31 July 2008. Since 1 August 2008, the Company’s shares have been listing on the Main Board of the Stock Exchange. In the opinion of the directors, the ultimate holding company of the Company is Alpha Sino International Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013.

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

Except for the amendments to HKAS 1, the application of these new HKFRSs has no material impact on the results and the financial position of the Group.

The nature of the impending changes in accounting policy on adoption of the amendments to HKAS 1 is described below.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012.

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 9	Financial Instruments ³
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 ³
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions ²
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ¹
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HK(IFRIC)-Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

² Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

³ No mandatory effective date yet determined but is available for adoption.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under

HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The date when entities would be required to apply HKFRS 9 was previously stated at 1 January 2015. This mandatory effective date has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements, which will now become effective from a later date yet to be announced.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 7 and HKAS 32 – Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 36 – Impairment of Assets: Recoverable Amount Disclosure for Non-Financial Assets

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

The directors anticipate that the application of these amendments to HKAS 36 will have no material impact on the Group's financial performance and positions.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The investment entities amendments apply to a particular class of business that qualify as investment entities. The term 'investment entity' refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

The directors anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011) will have no material impact on the Group's financial performance and positions.

Amendments to HKAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

Similar relief will be included in HKFRS 9.

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

The directors anticipate that the application of these amendments to HKAS 39 will have no material impact on the Group's financial performance and positions.

HK (IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 is an interpretation of HKAS 37 and addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognise a liability to pay a levy. It clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. HK(IFRIC) – Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted.

3. REVENUE

The Group is principally engaged in magnesium product business, fertiliser business and metallurgical flux business. During the year ended 31 December 2012, the Group disposed its financial services business. An analysis of the Group's revenue, for both continuing and discontinued operations, for the year is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Continuing operations		
Sales of magnesium products	547,366	379,932
Sales of fertiliser products	1,028,068	802,464
Sales of metallurgical flux products	64,857	60,534
	<u>1,640,291</u>	<u>1,242,930</u>
Discontinued operation		
Provision of financial services	–	11,061
	<u>–</u>	<u>11,061</u>

4. SEGMENT INFORMATION

Information reported to the Company's Chief Executive Officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the operating divisions. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

- Magnesium product business
- Fertiliser business
- Metallurgical flux business
- Financial services business

During the year ended 31 December 2012, the Group disposed its financial services business.

Information regarding the Group's reportable segments is presented below.

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2013:

	Continuing operations			Total
	Magnesium product business	Fertiliser business	Metallurgical flux business	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue	547,366	1,028,068	76,149	1,651,583
Inter-segment revenue	–	–	(11,292)	(11,292)
Revenue from external customers	547,366	1,028,068	64,857	1,640,291
Segment results	183,219	245,791	9,318	438,328
Other income and gains				11,782
Central administrative costs				(57,080)
Finance costs				(21,441)
Profit before income tax				371,589

For the year ended 31 December 2012:

	Continuing operations				Discontinued operation	Total HK\$'000
	Magnesium product business HK\$'000	Fertiliser business HK\$'000	Metallurgical flux business HK\$'000	Sub-total HK\$'000	Financial services business HK\$'000	
Segment revenue	379,932	802,464	63,132	1,245,528	11,103	1,256,631
Inter-segment revenue	–	–	(2,598)	(2,598)	(42)	(2,640)
Revenue from external customers	<u>379,932</u>	<u>802,464</u>	<u>60,534</u>	<u>1,242,930</u>	<u>11,061</u>	<u>1,253,991</u>
Segment results	<u>125,213</u>	<u>148,637</u>	<u>9,398</u>	283,248	(6,142)	277,106
Other income and gains				13,472	7,772	21,244
Central administrative costs				(48,084)	(13,060)	(61,144)
Finance costs				(20,363)	–	(20,363)
Profit/(loss) before income tax				<u>228,273</u>	<u>(11,430)</u>	<u>216,843</u>

Segment revenue reported above represents revenue generated from external customers. Inter-segment transactions are entered into at arm's length.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central administrative costs including directors' emoluments, other income and gains, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment Assets and Liabilities

The segment assets and liabilities as at 31 December 2013 and capital expenditure for the year then ended by reportable segments are as follows:

	Continuing operations			Total segments HK\$'000	Unallocated HK\$'000	Total HK\$'000
	Magnesium product business HK\$'000	Fertiliser business HK\$'000	Metallurgical flux business HK\$'000			
Segment assets	<u>941,909</u>	<u>442,308</u>	<u>726,383</u>	<u>2,110,600</u>	<u>729,622</u>	<u>2,840,222</u>
Segment liabilities	<u>160,757</u>	<u>202,445</u>	<u>209,819</u>	<u>573,021</u>	<u>114,239</u>	<u>687,260</u>
Additions to non-current assets	<u>307,484</u>	<u>57,740</u>	<u>47,843</u>	<u>413,067</u>	<u>1,981</u>	<u>415,048</u>

