世纪阳光

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 2010

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 referred to as the "Group") for the year ended 31 December 2010 together with comparative figures for the year ended 31 December 2009 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 HK$'000	2009 (restated) HK$'000
Revenue	3	**493,771**	437,900
Cost of sales		**(403,956)**	(357,157)
Gross profit		**89,815**	80,743
Other income and gains	5	**17,068**	17,477
Selling and marketing costs		**(12,882)**	(12,185)
Administrative expenses		**(53,903)**	(38,293)
Realised and unrealised (loss)/gain on investment held for trading		**(559)**	9,091
Gain on disposal of a subsidiary		**252**	–
Bargain purchase gain		**50,737**	–
Finance costs		**(9,289)**	(8,997)
Profit before income tax		**81,239**	47,836
Income tax expense	6	**(17,416)**	(9,825)
Profit for the year	7	**63,823**	38,011
Profit for the year attributable to:			
Owners of the Company		**72,669**	43,591
Non-controlling interests		**(8,846)**	(5,580)
		63,823	38,011
Proposed final dividend		**–**	10,138
Earnings per share:			
– basic	8	**3.17 cents**	1.95 cents
– diluted	8	**3.17 cents**	1.95 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009 (restated)
	HK$'000	*HK$'000*
Profit for the year	**63,823**	38,011
Other comprehensive income:		
Exchange differences arising from translation of foreign operation (net of income tax)	**28,068**	374
Other comprehensive income for the year, net of income tax	**28,068**	374
Total comprehensive income for the year	**91,891**	38,385
Total comprehensive income attributable to:		
Owners of the Company	**99,603**	43,965
Non-controlling interests	**(7,712)**	(5,580)
	91,891	38,385

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	2010 HK$'000	2009 (restated) HK$'000	2008 (restated) HK$'000
Non-current assets				
Land use rights		**146,218**	53,196	54,281
Property, plant and equipment		**251,406**	253,734	175,324
Investment properties		**117,739**	75,440	79,794
Intangible assets		**23,325**	895	2,024
Mining rights		**505,376**	–	–
Exploration and evaluation assets		**35,602**	33,410	–
Deposit for acquisition of subsidiaries		**–**	55,000	55,000
Deposit for acquisition of plant and machinery		**–**	715	22,213
Deferred tax assets		**557**	–	–
		1,080,223	472,390	388,636
Current assets				
Inventories		**41,484**	40,084	74,335
Land use rights		**3,082**	1,143	1,143
Trade and other receivables	9	**268,743**	98,107	72,030
Investments held for trading		**19,913**	16,959	72,308
Deposits with banks		**446,744**	469,829	–
Cash and cash equivalents		**200,941**	266,375	672,973
		980,907	892,497	892,789
Less: Current liabilities				
Trade and other payables	10	**354,495**	97,099	61,099
Income tax payable		**12,822**	7,379	7,663
Provision for over-extraction penalty		**55,719**	–	–
Borrowings		**36,708**	–	–
		459,744	104,478	68,762
Net current assets		**521,163**	788,019	824,027
Total assets less current liabilities		**1,601,386**	1,260,409	1,212,663
Less: Non-current liabilities				
Borrowings		**135,857**	129,137	127,396
Deferred tax liabilities		**129,359**	3,698	3,772
Long-term payables		**732**	–	–
		265,948	132,835	131,168
Net assets		**1,335,438**	1,127,574	1,081,495

	2010	2009	2008
		(restated)	(restated)
	HK$'000	*HK$'000*	*HK$'000*
Capital and reserves attributable to owners of the Company			
Share capital	**61,513**	45,061	44,388
Reserves	**1,192,890**	1,017,611	972,949
	1,254,403	1,062,672	1,017,337
Non-controlling interests	**81,035**	64,902	64,158
Total equity	**1,335,438**	1,127,574	1,081,495

NOTES:

1. GENERAL INFORMATION

Century Sunshine Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in agricultural auxiliary products business, magnesium alloys 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

(a) Changes in presentation and functional currencies

During the year ended 31 December 2010, the Company changed its presentation currency from the Renminbi ("RMB") to HK$. This change in accounting policy has been applied retrospectively. As a result, the comparative figures in these financial statements are translated from RMB to HK$ using the closing rates at the end of the relevant reporting periods for the items in the consolidated statement of financial position, average rate for the relevant period for consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flow items and historical rates for the items in the consolidated statement of changes in equity.

