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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 509)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors (the "Board" or the "Director(s)") of Century Sunshine Group Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011 together with comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Revenue	3	**763,394**	493,771
Cost of sales		**(604,555)**	(403,956)
Gross profit		**158,839**	89,815
Other income and gains	5	**22,148**	17,068
Selling and marketing costs		**(35,242)**	(12,882)
Administrative expenses		**(68,413)**	(53,903)
Realised and unrealised loss on investments held for trading		**(4,309)**	(559)
Gain on disposal of subsidiaries		**3,800**	252
Reversal of provision for over-extraction penalty		**56,753**	—
Bargain purchase gain		**—**	50,737
Finance costs	6	**(16,413)**	(9,289)
Profit before income tax		**117,163**	81,239
Income tax expense	7	**(16,045)**	(17,416)
Profit for the year	8	**101,118**	63,823
Profit/(loss) for the year attributable to:			
Owners of the Company		**96,541**	72,669
Non-controlling interests		**4,577**	(8,846)
		101,118	63,823
Proposed final dividend	9	**9,026**	—
Earnings per share:			
— basic	10	**3.74 cents**	3.17 cents
— diluted	10	**3.74 cents**	3.17 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**101,118**	63,823
Other comprehensive income (net of income tax):		
Exchange differences arising from translation of foreign operations	**46,465**	28,068
Other comprehensive income for the year (net of income tax)	**46,465**	28,068
Total comprehensive income for the year	**147,583**	91,891
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**141,884**	99,603
Non-controlling interests	**5,699**	(7,712)
	147,583	91,891

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Non-current assets			
Land use rights		**146,778**	146,218
Property, plant and equipment		**305,837**	251,406
Investment properties		**116,939**	117,739
Intangible assets		**23,074**	23,325
Mining rights		**572,969**	505,376
Exploration and evaluation assets		**—**	35,602
Held-to-maturity investment		**10,000**	—
Deferred tax assets		**592**	557
		1,176,189	1,080,223
Current assets			
Inventories		**74,867**	41,484
Land use rights		**3,330**	3,082
Trade and other receivables, prepayments and deposits	*11*	**214,690**	268,743
Investments held for trading		**30,425**	19,913
Deposits with banks		**330,172**	446,744
Cash and cash equivalents		**240,739**	200,941
		894,223	980,907
Less: Current liabilities			
Trade and other payables	*12*	**159,527**	354,495
Income tax payable		**13,813**	12,822
Provision for over-extraction penalty		**—**	55,719
Borrowings		**141,590**	36,708
		314,930	459,744
Net current assets		**579,293**	521,163
Total assets less current liabilities		**1,755,482**	1,601,386
Less: Non-current liabilities			
Borrowings		**142,451**	135,857
Deferred tax liabilities		**131,006**	129,359
Long-term payables		**—**	732
		273,457	265,948
Net assets		**1,482,025**	1,335,438

	2011	2010
	HK$'000	*HK$'000*
Capital and reserves attributable to owners of the Company		
Share capital	**61,513**	61,513
Reserves	**1,333,335**	1,192,890
	1,394,848	1,254,403
Non-controlling interests	**87,177**	81,035
Total equity	**1,482,025**	1,335,438

Notes:

1. GENERAL INFORMATION

Century Sunshine Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in ecological fertiliser business, magnesium alloy business, financial services business and metallurgical flux business.

The Company was incorporated in the Cayman Islands on 21 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 17 February 2004, the Company's shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were withdrawn from the GEM Board on 31 July 2008. Since 1 August 2008, the Company's shares have been listing on the Main Board of the Stock Exchange. In the opinion of the directors, the ultimate holding company of the Company is Alpha Sino International Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, the following new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2011. A summary of the new HKFRSs are set out as below:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Amendment to HKAS 32 Financial Instruments: Presentation — Classification of Rights Issues
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of these new and revised standards and interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements. The impact of the application of the new and revised standards and interpretations is discussed below.