The segment assets and liabilities as at 31 December 2012 and capital expenditure for the year then ended by reportable segments are as follows:

	Continuing operations			Discontinued operation	Total segments HK\$'000	Unallocated HK\$'000	Total HK\$'000
	Magnesium product business HK\$'000	Fertiliser business HK\$'000	Metallurgical flux business HK\$'000	Financial services business HK\$'000			
Segment assets	<u>560,685</u>	<u>315,262</u>	<u>680,719</u>	<u>–</u>	<u>1,556,666</u>	<u>806,772</u>	<u>2,363,438</u>
Segment liabilities	<u>87,967</u>	<u>146,589</u>	<u>144,511</u>	<u>–</u>	<u>379,067</u>	<u>214,857</u>	<u>593,924</u>
Additions to non-current assets	<u>259,189</u>	<u>97,347</u>	<u>5,269</u>	<u>45</u>	<u>361,850</u>	<u>13,555</u>	<u>375,405</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investment properties, intangible assets, deposits with banks, cash and cash equivalents and other assets for corporate use which including property, plant and equipment and other receivables; and
- all liabilities are allocated to reportable segments other than borrowings for corporate use and other payables.

Capital expenditure comprises additions to property, plant and equipment, payment for acquisition of patents and deposits for acquisition of property, plant and equipment (2012: additions to investment properties and property, plant and equipment). Except for the additions to certain property, plant and equipment for administrative purposes, all the capital expenditure was allocated to segments.

Other Segment Information

For the year ended 31 December 2013:

	Continuing operations			Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
	Magnesium product business <i>HK\$'000</i>	Fertiliser business <i>HK\$'000</i>	Metallurgical flux business <i>HK\$'000</i>		
Depreciation of property, plant and equipment and investment properties	<u>9,183</u>	<u>36,960</u>	<u>9,484</u>	<u>3,911</u>	<u>59,538</u>
Amortisation of land use rights, mining rights and intangible assets	<u>1,984</u>	<u>358</u>	<u>13,282</u>	<u>184</u>	<u>15,808</u>
(Gain)/loss on disposal of property, plant and equipment	<u>(102)</u>	<u>-</u>	<u>274</u>	<u>82</u>	<u>254</u>
Realised and unrealised loss on investments held for trading	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,313</u>	<u>1,313</u>
Income tax expense	<u><u>37,931</u></u>	<u><u>55,870</u></u>	<u><u>542</u></u>	<u><u>113</u></u>	<u><u>94,456</u></u>

For the year ended 31 December 2012:

	Continuing operations			Discontinued operation	Unallocated HK\$'000	Total HK\$'000
	Magnesium product business HK\$'000	Fertiliser business HK\$'000	Metallurgical flux business HK\$'000	Financial services business HK\$'000		
Depreciation of property, plant and equipment and investment properties	5,910	33,703	6,698	426	3,205	49,942
Amortisation of land use rights, mining rights and intangible assets	1,647	360	13,532	54	181	15,774
(Gain)/loss on disposal of property, plant and equipment	-	138	(22)	3	-	119
Interest income from held-to-maturity investment	-	-	-	(697)	-	(697)
Interest income from investments held for trading	-	-	-	(1,119)	-	(1,119)
Realised and unrealised gain on investments held for trading	-	-	-	(3,222)	(1,457)	(4,679)
Allowance for doubtful debts	-	-	-	713	1,231	1,944
Income tax expense	26,638	20,220	1,126	275	-	48,259

Revenue from Major Products and Services

The Group's revenue from its major products and services were as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Magnesium products:		
Rare earth magnesium alloys	358,975	196,317
Basic magnesium products	166,162	167,634
Others	22,229	15,981
	<u>547,366</u>	<u>379,932</u>
Fertilisers products:		
Compound fertilisers	749,916	614,400
Organic fertilisers	275,468	174,452
Others	2,684	13,612
	<u>1,028,068</u>	<u>802,464</u>
Metallurgical flux products	<u>64,857</u>	<u>60,534</u>
	1,640,291	1,242,930
Financial services (discontinued operation)	<u>-</u>	<u>11,061</u>
	<u><u>1,640,291</u></u>	<u><u>1,253,991</u></u>

Geographical Information

No geographical information is presented as all of the Group's businesses are carried out in the PRC/Hong Kong and the Group's revenue from external customers is in the PRC/Hong Kong.

