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 2009

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 (together, the "Group") for the year ended 31 December 2009 together with comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	**2009** *RMB'000*	2008 *RMB'000*
Revenue	*3*	**385,309**	386,782
Cost of sales		**(314,263)**	(327,525)
Gross profit		**71,046**	59,257
Other income and gains	*5*	**23,377**	30,196
Selling and marketing costs		**(10,722)**	(7,770)
Administrative expenses		**(33,694)**	(45,556)
Discount on acquisition of subsidiaries		**–**	4,527
Finance costs		**(7,917)**	(8,260)
Profit before income tax		**42,090**	32,394
Income tax expense	*6*	**(8,645)**	(10,047)
Profit for the year	*7*	**33,445**	22,347
Profit for the year attributable to:			
Owners of the Company		**38,356**	27,273
Minority interests		**(4,911)**	(4,926)
		33,445	22,347
Proposed final dividend	*8*	**8,922**	5,948
Earnings per share:			
– basic	*9*	**RMB1.72 cents**	RMB1.23 cents
– diluted	*9*	**RMB1.72 cents**	RMB1.22 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	RMB'000	*RMB'000*
Profit for the year	**33,445**	22,347
Other comprehensive (expenses) income:		
Exchange differences arising from translation of foreign operation (net of tax)	**(149)**	118
Total comprehensive income for the year	**33,296**	22,465
Total comprehensive income attributable to:		
Owners of the Company	**38,207**	27,391
Minority interests	**(4,911)**	(4,926)
	33,296	22,465

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	NOTES	**2009** **RMB'000**	2008 *RMB'000*
Non-current assets			
Land use rights		**46,763**	47,745
Property, plant and equipment		**223,043**	154,212
Investment properties		**66,314**	70,186
Intangible assets		**787**	1,780
Exploration and evaluation assets		**29,369**	–
Deposit for acquisition of subsidiaries		**48,400**	48,400
Deposit for acquisition of plant and machinery		**628**	19,538
		415,304	341,861
Current assets			
Inventories		**35,235**	65,384
Land use rights		**1,005**	1,005
Trade and other receivables	*10*	**86,241**	63,357
Investments held for trading		**14,908**	63,601
Deposits with banks		**413,000**	–
Cash and cash equivalents		**234,155**	591,937
		784,544	785,284
Current liabilities			
Trade and other payables	*11*	**85,354**	53,742
Income tax payable		**6,486**	6,740
		91,840	60,482
Net current assets		**692,704**	724,802
Total assets less current liabilities		**1,108,008**	1,066,663
Non-current liabilities			
Borrowings		**113,517**	112,056
Deferred tax liability		**3,251**	3,318
		116,768	115,374
Net assets		**991,240**	951,289
Capital and reserves			
Share capital		**47,018**	46,426
Reserves		**884,178**	845,456
Equity attributable to owners of the Company		**931,196**	891,882
Minority interests		**60,044**	59,407
Total equity		**991,240**	951,289

NOTES:

1. GENERAL INFORMATION

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. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Group is principally engaged in the production and sales of agriculture-related products, raw materials and magnesium-related products.

The financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied a number of new and revised Standards, Amendments to Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 4), and changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

Improving Disclosures about Financial Instruments

(Amendment to HKFRS 7 Financial Instrument: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

Standards and Interpretations in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-Settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a Minimum Funding Requirements[6]
HK(IFRIC)-INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standards requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvement to HKFRSs (2009), HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretation will have no material impact on the financial statements.

