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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

(Stock code: 509.HK)

## **Announces 1Q 2017 Results**

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**Sales Volume of Magnesium Product Enhanced Significantly by 70% and  
 Turnover Increased by 38%**

**Sales Volume of Basic Magnesium Product Enhanced and Average Selling Price  
 of Magnesium Products Decreased by 18.5% due to the Change of Product Mix  
 Fertiliser Business Maintained Steady Gross Profit Margins**

### **Results Highlights**

<b>For the three months ended 31 March</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>
<b>Magnesium Product Business</b>			
Sales volume (tonnes)	<b>8,639</b>	5,083	+70.0%
ASP (HK\$/tonne)	<b>19,896</b>	24,424	-18.5%
Revenue (HK\$'000)	<b>171,875</b>	124,138	+38.5%
Gross margin	<b>21.3%</b>	29.2%	-7.9 ppts
<b>Fertiliser Business</b>			
Sales volume (tonnes)	<b>138,791</b>	140,809	-1.4%
ASP (HK\$/tonne)	<b>1,958</b>	2,123	-7.8%
Revenue (HK\$'000)	<b>271,769</b>	298,911	-9.1%
Gross margin	<b>25.9%</b>	26.5%	-0.6 ppts
Gross margin of the Group	<b>25.8%</b>	28.7%	-2.9 ppts

(Hong Kong, 19 June, 2017) **Century Sunshine Group Holdings Limited** ("Century Sunshine" or the "Company", stock code: 509.HK, or together with its subsidiaries collectively referred to as the "Group"), is pleased to announce the unaudited operational data of the Group's two core businesses for the three months ended 31 March 2017 (the "Period").

The sales volume of fertiliser remained steady during the Period, which slightly decreased by

1.4% compared to the same period last year. The average selling price of fertiliser products decreased by 7.8% to HK\$1,958 due to the fluctuation in commodity prices and the depreciation of RMB against HKD. The average selling price increased slightly when matched against HK\$1,916 in the fourth quarter of 2016. This may be a signal that the selling price of fertiliser has bottomed out. The gross margin of fertiliser business was maintained at 25.9% (2016: 26.5%).

The sales volume of magnesium business increased significantly by 70%, attributable to the capacity increment in Xinjiang production base. Since majority of sales from Xinjiang production base is basic magnesium products, the average selling price of magnesium products was lowered by 18.5% compared to the same period last year. As a result, the overall gross profit margin of the Group dropped by 2.9 ppts to 25.8%. The Group's high-end product, the rare earth magnesium alloys, maintained high gross profit margin at 40.4% (2016: 42.5%), and sales volume reached 1,890 tonnes (2016: 1,893 tonnes). The high margin rare earth magnesium alloys business has been held steady along with the expansion of magnesium business.

For the fertiliser business, the construction of the first phase of 550,000 tonnes production capacity in Ruichang City, Jiangxi Province will be completed in the third quarter of 2017, much ahead of schedule. The second phase of the production line with 850,000 tonnes production capacity is expected to be built by 2019. Meanwhile, the Group acquired Shandong Hongri Chemical Joint Stock Company, Ltd. ("Shandong Hongri"), the renowned compound fertiliser manufacturer last year and the transaction was completed on 1 April, 2017. After the completion, the Group's production capacity of fertiliser is doubled, enabling sales network to cover most Chinese provinces (except Tibet). The Group's fertiliser production capacity is expected to increase to 3,000,000 tonnes in future, and will position the Group as a leader in the fertiliser industry.

For the magnesium product business, both production bases in Baishan City, Jilin Province and Xinjiang Province are in operation. The Xinjiang production base is managed by Group Sense (International) Limited ("Group Sense", stock code: 601.HK), a subsidiary of the Group. The Xinjiang production base now contributes more to the Group during the Period, and Group Sense will start the construction of 30,000 tonnes production lines this year. The Xinjiang production base has been granted the annual production capacity of 100,000 tonnes magnesium alloys by the Chinese government. Once the construction of all of the production capacity has been completed, the Group is able to entrench itself as a leader in the magnesium industry.

**Mr Chi Wen Fu, Chairman of the Board** said, "Leveraging on the favourable government policies, the market potential of the Group's two core businesses is huge. Although the

commodity prices and RMB fluctuate, and there is a change of product mix, the Group's performance in the Period remained stable. The overall gross profit margin was slightly lowered, yet the sales volume of magnesium business much elevated. Looking forward, riding on the supportive industry policies by the government, we will continue to pursue product differentiation strategies in agricultural fertiliser and rare earth magnesium businesses; to fully unleash the synergy with Shandong Hongri, to accelerate our expansion plan in order to capture handsome market share and increase our influence in both fields. We will continue to strive for the best interests of shareholders".

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**About Century Sunshine Group Holdings Limited (Stock Code: 509.HK)**

Century Sunshine and its subsidiaries engage in vertically integrated business activities including R&D, production, and distribution of magnesium alloys and ecological fertilizers. The Group was listed on the Main Board of the Hong Kong Stock Exchange on 1 August 2008 with stock code of 509.HK. In February 2015, the Group successfully acquired Group Sense (International) Limited (601.HK), currently holding approximately 51.88% shares.

For more information, please visit the Company's website: <http://www.centurysunshine.com.hk>

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