Information about Major Customers

No information about major customers is presented as no single customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2013 and 2012.

5. OTHER INCOME AND GAINS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Continuing operations		
Rental income	5,241	4,633
Interest income:		
– bank deposits	5,157	6,104
Dividend income	417	411
Sundry income	967	867
	<u>11,782</u>	<u>12,015</u>
Discontinued operation		
Interest income:		
– bank deposits	–	7
– held-to-maturity investment	–	697
– investments held for trading	–	1,119
– custodian	–	276
– margin	–	44
Dividend income	–	282
Reversal of impairment loss on trade receivables	–	2,068
Realised gain on investments held for trading	–	1,177
Unrealised gain on investments held for trading	–	2,045
Sundry income	–	57
	<u>–</u>	<u>7,772</u>

6. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Continuing operations		
Interest on borrowings wholly repayable within 5 years	<u>21,441</u>	<u>20,363</u>

7. INCOME TAX EXPENSE

The amount of income tax expense charged/(credited) to the consolidated statement of profit or loss and other comprehensive income represents:

	Continuing operations		Discontinued operation		Consolidated	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax						
– Hong Kong Profits Tax	–	–	–	(12)	–	(12)
– PRC Enterprise Income Tax	97,562	50,847	–	12	97,562	50,859
Deferred taxation	(3,106)	(2,863)	–	275	(3,106)	(2,588)
	94,456	47,984	–	275	94,456	48,259

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the years ended 31 December 2013 and 2012.

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits arising in the PRC for the years ended 31 December 2013 and 2012.

8. PROFIT FOR THE YEAR

Profit for the year from continuing operations has been arrived at after charging/(crediting):

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Wages and salaries	70,713	54,512
Share options granted to directors and employees	4,760	1,819
Payment to defined contribution retirement plans	1,749	1,594
Total staff costs (including directors' emoluments)	77,222	57,925
Auditors' remuneration	1,024	1,350
Depreciation and amortisation	75,346	65,236
Loss on disposal of property, plant and equipment	254	116
Realised gain on investments held for trading	(214)	(64)
Unrealised loss/(gain) on investments held for trading	1,527	(1,393)
Cost of inventories recognised as an expense	1,014,389	785,576
Operating lease rentals in respect of land and buildings	2,458	2,070

Loss for the year from discontinued operation has been arrived at after charging:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Auditors' remuneration	–	–
Depreciation and amortisation	–	480
	<u>–</u>	<u>480</u>

9. DIVIDEND

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Proposed final dividend of 2.00 HK cents (2012: 1.03 HK cents) per ordinary share	55,115	26,207
	<u>55,115</u>	<u>26,207</u>

The proposed final dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 28 April 2014 (“2014 AGM”). Shareholders will be given the option to receive the final dividend in new shares in lieu of cash. This scrip dividend arrangement is subject to: (1) the approval of proposed final dividend at 2014 AGM; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto. These financial statements do not reflect this dividend payable.

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
2012 final dividend declared and paid 1.03 HK cents (2011: 0.35 HK cents) per ordinary share	26,280	9,026
	<u>26,280</u>	<u>9,026</u>

In April 2013, 7,100,000 shares were issued pursuant to the exercise of share options before the record date of the final dividend for the year ended 31 December 2012, i.e. 21 May 2013. As such, final dividend paid was higher than the proposed dividend for the year ended 31 December 2012.

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

Continuing and discontinued operations

	2013	2012
Profit attributable to owners of the Company (<i>HK\$'000</i>)	230,215	130,312
Weighted average number of ordinary shares in issue (<i>'000</i>)	2,570,488	2,564,779
Basic earnings per share (<i>HK cents per share</i>)	8.96	5.08
	<u>8.96</u>	<u>5.08</u>

Continuing operations

	2013	2012
Profit attributable to owners of the Company (<i>HK\$'000</i>)	230,215	138,685
Weighted average number of ordinary shares in issue (<i>'000</i>)	2,570,488	2,564,779
Basic earnings per share (<i>HK cents per share</i>)	<u>8.96</u>	<u>5.41</u>

Discontinued operation

	2013	2012
Loss attributable to owners of the Company (<i>HK\$'000</i>)	–	(8,373)
Weighted average number of ordinary shares in issue (<i>'000</i>)	2,570,488	2,564,779
Basic loss per share (<i>HK cents per share</i>)	<u>–</u>	<u>0.33</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2013
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>230,215</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	2,570,488
Adjustment for share options (<i>'000</i>)	<u>78,849</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>'000</i>)	<u>2,649,337</u>
Diluted earnings per share (<i>HK cents per share</i>)	<u>8.69</u>

For the year ended 31 December 2012, the Company's outstanding share options were not included in the calculation of diluted earnings per share because the effects of the Company's outstanding share options were anti-dilutive.