3. REVENUE

The Group is principally engaged in the production and sales of agriculture-related products and raw materials. An analysis of the Group's revenue for the year is as follows:

	2009	2008
	RMB'000	*RMB'000*
Sales of agriculture-related products	**373,877**	325,025
Sales of raw materials	**11,432**	61,757
	385,309	386,782

4. SEGMENT INFORMATION

Application of HKFRS 8 Operating Segments

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting segment was business segments. The adoption of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Specifically, in prior years, segment information reported externally was analysed on the basis of the types of goods supplied by the Group (i.e. organic fertilizers, compound fertilizers, biological pesticides, raw materials and magnesium-related products). However, information reported to the Group's Chief Executive Officer (being the chief operating decision maker) is focused on the operating divisions. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

– Agriculture-related products

– Raw materials

– Magnesium-related products

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

Segment revenues and results

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

For the year ended 31 December 2009:

	Agriculture-related products *RMB'000*	**Raw materials** *RMB'000*	**Magnesium-related products** *RMB'000*	**Total** *RMB'000*
Revenue	**373,877**	**11,432**	**–**	**385,309**
Segment results	**57,281**	**(516)**	**–**	**56,765**
Other income and gains				**23,377**
Central administrative costs				**(30,135)**
Finance costs				**(7,917)**
Profit before income tax				**42,090**

For the year ended 31 December 2008:

	Agriculture-related products *RMB'000*	Raw materials *RMB'000*	Magnesium-related products *RMB'000*	Total *RMB'000*
Revenue	325,025	61,757	–	386,782
Segment results	57,263	(14,687)	–	42,576
Discount on acquisition of subsidiaries	–	–	4,527	4,527
Other income and gains				30,196
Central administrative costs				(36,645)
Finance costs				(8,260)
Profit before income tax				32,394

Segment results represents the results from each segment without allocation of central administrative costs including Directors' salaries, 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 at 31 December 2009 and capital expenditure for the year then ended by reportable segment are as follows:

	Agriculture-related products *RMB'000*	**Raw materials** *RMB'000*	**Magnesium-related products** *RMB'000*	**Total segment** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment assets	**168,297**	**32,104**	**173,975**	**374,376**	**825,472**	**1,199,848**
Segment liabilities	**61,624**	**5,878**	**16,563**	**84,065**	**124,543**	**208,608**
Capital expenditure	**2,267**	**–**	**119,398**	**121,665**	**11,066**	**132,731**

The segment assets and liabilities at 31 December 2008 and capital expenditure for the year then ended by reportable segment are as follows:

	Agriculture-related products *RMB'000*	Raw materials *RMB'000*	Magnesium-related products *RMB'000*	Total segment *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Segment assets	179,121	36,458	87,558	303,137	824,008	1,127,145
Segment liabilities	47,320	2,880	–	50,200	125,656	175,856
Capital expenditure	33,681	21,558	41,050	96,289	17,389	113,678

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

– all assets are allocated to reportable segments other than investment properties, deposit for acquisition of subsidiaries, investments held for trading, deposits with banks, cash and cash equivalent and other assets for corporate use which including property, plant and equipment, and other receivables; and

– all liabilities are allocated to reportable segments other than borrowings and other payables for corporate use and deferred tax liability.

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

Other segment information

For the year ended 31 December 2009:

	Agriculture-related products *RMB'000*	**Raw materials** *RMB'000*	**Magnesium-related products** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Depreciation of property, plant and equipment and investment properties	**22,126**	**6,331**	**386**	**5,919**	**34,762**
Amortisation of land use rights and intangible assets	**1,258**	**–**	**570**	**147**	**1,975**
Impairment of property, plant and equipment and intangible assets	**3,559**	**–**	**–**	**–**	**3,559**
Loss (gain) on disposal of property, plant and equipment	**671**	**107**	**(78)**	**–**	**700**
Allowance for inventories	**495**	**–**	**–**	**–**	**495**
Gain on disposal of investments held for trading	**–**	**–**	**–**	**2,600**	**2,600**
Interest income from held-to-maturity investments	**–**	**–**	**–**	**382**	**382**
Change in fair value of investments held for trading	**–**	**–**	**–**	**5,399**	**5,399**
Income tax expense	**8,571**	**–**	**–**	**74**	**8,645**

For the year ended 31 December 2008:

