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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 2018 Interim Results

Revenue Up by 60.1% while Profit for the Period Surges 77.7%

**Capacity Release for Fertiliser Business
Successful Reorganisation of Magnesium Business
Remarkable Product Differentiation Strategy Elevates Operation Efficiency**

Financial Highlights

HK\$'000	For the Six Months ended 30 June		
	2018	2017	Changes
Revenue	2,207,763	1,379,392	+60.1%
- Fertiliser Sales	1,379,079	855,064	+61.3%
- Magnesium Sales	795,638	503,035	+58.2%
Gross Margin	548,721	344,923	+59.1%
Profit for the Period	213,976	120,424	+77.7%
Profit attributable to Owners of the Company	183,363	118,326	+55.0%
Earnings per share (HK cents)	3.99	2.57	+55.3%

(Hong Kong, 20 August, 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 interim results of the Group for the six months ended 30 June 2018 (the "Period").

During the Period, despite a turbulent external environment, the Group's product differentiation strategy continued to be working remarkably. With the newly installed capacity and premium products from the Jiangxi production base, the Group's production capacity, revenue and profitability has been boosted. At the end of 2017, the Group had completed the reorganisation of its magnesium business and is now entirely owned and operated by its subsidiary, Rare Earth Magnesium Technology Group Holdings Limited ("REMT", formerly known as Group Sense (International) Limited, stock code: 601.HK) on a separate listed platform. After the reorganisation, the Group can be very focused on fertiliser

business.

For the six months ended 30 June 2018, the Group recorded a revenue of HK\$2,207,763,000 (2017: HK\$1,379,392,000), with gross profit margin recorded at 24.8% (2017: 25.0%). Revenue from the fertiliser business for the Period amounted to HK\$1,379,079,000 (2017: HK\$855,064,000), representing an increase of 61.3% year-on-year. The magnesium product business for the Period recorded a revenue of HK\$795,638,000 (2017: HK\$503,035,000), representing a year-on-year increase of 58.2%.

Fertiliser Business

The Group has been developing, producing and selling ecological fertilisers for over a decade, and is a reputable player in China's compound and organic fertiliser markets. With three production bases in Jiangsu, Jiangxi and Shandong provinces respectively, the Group has established a number of well-known fertiliser brands including "Le He He (樂呵呵)", "Feng Shou (豐收)", "Zhan Lan (湛藍)", "Yanyangtian (艷陽天)" and "Dongfanghong (東方紅)". During the Period, fertiliser business contributed around HK\$1,379,079,000 to the Group's revenue (2017: HK\$ 855,064,000), yielding an average gross profit margin of 23.2% (2017: 23.0%) and a sales volume of 569,533 tonnes (2017: 414,841 tonnes).

With the new capacity released from Jiangxi Base and the three production bases as a whole, the Group was poised to become one of China's largest ecological fertiliser companies.

During the Period, construction work at the Jiangxi Ruichang production base was on schedule. Trial production of phase one of the project (550,000 tonnes production capacity) commenced in mid-October 2017, its fertiliser products include high tower fertiliser and functional fertiliser, which are expected to fill the product gap in Northern and Central China for the Group. The phase two construction (of production capacity 850,000 tonnes) has officially commenced in the second half of 2018. The annual designed production capacity at Jiangxi Ruichang base is 1,400,000 tonnes, with ancillary facilities such as phosphogypsum storage/depot, jetties, etc. The Group's total production capacity of fertilisers will reach over 3,000,000 tonnes with the completion of all production lines in Jiangxi base, and the capacity from the original Jiangsu base as well as the acquired Shandong base, making it one of China's leading ecological fertiliser producers.

Featured products of the Jiangxi Base include the high-tower-granulated compound fertiliser and "Feng Shou (豐收)" is the leading brand. The Jiangxi production base also has the ability to produce different high tower fertilisers according to customer requirement. High tower fertilisers are made with high concentration and low water content. Manufactured with the high tower granulation process, the high tower fertiliser also features high compressive strength, durable preservation, balanced nutrition and fast dissolution, capable of meeting

the needs for instant dissolution in modern efficient agriculture.

By Proactively investing in research and development and launching premium products, the Group continued to optimise its product mix.