The change in presentation currency has no significant impact on the financial position of the Group as at 31 December 2008, 31 December 2009 and 31 December 2010, or the results and cash flows for the years ended 31 December 2009 and 31 December 2010.

In prior years, the directors regarded RMB as the functional currency of the Company. During the year ended 31 December 2010, the directors reassessed the Company's functional currency and considered that the functional currency of the Company should be changed from RMB to HK$ starting from 1 December 2010 as HK$ has become the currency that mainly influences the operation of the Group's significant entities. The change of functional currency of the Company was applied prospectively from the date of change in accordance with HKAS 21 "The Effect of Changes in Foreign Exchange Rates". On the date of the change of functional currency, all assets, liabilities, issued share capital and other components of equity and income statement items were translated into HK$ at the exchange rate on that date.

(b) Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The following new and revised standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") have been applied by the Group in the current year and have affected the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements. The impact of the application of the new and revised standards and interpretations is discussed below.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

(i) HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority interests') either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. In the current year, in accounting for the acquisitions of Sunshine Partners Financial Holdings Limited and Gold Strategy Investments Limited, the Group has elected to measure the non-controlling interests at their share of recognised identifiable net assets at the dates of acquisition.

(ii) HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

(iii) HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree. HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

New and revised standards and interpretations applied with no material effects on the consolidated financial statements

The following new and revised standards and interpretations have also been applied in these consolidated financial statements. 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.

Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The amendments clarify the scope of HKFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

Amendments to HKAS 7 Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

HKAS 28 (as revised in 2008) Investments in Associates

The principle adopted under HKAS 27 (as revised in 2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to HKAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* ('HK Int 5') clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities. The application of HK Int 5 has had no material impact on the amounts reported for the current and prior years.

HK (IFRIC) – Int 17 Distributions of Non-cash Assets to Owners

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

HK (IFRIC) – Int 18 Transfers of Assets from Customers

The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with HKAS 18 *Revenue*.

Improvements to HKFRSs issued in 2009

Except for the amendments to HKFRS 5, HKAS 1, HKAS 7 and HKAS 17 as described earlier, the application of *Improvements to HKFRSs* issued in 2009 has not had any material effect on amounts reported in the consolidated financial statements.

Standards and interpretations in issue but not yet effective

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

HKFRSs (Amendments)	*Improvements to HKFRSs* issued in 2010[1]
HKFRS 1 (Amendments)	*Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[2]
HKFRS 9	*Financial Instruments*[3]
HKAS 24 (as revised in 2009)	*Related Party Disclosures*[4]
HKAS 32 (Amendments)	*Classification of Rights Issues*[5]
HK (IFRIC) – Int 14 (Amendments)	*Prepayments of a Minimum Funding Requirement*[4]
HK (IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 February 2010.

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 2013, 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 2013 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 effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 *Related Party Disclosures* (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

The amendments to HKAS 32 titled *Classification of Rights Issues* address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

HK(IFRIC) – Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC) – Int 19 will affect the required accounting. In particular, under HK(IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

3. REVENUE

The Group is principally engaged in agricultural auxiliary products business, magnesium alloys business, financial services business and metallurgical flux business. An analysis of the Group's revenue for the year is as follows:

	2010	2009 (restated)
	HK$'000	*HK$'000*
Provision of financial services	**9,924**	–
Sales of agricultural auxiliary products	**483,847**	437,900
	493,771	437,900

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. In prior year, the Group organised into three operating segments: agriculture-related products, raw materials and magnesium-related products. During the year ended 31 December 2010, the Group has entered into two new operating divisions: financial services business and metallurgical flux business and has reclassified its operating segments into four operating divisions: agricultural auxiliary products business, magnesium alloys business, financial services business and metallurgical flux business. These divisions are the basis on which the Group reports its segment information. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

– Agricultural auxiliary products business

– Magnesium alloys business

– Financial services business

– Metallurgical flux business

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior years have been restated to conform to the reclassification during the year.