The amendments to HK(IFRIC) 14 have had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group. HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

— HKAS 24 (as revised in 2009) revises the definition of a related party. As a result, the Group has reassessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. HKAS 24 (as revised in 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

— *Improvements to HKFRSs (2010)* omnibus standard introduce a number of amendments to the disclosure requirements in HKFRS 7 Financial instruments: Disclosures. The disclosures about the Group's financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]
HKFRS 7 (Amendments)	Disclosure — Transfers of Financial Assets[1]
	Disclosure — Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2014.
6 Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of the new standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures — Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously affected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

For other new and revised HKFRSs which are issued but not yet effective, the Group is in the process of making an assessment of the impact upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3. REVENUE

The Group is principally engaged in ecological fertiliser business, magnesium alloy business, metallurgical flux business and financial services business. An analysis of the Group's revenue for the year is as follows:

	2011	2010
	HK$'000	*HK$'000*
Sales of ecological fertilisers	**594,822**	483,847
Sales of magnesium products	**97,686**	—
Sales of metallurgical flux products	**44,282**	—
Provision of financial services	**26,604**	9,924
	763,394	493,771

4. SEGMENT INFORMATION

Information reported to the Company's Chief Executive Officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the operating divisions. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

— Ecological fertiliser business (2010 : known as agricultural auxiliary products business)

— Magnesium alloy business

— Metallurgical flux business

— Financial services business

Information regarding the Group's reportable segments is presented below.

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2011:

	Ecological fertiliser business *HK$'000*	**Magnesium alloy business** *HK$'000*	**Metallurgical flux business** *HK$'000*	**Financial services business** *HK$'000*	**Total** *HK$'000*
Segment revenue	**594,822**	**97,686**	**44,282**	**26,604**	**763,394**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**
Revenue from external customers	**594,822**	**97,686**	**44,282**	**26,604**	**763,394**
Segment results	**66,713**	**24,561**	**5,718**	**10,460**	**107,452**
Other income and gains					**82,701**
Central administrative costs					**(56,577)**
Finance costs					**(16,413)**
Profit before income tax					**117,163**

For the year ended 31 December 2010:

	Ecological fertiliser business *HK$'000*	Magnesium alloy business *HK$'000*	Metallurgical flux business *HK$'000*	Financial services business *HK$'000*	Total *HK$'000*
Segment revenue	483,847	—	—	10,254	494,101
Inter-segment revenue	—	—	—	(330)	(330)
Revenue from external customers	483,847	—	—	9,924	493,771
Segment results	67,009	—	—	3,200	70,209
Other income and gains					68,057
Central administrative costs					(47,738)
Finance costs					(9,289)
Profit before income tax					81,239

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in current year (2010: HK$330,000). Inter-segment transactions are entered into at arm-length.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central administrative costs including directors' emoluments, other income and gains, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment Assets and Liabilities

The segment assets and liabilities as at 31 December 2011 and capital expenditure for the year then ended by reportable segments are as follows:

	Ecological fertiliser business	**Magnesium alloy business**	**Metallurgical flux business**	**Financial services business**	**Total segments**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**284,543**	**251,754**	**675,123**	**82,616**	**1,294,036**	**776,376**	**2,070,412**
Segment liabilities	**147,248**	**93,950**	**156,033**	**24,074**	**421,305**	**167,082**	**588,387**
Additions to non-current assets	**41,671**	**25,539**	**28,331**	**1,107**	**96,648**	**10,041**	**106,689**

The segment assets and liabilities as at 31 December 2010 and capital expenditure for the year then ended by reportable segments are as follows:

	Ecological fertiliser business	Magnesium alloy business	Metallurgical flux business	Financial services business	Total segments	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	320,846	210,918	631,360	161,666	1,324,790	736,340	2,061,130
Segment liabilities	68,800	22,463	202,026	117,949	411,238	314,454	725,692
Additions to non-current assets	24,986	18,919	—	49	43,954	9,992	53,946

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to reportable segments other than investment properties, deposits with banks, cash and cash equivalents and other assets for corporate use which including property, plant and equipment and other receivables. Goodwill is allocated to financial services business segment; and

— all liabilities are allocated to reportable segments other than borrowings for corporate use and other payables.