The Group continues to optimise its product mix, invest in research and development and launch quality products. The Group's fertiliser products are categorised into: (i) ecological fertiliser, (ii) functional fertiliser, and (iii) general fertiliser. Ecological fertiliser is the Group's traditional product. It mainly includes organic fertiliser and bio fertiliser that are environmentally friendly and help to improve soil organic matter and promote sustainable productivity. Functional fertiliser includes Si-Mg fertiliser, "Sheng Ming Yuan (生命元)", "seaweed fertiliser (海藻肥)" that improve crop quality meet the crops' needs. The serpentine-based silicon-magnesium functional fertiliser solely developed by the Group is well-known for its excellent efficiency. The Group owns the largest and highest quality serpentine reserve in Asia; this ensures a steady supply of this key raw material for si-mg fertiliser at a low price. General fertiliser is compound fertiliser that provides basic nutrition for crops. It includes sulphur-based compound fertiliser, chlorine-based fertiliser, mixed fertiliser and controlled release fertiliser with prolonged effect. "Le He He (樂呵呵)" and "Yanyangtian (艷陽天)" are the Group's flagship brands in the general fertiliser category. They are well known in the market.

Favorable policies continued to fuel the growth of the Group's fertiliser business.

China has released a series of measures to promote the development of green agriculture. Apart from the "Zero-growth Action Plan for Fertiliser Use by 2020 (《到 2020 年化肥施用量零增長行動方案》)", the Ministry of Agriculture distributed the "Action Plan for Replacing Fertilisers with Organic Fertiliser in Planting of Fruit, Vegetable and Tea" (《開展果菜茶有機肥替代化肥行動方案》) in 2017. The plan aims to cut down the use of chemical fertiliser by more than 20% in planting of fruit, vegetable and tea in well-known production areas, and by more than 50% in core production areas for these crops by 2020. In July 2018, the Ministry of Ecology and Environment further approved in principle the "Crucial Action Plan for Dealing with Pollution in Agriculture and Countryside" (《農業農村污染治理攻堅戰行動計劃》) which set out clearly to "reduce the utilization of fertilisers, pesticides and water in agriculture" and to promote "minimization of agricultural inputs, clean production, reclamation of wastes and ecological production model". All these requirements put our Group's products in strong advantage. As a leading producer of ecological fertilisers, the Group is adhering to the principle of "soil testing and prescribed fertilization" for decades. It has built a green and ecologically sustainable business, in line with the direction of national policies. The Group will achieve growth in sales volume and consistent growth along with the capacity release and brand recognition.

Successful completion of the Magnesium Business provides better delineation and allowed more flexibility.

In September 2017, the Group announced the sale of its interest in China Rare Earth Magnesium Technology Holdings Limited and its magnesium business to its subsidiary REMT (“the Transaction”). The transaction was completed at the end of 2017. During the Period, magnesium product business contributed HK\$795,638,000 (2017: HK\$503,035,000) of the Group’s total revenue. Sales volume reached 31,933 tonnes (2017: 22,238 tonnes), representing an increase of 43.6% year-on-year. The overall gross profit margin of magnesium business was 25.4% (2017: 25.0%).

The Group’s magnesium products are broadly classified as basic magnesium products and rare earth magnesium alloys. Leveraging on its technical and resources advantages, the Group, operating the magnesium business through REMT, will achieve further growth in the 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 auxiliary material for iron and steel smelting. After securing enough volumes for the production of Si-Mg fertiliser, serpentine is to be sold to major domestic steel enterprises.

Mr Chi Wen Fu, Chairman of the Board said, “In the first half of 2018, following the capacity released from Shandong Hongri and the Jiangxi Base, the Group recorded a significant growth in both revenue and profitability. The significant environmental protection parameters enhance technological barriers for the fertiliser industry. Backward manufacturers will be eliminated. This provides a better development opportunity for the environmentally-friendly ecological fertilisers and helps the Group capture larger market share. The Group will commit produce green, environment-friendly and sustainable products, execute the competitive strategy of product differentiation and make use of every potential opportunity, so to sustain the rapid development of the Group and create greater returns to the 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. Upon the completion of the newly constructed 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. At the end of 2017, reorganisation of the magnesium business is completed. The business is now owned and operated by Rare Earth Magnesium Technology Group Holdings Limited (“REMT”, formerly known as Group Sense (International) Limited, stock code: 601.HK). This allow a better delineation of the two businesses and offers more flexibility to the Group.

For more information, please visit the Company’s website:

<http://www.centurysunshine.com.hk>

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