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	228,618	91,534
Bills receivable	37,657	41,460
Prepayments and deposits	27,952	22,795
Other receivables	7,223	16,224
Deposits placed with financial institutions	1,465	1,162
	<u>302,915</u>	<u>173,175</u>

As at 31 December 2013, the ageing analysis of the trade receivables of the Group presented based on the invoice date was as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within 30 days	107,063	74,776
31 to 60 days	92,143	12,278
61 to 90 days	22,546	2,283
Over 90 days	6,866	2,197
	<u>228,618</u>	<u>91,534</u>

The Group allows a credit period normally not more than 180 days (2012: not more than 180 days) to its trade customers.

12. TRADE AND OTHER PAYABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade payables	69,197	13,213
Bills payables	15,372	–
Receipts in advance	79,487	50,942
Accruals and other payables	45,726	65,958
	<u>209,782</u>	<u>130,113</u>

As at 31 December 2013, the ageing analysis of trade payables of the Group presented based on the invoice date was as follows:

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	41,518	10,115
31 to 60 days	21,514	1,894
61 to 90 days	4,878	11
Over 90 days	1,287	1,193
	<hr/>	<hr/>
	69,197	13,213
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Following a robust growth in 2012, Century Sunshine achieved a record high in 2013. Total revenue of the Group in 2013 amounted to approximately HK\$1,640,291,000, representing a growth of about 32.0% as compared to last year, among which, the two principal businesses, magnesium product and fertiliser, accomplished outstanding results during the Year. Revenue from magnesium product business reached HK\$547,366,000 for 2013 (2012: HK\$379,932,000). It represented 33.3% (2012: 30.6%) of the Group's total revenue for the Year with a year-on-year growth of 44.1% over 2012. On the other hand, revenue generated by fertiliser business stood at HK\$1,028,068,000 for 2013 (2012: HK\$802,464,000). It accounted for 62.7% (2012: 64.5%) of the Group's total revenue and represented an annual growth of 28.1% comparing to 2012.

Magnesium Product Business

The Group's magnesium product business has continued to build on its strong momentum since 2012 and once again posted a rapid growth. High margin rare earth magnesium alloys accounted for a substantial increase in sales contribution which fuelled up the overall high growth of the Group.

The Group's magnesium product business covers two categories – basic magnesium products and rare earth magnesium alloys. The latter includes high-performance rare earth magnesium alloys and rare earth magnesium middle alloys. Given their advanced technological requirements and superb performance on applications, pricings and margins of rare earth magnesium alloys are comparatively higher than basic magnesium products. During the Year, sales volume of rare earth magnesium alloys soared to 8,434 tonnes (2012: 5,010 tonnes), contributing revenue of HK\$358,975,000 (2012: HK\$196,317,000) which accounted for 65.6% (2012: 51.7%) of overall segment revenue with a gross profit margin of 40.0% (2012: 39.4%). Whereas basic magnesium products including magnesium ingots and general magnesium alloys recorded sales volume of 8,463 tonnes (2012: 7,897 tonnes) which generated revenue of HK\$166,162,000 (2012: HK\$167,634,000). They accounted for 30.4% (2012: 44.1%) of segment revenue with a gross margin of 16.8% (2012: 24.6%).

Due to the downturn in global commodity market, basic magnesium products experienced fluctuations in both prices and gross profit margins in the Year. However, rare earth magnesium products entail sophisticated technological requirements which ensured a relatively stable gross profit margin in comparison to basic magnesium products. It also demonstrates effectiveness of the Group's strategy in developing high-performance products.

The Group has obtained 21 patented technologies for production of high-performance rare earth magnesium alloys which ensuring its leading position in this space. In June 2013, a subsidiary of Changchun Institute of Applied Chemistry under Chinese Academy of Sciences, one of the most respectful and authoritative institutions engaged in researching rare earth magnesium alloys, was introduced as a strategic shareholder to the Group. The move has further bolstered the Group's R&D capabilities and technical strengths. Also, the Group has been enlisted as a Demonstration Base for Applications of Mining Resources by the Ministry of Finance and the Ministry of Land and Resources of the PRC since 2011. The Group's market leader position has long been set.

China's magnesium ingot production was at a 11.7% CAGR growth rate from 2009 to 2012. The distinct market surge was fuelled by increasing competitiveness of magnesium alloys, resulting from incentivised global move towards a more environmentally-friendly and energy-saving demand in material. To ensure the business grows in the same pace as the global demand, Century Sunshine has been pushing its Phase II expansion to create an additional annual capacity of 50,000 tonnes of magnesium. The enhanced capacity will provide the Group an ideal platform to capture the rapid growing market.

