



世紀陽光

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

(Stock code: 509.HK)

## **Century Sunshine Announces 2019 Interim Results**

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**Net profit increased 6% to HKD228 million due to more stringent cost control**

**“Replacing Chemical Fertilisers with Organic Ones” policy results in the exponential growth of organic fertilisers, enhancing China’s food safety standard**

**The proportion of differentiated products further increases, leading to a high-end development of our green fertilisers**

(Hong Kong, 30 August, 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 interim results of the Group for the six months ended 30 June 2019 (the “Period”).

For the six months ended 30 June 2019 (the “Period”), the Group recorded a revenue of HK\$2,115,046,000 (2018: HK\$2,207,763,000). The overall gross profit margin was 25.3% (2018: 24.8%) and profits after tax were increased by approximately 6% from HK\$215,097,000 in corresponding period last year to HK\$228,089,000. Revenue from the fertiliser business for the Period amounted to HK\$1,357,513,000 (2018: HK\$1,379,079,000), representing a year-on-year decrease of 1.6% with the overall gross profit margin of 23.2% (2018:23.2%). The decrease in revenue is mainly due to the implementation of “Relocation to Parks from Cities” work programme by Shangdong Hongri production base and the gradual reduction of production and sales.

The magnesium product business held by the Group through REMT for the Period

recorded a revenue of HK\$ 726,229,000 (2018:HK\$795,638,000). The decrease of revenue was mainly caused by the adjustment and optimisation of the product structure to reduce the production and sales of low-margin products. As a result, the ratio of production and sales of rare earth magnesium alloy has been increased by one percentage point compared to the same period last year, leading to an increase of the gross profit margin of the magnesium product business to approximately 28.4% (2018 :25.4%).

The reasons why the Group has achieved such stable results in such a complex external environment when the Ministry of Agriculture of the People's Republic of China issued "Zero-growth Action Plan for Fertiliser Use by 2020" (《到 2020 年化肥使用量零增長行動方案》) as well as with the outside highly competitive fertiliser market are as follows. The Group is devoted to its principal business and always working diligently on the research and development of the green fertilisers endorsed by PRC Government. Amongst all, balanced nutrition, soil testing, use of new, efficient and organic fertilisers will be the themes of national agriculture development as well as the direction of our Group. Meanwhile, Rare Earth Magnesium Technology Group Holdings Limited ("REMT", stock code: 00601), the subsidiary of the Group, concentrates on developing the business of the new materials of rare earth magnesium alloy and this will lead to a new era of high and new technology in the magnesium industry.

### **"Replacing Chemical Fertilisers with Organic Ones" policy results in the exponential growth of organic fertilisers**

"In 2019, the major focus will be on the development of high-quality agriculture and to push ahead green agriculture. The initiative of replacing chemical fertilisers with organic ones in planting fruits, vegetables and tea nationwide (全國果菜茶有機肥替代化肥) has been expanded to over 150 counties in 2018 with total subsidy of RMB 1.5 billion. We also have set up demonstration fields in 300 counties to plant fruits, vegetables and tea with organic fertilisers. With the support of these favorable policies, there will be exponential growth in the organic fertiliser market," said Han Changfu(韓長賦), the minister of the Central Ministry of Agriculture and Rural Affairs, during the Central Agricultural Work Conference concluded by the end of 2018.

The representative product of ecological fertilisers is the organic fertiliser. Early in 2006, being optimistic about the organic fertiliser business of the Group, International Finance Corporation ("IFC") provided financial support to the Group for the expansion of the organic fertiliser business and became a shareholder in 2014. This effectively

steered our Group to develop its principal business along an ecological, environmentally friendly and health-conscious theme. Upholding the environmentally friendly concept, the Group is to accelerate our R&D and manufacture of high-end green products and is devoted to becoming the leader in green industries.

### **The Group's competitive strategy in product differentiation is effective**

Established in 2000, the Group is the largest producer of ecological fertilisers and functional fertilisers in China with a comprehensive supporting logistics service. By taking full advantage of the proprietary technology, the Group is committed to the research and development of ecological fertilisers and functional fertilisers that are environmentally friendly with high utilisation rate. Today, the Group has accumulated close to 20 years of experience in green fertiliser business and possesses a vast network of loyal customers and numerous patents in the research and development of green fertilisers. The Group's competitive strategy in product differentiation has been much paid off.

The Group continues to optimise its product structure, invest in research and development and launch high-quality products. Functional fertilisers and ecological fertilisers are differentiated advantageous products of the Group, accounting for more than 40% of the total revenue currently. Benefiting from the debut of Jiangxi production base phase one, more high-end fertilisers are produced with more diversified product range. This constantly improves the proportion of differentiated advantages products in terms of revenues.

### **The silicon-magnesium fertiliser as the Group's unique product, has a vast potential market**

The silicon-magnesium fertiliser is the flagship product amongst functional fertilisers. It is a unique product of the Group. The Group owns the largest and highest quality serpentine reserve in Asia and this ensures a steady supply of the key raw material for silicon-magnesium fertiliser at a low price. The Group is the only fertiliser enterprise with the technology of extracting silicon and magnesium from ores. The silicon and magnesium are regarded as the fourth important nutrition element following nitrogen, phosphorus and potassium. Si-Mg compound fertiliser products are rich in active silicon, magnesium and other beneficial nutrients. They can help improve the quality of the soil and is beneficial to the growth of crops by adjusting their nutritional requirements for nitrogen, phosphorus, potassium and other elements at different stages. They restrict the activities of other elements when they are in excess. In recent years, the production of silicon fertiliser can only satisfy 3% of the market

demand. Therefore, an explosive growth in Si-Mg fertiliser is expected.

**Concentrating on developing the new material of rare earth magnesium business and leading a new era of high-tech development of magnesium industry**

REMT, a subsidiary of our Group, is an enterprise that engages in the research and development, production and sales of the new materials of rare earth magnesium alloys. It focuses on the application of rare earth technology and is a leading enterprise in the industry of rare earth magnesium alloys in China. The PRC Government values and encourages the application of rare earth technology, and emphasises on strengthening the utilisation of rare earth resources, extending the industrial chain and increasing the added value of the rare earth. National policies continue to favour the Group's business development. In the past ten years, the Group has established a long-term strategic partnership with the Changchun Institute of Applied Chemistry of Chinese Academy of Sciences to R&D high-end rare earth magnesium alloys. REMT currently possesses 22 patents in magnesium alloy manufacturing process and technologies. REMT will concentrate on developing the business of the new materials of rare earth magnesium alloy and lead to a new era of high and new technology in the magnesium industry.

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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 green fertilisers and magnesium products. 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 “Tian Rui Feng Shou (天瑞豐收)”. 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>

For further information, please contact:

**Century Sunshine Group Holdings Limited**

IR Department

Email: [ir@centurysunshine.com.hk](mailto:ir@centurysunshine.com.hk)

Tel: (852) 2186 4321