Segment revenues and results

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

For the year ended 31 December 2010:

	Financial services business *HK$'000*	**Agricultural auxiliary products business** *HK$'000*	**Magnesium alloys business** *HK$'000*	**Metallurgical flux business** *HK$'000*	**Total** *HK$'000*
Segment revenue	**10,254**	**483,847**	**–**	**–**	**494,101**
Inter-segment revenue	**(330)**	**–**	**–**	**–**	**(330)**
Revenue from external customers	**9,924**	**483,847**	**–**	**–**	**493,771**
Segment results	**3,200**	**67,009**	**–**	**–**	**70,209**
Other income and gains					**68,058**
Central administrative costs					**(47,739)**
Finance costs					**(9,289)**
Profit before income tax					**81,239**

For the year ended 31 December 2009:

	Agricultural auxiliary products business (restated) *HK$'000*	Magnesium alloys business (restated) *HK$'000*	Total (restated) *HK$'000*
Segment revenue	437,900	–	437,900
Inter-segment revenue	–	–	–
Revenue from external customers	437,900	–	437,900
Segment results	64,513	–	64,513
Other income and gains			26,568
Central administrative costs			(34,248)
Finance costs			(8,997)
Profit before income tax			47,836

Segment revenue reported above represents revenue generated from external customers. Inter-segment revenue has been eliminated in current year (2009: There were no inter-segment revenue).

The accounting policies of the reportable segments are the same as the Group's accounting polices. Segment results represent the results from each segment without allocation of central administrative costs including directors' remuneration, 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 2010 and capital expenditure for the year then ended by reportable segments are as follows:

	Financial services business *HK$'000*	Agricultural auxiliary products business *HK$'000*	Magnesium alloys business *HK$'000*	Metallurgical flux business *HK$'000*	Total segment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment assets	**161,666**	**320,846**	**210,918**	**631,360**	**1,324,790**	**736,340**	**2,061,130**
Segment liabilities	**117,949**	**68,800**	**22,463**	**202,026**	**411,238**	**314,454**	**725,692**
Capital expenditure	**49**	**24,986**	**18,919**	**–**	**43,954**	**9,992**	**53,946**

The segment assets and liabilities at 31 December 2009 and capital expenditure for the year then ended by reportable segments are as follows:

	Agricultural auxiliary products business (restated) *HK$'000*	Magnesium alloys business (restated) *HK$'000*	Total segment (restated) *HK$'000*	Unallocated (restated) *HK$'000*	Total (restated) *HK$'000*
Segment assets	227,976	197,914	425,890	938,997	1,364,887
Segment liabilities	76,790	18,842	95,632	141,681	237,313
Capital expenditure	2,576	135,695	138,271	12,576	150,847

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

	Agricultural auxiliary products business (restated) *HK$'000*	Magnesium alloys business (restated) *HK$'000*	Total segment (restated) *HK$'000*	Unallocated (restated) *HK$'000*	Total (restated) *HK$'000*
Segment assets	245,092	99,545	344,637	936,788	1,281,425
Segment liabilities	57,072	–	57,072	142,858	199,930
Capital expenditure	67,656	50,278	117,934	21,299	139,233

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

– all assets are allocated to reportable segments other than investment properties, deposits for acquisition of subsidiaries, deposits with banks, cash and cash equivalents 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 for corporate use and other payables.

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 purposes, all the capital expenditure was allocated to segments.

Other segment information

For the year ended 31 December 2010:

	Financial services business *HK$'000*	Agricultural auxiliary products business *HK$'000*	Magnesium alloys business *HK$'000*	Metallurgical flux business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Depreciation of property, plant and equipment and investment properties	110	29,526	676	–	8,856	39,168
Amortisation of land use rights and intangible assets	19	1,057	665	–	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 expense	(197)	17,689	(76)	–	–	17,416

For the year ended 31 December 2009:

	Agricultural auxiliary products business (restated) *HK$'000*	Magnesium alloys business (restated) *HK$'000*	Unallocated (restated) *HK$'000*	Total (restated) *HK$'000*
Depreciation of property, plant and equipment and investment properties	32,341	439	6,727	39,507
Amortisation of land use rights and intangible assets	1,430	648	167	2,245
Impairment of property, plant and equipment and intangible assets	4,045	–	–	4,045
Loss/(gain) on disposal of property, plant and equipment	884	(89)	–	795
Allowance for inventories	562	–	–	562
Interest income from held-to-maturity investments	–	–	434	434
Realised and unrealised gain on investments held for trading	–	–	9,091	9,091
Income tax expense	9,741	–	84	9,825

Revenue from major products and services

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

	2010 *HK$'000*	2009 (restated) *HK$'000*
Organic fertilizers	**129,486**	193,773
Compound fertilizers	**307,159**	230,340
Biological pesticides	**2,673**	794
Sulfuric acid products	**44,529**	12,993
Provision of financial services	**9,924**	–
	493,771	437,900

Geographical information

No geographical information is presented as all of the Group's business is 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 turnover of the Group during the years ended 31 December 2010 and 2009.

5. OTHER INCOME AND GAINS

	2010	2009 (restated)
	HK$'000	*HK$'000*
Rental income	**2,589**	1,731
Interest income:		
– bank deposits	**12,381**	8,826
– held-to-maturity investments	**555**	434
– custodian	**453**	–
Dividend income	**604**	451
Net exchange gain	**–**	6,035
Service fee income	**244**	–
Sundry income	**242**	–
	17,068	17,477

6. INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated income statement represents:

	2010	2009 (restated)
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong	**(421)**	–
– PRC Enterprise Income Tax	**17,689**	9,901
Deferred taxation	**148**	(76)
	17,416	9,825

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2009 as the Group had no assessable profit arising in or derived from Hong Kong.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2010	2009 (restated)
	HK$'000	*HK$'000*
Wages and salaries	**31,813**	15,816
Share options granted to directors and employees	**–**	125
Payment to defined contribution retirement plans	**942**	598
Total staff costs (including directors' remuneration)	**32,755**	16,539
Auditors' remuneration	**1,280**	1,051
Research and development expenditure recognised as expenses	**–**	10
Depreciation and amortisation	**41,077**	41,752
Loss on disposal of property, plant and equipment	**5**	795
Impairment of property, plant and equipment and intangible assets	**–**	4,045
Cost of inventories recognised as an expense	**333,012**	312,837
Allowance for inventories (included in cost of sales)	**–**	562
Operating lease rentals in respect of land and buildings	**1,259**	2,090

8. 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.

	2010	2009
Profit attributable to owners of the Company (HK$'000)	**72,669**	43,591
Weighted average number of ordinary shares in issue ('000)	**2,291,086**	2,234,816
Basic earnings per share (HK$ per share)	**3.17 cents**	1.95 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares. For the year ended 31 December 2010, the Group has no outstanding dilutive potential ordinary shares. For the year ended 31 December 2009, 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.

	2010	2009
Profit attributable to owners of the Company (HK$'000)	**72,669**	43,591
Weighted average number of ordinary shares in issue ('000)	**2,291,086**	2,234,816
Adjustment for share options ('000)	**–**	1,075
Weighted average number of ordinary shares for diluted earnings per share ('000)	**2,291,086**	2,235,891
Diluted earnings per share (HK$ per share)	**3.17 cents**	1.95 cents

9. TRADE AND OTHER RECEIVABLES

	2010	2009 (restated)	2008 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	**178,764**	59,994	41,421
Bills receivable	**60,006**	–	–
Prepayments and deposits	**9,973**	14,657	13,303
Other receivables	**17,130**	14,497	2,058
Deposits placed with financial institutions	**2,870**	8,959	15,248
	268,743	98,107	72,030

As at 31 December 2010, the ageing analysis of the trade receivables of the Group presented based on the invoice date was as follows:

	2010	2009 (restated)	2008 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	**150,808**	23,116	26,222
31 to 60 days	**23,485**	24,449	9,761
61 to 90 days	**1,781**	4,193	1,156
Over 90 days	**2,690**	8,236	4,282
	178,764	59,994	41,421

The Group allows a credit period normally up to 180 days (2009 and 2008: up to 180 days) to its trade customers.