Fertiliser Business

Under the national support on ecological, green and sustainable agricultural development, the Group's fertiliser business maintained a substantial growth in the Year. Despite an increasingly challenging business environment for straight fertiliser producers, Century Sunshine's fertilisers out-performed its peers listed in Hong Kong. Both sales and gross margins hit record high. For the year ended 31 December 2013, the segment contributed a total revenue of HK\$1,028,068,000 (2012: HK\$802,464,000) representing an annual increase of 28.1%. The business covers two product categories – compound and organic fertilisers. During the Year, revenue of compound and organic fertilisers increased year-on-year to 22.1% and 57.9% respectively.

The gross profit margin of compound fertilisers experienced a substantial increase from 17.9% to 22.0% in the Year. The sizeable jump was a result of production upgrade and efficiency improvement following its ongoing technological innovation and enhancement.

Although launched in March 2012, compound Silicon Magnesium (“Si-Mg”) fertilisers continued to drive a remarkable growth in revenue and gross profit for overall fertiliser business during the Year. While experiencing a rapid growth in its production and sales, it still managed to maintain a high margin. It was achieved by fine-tuning product mix and improving production efficiency. Revenue amounted to HK\$207,260,000 (2012: HK\$122,238,000), representing 20.2% of the fertiliser business in the Year.

In 2013, the Group underwent a series of technical improvements to further maximise and recycle waste materials in producing organic fertilisers. The move successfully reduced cost of production which enhanced overall gross margin. During the Year, sales of organic fertilisers increased by 48.7% to 128,292 tonnes. Recorded revenue of HK\$275,468,000 (2012: HK\$174,452,000), representing approximately 26.8% of the fertiliser business. Gross profit margin went from 35.5% to 37.9%.

Through continuous investment in research and development, the Group has translated the efforts in technological advance and outstanding performance to its products. It has increased entry barrier for competitors yet maintained the Group's competitiveness in securing a high profit margin business in an intensifying market situation. Given its strategic focus on product innovation and differentiation, the Group continues to draw upon its strengths inherent in proprietary technologies to further increase market share in the future.

Phase I expansion, a new plant with a 300,000-tonne annual capacity will be launched in the third quarter of 2014. Phase II expansion of a 400,000-tonne production is already on drawing board. It will advance growth of the fertiliser business of the Group.

Other Business

Metallurgical flux business is the Group's secondary business. With an abundant, superb quality serpentine reserve, it is not only a key raw material to produce Si-Mg fertilisers but also an indispensable source of auxiliary material for iron and steel smelting. Based on principle of securing source of material for Si-Mg fertilisers production, the Group sold a manageable amount of serpentine reserve to large domestic steel enterprises. During the Year, revenue from the metallurgical flux business amounted to HK\$64,857,000 (2012: HK\$60,534,000), representing 4.0% (2012: 4.9%) of the total revenue.

Outlook

Comprised of magnesium product and fertiliser, Century Sunshine's dual-business portfolio is gradually entering in a growth stage. Both businesses are aligning with objectives of the PRC's economic reform. It has clearly indicated that the Group will be benefitted from the favourable national policy in a long term.

The Group's commitment to research and technological investments represents its leadership in rare earth magnesium alloys and ecological fertilisers. The advanced technology has created a substantial hurdle for market players to replicate and compete.

Looking forward to 2014, Century Sunshine expects that value chain of both businesses will grow stronger and become more sophisticated. Its development will be coupled with broader sales outreach and higher market awareness. The Group believes it will be advantageously positioned by the national policies emphasising 'Green' issues such as environmental protection, energy saving and economic sustainability from a macro prospective. The management remains optimistic about

maintaining a high growth in 2014. Leveraging on its well-established strategies and development plans, the management will make every possible effort to expand market share by increasing the portion of high-margin products in its portfolio and launching new products. The ultimate goal is to maximise shareholders' value.

Key Operational Data

Unaudited key operational data for the year ended 31 December 2013, together with the comparative figures for the corresponding period in 2012, is as follows. Main businesses listed below contributed over 95% of the Group's total revenue for the year ended 31 December 2013.