Capital expenditure comprises additions to investment properties, property, plant and equipment, land use rights, mining rights and exploration and evaluation assets. Except for the additions to certain property, plant and equipment for administrative purposes, all the capital expenditure was allocated to segments.

Other Segment Information

For the year ended 31 December 2011:

	Ecological fertiliser business *HK$'000*	**Magnesium alloy business** *HK$'000*	**Metallurgical flux business** *HK$'000*	**Financial services business** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Depreciation of property, plant and equipment and investment properties	**25,977**	**2,886**	**2,708**	**455**	**5,547**	**37,573**
Amortisation of land use rights, mining rights and intangible assets	**552**	**817**	**11,814**	**58**	**178**	**13,419**
(Gain)/loss on disposal of property, plant and equipment	**(2)**	**—**	**23**	**—**	**(1,419)**	**(1,398)**
Interest income from held-to-maturity investment	**—**	**—**	**—**	**(1,534)**	**—**	**(1,534)**
Realised and unrealised loss on investments held for trading	**—**	**—**	**—**	**1,573**	**2,736**	**4,309**
Allowance for doubtful debts	**—**	**—**	**—**	**2,105**	**—**	**2,105**
Income tax (credit)/expense	**15,538**	**(80)**	**(1,359)**	**1,956**	**(10)**	**16,045**

For the year ended 31 December 2010:

	Ecological fertiliser business *HK$'000*	Magnesium alloy business *HK$'000*	Metallurgical flux business *HK$'000*	Financial services business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Depreciation of property, plant and equipment and investment properties	29,526	676	—	110	8,856	39,168
Amortisation of land use rights and intangible assets	1,057	665	—	19	168	1,909
Loss on disposal of property, plant and equipment	5	—	—	—	—	5
Interest income from held-to-maturity investments	(9)	—	—	—	(546)	(555)
Realised and unrealised (gain)/loss on investments held for trading	—	—	—	(1,892)	2,451	559
Income tax (credit)/expense	17,689	(76)	—	(197)	—	17,416

Revenue from Major Products and Services

The Group's revenue from its major products and services were as follows:

	2011	2010
	HK$'000	*HK$'000*
Ecological fertilisers:		
Organic fertilisers	**141,822**	129,486
Compound fertilisers	**400,066**	307,159
Biological pesticides	**—**	2,673
Sulfuric acid products	**52,934**	44,529
	594,822	483,847
Magnesium products	**97,686**	—
Metallurgical flux products	**44,282**	—
Financial services	**26,604**	9,924
	763,394	493,771

Geographical Information

No geographical information is presented as all of the Group's businesses are carried out in the PRC/Hong Kong and the Group's revenue from external customers is in the PRC/Hong Kong.

Information about Major Customers

No information about major customers is presented as no single customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2011 and 2010.

5. OTHER INCOME AND GAINS

	2011	2010
	HK$'000	*HK$'000*
Rental income	**4,038**	2,589
Interest income:		
— bank deposits	**10,826**	12,381
— held-to-maturity investment	**1,534**	555
— custodian	**947**	453
Dividend income	**643**	604
Service fee income	**488**	244
Gain on disposal of property, plant and equipment	**1,398**	—
Government subsidy *(note)*	**1,425**	—
Sundry income	**849**	242
	22,148	17,068

note: During the year ended 31 December 2011, government subsidy represents the grant of approximately RMB1,185,000 from the Donghai District Government, the PRC, for the technical improvement for energy saving and financing for the metallurgical flux business.

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years	**16,413**	9,289

7. INCOME TAX EXPENSE

The amount of income tax expense charged/(credited) to the consolidated income statement represents:

	2011	2010
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax	**1,956**	(421)
— PRC Enterprise Income Tax	**16,624**	17,689
— Australia Income Tax	**61**	—
Deferred taxation	**(2,596)**	148
	16,045	17,416