	Agriculture-related products *RMB'000*	Raw materials *RMB'000*	Magnesium-related products *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Depreciation of property, plant and equipment and investment properties	12,902	2,791	–	5,954	21,647
Amortisation of land use rights and intangible assets	1,718	–	–	40	1,758
Impairment of property, plant and equipment and intangible assets	187	–	–	–	187
Loss on disposal of property, plant and equipment	180	–	–	–	180
Allowance for inventories	8,496	–	–	–	8,496
Gain on disposal of investments held for trading	–	–	–	2,346	2,346
Gain on disposal of available-for-sale investments	–	–	–	17,267	17,267
Change in fair value of investments held for trading	–	–	–	1,247	1,247
Income tax expense	10,047	–	–	–	10,047

Revenue from major products

The Group's revenue from its major products are as follows:

	2009 ***RMB'000***	2008 *RMB'000*
Organic fertilizers	**170,501**	176,594
Compound fertilizers	**202,677**	143,942
Biological pesticides	**699**	4,489
Raw materials	**11,432**	61,757
	385,309	386,782

Geographical information

No geographical information is presented as all of the Group's business is carried out in the People's Republic of China (the "PRC")/Hong Kong and the Group's revenue from external customers is in the PRC.

Information about major customers

No information about major customer is presented as no single customer contributed over 10% of the total sales of the Group during the years ended 31 December 2009 and 2008.

5. OTHER INCOME AND GAINS

	2009	2008
	RMB'000	*RMB'000*
Rental income	**1,523**	1,273
Interest income:		
– bank deposits	**7,766**	8,063
– held-to-maturity investments *(note a)*	**382**	–
Gain on disposal of available-for-sale investments	**–**	17,267
Dividend income	**397**	–
Gain on disposal of investments held for trading	**2,600**	2,346
Change in fair value of investments held for trading	**5,399**	1,247
Net exchange gains	**5,310**	–
	23,377	30,196

(a) The amount represented the interest income from the investment in the unlisted funds in the PRC. The interest rate on held-to-maturity investments was ranging from 1.55% to 1.81% per annum with maturity between 7 days and 30 days.

6. INCOME TAX EXPENSE

The amount of taxation charged to the consolidated income statement represents:

	2009	2008
	RMB'000	*RMB'000*
Current income tax		
– PRC Enterprise Income Tax	**8,712**	10,047
Deferred income tax	**(67)**	–
	8,645	10,047

(a) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising in or derived from Hong Kong during the year (2008: Nil).

(b) The PRC Enterprise Income Tax (The "PRC EIT")

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Century Sunshine (Nan Ping) Biology Engineering Co., Ltd. ("Nan Ping") and Century Sunshine (Jiangxi) Ecological Technology Limited ("Jiangxi") are wholly foreign owned enterprises engaged in the production and sale of agricultural-related products with operating periods of more than ten years, and in accordance with the relevant income tax regulations of the PRC, are fully exempted from the PRC EIT for two years starting from the first year of profitable operations after offsetting prior year tax losses, followed by a 50% reduction in the PRC EIT for the next three years (the "Tax Concession"). The first profitable years after offsetting prior year tax losses of Nan Ping and Jiangxi were 2004 and 2005 respectively.

During the year ended 31 December 2009, Green Land Bio-Products Co. Ltd and 福州美地國際貿易有限公司 were loss making.

世紀陽光(福建)農業科技發展有限公司, Jiangsu Azureblue Technology Development Company Limited, Century Sunshine (Zhangzhou) Ecological Technology Limited , Excellent Pesticide (Nanchang) Limited and Baishan City Tianan Magnesium Resources Company Limited were loss making during the years ended 31 December 2008 and 2009.