10. TRADE AND OTHER PAYABLES

	2010	2009 (restated)	2008 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	**137,131**	11,646	19,664
Accruals and other payables	**217,364**	85,453	41,435
	354,495	97,099	61,099

As at 31 December 2010, the ageing analysis of trade payables of the Group presented based on the invoice date was as follows:

	2010	2009 (restated)	2008 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	**132,988**	10,430	11,351
31 to 60 days	**849**	555	1,927
61 to 90 days	**139**	183	2,054
Over 90 days	**3,155**	478	4,332
	137,131	11,646	19,664

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Agricultural auxiliary products business remains the core business of the Group during the year, besides, the Group has also actively diversifying into new businesses, including financial services business and metallurgical flux business, in order to reduce the over-reliance on single business sector and its related risk, so as to maintain a continuous growth in our business and overall profitability.

(a) Agricultural auxiliary products business

Agricultural auxiliary products of the Group mainly comprised of compound fertilizers, organic fertilizers, biological pesticides and sulfuric acid products which accounts for 63.4%, 26.8%, 0.6% and 9.2% of the total turnover of agricultural auxiliary products for the year (2009: 52.6%, 44.2%, 0.2% and 3.0%). In the first half of 2010, some provinces in China suffered from serious drought and flooding, affected the agricultural business, leading to a downturn on the demand and pricing of agricultural auxiliary products. Since such situation have been improved in the second half of the year, together with the expanded production capacity from reconstruction of our Jiangsu plant and the introduction of new products, there is an increase in the Group's overall production and sales quantity of the agricultural auxiliary products. As a result, the Group's turnover of agricultural auxiliary products grew by 10.5% over 2009 to HK$483,847,000, especially the sales quantity of compound fertilizers and sulfuric acid products, which have been increased by 12.2% and 111.9% respectively.

(b) Financial services business

The Group engaged in the provision of financial services business since the acquisition of Sunshine Partners Financial Holdings Limited ("Sunshine Partners") on 31 August 2010. During the year, the Group's income from financial services business amounting to HK$9,924,000, of which, 62.3% come from the provision of corporate finance and advisory service and 37.6% from provision of securities brokerage service.

With the recovery and growth of the Hong Kong stock market, the Group believes that such business will bring a substantial contribution to the Group.

(c) **Magnesium alloys business**

The construction of the Group's magnesium alloys plant in Jilin Province, the PRC has been completed and satisfactory accepted. The relevant mining right has been granted by the Jilin Province Department of Land and Resources.

As a result of heavy rain in Jilin in the summer of 2010, the basic infrastructure surrounding the factory has been destroyed by flooding, which have delayed our load testing for equipments. Accordingly, the magnesium alloys business has not yet contributed any earnings to the Group in 2010. The plant is expected to get into production in the second quarter of 2011.

Given a rising market demand for magnesium ingots and magnesium alloys products and a supportive backup from the national policies, the Group believes and is confident that the magnesium alloys business is set to develop in a bright prospect.

(d) **Metallurgical flux business**

Metallurgical flux business is a new business acquired by the Group and completed on 31 December 2010 through the acquisition of Gold Strategy Investments Limited ("Gold Strategy"), thus not yet contributed any turnover to the Group for the year. From 2011 onwards, it will generate contribution to the Group.

TURNOVER

Turnover of the Group amounted to HK$493,771,000 for the year, representing a growth of 12.8% as compared to 2009. Of which, 98.0% come from agricultural auxiliary products business and 2.0% come from financial services business.

GROSS PROFIT

The consolidated gross profit of the Group in 2010 amounted to HK$89,815,000, representing an increase of 11.2% over 2009.

However, the consolidated gross profit margin slightly decreased from 18.4% to 18.2%, and the gross profit margin attributable to the agricultural auxiliary products business has been decreased by 1.9% to 16.5%.

The decrease is mainly due to keen competition in the market, thus the Group has adjusted the pricing strategy, especially for microbial compound fertilizers (a kind of organic fertilizers and accounted for 13.3% of turnover of agricultural auxiliary products for the year), there was a reduction in its selling price by around 24.6%, together with the increase in cost, its gross profit has decreased by 37.5%.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses amounting to HK$12,882,000 were incurred entirely for the agricultural auxiliary products business, which being 2.7% of its sales for the year, is comparable to that of last year of 2.8%.