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2011	2010
	HK$'000	*HK$'000*
Wages and salaries	**45,322**	31,813
Share options granted to directors and employees	**—**	—
Payment to defined contribution retirement plans	**2,213**	942
Total staff costs (including directors' emoluments)	**47,535**	32,755
Auditors' remuneration	**1,280**	1,280
Depreciation and amortisation	**50,992**	41,077
Allowance for doubtful debts	**2,105**	—
(Gain)/loss on disposal of property, plant and equipment	**(1,398)**	5
Cost of inventories recognised as an expense	**528,708**	333,012
Operating lease rentals in respect of land and buildings	**4,436**	1,259

9. DIVIDEND

	2011	2010
	HK$'000	*HK$'000*
Proposed final dividend of HK0.35 cents (2010: HK$Nil) per ordinary share	**9,026**	—

The proposed final dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 17 May 2012. These financial statements do not reflect this dividend payable.

	2011	2010
	HK$'000	HK$'000
Dividend recognised as distribution during the year:		
2010 final dividend declared and paid HK$Nil (2009: HK0.45 cents) per ordinary share	**—**	10,138

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
Profit attributable to owners of the Company (HK$'000)	**96,541**	72,669
Weighted average number of ordinary shares in issue ('000)	**2,578,903**	2,291,086
Basic earnings per share (HK cents per share)	**3.74 cents**	3.17 cents

(b) Diluted

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the year ended 31 December 2011 and 2010.

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2011 *HK$'000*	2010 *HK$'000*
Trade receivables	**114,112**	178,764
Allowance for doubtful debts	**(2,105)**	—
	112,007	178,764
Bills receivable	**19,860**	60,006
Prepayments and deposits	**31,723**	9,973
Other receivables	**51,059**	17,130
Deposits placed with financial institutions	**41**	2,870
	214,690	268,743

As at 31 December 2011, the ageing analysis of the trade receivables of the Group presented based on the invoice date was as follows:

	2011 *HK$'000*	2010 *HK$'000*
Within 30 days	**84,156**	150,808
31 to 60 days	**18,510**	23,485
61 to 90 days	**3,193**	1,781
Over 90 days	**8,253**	2,690
	114,112	178,764

The Group allows a credit period normally up to 180 days (2010: up to 180 days) to its trade customers.

12. TRADE AND OTHER PAYABLES

	2011 *HK$'000*	2010 *HK$'000*
Trade payables	**72,066**	137,131
Accruals and other payables	**87,461**	217,364
	159,527	354,495

As at 31 December 2011, the ageing analysis of trade payables of the Group presented based on the invoice date was as follows:

	2011 *HK$'000*	2010 *HK$'000*
Within 30 days	**62,786**	132,988
31 to 60 days	**2,866**	849
61 to 90 days	**3,014**	139
Over 90 days	**3,400**	3,155
	72,066	137,131

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

In 2011, the Group achieved encouraging results through optimisation of business portfolio, modification of product structure and expansion in income channels. The two principal businesses of the Group, i.e. magnesium alloy business and ecological fertiliser business, both recorded significant growth. During the period under review, total business revenue grew by approximately HK$269,623,000 when comparing to 2010, representing a year-on-year increase of approximately 54.6%.

Magnesium Alloy Business

The Group has invested lavishly in the R&D of magnesium alloy business since 2008. During the year under review, revenue generated from this segment was approximately HK$97,686,000, accounted for about 12.8% of our total revenue.

The operation of the magnesium alloy project in Hunjiang District, Baishan City, Jilin Province, the PRC commenced in July 2011. The Group is benefitted from abundant quality dolomite mineral resources, an upstream raw material, and advanced technology in production of magnesium products. A vertical value chain that integrates production flow from exploitation and processing of dolomite to production, including magnesium ingots, magnesium alloys and middle alloy products has been developed. Also, the Group has exclusive rights of using a number of patented technologies in respect of production and enhancement of high-performance rare earth magnesium alloys and rare earth magnesium middle alloys. It has provided a solid foundation for the Group's expansion in the magnesium alloy business.