(c) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from Cayman Island income tax. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

Century Sunshine (Australia) Limited is incorporated in Australia and was loss making during the years ended 31 December 2008 and 2009.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2009	2008
	RMB'000	*RMB'000*
Wages and salaries	**13,917**	13,886
Share options granted to Directors and employees	**110**	731
Payment to defined contribution retirement plans	**526**	550
Total staff costs (including Directors' remuneration)	**14,553**	15,167
Auditor's remuneration	**924**	924
Research and development expenditure recognised as expenses	**9**	191
Depreciation and amortisation	**36,737**	23,405
Loss on disposal of property, plant and equipment	**700**	180
Impairment of property, plant and equipment and intangible assets	**3,559**	187
Cost of inventories recognised as an expense	**275,266**	287,148
Allowance for inventories (included in cost of sales)	**495**	8,496
Net exchange losses	**–**	17,087
Operating lease rentals in respect of land and buildings	**1,839**	1,620

8. DIVIDEND

	2009	2008
	RMB'000	*RMB'000*
Proposed final dividend of HK$0.0045 (2008: HK$0.003) per ordinary share	**8,922**	5,948

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 2010. These financial statements do not reflect this dividend payable.

	2009	2008
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
2008 final dividend declared and paid of HK$0.003 (2007: HK$0.004) per ordinary share	**5,948**	7,990

9. 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.

	2009	2008
Profit attributable to owners of the Company (RMB'000)	**38,356**	27,273
Weighted average number of ordinary shares in issue ('000)	**2,234,816**	2,219,420
Basic earnings per share (RMB per share)	**1.72 cents**	1.23 cents

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2009	2008
Profit attributable to owners of the Company (RMB'000)	**38,356**	27,273
Weighted average number of ordinary shares in issue ('000)	**2,234,816**	2,219,420
Adjustment for share options ('000)	**1,075**	25,108
Weighted average number of ordinary shares for diluted earnings per share ('000)	**2,235,891**	2,244,528
Diluted earnings per share (RMB per share)	**1.72 cents**	1.22 cents

10. TRADE AND OTHER RECEIVABLES

	2009	2008
	RMB'000	*RMB'000*
Trade receivables	**52,737**	36,433
Prepayments and deposits	**12,884**	11,701
Other receivables	**12,744**	1,810
Deposits placed with financial institutions	**7,876**	13,413
	86,241	63,357

As at 31 December 2009, the ageing analysis of the trade receivables of the Group presented based on the invoice date was as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 30 days	**20,320**	23,065
31 to 60 days	**21,492**	8,586
61 to 90 days	**3,686**	1,017
Over 90 days	**7,239**	3,765
	52,737	36,433

11. TRADE AND OTHER PAYABLES

	2009	2008
	RMB'000	*RMB'000*
Trade payables	**10,237**	17,296
Accruals and other payables	**75,117**	36,446
	85,354	53,742

As at 31 December 2009, the ageing analysis of trade payables of the Group presented based on the invoice date was as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 30 days	**9,168**	9,984
31 to 60 days	**488**	1,695
61 to 90 days	**161**	1,807
Over 90 days	**420**	3,810
	10,237	17,296

The average credit period on purchases of goods is 90 days (2008: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the annual results of the Company and its subsidiaries for the year ended 31 December 2009 for shareholders' review and consideration.

RESULTS

Capital and commodity markets were apparently rebounding strongly in 2009 with full vitality and enormous development opportunities. The reality is that many industries were still facing tough business environment, and striving to survive the situation. The fertilizer market has not yet recovered and the price and demand of the market had been lingering at the low points. Some of the fertilizer manufacturers had to suspend production or operate at loss. Thanks to its loyal customer base, excellent product quality and brand strengths, the sales of fertilizer products was managed to maintain. Though the average selling price of organic fertilizers rose slightly, the average selling price of compound fertilizers dropped inevitably under the prevailing market adversity. To weather the depressing conditions, the Group has taken a proactive yet prudent business strategy by linking production with sales and reducing inventory stock of raw materials and finished goods, so as to avoid operating losses brought about by fluctuations in market prices. Such strategy played a prominent part in prudently creating a stable growth in 2009 and made the agriculture-related products business to remain as the Group's main source of income.