(a) Sales volume of major products:

	Year		Increase/ (Decrease)
	2013	2012	
	<i>Tonnes</i>	<i>Tonnes</i>	<i>%</i>
Magnesium product business			
Rare earth magnesium alloys	8,434	5,010	68.3
Basic magnesium products	8,463	7,897	7.2
Fertiliser business			
Compound fertilisers	290,952	221,864	31.1
Organic fertilisers	128,292	86,304	48.7

(b) Average selling prices of major products:

	Year		Increase/ (Decrease)
	2013	2012	
	<i>HK\$</i>	<i>HK\$</i>	<i>%</i>
Magnesium product business			
Rare earth magnesium alloys	42,563	39,184	8.6
Basic magnesium products	19,633	21,228	(7.5)
Fertiliser business			
Compound fertilisers	2,577	2,769	(6.9)
Organic fertilisers	2,147	2,021	6.2

(c) *Gross profit margins of major products:*

	Year		Increase/ (Decrease)
	2013	2012	(Decrease)
	<i>%</i>	<i>%</i>	<i>Basis points</i>
Magnesium product business			
Rare earth magnesium alloys	40.0	39.4	0.6
Basic magnesium products	16.8	24.6	(7.8)
Fertiliser business			
Compound fertilisers	22.0	17.9	4.1
Organic fertilisers	37.9	35.5	2.4
The Group's gross profit margin	31.0	26.7	4.3

Revenue

Total revenue of the Group in 2013 amounted to approximately HK\$1,640,291,000 (2012: approximately HK\$1,242,930,000), representing a growth of about 32.0%. This is mainly due to expansion of production capacity, improvement in production efficiency and increase in sale volume.

For production capacity, the Group has renovated its production lines, thus expanded the production capacity for fertilisers by around 18.4%. For sales, the Group has expanded its distribution networks and customers base, thereby increased the sales volume for compound fertilisers and organic fertilisers by 31.1% and 48.7% respectively, among which, sales volume of high gross margin products, Si-Mg fertiliser, raised by 68.3%. Sales volume for magnesium product business also recorded a growth of 30.9%. Among which, sales volume of rare earth magnesium alloys recorded a significant growth of 68.3%, and accounting to 49.9% of total quantity sold of the magnesium product business.

Cost of Sales

Cost of sales for 2013 amounted to approximately HK\$1,132,526,000 (2012: HK\$910,734,000), an increase of around 24.4% over last year. Among which, approximately 31.5%, 66.9% and 1.6% are attributable to magnesium product business, fertiliser business and metallurgical flux business respectively (2012: approximately 27.7%, 69.6% and 2.7% respectively). Cost of sales mainly comprised of material cost and utilities cost, that accounted for approximately 87.5% of total cost of sales.

Gross Profit

Consolidated gross profit for 2013 was approximately HK\$507,765,000 (2012: HK\$332,196,000), surged by approximately 52.9%. The consolidated gross profit margin raised from 26.7% to approximately 31.0%. This is mainly due to the change and improvement in product mix, increasing sales proportion of high profit margin rare earth magnesium alloys and the Si-Mg fertilisers, thereby enhancing the Group's overall gross profit ratio.

Selling and Marketing Costs

Selling and marketing costs were approximately HK\$69,437,000 (2012: HK\$48,948,000), which mainly comprised of transportation costs of approximately 69.2 % and salaries and commission of approximately 18.9% (2012: approximately 67.0% and 25.7% respectively). Selling and marketing cost accounted for approximately 4.2 % (2012: approximately 3.9%) of total revenue.

Administrative Expenses

Administrative expenses was approximately HK\$55,767,000 (2012: HK\$48,084,000), which mainly comprised of staff costs, depreciation and amortisation expenses, audit and professional fees and occupancy costs, accounting for approximately 39.6%, 24.4%, 6.1% and 4.1% (2012: approximately 35.1%, 18.6%, 6.3% and 3.3%) respectively of the total administrative expenses for the year.

Increase in administrative expenses was mainly resulted from expenses incurred for coping with expansion of our businesses, yet, the Group was still able to minimise such expenses as it only represented approximately 3.4% (2012: approximately 3.9%) of total revenue.

Other Income and Gains

Other income and gains amounted to approximately HK\$11,782,000 (2012: HK\$12,015,000), mainly comprised of interest income and rental income accounting to approximately HK\$5,157,000 and HK\$5,241,000 (2012: approximately HK\$6,104,000 and HK\$4,633,000) respectively.

Margin

Profit for the year amounted to approximately HK\$277,133,000 (2012: HK\$168,584,000), leaped by approximately 64.4%. Profit attributable to owners of the Company for the year amounted to HK\$230,215,000 (2012: HK\$130,312,000), increased by approximately 76.7 %.

LIQUIDITY, LIABILITIES AND FINANCIAL RESOURCES

The Group's liquidity in 2013 was mainly derived from cash generated from business operations. As at 31 December 2013, total amount of cash and bank balances of the Group was approximately HK\$422,901,000 (2012:HK\$503,194,000).