The Group's magnesium alloy project is located at China Magnesium Industrial Park in Hunjiang District, Baishan City, Jilin Province, the PRC. In August 2010, it was accredited as the first "Demonstration Complex for China Magnesium Industry" by China Mining Association. The Group's magnesium alloy production arm was included in the first batch of 40 comprehensive demonstration bases for applications of mining resources by Ministry of Land and Resources, and Ministry of Finance of the PRC in October 2011. In February 2012, the Group was awarded as "Top 10 Enterprises in Science and Technology" by Baishan Municipal Committee of People's Government of Jilin Municipality. As a member of "Strategic Alliance for Technological Innovations of Magnesium Industry" in Jilin Province enables the Group to capitalise on the R&D capabilities supported by Changchun Institute of Applied Chemistry, Chinese Academy of Sciences. Furthermore, the Group has signed a long-term agreement with Changchun Institute of Applied Chemistry. The cooperation not only facilitates transformation of technological innovations, but also provides impetus for sustainable growth of the Group.

Magnesium alloy is an environmental-friendly metal which is the lightest of all structural metals with high strength, magnesium alloy has received increasing popularity and has been utilised across industries. It is widely used in aerospace, military, transportation, and high-tech applications due to its outstanding and reliable properties. This will be the trend in minor metals development. The Group is confident that the growing applications of magnesium alloy present immense opportunities for its business expansion.

Ecological Fertiliser Business

The Group's ecological fertiliser business has reached its new heights through strong brand awareness and market domination. Orders have been growing substantially with expansion in sales network. Revenue from ecological fertiliser business increased by approximately 22.9% to HK$594,822,000, accounted for approximately 77.9% of the Group's overall revenue. Revenue from compound fertilisers and organic fertilisers soared by approximately 30.2% and 9.5% respectively, accounted for approximately 67.3% and 23.8% of the revenue from this segment. The average selling price and sales volume of compound fertilisers improved by approximately 19.7% and 8.8% respectively. Average selling price of organic fertilisers went down by approximately 1.6%, versus, an increase of approximately 11.3% in sales volume.

The Group has further boosted its efficiency by optimising product structure. In January 2011, the Group disposed the loss-making pesticide business and achieved one-off gain of approximately HK$3,800,000. In 2010, the Group expanded its Jiangsu plant on production capacity, to cater the increase in sales volume and market share in this segment. The Group also dedicated more effort in product development with a promising margin and tremendous market potential, namely silicon magnesium compound fertilisers ("silicon magnesium fertilisers"). The core attribute is to improve soil conditions for cultivation. This new product will considerably, enhance the overall profit margin of the ecological fertiliser business. The Group has completed the R&D of the silicon magnesium fertilisers and production will be commenced in the first half of 2012. According to a study from Chinese Academy of Agricultural Sciences, out of 450 million mu rice paddy fields in the PRC, about 50% or more are low in silicon, and about 19% are low in magnesium, equivalent to a sum of 23 million hectares. The potential demand for the silicon magnesium fertilisers will be about 40 million tonnes per year, indicating an enormous market potential. The Group owns a high quality serpentine mine, ensuring a stable supply of the key raw materials for production. In addition, the Group is equipped with technology and capacity necessary for production establishing an effective integration of upstream raw materials and downstream products. This has reinforced competitiveness of the Group and fuelled its long-term growth.

Other Businesses

The Group's other businesses include metallurgical flux and financial services, which accounted for approximately 5.8% and 3.5% of the total revenue respectively.

The high quality serpentine mineral reserves provide not only core raw materials for production of the silicon magnesium fertilisers, but also indispensable auxiliary materials for iron and steel smelting. The metallurgical flux business has sustained stable distribution channels and customer base, contributing consistently to the Group's revenue. During the year, revenue from metallurgical flux business was about HK$44,282,000, accounted for approximately 5.8% of total revenue. With the success in the R&D of the silicon magnesium fertilisers, economic value of serpentine mine will gradually be reflected. The Group plans to expand its scale of production and channels to further utilise and enjoy economic benefits from the serpentine mine.

The Group has been engaging in financial services business since the completion of acquiring Sunshine Partners Financial Holdings Limited in late August 2010. In relation to brokerage services, the first branch was established in North Point, Hong Kong in June 2011. A fair amount of resources were spent on promoting its business and product development, aiming to broaden customer network more effectively. The financial services business is in steady development. During the year, revenue from the financial services business accounted for approximately 3.5% of total revenue.