In 2009, the total turnover of the Group amounted to RMB385,309,000, representing a slight decrease of less than 1% over 2008. The sales of the Group's agriculture-related products increased by 15% over the previous year to RMB373,877,000 while the sale of the raw materials business decreased by 81% to RMB11,432,000. Profit attributable to owners of the Company amounted to RMB38,356,000, representing a significant increase of 41% over 2008. The increase was primarily driven by the soar in organic fertilizer margins and the surge in exchange rate gains. After considerating that there is no significant signs of improvement in the business environment and it still takes time for the market to fully recover, the Board recommended the payment of a final dividend of HK0.45 cents per share, representing approximately 23% of the basic earnings per share for the year.

MAGNESIUM

Construction of the Group's production plant in Jilin Province, the PRC was substantially completed in the fourth quarter of 2009. The plant has an annual production capacity of 10,000 tonnes of magnesium ingots and magnesium alloy products, and involves a total investment of about RMB120 million. The construction project as well as the inspection of completed environmental protection facilities were basically completed in the first quarter of 2010. Trial production is scheduled to be conducted in the second quarter of 2010. Magnesium business is expected to be put into complete commission by 2010, and to bring contribution to the Group's turnover. The Group believes that the factory, configured advanced production equipment and technology, has ranked itself at a leading position in the industry. Magnesium and magnesium alloy products have been widely used in a diverse variety of aspects including aerospace, automotive and electronic products, and are known as the green engineering materials of the most massive development potentials in this century. They are blessed with very promising market prospects. At present, the PRC has become the world's largest producer and exporter of magnesium. According to China's 11th Five-Year Plan, the development and industrialization of magnesium alloy products fall within the "preferred development" category. Invigorated by support from the national policies and rapid growth in market demand, magnesium and magnesium alloy products are set to become a sustainable industry.

In line with the magnesium business, the Group acquired an exploration right of a dolomite mine in Jilin province, the PRC with a site area of 4.65 km^2 at the cash consideration of RMB25.9 million in December 2009. The mine under the exploration right contains a kind of minerals namely dolomite, which is a main raw material for production of magnesium ingots. The mining site was in proximity to the production plant of the Group (around 10 km). The Group believes that the acquisition will secure the supply of dolomite required for the production of magnesium ingots by the Group, and reduce the cost of transportation of pro current of such raw materials from external sources.

SERPENTINE

The acquisition project of serpentine is one of the Group's top priorities this year. The Group signed a memorandum of understanding with an independent third party in December 2008, pursuant to which, it intended to acquire serpentine mineral resources located in Jiangsu Province, the PRC. Such mineral asset has serpentine mineral resources reserves of not less than 60 million tonnes, and is a domestic large-scale mine. To protect the interests of shareholders, the Group has retained various professional institutions to conduct due diligence. As the due diligence is still underway, the Group signed a supplemental agreement with the vendor in December 2009 to defer the long stop date of the acquisition to 30 September 2010. The Group will make efforts to complete the acquisition as soon as possible, so as to generate contributions to the Group. The Group believes as serpentine is major auxiliary materials in iron and steel manufacturing process, and given that manufacturers have more understanding and acceptance about serpentine as a secondary raw material for steel making and smelting, the future serpentine business will benefit from the continuous development of China's steel industry. On the other hand, serpentine contains silicon and magnesium as its main components. It can be used as indispensable auxiliary raw materials for metallurgical flux and iron and steel smelting and making, and can be used as raw materials for extraction of magnesium ingots and production of fertilizers. Therefore, this acquisition will help diversify the Group's business in a more healthy and robust way, thereby expanding the Group's sources of income.

YUNXIAO PROPERTY

The first and second phases of construction of the Group's Yunxiao property located at Zhangzhou, Fujian Province, the PRC had been completed in 2007 and substantially completed in 2009 respectively. The total investment was approximately RMB113 million. The Group had leased the first phase of the Yunxiao property in the form of short term leases to local enterprises as workshop, while we would offer the second phase for lease at optimal time once we have completed the inspection and acceptance process, with a view to generating revenue to the Group.

Looking forward to 2010, I will continue to attain and achieve the Group's goal of business diversification through incessant efforts and unwavering dedication. By widening economic income management, laying a solid foundation, building a professional management team and improving management standards, all of us will spare no endeavors to contribute to the Group's burgeoning development.

