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世紀陽光集團控股有限公司
CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Stock code: 509)

Announces 2017 Interim Results

Profit attributable to Shareholders surged 8.3% to HK\$127,515,000
Magnesium Business Continued to Develop Rapidly
Incorporation of Shandong Hongri Contributes to a Stronger Presence
of Fertiliser Business

Financial Highlights

HK\$'000	For the Six Months ended 30 June		
	2017	2016	Changes
Revenue	1,522,185	1,236,142	+23.1%
- Fertiliser Sales	855,064	681,960	+25.4%
- Magnesium Sales	503,035	424,385	+18.5%
Gross Margin	373,628	371,203	+0.7%
Profit for the Period	129,695	128,548	+0.9%
Profit attributable to Owners of the Company	127,515	117,717	+8.3%
Earnings per share (HK cents)	2.77	2.56	+8.2%

(Hong Kong, 31 August, 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 interim results of the Group for the six months ended 30 June 2017 (the "Period").

During the Period, the Group's product differentiation strategy is effective. Despite a slight decline in profit margin due to the fluctuation of commodity prices, the depreciation of RMB against HKD, the overall business is on upward trend. There is a rapid expansion in fertiliser production capacity and sales in the magnesium product is strong. For the six months ended 30 June 2017, the Group recorded an overall increase in revenue by 23.1% to HK\$1,522,185,000 (2016: HK\$1,236,142,000), with gross profit margin recorded at 24.5% (2016: 30.0%). Revenue from the fertiliser business for the Period amounted to HK\$855,064,000 (2016: HK\$681,960,000), representing an increase of 25.4% year-on-year, and accounted for 56.2% (2016: 55.2%) of the Group's total revenue; revenue from the magnesium product business for the Period was HK\$503,035,000 (2016: HK\$424,385,000), representing a year-on-year increase of 18.5%, and accounted for 33.0% of the total revenue of the Group (2016: 34.3%).

The three major production bases to fuel remarkable growth

The Group's agricultural fertiliser businesses are broadly categorised into compound fertilisers and organic fertilizer, under the brands “Le He He (樂呵呵)”, “Feng Shou (豐收)”, “Zhan Lan (湛藍)”, “Yanyangtian (艷陽天)”, “Dongfanghong (東方紅)”, etc.

Currently, the three production bases of the Group locate in Jiangsu, Jiangxi and Shandong, gaining strong national brand recognition in the industry. With a long operating history, the Group has a well-established sales network and implements effective market penetration strategy, covering the northern, central and southern provinces of China (excl. Tibet). The Jiangxi production base is under construction. The phase one construction is expected to be completed in the third quarter of 2017, with an annual production capacity of 550,000 tonnes; while the remaining production capacity of 850,000 tonnes is expected to in place in 2019. Upon the completion of the entire project of 1,400,000-tonne production lines, the Group will occupy a leading position in the compound fertiliser industry, with an annual fertiliser production capacity of over 3,000,000 tonnes. When the products from the newly-built production bases in Jiangxi are launched, the Group will be able to enrich its portfolio of ecological fertilisers and further improve the product mix. With the release of production capacity and a strong brand recognition, the significant growth in sales is expected.

In addition, during the Period, Shandong Hongri Chemical Joint Stock Company, Ltd. (“Shandong Hongri”), a well-known compound fertiliser enterprise in China has been integrated into the Group. Not only did Shandong Hongri contribute good revenue to the Group, it also doubles the Group's total production capacity of fertiliser. During the Period, the sales volume from Shandong Hongri amounted to approximately 97,250 tonnes with revenue HK\$197,040,000, lifting the overall performance of the segment.

Acceleration of the development of compound and organic fertilisers

With the favourable national policies in agriculture and organic fertiliser, the utilisation rate of both organic and compound fertilisers in China is on the rise, while the utilisation rate of chemical fertiliser is gradually declining. This speeds up the development of green agriculture. According to the “Action Plan to Reduce the Use of Chemical Fertiliser to Zero-growth by 2020” (《到2020年化肥施用量零增長行動方案》) and the “Proposal on Substitution of Chemical Fertiliser with Organic Fertiliser Used on Fruit, Vegetables and Tea” (《開展果菜茶有機肥替代化肥行動方案》) issued by Ministry of Agriculture of People's Republic of China in 2015 and 2017 respectively, it is expected to reduce the chemical fertilisers use by over 20% in key growing areas for fruit, vegetables and tea, and by over 50% in core agricultural areas and production bases for well-known brands by 2020. The Ministry of Agriculture announced a subsidy of \$1 billion in 2017 to replace chemical fertilisers with organic alternatives in 100 counties (or cities) in order to promote organic fertilisers and cut down the use of chemical fertiliser.

The Group believes that, with the aforementioned national policies and the global trend of increasing application of compound and organic fertilisers, its business development can be accelerated. Having ingrained the concept of “soil testing and prescribed fertilisation” for decades, the Group strives to build a green and eco-friendly business in line with the direction of the national policy, and to exploit immense business opportunities ahead. As an industry leader, the Group is steadfast to seize greater market share of compound fertilisers and

organic fertilisers.

Magnesium Business Continued to Develop Rapidly

The magnesium products of the Group mainly include basic magnesium products and high-end rare earth magnesium alloys. The Group's revenue continued to increase during the Period attributable to the capacity expansion.

The Group holds a rich and high-quality reserve of dolomite mineral resource in Baishan City, Jilin Province, and has completed the construction of magnesium and the basic magnesium alloy production base with advanced technology. With an array of patents in manufacturing the rare earth magnesium alloy, the Group has achieved a seamless integration of the supply of raw material and production capacity, creating a very favourable condition and strong driving force for the development of magnesium business.

Group Sense (international) Limited ("GSIL", stock code: 601), a subsidiary of the Company, owns a magnesium production base in Xinjiang, the PRC, and continued to contribute to the Group's magnesium business during the Period. The government approved production capacity of the Xinjiang Base is 100,000 tonnes of magnesium alloy, of which production facilities of 15,000 tonnes have been built and utilised for the existing production. Additional capacity of 30,000 tonnes is currently under construction and expected to be gradually released in 2018. It is expected that the overall production capacity of the Group's magnesium product business will reach 170,000 tonnes upon completion of the expansion project in the Xinjiang Base, positioning the Group as one of the leaders in the magnesium industry.

On 18 April 2017, the Group has announced a non-legally binding memorandum of understanding between the Group and GSIL regarding a possible disposal of Century Sunshine's interests in its magnesium business in Baishan City, Jilin Province, the PRC, to GSIL. The possible transaction transfers Century Sunshine's interests in the magnesium business to GSIL. Century Sunshine shall make an announcement(s), as appropriate, in the event when any material development and/or that a definitive legally binding agreement is entered into.

Other business

Other businesses of the Group include metallurgical flux and electronic products. The Group owns quality serpentine reserves which is not only a key raw material to produce Si-Mg fertilisers, but is also an indispensable source of auxiliary material for iron and steel smelting. The Group sells serpentine to major domestic steel enterprises to generate a stable income, when the requirement for the production of our Si-Mg fertilisers is fulfilled.

Mr Chi Wen Fu, Chairman of the Board said, "With the gradual implementation of the national policies, along with the market's better understanding on new fertilisers and new magnesium alloys, the demands of our products will continue to grow, hence driving our business. The Group will continue to implement the product differentiation strategy, to enhance the production capacity of the magnesium business and fertiliser business, and to expand our market share through merger and acquisition. In the meantime, the Group will also research into high end, high value-added products to cope with the market demands, so to create promising returns for the 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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