Century Sunshine Group Holdings Limited
Stock code: 00509

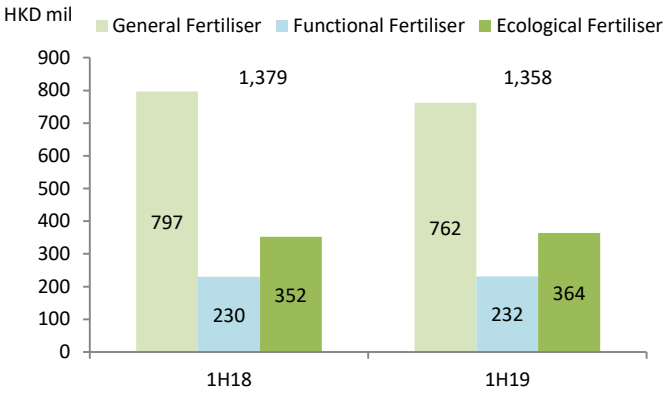
Market Update
Sep 2019

Vision: To spearhead the new era for ecological compound fertiliser
Mission: To make crops more productive and the land more fertile

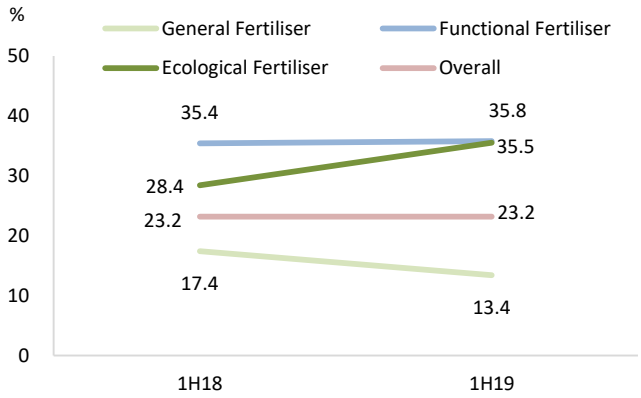
Century Sunshine Group Holdings Limited (stock code: 509) was established in 2000. It's the first ecological fertiliser company listed on the main board of HK Stock Exchange in 2008. The Group operates two major business, ecological fertiliser and magnesium through two listed platforms. Leveraging on the strong capability, the Group aims to develop as the leading corporation in magnesium and ecological fertiliser with large production scale and vertical integration model.

2019 Interim Results: Steady Growth in Fertiliser Revenue and Margin

Fertiliser Revenue (By product)



Fertiliser Margin



Remark: 1H19 revenue decreases was mainly due to the implementation of the "Relocation to Parks from Cities" work programme of Shandong Hongri, which reduces sales volume

1

Backed by favourable national policies for industry development

All the fertiliser products are cope with the green ecological fertiliser policy promoted by the government

2

Demand on New Ecological Fertiliser, Functional Fertiliser is increasing due to change in consumption pattern

3

Largest scale Corporation in Ecological and functional fertiliser in China with optimal logistic facilities

The Group is the leading enterprise in segmental market

4

Product differentiation strategy is effective, which brings high margin products and price bargaining power

5

Over 20 years experience in the industry, brand recognition and extensive sales network which covers all areas in China except Tibet

6

Strong Financial and cashflow

Latest Development

”Century Sunshine’s Best Fruit Garden in China”

Century Sunshine Group has jointly organised “The Best Fruit Garden” competition with Nan Fang News. The competition last for 15 days and 7 fruit farmers won the award of “The Best Fruit Garden” and 50 fruit farmers won “The Best Farmer”.



Since the farmers use Century Sunshine’s compound fertilisers of “Zhanlan” and “Lehehe” Brands three years ago, the trees become stronger and no dead leaves appear.



The compound fertiliser of Zhanlan under the brand “Lehehe” is a silicon magnesium fertiliser comprised of NPK. The fruit is large and smooth after the application of such fertiliser.

Growth Potential for Silicon Magnesium Fertiliser

New functional fertilisers for cash crop as the key product of the fertiliser industry in the future

- With the expansion of the middle class consumers, the demand for healthy food increases, driving the demand for green fertiliser
- The acreage of cash crops (i.e. fruits, vegetables, tea, etc.) has increased, and the yield of high-quality cash crops is much higher than that of general food crops
- Fertiliser users pay more attention to the application of green high-end fertilisers, such as ecological fertilisers, functional fertilisers

The company's functional fertilisers (e.g., ”Sheng Ming Yuan" new functional fertilisers) have an effective application on cash crops with a large growth potential and strong ability to make profits

Shandong Hongri “Relocation to Parks from Cities”

According to the “Relocation to Parks from Cities” Programme organised by Shandong Government, Shandong Hongri has the right to change its land use from industrial to commercial once the programme is completed. The value of land is prudently estimated to RMB2.6 billion. The final value of the land and the profits of the Company will be set after the completion of all necessary procedures.

Shandong Hongri’s Relocation doesn’t affect the supply of “Yanyangtian” product series. The two production bases in Jiangsu Tonghai and Jiangxi Ruichang will take up the capacity, which make sure the raw material and product supply are sufficient to cope with the market demand.

Capacity Relocates to other production bases

The two production bases locate at Jiangxi and Jiangsu Provinces. The production capacity at Jiangxi Ruichang has reached 550,000 tonnes; the second phase of 850,000 tonnes is under construction. Total production capacity will be reached over 2 million tonnes, leading the fertiliser industry.

The Jiangsu production base can take up all the capacity of Shandong Hongri. The sales of “Yanyangtian” products in the northern market is not affected. Century Sunshine forms the synergy with two production bases in northern and southern parts with forms the multi sales channels.

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