Selling and marketing expense mainly comprised of salaries and commission fee, transportation cost and advertising fee, which accounted for 47.2%, 33.8% and 6.4% of the selling and marketing expenses respectively.

ADMINISTRATIVE EXPENSES

The administrative expenses were approximately HK$53,903,000 in 2010 (2009: HK$38,293,000), representing a sharp increase of 40.8% over 2009.

Of which, HK$13,742,000 attributable to financial services business newly acquired in 2010, comprising of salaries and mandatory provident fund contribution of HK$8,850,000, cost of service such as brokerage and agency commission, stock price quote and trading system, totally HK$4,365,000.

Besides, due to the requirement of the Hong Kong Financial Reporting Standard No. 3 (as revised in 2008), for those acquisition occurred on or after 1 January 2010, acquisition-related costs are to be accounted for separately from the business combination, leading to those costs are being recognised as an expense in profit or loss when incurred, whereas previously they were accounted for as part of the cost of the acquisition. As a result, administrative expenses for the current year have included such acquisition-related costs amounting to HK$5,126,000 incurred for the acquisitions of Sunshine Partners and Gold Strategy.

Excluding the administrative expenses attributed to the financial services business newly acquired and those acquisition-related costs, administrative expenses amounts to HK$35,035,000 for the year, representing a decrease of 8.5% as compared to last year. Of which, depreciation and amortisation, salaries and retirement benefit contribution, audit and professional fees, listing related expenses and net exchange loss accounted for 29.0%, 28.9%, 5.3%, 2.4%, 2.5% and 2.3% respectively.

OTHER INCOME AND GAINS

Other income and gains of the Group in 2010 was HK$17,068,000 (2009: HK$17,477,000) which mainly included interest income of HK$13,389,000 (2009: HK$9,260,000) and rental income of HK$2,589,000 (2009: HK$1,731,000). Decrease in the amount mainly due to that the Group has recorded a net exchange gain of HK$6,035,000 for last year, while sustained a net exchange loss of HK$825,000 for current year.

MARGIN

Profit attributable to the owners of the Company surged by 66.6% to HK$72,669,000. Net profit margin increased to 12.9% from 8.7% in 2009.

This mainly attributable to the one-off fair value gains of the acquisition of Gold Strategy in 2010. The consideration for acquisition was negotiated based on the valuation of the Serpentine Mine (as defined in the announcement of the Company in relation to the Major Transaction dated 12 September 2010) only. As such, the acquisition cost did not reflect the fair values of other assets and liabilities, such as land interests ("Other Assets and Liabilities") of Gold Strategy and its subsidiaries ("Gold Strategy Group") as at the completion date. The fair value gains recorded for the year ended 31 December 2010 are mainly derived from the fair values of the Other Assets and Liabilities of Gold Strategy Group and increase in the fair value of the Serpentine Mine as at the completion date.

LIQUIDITY, GEARING AND SOURCE OF FINANCE

In 2010, the Group's liquidity was mainly derived from cash flows of operations. As at 31 December 2010, cash and bank balances of the Group amounted to approximately HK$647,685,000 (2009: HK$736,204,000).

As at 31 December 2010, the Group had total borrowings of HK$172,565,000 (2009: HK$129,137,000) and the net current assets were approximately HK$521,163,000 (2009: HK$788,019,000). The Group's gearing ratio as measured by borrowings over net asset value was 12.9% in 2010 (2009: 11.5%).

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

EXCHANGE RATE RISK MANAGEMENT

The Group's exposure to exchange rate risk was mainly derived from the assets denominated in foreign currency. The Group operates mainly in Hong Kong and the PRC and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to Hong Kong dollars ("HK$"), Renminbi ("RMB") and Australian dollars. During the year, the Company changed its presentation currency from RMB to HK$.

For the operations in Hong Kong, most of the transactions are denominated in HK$. The related currency exchange risk is considered minimal.