As at 31 December 2013, the Group's total borrowings decreased by approximately 5.1% as compared to 2012, while net current assets increased by approximately 47.9% as compared to 2012. The Group's gearing ratio (calculated by total borrowings over total equity) was approximately 14.0% in 2013 (2012: 17.9%).

The Group's existing cash resources together with the steady cash flows generated from business activities are sufficient to meet its business needs. Net cash generated from operating activities amounted to HK\$297,905,000 (2012: HK\$ \$252,538,000).

EXCHANGE RATE RISK MANAGEMENT

The Group mainly operates in the People's Republic of China (the "PRC") and Hong Kong and is exposed to foreign exchange risk arising from primarily with respect to HK\$, Renminbi and Australian dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's management does not expect the net foreign currency risk from these activities to be significant and hence, the Group does not presently hedge the foreign exchange risks.

The Group periodically reviews liquid assets and liabilities held in currencies other than HK\$ to evaluate its foreign exchange risk exposure and consider the usage of hedging instruments when necessary.

CREDIT RISK MANAGEMENT

The Group has always been aware of the credit risk exposure of our customers. The Group strictly followed the "client account management procedures" established in 2004. The procedures required and ensured that all clients were regularly assessed and be kept track of their transaction records and credit history. The Group specified and assigned to each customer, as according to their operation and credit status, a series of credit measures such as credit ratio, credit period, credit rating, credit terms and guarantee. The client account management procedures were effective to control the credit risk of the Group.

SIGNIFICANT TRANSACTIONS

In January 2013, the Group, through a wholly-owned subsidiary, Capital Idea Investments Limited acquired additional equity interest in China Rare Earth Magnesium Technology Holdings Limited (“China Rare Earth Magnesium”) which had enlarged its share capital in June 2013 to introduce two new technological and strategic shareholders. The Group’s net equity interest in China Rare Earth Magnesium was therefore increased by 21.6%.

On 28 January 2014, the Company and International Finance Corporation (“IFC”) entered into a Share Subscription Agreement, pursuant to which, IFC has agreed to subscribe for an aggregate of 155,077,000 fully paid Subscription Shares at HK\$0.75 each. The relevant Subscription was completed on 24 February 2014.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year of 2013, the Company has complied with the Corporate Governance Code and Corporate Governance Report under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), with the following deviations:

- (a) Under code provision A.2.1, the roles of chairman and chief executive officer (the “CEO”) should be separated and should not be performed by the same individual.

Mr. Chi Wen Fu, the founder of the Group, currently holds a dual role as the Chairman and the CEO. The Board is of the view that it is for the best interests of the Group to adopt a single leadership structure, as Mr. Chi possesses extensive experience and knowledge in the PRC market and he is playing a significant role in establishing the strategic decisions and overall management of the Group. It enables the Company to make and implement decisions promptly and efficiently. The Board considers that there is no suitable professional or expertise in the market to fill the position of CEO at this stage. In light of the single leadership structure, sufficient safeguards are established to ensure that the management is accountable to the Board as a whole. The Chairman/CEO ensures that Board meetings are held regularly and when necessary. The Chairman/CEO ensures that Board members are provided with complete, adequate, accurate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group. The Chairman/CEO ensures that all Directors have unrestricted access to the document or information kept by the Group and professional advice when necessary.

- (b) Under code provision E.1.2, the chairman of the Board should attend the annual general meeting. Mr. Chi Wen Fu, the chairman of the Board was unable to attend the annual general meeting held on 8 May 2013 as he was obliged to be away for a business trip. Mr. Shum Sai Chit, Mr. Kwong Ping Man and Mr. Liu Hoi Keung, Directors of the Company, attended the said annual general meeting to respond to queries from shareholders.

- (c) Under code provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Guo Mengyong (being a non-executive Director) and Mr. Sheng Hong (being an independent non-executive Director) were unable to attend the annual general meeting held on 8 May 2013 as they were obliged to be away for business trips.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (“Model Code”) as the code of conduct of the Company regarding Directors’ securities transactions. The Company made specific enquiries to all Directors and all Directors have confirmed in writing that they have complied with the required standards set out in the Model Code during the year.

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

During the year, there was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established to review the Group’s financial reporting, internal controls, corporate governance and risk management matters and to make relevant recommendations to the Board. The Audit Committee comprises all independent non-executive Directors, namely Mr. Kwong Ping Man (being the chairman of the Audit Committee), Mr. Liu Hoi Keung and Mr. Sheng Hong.

