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世纪阳光

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

(Stock code : 509)

Announces 2018 Annual Results

**Leveraging on Product Differentiation Strategy to Enhance Brand Recognition
Cope with National Policy to Focus on Green Agriculture Development**

Financial Highlights

HK\$'000	For the Year ended 31 December		
	2018	2017	Changes
Revenue	4,655,116	3,443,219	+35%
- Fertiliser Sales	3,053,183	2,225,499	+37%
- Magnesium Sales	1,537,781	1,158,248	+33%
Gross Margin	1,142,259	851,386	+34%
Profit attributable to Owners of the Company	474,230	260,316	+82%
Earnings per share (HK cents)	10.35	5.67	+83%

(Hong Kong, 28 March 2019) **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 2018 (the "Year").

During the Year, product differentiation strategy continued to bear fruit, raising the Group's profile and brand reputation for "Yanyangtian (艷陽天)", "Le He He (樂呵呵)", "Feng Shou (豐收)" and the like. In particular, the rapid expansion of the sales network after the acquisition of Shandong Hongri contributed to the development of the Group's fertiliser business. On the other hand, after the Group completed the reorganisation of its magnesium business, further delineation of the two businesses has greatly elevated the Group's ability to stay flexible and responsive to opportunities.

For the year ended 31 December 2018, the Group recorded an overall increase in revenue of 35% to HK\$4,655,116,000 (2017: HK\$3,443,219,000), with gross profit margin 24.5% (2017: 24.7%). Revenue from the fertiliser business was HK\$3,053,183,000 (2017: HK\$2,225,499,000), representing a year-on-year increase of 37%, and accounted for 65.6% of the total revenue of the Group (2017: 64.6%). The sales volume

of the fertilizer business is 1,285,612 tonnes (2017: 1,066,541 tonnes). Revenue from the magnesium product business was HK\$1,537,781,000 (2017: HK\$1,158,248,000), representing a year-on-year increase of 33%, and accounted for 33.0% of the total revenue of the Group (2017: 33.6%). Sales volume for the magnesium product business reached 61,463 tonnes (2017: 50,463 tonnes), while the overall sales volume of magnesium product increased 22% year-on-year. During the Year, the profit attributable to owners of the company is increased by 82% to HK\$474,230,000. The earnings per share is HK10.35 cents, representing a year-on-year increase of 83%.

Fertiliser Business

During the Period, the production line of Jiangxi Ruichang base Phase I, of which the production capacity is 550,000 tonnes, has been debugged and operated well. Upon completion, the designed annual production capacity at Jiangxi Base will be 1,400,000 tonnes. Together with the capacity from other base, the Group's total production capacity of fertilisers can meet the sustainable growth target of the Group in the future.

Moreover, the Jiangxi Base is located at Jiangxi Ruichang, adjacent to three major coastal economic circles, connecting two railways of Beijing-Kowloon and Beijing-Guangzhou. With its convenient location beside the Changjiang River and advanced production technologies and equipment, the Jiangxi Base could significantly reduce transportation and production costs.

The diversification and quality enhancement of our products remain the Group's core strategy. Products of Jiangxi base include high tower fertiliser and dedicated compound fertiliser. These products supplement and diversify the product's range of the Group. Amongst the functional fertiliser, the Group has "Sheng Ming Yuan (生命元)" and "seaweed fertiliser (海藻肥)" as its newly developed products, which improve the crop's quality and quantity in accordance with the crop's needs through effective utilisation of fertiliser.

The Group has consistently carried out scientific fertilisation based on soil examination, and has embarked on the development path of green eco-industry with high production efficiency, product safety, resource conservation and environmental friendliness. The group has exerted the competitive strategy and market advantages of differentiated products to further strengthen the research and development of "formulated fertilisers and dedicated fertilisers". Aiming to meet the growing demand, the Group has strategically introduced, in a timely manner, market-oriented high value-added green ecological products. This has always enabled the Group to maintain a leading position in the segmented fertiliser industry.

Magnesium Product Business

The Group engages in its magnesium product business through Rare Earth Magnesium Technology Group Holdings Limited ("REMT", stock code: 601.HK). REMT focuses on magnesium products, including basic magnesium products and rare earth magnesium alloys. REMT is one of China's leading magnesium products enterprises and mainly engages in the development of magnesium products including the research and

development, as well as production and sales.

At the end of 2018, Xinjiang Tengxiang Magnesium Products Co., Ltd. (“XTMP”), a wholly-owned subsidiary of REMT, has been accredited as the “High and New Technology Enterprise” by the Leading Group for the Administration of Determination of High and New Tech Enterprises in PRC. This governmental recognition denotes the nation-level achievements on strong and professional team and knowledge, advanced research and development capability, continuous innovation practice, and comprehensive corporate governance in the area of High and New Technology.

REMT’s leading production facility and technology enable the production of high-quality magnesium products, which have been accredited with the certificate of ISO9001, indicating the recognition of its techniques and quality by the market. REMT has been devoting itself to innovating the technology and process, expanding capacity while improving the quality of magnesium products.

With the designation of High and New Technology Enterprise, REMT and XTMP have accelerated its technological research and development and introduced more technical professionals. All these contribute to the Group’s success in increasing the proportion of high-tech products and enhancing the economic efficiency, with an aim to expand in both domestic and international market.

With an array of 22 patents in high-performance magnesium alloys, as well as an industrial chain of the seamless integration of the stable supply of upstream resources and the downstream production capacity, this has maintained the Group’s Magnesium Business staying sustainable development and continuing moving forward.

Other business

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 for continuous income.

Mr Chi Wen Fu, Chairman of the Board remarked, “Following the deepening of supply-side structural reform of fertilisers and the stringent environmental protection policies, industry consolidation will be inevitable, and the industry will be facing both opportunities and challenges. Century Sunshine will seize the opportunities arisen from the stable development of Chinese economy. The Group will utilize its technology, resources and brand competence, as well as adhere to the product differentiation strategy, to devote every effort to the growth of agricultural green ecological fertiliser business and our mission to ‘make crops more productive and make the land more fertile’, and, ultimately maximise the returns to 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. It was listed in the Hong Kong Stock Exchange on 1 August 2008, with stock code 509.HK. The Group owns brand recognition in both compound fertiliser and organic fertiliser markets in China. Brand names include but not limited to “Yanyangtian (艷陽天)”, “Le He He (樂呵呵)” and “Feng Shou (豐收)”. It also owns extensive sales network from the well-established fertiliser company Shandong Hongri. The magnesium business is operated by Rare Earth Magnesium Technology Group Holdings Limited (“REMT”, stock code: 601.HK), which mainly includes basic magnesium products and rare earth magnesium alloys products.

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

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

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