REVENUE

Revenue of the Group in 2011 was approximately HK$763,394,000 (2010: HK$493,771,000), representing a growth of about 54.6%. Ecological fertiliser business, magnesium alloy business, metallurgical flux business and financial service business accounted for approximately 77.9%, 12.8%, 5.8% and 3.5% respectively.

The significant rise in revenue was mainly attributable to the increase in average selling price and sales volume of compound fertilisers. Besides, the magnesium alloy business that commenced production in July 2011 and the metallurgical flux business acquired in December 2010 both contributed to an overall growth in the Group's revenue.

COST OF SALES

Cost of sales for 2011 amounted to approximately HK$604,555,000, an increase of around 49.7% over last year, among which, approximately 85.1%, 12.0% and 2.9% was attributable to ecological fertiliser business, magnesium alloy business and metallurgical flux business respectively (2010: all attributable to ecological fertiliser business).

Material cost remained the key component of cost of sales of ecological fertiliser business. During the year, the Group was threatened by increasing price of raw materials. In response to this, the Group had increased prices of our products and was also actively developing high-value new products and vertical integration of business.

For magnesium alloy business, materials and accessories were the main cost components. Dolomite extracted from our Baishan mine was processed, then sent to our factory for smelting and production of magnesium products for selling.

For metallurgical flux business, serpentines extracted from the mine were sold with simple processing required. As such, its cost of production was relatively low and mainly comprised of depreciation for non-current assets and amortisation for mining rights.

GROSS PROFIT

Consolidated gross profit margin for 2011 was 20.8% and consolidated gross profit of the Group in 2011 amounted to approximately HK$158,839,000, representing an increase of 76.9% over 2010.

During the year, the average price of organic fertilisers had been downwards adjusted by about 1.6% for the sake of expanding market share. Also, accompanied by inflated material costs of organic fertilisers, it led to the gross profit margin of ecological fertiliser business decreased from 16.5% to 13.5%.

Gross profit margins of magnesium alloy business and metallurgical flux business were around 25.7% and 60.4% respectively.

SELLING AND MARKETING COSTS

Selling and marketing costs were approximately HK$35,242,000. Of which, approximately 57.4% or HK$20,236,000 came from transportation costs of metallurgical flux business, the newly acquired business in December 2010, and approximately 13.1% or HK$4,605,000 came from transportation costs of ecological fertiliser business.

The remaining HK$10,401,000 of selling and marketing costs were attributable to ecological fertiliser business, metallurgical business and magnesium alloy business at approximately 87.0%, 7.6% and 5.4% respectively.

ADMINISTRATIVE EXPENSES

Administrative expenses was approximately HK$68,413,000, representing an increase of around 26.9% as compared with that of last year. The increase in the expenses was mainly resulted from the new metallurgical flux business and financial service business.

Administrative expenses mainly comprised of staff costs, depreciation and amortisation expenses, occupancy costs and audit and professional fees, which accounted for approximately 40.8%, 15.9%, 7.0% and 3.7% respectively of the total administrative expenses for the year.

OTHER INCOME AND GAINS

Other income and gains mainly comprised of interest income and rental income, which accounted for approximately 60.1% and 18.2% respectively of the total amount in 2011 (2010: 78.4% and 15.2%).

The amount surged by approximately 29.8% or HK$5,080,000 as compared to 2010. This was mainly due to additional rental of approximately HK$1,449,000 from new lease concluded in the second half of 2010. Besides, the Group has sold its properties in Australia and recorded a gain of approximately HK$1,419,000. In addition, our metallurgical flux business being granted a government subsidy of approximately HK$1,425,000 from the PRC government for technical improvement for energy saving and financing.

MARGIN

Net profit for the year leaped by approximately 58.4% to HK$101,118,000 and profit attributable to owners of the Company also surged by approximately 32.9% to HK$96,541,000.

Excluding the exceptional gain of reversal of provision for over-extraction penalty of approximately HK$56,753,000 in 2011 (2010: bargain purchase gain of HK$50,737,000), the Group achieved a remarkable increase in adjusted profit for the year of approximately 239% or HK$31,279,000.

