世紀陽光集團控股有限公司
CENTURY SUNSHINE GROUP HOLDINGS LIMITED
(Stock code：509)

Announces 3Q 2017 Operational Performance

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Phase One Production Line Officially Commences at Jiangxi Base
Production Capacity Increases Rapidly and Products Diversification Drives Growth of Fertiliser Business

Results Highlights

For the nine months ended 30 September	2017	2016	Change
Fertiliser Business			
Sales volume (tonnes)	**719,003**	510,593	+40.8%
ASP (HK$/tonne)	**2,033**	2,060	-1.3%
Revenue (HK$'000)	**1,461,400**	1,051,715	+39.0%
Gross margin	**23.0%**	28.5%	-5.5ppt
Magnesium Product Business			
Sales volume (tonnes)	**36,418**	26,536	+37.2%
ASP (HK$/tonne)	**22,859**	25,213	-9.3%
Revenue (HK$'000)	**845,916**	689,341	+22.7
Gross margin	**25.8%**	30.4%	-4.6ppt
Gross margin of the Group	**24.7%**	30.3%	-5.6ppt

(Hong Kong, 18 December, 2017) Century Sunshine Group Holdings Limited ("Century Sunshine" or the "Company", or together with its subsidiaries, collectively referred to as the "Group", stock code: 509.HK), is pleased to announce the unaudited operational data of the Group's two businesses for the nine months ended 30 September 2017 (the "Period").

During the Period, Shandong Hongri Chemical Joint Stock Company, Ltd. ("Shandong Hongri") continued to contribute to the production capacity and sales volume of the Group, further enhanced the Group's capacity and enriched its product mix. Sales volume for the fertiliser business amounted to 719,003 tonnes, representing a year-on-year growth of 40.8%. As a result of the depreciation of RMB against HKD as compare to the corresponding period last year, and the change in product mix of fertiliser business due to the increase in sales of the regular compound fertiliser, the Group's average selling price and gross margin of fertiliser products reduced by 1.3% to HK$2,033 per tonne and to 23.0% respectively (2016: 28.5%).

As for the Group's magnesium product business, sales volume increased by 37.2% to 36,418

tonnes, but average selling price decreased by 9.3% to HK$22,859 per tonne year-on-year. This was mainly attributable to the capacity increment in Xinjiang production base. Since the majority of sales from Xinjiang production base is basic magnesium products, the average selling price and gross profit of magnesium products were affected. Gross profit for the Group's high-end product, the rare earth magnesium alloys was approximately 44.3% (2016: 42.4%). The Group's high end rare earth magnesium business is maintained steadily along with the capacity expansion of magnesium business.

Fertiliser Products in Jiangxi Base are Officially Launched in the Market

Regarding the Group's fertiliser business, construction work at the Jiangxi production base was on schedule with phase one construction of 550,000 tonnes production capacity closed to completion and has commenced trial production in mid-October 2017. Fertiliser products include high tower fertilisers and specialised compound fertiliser; while the phase two production capacity of 850,000 tonnes is expected to be in place in 2019.

Upon the completion of the entire project of 1,400,000 tonne production lines at Jiangxi Ruichang base, combining production capacity at the Group's Jiangsu and Shandong Hongri production base, the Group will possess an annual fertiliser production capacity of over 3,000,000 tonnes. And due to the launching of the products from the newly-built production base in Jiangxi, the Group was able to further enrich its portfolio of ecological fertilisers.

Further Enhancing Production Capacity of Magnesium Business

As for the Group's magnesium business, the Group continues to focus on its own business and propel its growth potential. Production facilities of 15,000 tonnes have been built at the production base in Xinjiang in the PRC, owned by Group Sense (international) Limited ("GSIL", stock code: 601), a subsidiary of the Company. The first phase of additional capacity of 30,000 tonnes, including production lines for magnesium alloy products, is currently under construction since mid-2017 and is expected to be gradually released in 2018. It is estimated that the overall production capacity at Xinjiang Base will reach 45,000 tonnes upon completion of the first-phase expansion project.

The government has granted the production base in Xinjiang the official right to produce 100,000 tonnes magnesium alloys. The Group will reach an aggregate capacity of 170,000 tonnes for magnesium alloys in future upon completion of the expansion project, along with its existing production capacity at the Baishan base in Jilin Province. The Group holds a number of patents in high performance magnesium alloy manufacturing methods and technologies, which facilitates the vertical integration of upstream supply of raw materials and downstream production. Leveraging on the benefits in producing the magnesium alloys, the Group will

capture the opportunities to boost the business growth.

Reorganisation of the Magnesium Business

On 30 November 2017, the Group announced that it had completed the reorganisation with GSIL, under which Century Sunshine's interests in China Rare Earth Magnesium Technology Holdings Limited ("China Rare Earth") and its magnesium business is transferred to GSIL ("the Transaction"). All of Century Sunshine's interests in its magnesium business is held through GSIL to allow better delineation of the businesses of the Group and GSIL. For details of the Transaction, please refer to the Group's relevant announcement.

Mr. Chi Wen Fu, **Chairman of the Board** said, "The Group achieved significant growth during the year. Following the official incorporation of Shandong Hongri into the Group in April, coupled with the completion of the phase one expansion project at our Jiangxi base in the third quarter and its gradual release in the fourth quarter, the Group will be able to double its production capacity in fertiliser business, diversify the product structure with a more extensive sales network and border customer base. On the other hand, the reorganisation of magnesium business signals that a growing business is now flourishing on a separate listing platform. Going forward, we will continue to expand the two core businesses and the valuation of each business will be truly reflected."



Views from the Group's Jiangxi Production Base




Facilities at the Group's Jiangxi Production Base

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

The Group mainly engages in vertically integrated business activities including R&D, production, and distribution of ecological fertilisers and magnesium alloys. The Group successfully acquired and merged Shandong Hongri Chemical Joint Stock Company, Ltd. ("Shandong Hongri") in April 2017. Shandong Hongri is a well-known compound fertiliser enterprise in China. The merge of Shandong Hongri enables the Group to expand its sales and customer network in most of the Provinces in China. With the production in Jiangxi production base commenced in the fourth quarter of 2017, the Group estimates that it will achieve over 3,000,000 tonne annual production capacity of fertiliser. On 30 November 2017, reorganisation of the Group's magnesium business was completed and its interests in the magnesium business were now transferred to Group Sense (International) Limited ("GSIL", 601.HK) correspondingly. The Group currently holds approximately 72.42% shares of GSIL.

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

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