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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors (the "Board" or the "Director(s)") of Century Sunshine Group Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together referred to as the "Group") for the six months ended 30 June 2011 together with comparative figures as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2011

	Notes	**2011** (unaudited) *HK$'000*	2010 (restated) (unaudited) *HK$'000*
Revenue	*4*	**288,439**	204,954
Cost of sales		**(222,830)**	(170,357)
Gross profit		**65,609**	34,597
Other income and gains		**9,408**	7,601
Selling and marketing costs		**(16,134)**	(5,704)
Administrative expenses		**(39,837)**	(18,017)
Realised and unrealised gain/(loss) on investments held for trading		**702**	(3,762)
Gain on disposal of subsidiaries	*14*	**3,800**	250
Finance costs	*6*	**(7,321)**	(4,436)
Profit before income tax		**16,227**	10,529
Income tax expense	*7*	**(6,125)**	(3,400)
Profit for the period	*8*	**10,102**	7,129
Profit for the period attributable to:			
Owners of the Company		**15,002**	11,116
Non-controlling interests		**(4,900)**	(3,987)
		10,102	7,129
Dividend	*10*	**–**	–
Earnings per share:			
– basic	*9*	**0.58 cents**	0.49 cents
– diluted	*9*	**0.58 cents**	0.49 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	2011	2010
		(restated)
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Profit for the period	**10,102**	7,129
Other comprehensive income:		
Exchange differences arising from translation of foreign operation (net of income tax)	**16,961**	5,590
Other comprehensive income for the period (net of income tax)	**16,961**	5,590
Total comprehensive income for the period	**27,063**	12,719
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**30,479**	16,706
Non-controlling interests	**(3,416)**	(3,987)
	27,063	12,719

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2011 (unaudited) HK$'000	As at 31 December 2010 (audited) HK$'000
Non-current assets			
Land use rights		**145,471**	146,218
Property, plant and equipment	*11*	**251,647**	251,406
Investment properties		**116,768**	117,739
Intangible assets		**23,155**	23,325
Mining rights		**500,351**	505,376
Exploration and evaluation assets		**36,299**	35,602
Held-to-maturity investments		**10,000**	–
Deferred tax assets		**729**	557
		1,084,420	1,080,223
Current assets			
Inventories		**66,724**	41,484
Land use rights		**3,142**	3,082
Trade and other receivables	*12*	**183,729**	268,743
Investments held of trading		**28,114**	19,913
Deposits with banks		**316,296**	446,744
Cash and cash equivalents		**316,061**	200,941
		914,066	980,907
Less: Current liabilities			
Trade and other payables	*13*	**181,673**	354,495
Income tax payable		**10,681**	12,822
Provision for over-extraction penalty		**56,810**	55,719
Borrowings		**116,769**	36,708
		365,933	459,744
Net current assets		**548,133**	521,163
Total assets less current liabilities		**1,632,553**	1,601,386
Less: Non-current liabilities			
Borrowings		**139,770**	135,857
Deferred tax liabilities		**128,036**	129,359
Long-term payables		**807**	732
		268,613	265,948
Net assets		**1,363,940**	1,335,438

	As at 30 June 2011 (unaudited) *HK$'000*	As at 31 December 2010 (audited) *HK$'000*
Capital and reserves attributable to owners of the Company		
Share capital	**61,513**	61,513
Reserves	**1,224,808**	1,192,890
	1,286,321	1,254,403
Non-controlling interests	**77,619**	81,035
Total equity	**1,363,940**	1,335,438

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT

For the six months ended 30 June 2011

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 since 1 August 2008, the Company's shares have been changed to be listed on the Main Board of the Stock Exchange.

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

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 was approved for issue by the Board on 30 August 2011.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "*Interim Financial Reporting*" and the applicable disclosure requirements of Appendix 16 to the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2010, which has been prepared in accordance with Hong Kong Financial Reporting Standards. During the year ended 31 December 2010, the Company changed its presentation currency from the Renminbi ("RMB") to HK$. This change in accounting policy has been applied retrospectively. As a result, the comparative figures in these unaudited condensed consolidated interim financial statements are translated from RMB to HK$.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimate uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010, with the exception of changes in estimates that are required in determining the provision for income taxes.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2010.