The increase was mainly attributable to the contribution from magnesium alloy business, which commenced operation in July 2011, and fewer merger and acquisition expense incurred in 2011.

LIQUIDITY, LIABILITIES AND FINANCIAL RESOURCES

The Group's liquidity in 2011 was mainly derived from cash generated from business operations. As at 31 December 2011, total amount of cash and bank balances of the Group was approximately HK$570,911,000 (2010: HK$647,685,000).

As at 31 December 2011, the Group's total borrowings increased by 64.6% as compared to 2010, while net current assets increased by 11.2% as compared to 2010. The Group's gearing ratio (calculated by total borrowings over total equity) was approximately 19.2% in 2011 (2010: 12.9%).

The Group's existing cash resources together with the steady cash flows generated from business activities are sufficient to meet its business needs.

EXCHANGE RATE RISK MANAGEMENT

The Group's exposure to exchange rate risk is primarily derived from foreign currency-denominated assets. The Group mainly operates in Hong Kong and the PRC. However, exchange rate risk exposure arising from currency swaps involved in business operations (mainly Hong Kong dollars ("HK$") and Renminbi ("RMB")) is relatively low.

Most of the transactions of the business operations in Hong Kong are denominated in HK$, and the related exchange rate risk is considered to be insignificant.

The majority of transactions of the business operations in the PRC are denominated in RMB. Due to inadequacies and regulatory restrictions of the PRC financial market, there is a rise in the Group's exposure to RMB along with the increase in its investment in the PRC. In view of the appreciation of RMB against HK$ during the year under review, no financial instruments were used for hedging purposes. RMB appreciation is expected to be favourable to the Group. The Group will seek for other alternatives to effectively mitigate its exposure to exchange rate risk.

CREDIT RISK MANAGEMENT

The Group has always been aware of the credit risk exposure of our customers. The Group strictly followed the "client account management procedures" established in 2004. The procedures required and ensured all client accounts were maintained and kept track of periodically according to the previous transaction records and credit history of each customer.

The Group specified and assigned to each customer a series of credit measures such as credit ratio, credit period, credit rating, credit terms and guarantee. The client account management procedures were effective to control the credit risk of the Group.

SIGNIFICANT INVESTMENTS

A wholly owned subsidiary of the Company, Century Sunshine Ecological Technology Limited as transferor, entered into a sale and purchase agreement on 24 January 2011 with an independent third party to dispose of 100% equity interest in American Excellent Pesticide Limited and its subsidiary at a cash consideration of RMB8,000,000 (equivalent to HK$9,480,000).

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year of 2011, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CCGP") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), with the following deviations:

(a) Under the CCGP code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Chairman and the CEO

Mr. Chi Wen Fu, founder of the Group, currently holds a dual role as the Chairman and the CEO. This structure is not complied with the code provision of the CCGP. However, the Board is of the view that it is for the best interests of the Group to adopt a single leadership structure, as Mr. Chi possesses extensive experience and knowledge in the PRC market and he is playing a significant role in establishing strategic decisions and overall management of the Group. This strong and consistent leadership enables the Company to make and implement decisions promptly and efficiently, yet no suitable calibre is available at this stage. With the single leadership structure, sufficient safeguards are established to ensure the management is accountable to the Board. The Chairman/CEO ensures Board meetings are held regularly and when necessary. The Chairman/CEO ensures that Board members are provided with complete, adequate, accurate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group. The Chairman/CEO ensures all Directors have unrestricted access to document or information kept by the Group and professional advice when necessary.

(b) Under the CCGP code provision E.1.2, the chairman of the Board should attend the annual general meeting. The chairman of the Board was unable to attend the annual general meeting held on 2 June 2011 as he was obliged to be away for a business trip. Mr. Shum Sai Chit and Ms. Chi Bi Fen, directors of the Company, attended the said annual general meeting to respond queries from shareholders.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code of conduct of the Company regarding Directors' securities transactions. The Company made specific enquiries to all Directors and all Directors have confirmed in writing that they have complied with the required standards set out in the code of conduct during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2011, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established to review the Group's financial reporting, internal controls, corporate governance and risk management matters and to make relevant recommendations to the Board. The Audit Committee comprises all independent non-executive Directors, namely Mr. Kwong Ping Man (being the chairman of the Audit Committee), Mr. Liu Hoi Keung and Mr. Sheng Hong.