During the year, the Audit Committee held 4 meetings and performed the duties including reviewing the Group’s financial statements (including the Group’s interim and annual financial statements with recommendations to the Board for approval), compliance of the regulatory and statutory requirements, significant internal control and risk management, significant accounting and audit issues, the Group’s connected transactions and overseeing and managing the relationship with external auditors.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises of four members, namely Mr. Kwong Ping Man, Mr. Liu Hoi Keung, Mr. Shum Sai Chit and Mr. Sheng Hong, the majority of whom are independent non-executive directors. The functions of the Remuneration Committee are to formulate transparent procedures for set up remuneration policies and packages for Directors and the senior management of the Group.

REVIEW OF ANNUAL RESULTS

The consolidated results for the year ended 31 December 2013 have been audited by the Company's auditors, HLB Hodgson Impey Cheng Limited and reviewed by the audit committee of the Board which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

The figures included in this preliminary announcement in respect of the Group's results for the year ended 31 December 2013 have been agreed by HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year under review. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

FINAL DIVIDEND

The Board recommends the payment of a final dividend for the year ended 31 December 2013 of 2 HK cents per share (the "Final Dividend") with an option to elect to receive the Final Dividend by way of scrip share(s) under a scrip dividend scheme (the "Scrip Dividend Scheme"). Shareholders whose names appear on the register of members of the Company on 13 May 2014 (the "Record Date") will be entitled to receive the Final Dividend. Under the Scrip Dividend Scheme, shareholders who are entitled to receive the Final Dividend (other than shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are outside Hong Kong (if any) to whom the Directors, based on legal advice provided by legal advisers and on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient to exclude such shareholder(s) from the Scrip Dividend Scheme) (the "Qualifying Shareholders") may elect to receive the Final Dividend wholly or partly by way of scrip share(s) in lieu of cash at a fixed price of HK\$0.70 per share. The Scrip Dividend Scheme is subject to (a) the approval of the Final Dividend and the Scrip Dividend Scheme by the shareholders at the annual general meeting to be held on 28 April 2014 ("2014 AGM") and (b) listing approval being granted by the Stock Exchange in respect of the scrip shares to be issued pursuant thereto.

On the condition that the payment of the Final Dividend by way of the Scrip Dividend Scheme is approved by the shareholders at the 2014 AGM, a circular containing further details of the Scrip Dividend Scheme, together with a form of election (to the Qualifying Shareholders only), will be despatched to the shareholders shortly after the Record Date. It is expected that the cheques for cash entitlement and the certificates for scrip shares will be sent on or about 27 June 2014 to the shareholders who are qualified for the Final Dividend.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the shareholders of the Company (the “Shareholders”) will be held at Level 5, Two Exchange Square, 8 Connaught Place, Central, Hong Kong 28 April 2014 at 2:30 p.m. (“AGM”). Notice of the AGM of the Company will be published and despatched to the Shareholders as soon as possible.

CHANGE OF ADDRESS OF HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 31 March 2014, the Hong Kong share registrar and transfer office of the Company, Tricor Investor Services Limited (the “Share Registrar”), will change its address from 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong to:

Level 22, Hopewell Centre
183 Queen’s Road East
Hong Kong

All telephone and facsimile numbers of the Share Registrar will remain unchanged.

CLOSURE OF REGISTER OF MEMBERS

To be eligible to attend and vote at the AGM

The register of members of the Company will be closed from Wednesday, 23 April 2014 to Monday, 28 April 2014, both days inclusive, during which period no transfer of shares will be registered. In order for the Shareholders to be eligible to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong (which will be relocated at Level 22 Hopewell Centre 183 Queen’s Road East, Hong Kong with effect from 31 March 2014), not later than 4:00 p.m. on Tuesday, 22 April 2014 for registration.

To qualify for the proposed 2013 final dividend

The register of members of the Company will also be closed from Monday, 5 May 2014 to Tuesday, 13 May 2014 both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed 2013 final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (which will be relocated at Level 22 Hopewell Centre 183 Queen's Road East, Hong Kong with effect from 31 March 2014), not later than 4:00 p.m. on Friday, 2 May 2014 for registration.

PUBLICATION OF ANNUAL RESULTS AND 2013 ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.centurysunshine.com.hk). The 2013 Annual Report will be dispatched to the shareholders and will be available in the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Chi Wen Fu
Chairman

Hong Kong, 5 March 2014

As at the date of this announcement, the directors of the Company are:

Executive directors:

*Mr. Chi Wen Fu, Mr. Shum Sai Chit,
Ms. Chi Bi Fen and Mr. Yang Yuchuan*

Non-executive director:

Mr. Guo Mengyong

Independent non-executive directors:

*Mr. Kwong Ping Man, Mr. Liu Hoi Keung and
Mr. Sheng Hong*