For the operations in the PRC, most of the transactions are denominated in RMB. Due to limitations in financial markets and regulatory constraints in the PRC, the Group has an increasing exposure to RMB as its investments in the PRC increase. Given the appreciation of RMB against HK$ during the year under review, no financial instrument was used for hedging purposes. It is expected that the appreciation of RMB would have a favorable impact on the Group. The Group will look for other alternatives to effectively minimise the 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. For the year ended 31 December 2010, no bad debt of the Group was recorded.

SIGNIFICANT INVESTMENTS

A wholly owned subsidiary of the Company, Century Sunshine (Jiangxi) Ecological Technology Limited as transferor, entered into an equity interest transfer agreement on 20 January 2010 with Mr. Wu Jiu Dong as transferee in respect of the disposal of 60% equity interest in Fuzhou Meidi International Trading Limited at a cash consideration of RMB2,050,000. Details of which was disclosed in the Company's announcement dated 26 August 2010.

A wholly owned subsidiary of the Company, Century Sunshine Ecological Technology Limited as purchaser, entered into a conditional sale and purchase agreement on 18 June 2010 with Mr. Yang Yuchuan and Ms. Zou Li as vendors to acquire the entire issued share capital of Sunshine Partners at a consideration of HK$87,750,000 (subjected to post-completion adjustment) which is satisfied partially in cash and partially by the issue of consideration shares by the Company. Details of which were disclosed in the Company's announcement dated 18 June 2010. On 31 August 2010, all conditions precedent as stipulated in the agreement were fulfilled and the acquisition was then completed on the same day.

A wholly owned subsidiary of the Company, Bright Stone Group Limited as purchaser, entered into a conditional sale and purchase agreement on 10 September 2010 with Rising Dragon Management Limited as vendor to acquire the entire issued share capital of Gold Strategy at a consideration of HK$367,000,000 (subject to post-completion adjustment) which is satisfied partially in cash and partially by the issue of consideration shares by the Company. Details of which were disclosed in the Company's announcement dated 12 September 2010. On 31 December 2010, all conditions precedent as stipulated in the agreement were fulfilled and the acquisition was then completed on the same day.

Save for the above and the Company's investments in its subsidiaries, the Group did not have any material investment during the year.

COMPLIANCE OF CODE PROVISION & DEVIATION

The Company has complied throughout the year of 2010 the code provisions as set out in the Code on Corporate Governance Practices (the "CCGP") under Appendix 14 to 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 separated 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 17 May 2010 as he was obliged to be away for a business trip on that date. Mr. Shum Sai Chit and Ms. Chi Bi Fen, Directors of the Group, attended the said annual general meeting to answer questions from shareholders.

(c) On 1 July 2010, Mr. Chu Wai Wah, Fangus ("Mr. Chu") had tendered his resignation as an independent non-executive director and a member of the audit committee and remuneration committee of the Company. Following the resignation of Mr. Chu, the Company had two independent non-executive directors and audit committee members. As such, the requirements of Rules 3.10(1) and 3.21 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Listing Rules") had not been met by the Company. Until the appointment of Mr. Sheng Hong as an independent non-executive director of the Company and a member of the audit committee and remuneration committee of the Company on 24 September 2010, the Company had accordingly complied with Rules3.10(1) and 3.21 of the Listing Rules.

(d) Pursuant to an equity interest transfer agreement dated 20 January 2010 between an indirect wholly owned subsidiary of the Company and an independent third party, the subsidiary has sold and the independent third party has purchased 60% equity interest in a PRC Company at a total consideration of RMB2,050,000 (equivalent to approximately HK$2,356,322). As the applicable percentage ratio in respect of the transaction contemplated under the agreement exceeded 5% but was below 25%, the agreement constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Company did not promptly make an announcement after the execution of the agreement in accordance with Chapter 14 of the Listing Rules until 26 August 2010.

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 2010, 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. 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 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.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for 2010.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the shareholders of the Company will be held at Unit 3907, 39/F, COSCO Tower, 183 Queen's Road Central, Hong Kong on 2 June 2011 at 2:30 p.m.. Notice of the annual general meeting of the Company will be published and despatched to the shareholders of the Company shortly.

PUBLICATION OF ANNUAL RESULTS AND 2010 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 2010 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, 18 March 2011

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*