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

The following revised standards and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

HKAS 24 (Revised), "*Related Party Disclosures*" is effective for annual period beginning on or after 1 January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclosed:

- The name of the government and the nature of their relationship;
- The nature and amount of any individually significant transactions; and
- The extent of any collectively-significant transaction qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

Amendment to HKAS 34, "*Interim Financial Reporting*" is effective for annual period beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

The directors anticipate that the application of these new and revised HKFRSs will not have material impact on the unaudited condensed consolidated interim financial statements of the Group.

(b) Amendments and interpretations effective in 2011 not relevant to the Group

The following amendments and interpretations to existing standards are effect in 2011 but not relevant to the Group:

Amendment to HKAS 32 "*Classification of Rights Issues*" is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

Amendment to HK(IFRIC) – Int 14 "*Prepayment of a Minimum Funding Requirement*" is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

HK(IFRIC) – Int 19 "*Extinguishing Financial Liabilities with Equity Instruments*" is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for the amendment to HKAS 34 "*Interim Financial Reporting*" as disclosed in note 3(a) above and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

(c) Standards and amendments in issue but not yet effective

The following new and revised standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (Amendments) (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adpoters[1]
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

The amendments to HKAS 1 require companies preparing financial statements in accordance with HKFRSs to group together items within other comprehensive income ("OCI") that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

The amendments to HKAS 19 make important improvements by:

- eliminating an option to defer the recognition of gains and losses, known as the 'corridor method', improving comparability and faithfulness of presentation.

- streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in OCI, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations.

- enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

HKFRS 9 "*Financial Instruments*" addresses the classification, measurement and derecognition of financial assets and financial liabilities.

The standard will affect in particular the accounting for available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, will therefore have to be recognised directly in profit or loss. The Group currently does not have such available-for-sale debt investment.

The standard will also affect the accounting for financial liabilities that are designated at fair value through profit or loss. The Group currently does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "*Financial Instruments: Recognition and Measurement*" have not been changed.

The standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

HKFRS 7 (Amendment) "*Disclosures – Transfers of Financial Assets*" introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's statement of financial position. The gain or loss on the transferred assets and any retained interest in those assets must be given.

In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending). The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted.

HKFRS 10 "*Consolidated Financial Statements*" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces HK(SIC)-12 "*Consolidation – Special Purpose Entities*" and replaces parts of HKAS 27 "*Consolidated and Separate Financial Statements*".

HKFRS 11 "*Joint Arrangements*" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. HKFRS 11 supersedes HKAS 31 "*Interests in Joint Ventures*" and HK(SIC)-13 "*Jointly Controlled Entities – Non-monetary Contributions by Venturers*".

HKFRS 12 "*Disclosure of Interests in Other Entities*" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 "*Fair Value Measurement*" improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

HKAS 12 (Amendment) "*Deferred tax: Recovery of underlying assets*" introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

The Group has not yet applied new/revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new/revised HKFRSs would have a material impact on its results of operations.

4. REVENUE

	Six months ended 30 June 2011 (unaudited) HK$'000	2010 (restated) (unaudited) HK$'000
Sales of agricultural auxiliary products	**252,481**	204,954
Provision of financial services	**14,771**	–
Sales of metallurgical flux products	**21,187**	–
	288,439	204,954

5. SEGMENT INFORMATION

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

- Agricultural auxiliary products business
- Financial services business
- Magnesium alloys business
- Metallurgical flux business

Information regarding the Group's reportable segments is presented below. Amounts reported for the six months ended 30 June 2010 have been restated to conform to the reclassification during the year ended 31 December 2010.