Lastly, I wish to thank our shareholders for your kind support and all our staffs for your dedication over the past year. With challenges and opportunities ahead, I will work together with my colleagues and try to bring better returns to the shareholders in the coming year.

Chi Wen Fu
Chairman

Hong Kong, 31 March 2010

MANAGEMENT DISCUSSION AND ANALYSIS

TURNOVER

Under the influence of the global financial crisis, the PRC government has put into place a series of economic stimulus package in 2009 in order to boom the domestic demand and stabilize the domestic economy and the country's livelihood. Notwithstanding this, domestic enterprises continued to face a lot of difficulties in business operation. Slack market demand, shrinking prices and fluctuations in raw material prices have placed many enterprises in peril, with operating losses. The Group timely took effective measures in 2009 and all these measures have boosted customers' loyalty in the Group's products, while strengthening the control over inventory levels and costs. Thanks to these initiatives, the Group maintained a growth in the business and improved the overall profitability.

In 2009, the Group's turnover from agriculture-related products business grew by 15% over 2008 to RMB373,877,000, representing 97% of the total turnover. The sales of biological pesticides accounted for less than 1% of the sales of the agriculture-related products business. The sales of agriculture-related products were mainly generated from the fertilizer category. The Group produced two major categories of fertilizers. Organic fertilizers and compound fertilizers accounted for 45.6% and 54.2% of the sales of the agriculture-related products respectively. This year, the increase in the average selling price of organic fertilizers by 5% was due to the significant surge in the sales of microbial compound fertilizer products, while the decrease in the average selling price of compound fertilizers by 32% was mainly due to the fact that the market selling prices have been hovering at the bottom under a depressing compound fertilizer market in 2009. As a result, the average selling price of the fertilizers of the Group dropped by 14% to approximately RMB1,900 per tonne.

The Group only recorded raw material sales of RMB11,432,000 in 2009, representing a sharp decrease of 81% over 2008, and merely making up of 3% of the total turnover. During the year, the raw materials business was mainly the sales of sulphuric acid. Its average selling price in 2009 was RMB250 per tonne, representing a substantial fall of 76% over 2008. Since the rampage of the global financial crisis at the end of 2008, the domestic sulphuric acid market has shown no signs of improvement. The demand remained sluggish. The lowest selling price in 2009 was 94% lower than the selling price at its peak in 2008. Under a situation where there was no drastic reduction in production costs, most producers faced challenging operations and experienced operating losses or production suspension. Despite of a slight improvement in market demand for sulphuric acid in the fourth quarter of 2009, the selling price was only marginally improved. It is expected that the Group's sulphuric acid business will only improve along with the gradual revival of the market.

The construction of the Group's magnesium plant in Jilin Province, the PRC has been substantially completed. Trial production is scheduled to be conducted in the second quarter of 2010. Magnesium business is expected to be put into complete commission, and to bring contribution to the Group's turnover in 2010. Accordingly, the magnesium business has not yet contributed any earnings to the Group in 2009. Nevertheless, given a rising market demand for magnesium ingots and magnesium alloy products and a supportive backup from the national policies, the Group believes and is confident that the magnesium business is set to develop in a bright prospect.

GROSS PROFIT

In general, the consolidated gross profit of the Group in 2009 amounted to RMB71,046,000, representing an increase of 20% over 2008. The consolidated gross profit margin rebounded to 18% from 15% last year due to the soar in organic fertilizer margins and the decrease in overall production costs.

EXPENSES

During the year, a double-digit growth was recorded for the agriculture-related products business of the Group. Transportation cost, salary and commission increased accordingly, attributing to an increase in selling and marketing costs by 38% to RMB10,722,000 in 2009 over 2008. Advertisement, salary and commission fee and transportation cost accounted for 6%, 46% and 26% of the selling and marketing costs respectively.

