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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)

Announces 2017 Annual Results

Leapfrog Growth in Sales, Production Capacity and Product Diversification for Fertiliser Business Well Positioned in Leading the New Era of Ecological Fertiliser

Financial Highlights

HK\$'000	For the Year ended 31 December		
	2017	2016	Changes
Revenue	3,772,290	2,589,221	+45.7%
- Fertiliser Sales	2,225,499	1,399,088	+59.1%
- Magnesium Sales	1,158,248	910,984	+27.1%
Gross Profit	918,703	759,861	+20.9%
Profit Attributable to Owners of the Company	260,316	302,334	-13.9%
Earnings per Share (HK cents)	5.67	6.57	-13.7%

(Hong Kong, 28 March, 2018) **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 annual results of the Group for the year ended 31 December 2017 (the "Year").

During the Year, the Group achieved leapfrog growth in sales, capacity expansion and product diversification for fertiliser business. The successful reorganisation of the magnesium business also marked a new milestone of the Group. During the Year, the Group recorded an overall increase in revenue by 45.7% to HK\$3,772,290,000 (2016: HK\$2,589,221,000).

Decrease in profit was mainly due to the increment of unrealised exchange loss, finance cost and administrative expense during the Year, in which unrealised exchange loss was approximately HK\$42,967,000, and the professional fees of bond issuance and business reorganisation was approximately HK\$45,687,000. Please refer to the 2017 Annual Results



Announcement for details.

Revenue from the fertiliser business for the Year amounted to HK\$2,225,499,000 (2016: HK\$1,399,088,000), representing an increase of 59.1% year-on-year, and accounted for 59.0% (2016: 54.0%) of the Group's total revenue; revenue from the magnesium product business for the Year was HK\$1,158,248,000 (2016: HK\$910,984,000), representing a year-on-year increase of 27.1%, and accounted for 30.7% of the total revenue of the Group (2016: 35.2%).

Fertiliser Business

Capacity Increase

In April 2017, Shandong Hongri Chemical Joint Stock Company, Ltd. ("Shandong Hongri") was formally integrated into the Group. The merger has enhanced the Group's capacity and enriched its product mix. Upon the recent completion of the project in Jiangxi, combining its capacity with Jiangsu and Shandong Hongri production bases, the Group will possess an annual fertiliser production capacity of over 3,000,000 tonnes and become one of China's largest ecological fertiliser companies.

Construction work at the Jiangxi Ruichang production base was on schedule. Trial production of phase one of the project (550,000 tonnes production capacity) has commenced in mid-October 2017. Fertiliser products include high tower fertiliser and functional fertiliser while the phase two construction (850,000 tonnes production capacity) is expected to commence soon. The annual designed production capacity at Jiangxi Ruichang base is 1,400,000 tonnes, with ancillary facilities such as phosphogypsum storage/depot, jetties, etc.

Optimizing Product Mix of the Fertiliser

Besides significant increase in production capacity, product portfolio has been further diversified. The Group's fertiliser products is categorised into: ecological fertiliser, functional fertiliser, and general fertiliser.

Ecological fertiliser – Ecological fertiliser is the Group's traditional product, including organic fertiliser and bio fertiliser, etc. It is environmentally friendly as they improve soil organic matter and promote sustainable productivity. With China government's heavy promotion of agricultural supply-side structural reform and environmentally friendly policies, the demand of ecological fertiliser will undoubtedly be magnified now and in future, boosting the Group's fertiliser business. As the first Hong Kong listed company that specialises in ecological fertiliser, the Group's is poised to become the market leader.

Functional fertiliser – This type of product can improve crop quality and meet crops' special needs, which includes Si-Mg fertiliser, “Sheng Ming Yuan (生命元)” and “Seaweed fertiliser (海藻肥)”, etc. The Group owns the largest and highest quality serpentine reserve in Asia; this assures the quality of our Si-Mg fertiliser, and a steady supply of the key raw material at a low price. During the Year, the Group launched “Sheng Ming Yuan (生命元)”, an independently-developed, exclusive new product. This functional fertiliser can elevate utilization ratios, improve root condition and enrich the soil. “Seaweed fertiliser (海藻肥)”, the Group's another line of new products, serves as a bio-stimulant that triggers the crops immune system, which in turn, enhances their strength and lowers soil infection rate.

General fertiliser – This type of product includes sulphur-based compound fertiliser, chlorine-based fertiliser, and mixed fertiliser. “Le He He (樂呵呵)” and “Yanyangtian (艷陽天)” are the Group's branded fertilisers and flagship products in this category. They are well known in the market. These fertilisers provide basic nutrition to crops.

In addition, the production line of the high tower fertiliser at the Jiangxi Base produces high quality and differentiated fertilisers. These premium products are in high demand and will fill the Group's product gap in northern and central China. Moreover, the Jiangxi Base is conveniently located at the southern shore of the Yangtze River. This reduces significantly transportation cost, further shortens the supply chain and bridges the accessibility of the southern market which is distanced from our Jiangsu and Shandong production bases.

Expanding the Sales Network of the Fertiliser Business

Upon the launching of products from the newly built production base in Jiangxi, the Group's sales network has been further improved, and is now covering all of China provinces (excluding Tibet), from the previous focus on mainly the eastern Chinese market.

It is also obvious that acquiring Shandong Hongri not only complements the Group's sales network, but also provides strong support to the future development of its fertiliser business by upgrading production technology. Group's reputation and position will be further upheld and will thus attract more talents.

Magnesium Product Business

In September 2017, the Group announced the sale of its interest in China Rare Earth Magnesium Technology Holdings Limited and its magnesium business to Group Sense (International) Limited (“GSIL”, stock code: 601.HK) (“the Transaction”). It was accomplished by the end of 2017. Upon completion of the Transaction, the businesses of the Group and GSIL were delineated. Century Sunshine focuses on the fertiliser business, while GSIL engages mainly in the magnesium business.

The Group's magnesium products are broadly classified as basic magnesium products and rare earth magnesium alloys. As at 31 December 2017, the magnesium product business contributed revenue of HK\$1,158,248,000 (2016: HK\$910,984,000). Sales volume reached 50,463 tonnes (2016: 36,201 tonnes), while the overall sales volume of magnesium products increased 39.4% year-on-year. During the Year, the overall gross profit margin of magnesium business was 24.3% (2016: 29.0%). Sales revenue in the magnesium products business grew by 27.1%, while the selling prices remain stable.

GSIL owns a magnesium production base in Xinjiang, the PRC. The local government approved a production capacity of 100,000 tonnes of magnesium alloy. 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 of project in Xinjiang. With an array of patents in high-performance magnesium alloys, a seamless integration of the supply of raw material and increased production capacity, Group stands in a very favorable position for the future development of its magnesium business.

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, after the requirement for the production of our Si-Mg fertilisers is fulfilled.

Mr Chi Wen Fu, Chairman of the Board said, "We've achieved leapfrog development during the Year. Shandong Hongri's production base is back on track and the Jiangxi production base has gradually commenced production. The Group's fertiliser business has witnessed a significant growth of its production capacity. This will further enlarge the Group's presence in the market, rapidly brush up our image in the industry and strengthen our market position. The Group's management team will adhere to their original aspiration and actualize the strategic missions. We are determined to bring the three production bases into a new era for ecological compound fertiliser and are dedicated to 'make crops more productive and the land more fertile', and strive to create greater returns for our shareholders."

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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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