During the year, the Audit Committee held four meetings and performed the duties including reviewing the Group's financial statements (including the Group's interim and annual financial statements with recommendations to the Board for approval), compliance of the regulatory and statutory requirements, significant internal control and risk management, significant accounting and audit issues, the Group's connected transactions and overseeing and managing the relationship with external auditors.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises of four members, namely Mr. Kwong Ping Man, Mr. Liu Hoi Keung, Mr. Shum Sai Chit and Mr. Sheng Hong, the majority of whom are independent non-executive directors. The functions of the Remuneration Committee are to formulate transparent procedures for set up remuneration policies and packages for Directors and the senior management of the Group.

REVIEW OF ANNUAL RESULTS

The consolidated results for the year ended 31 December 2011 have been audited by the Company's auditors, HLB Hodgson Impey Cheng and reviewed by the audit committee of the Board which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

The figures included in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of financial position as set out in this preliminary announcement in respect of the Group's results for the year ended 31 December 2011 have been agreed by HLB Hodgson Impey Cheng, to the amounts set out in the Group's consolidated financial statements for the year under review. The work performed by HLB Hodgson Impey Cheng in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng on the preliminary announcement.

FINAL DIVIDEND

The Board recommends the payment of a final dividend for 2011 of HK0.35 cents per share (2010: HK$Nil). Subject to the approval of the proposed 2011 final dividend by the shareholders at the annual general meeting to be held on 17 May 2012, it is expected that those dividend will be paid on 28 June 2012 to the shareholders registered on 29 May 2012.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the shareholders of the Company (the "Shareholders") will be held at Unit 3907, 39th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong on 17 May 2012 at 2:30 p.m. ("AGM"). Notice of the AGM of the Company will be published and despatched to the Shareholders as soon as possible.

CLOSURE OF REGISTER OF MEMBERS

To be eligible to attend and vote at the AGM

The register of members of the Company will be closed from Monday, 14 May 2012 to Thursday, 17 May 2012, both days inclusive, during which period no transfer of shares will be registered. In order for the Shareholders to be eligible to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 11 May 2012 for registration.

To qualify for the proposed 2011 final dividend

The register of members of the Company will also be closed from Wednesday, 23 May 2012 to Tuesday, 29 May 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed 2011 final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 22 May 2012 for registration.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES

The Directors propose to seek approval from the Shareholders at the AGM to amend the existing memorandum of association ("Memorandum") and articles of association ("Articles") of the Company so as to bring them in line with certain recent amendments made to the Listing Rules and to incorporate certain housekeeping amendments. It is also proposed that a new set of Memorandum and Articles which consolidates such proposed amendments and all previous amendments made in compliance with applicable laws be adopted with the approval of the Shareholders at the AGM.

The proposed amendments to the existing Memorandum and Articles and the adoption of a new set of Memorandum and Articles are subject to the approval of the Shareholders by way of special resolutions at the AGM.

A circular containing, among other things, details of the proposed amendments to the Memorandum and Articles, together with a notice of AGM, will be despatched to the Shareholders as soon as practicable.

PUBLICATION OF ANNUAL RESULTS AND 2011 ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.centurysunshine.com.hk). The 2011 Annual Report will be dispatched to the shareholders and will be available in the websites of the Stock Exchange and the Company in due course.

By order of the Board
Chi Wen Fu
Chairman

Hong Kong, 28 March 2012

As at the date of this announcement, the directors of the Company are:

Executive directors:	*Mr. Chi Wen Fu, Mr. Shum Sai Chit and Ms. Chi Bi Fen*
Non-executive director:	*Mr. Guo Mengyong*
Independent non-executive directors:	*Mr. Kwong Ping Man, Mr. Liu Hoi Keung and Mr. Sheng Hong*