The administrative expenses were approximately RMB33,694,000 in 2009, representing a sharp decrease of 26% over 2008. During the year, the Group did not incur any net exchange losses while a net exchange losses of RMB17,087,000 of the Group was recorded in 2008. If excluding the influence of such exchange difference, the administrative expenses increased by 18%. Salary and allowance, professional fees, impairment losses and depreciation and amortization accounted for 23%, 5%, 11% and 24% of the administrative expenses respectively.

OTHER INCOME AND GAINS

The other income and gains of the Group in 2009 was RMB23,377,000 which mainly included gains on disposal of investments of RMB2,600,000, net exchange gains of RMB5,310,000 and change in fair value of investments of RMB5,399,000.

MARGIN

Profits attributable to the owners of the Company surged by 41% to RMB38,356,000 compared with 2008. Net profit margin increased to 10% from 7% in 2008.

LIQUIDITY, GEARING AND SOURCE OF FINANCE

In 2009, the Group's liquidity was mainly derived from cash flows of operations. As at 31 December 2009, cash and bank balance of the Group amounted to approximately RMB647,155,000 (2008: RMB591,937,000).

As at 31 December 2009, the Group had long term borrowings of RMB113,517,000 (2008: RMB112,056,000) and the net current assets were approximately RMB692,704,000 (2008: RMB724,802,000). The Group's gearing ratio as measured by borrowings over net asset value was 11% in 2009 (2008: 12%).

The existing cash resources with steady cash flows generated from operations are sufficient for the Group to meet its business requirements.

COMPLIANCE OF CODE PROVISION & DEVIATION

The Company has complied throughout the year of 2009 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 (the "Listing Rules"), with the following deviations:

(a) Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Details of which have been disclosed in the section headed "Chairman and Chief Executive Officer (the "CEO")".

    Chairman and the CEO

    Chi Wen Fu, the founder of the Group, currently holds both the roles of 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 significant role in establishing the strategic decisions and the overall management of the Group. This structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. The Board considers that there is no suitable professional or expertise in the market to fill the position of CEO at this stage. In light of the single leadership structure, sufficient safeguards are established to ensure that the management is accountable to the Board as a whole. The Chairman/CEO ensures that 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 that all Directors have unrestricted access to the documents or information kept by the Group and professional advice when necessary.

(b) Under the 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 15 May 2009 as he was obliged to be away for a business trip on that date. Ms. Chi Bi Fen, the Director of the Group, attended the said annual general meeting to answer questions 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 2009, 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 recommendation 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. Chu Wai Wa, Fangus and Mr. Liu Hoi Keung.

During the year, the Audit Committee held five meetings and performed the duties including reviewing the Group's financial statements (including the Group's interim and annual financial statements with recommendation 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.

REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position at 31 December 2009, consolidated income statement and the related notes thereto for the year then ended 31 December 2009 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited 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 SHINEWING (HK) CPA Limited on the preliminary announcement.

FINAL DIVIDEND

The Board recommends the payment of a final dividend for 2009 of HK0.45 cents per share (2008: HK0.3 cents). Subject to the approval of the 2009 final dividend by the shareholders at the annual general meeting to be held on 17 May 2010, it is expected that those dividend will be paid on 17 June 2010 to the shareholders registered on 17 May 2010.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the shareholders of the Company will be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on 17 May 2010 at 3:00 p.m.. Notice of the annual general meeting of the Company will be published and despatched to the shareholders of the Company shortly.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 11 May 2010 to Monday, 17 May 2010, both days inclusive, during which period no transfer of shares may be registered.

In order to qualify for the 2009 final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 10 May 2010.

PUBLICATION OF ANNUAL RESULTS AND 2009 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 2009 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, 31 March 2010

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

Executive directors:	*Mr. Chi Wen Fu, Mr. Shum Sai Chit, Ms. Chi Bi Fen and Mr. Tang Ying Kit*
Non-executive director:	*Ms. Wong May Yuk*
Independent non-executive directors:	*Mr. Kwong Ping Man, Mr. Chu Wai Wa, Fangus and Mr. Liu Hoi Keung*