(a) Segment revenue and results

Six months ended 30 June 2011

	Agricultural auxiliary products business (unaudited) *HK$'000*	Financial services business (unaudited) *HK$'000*	Magnesium alloys business (unaudited) *HK$'000*	Metallurgical flux business (unaudited) *HK$'000*	Total (unaudited) *HK$'000*
Segment revenue	252,481	14,771	–	21,187	288,439
Inter-segment revenue	–	–	–	–	–
Revenue from external customers	252,481	14,771	–	21,187	288,439
Segment results	29,895	6,728	–	4,809	41,432
Other income and gains					13,910
Central administrative costs					(31,794)
Finance costs					(7,321)
Profit before income tax					16,227

Six months ended 30 June 2010

	Agricultural auxiliary products business (restated) (unaudited) *HK$'000*	Magnesium alloys business (restated) (unaudited) *HK$'000*	Total (restated) (unaudited) *HK$'000*
Segment revenue	204,954	–	204,954
Inter-segment revenue	–	–	–
Revenue from external customers	204,954	–	204,954
Segment results	28,893	–	28,893
Other income and gains			7,851
Central administrative costs			(21,779)
Finance costs			(4,436)
Profit before income tax			10,529

Segment revenue reported above represents revenue generated from external customers. Inter-segment revenue has been eliminated in current period (2010: There were no inter-segment revenue).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central administrative costs including directors' 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.

(b) Segment assets

	As at 30 June 2011 (unaudited) ***HK$'000***	As at 31 December 2010 (audited) *HK$'000*
Agricultural auxiliary products business	**219,256**	320,846
Financial services business	**70,848**	161,666
Magnesium alloys business	**218,090**	210,918
Metallurgical flux business	**632,256**	631,360
Total segment	**1,140,450**	1,324,790
Unallocated	**858,036**	736,340
Total assets	**1,998,486**	2,061,130

6. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
		(restated)
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years	**7,321**	4,436

7. INCOME TAX EXPENSE

The amount of taxation charged/(credited) to the unaudited condensed consolidated income statement represents:

	Six months ended 30 June	
	2011	2010
		(restated)
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong	**15**	–
– PRC Enterprises Income Tax	**7,226**	3,400
	7,241	3,400
Deferred taxation	**(1,116)**	–
	6,125	3,400

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2011	2010
		(restated)
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Depreciation and amortisation	**27,885**	19,999

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 period.

	Six months ended 30 June	
	2011	2010
		(restated)
	(unaudited)	(unaudited)
Profit attributable to owners of the Company *(HK$'000)*	**15,002**	11,116
Weighted average number of ordinary shares in issue *('000)*	**2,578,903**	2,253,070
Basic earnings per share *(HK$ per share)*	**0.58 cents**	0.49 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary share outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares for current and last period.

10. DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the six months ended 30 June 2011 (2010: HK$Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Company had acquired property, plant and equipment amounting to HK$13,059,000 (2010 (restated): HK$19,191,000).

During the period, there was no disposal of property, plant and equipment by the Group (2010 (restated): the Group disposed of certain property, plant and equipment with a carrying amount of HK$91,000 for cash proceeds of HK$57,000, resulting in a loss on disposal of HK$34,000).

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2011 (unaudited) *HK$'000*	As at 31 December 2010 (audited) *HK$'000*
Trade receivables	**69,694**	178,764
Bills receivable	**36,427**	60,006
Prepayments and deposits	**45,387**	9,973
Other receivables	**31,278**	17,130
Deposits placed with financial institutions	**943**	2,870
	183,729	268,743

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

	As at 30 June 2011 (unaudited) *HK$'000*	As at 31 December 2010 (audited) *HK$'000*
Within 30 days	**44,416**	150,808
31 to 60 days	**12,926**	23,485
61 to 90 days	**2,783**	1,781
Over 90 days	**9,569**	2,690
	69,694	178,764

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

13. TRADE AND OTHER PAYABLES

	As at 30 June 2011 (unaudited) *HK$'000*	As at 31 December 2010 (audited) *HK$'000*
Trade payables	**62,900**	137,131
Accruals and other payables	**118,773**	217,364
	181,673	354,495

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

	As at 30 June 2011 (unaudited) *HK$'000*	As at 31 December 2010 (audited) *HK$'000*
Within 30 days	**56,037**	132,988
31 to 60 days	**1,622**	849
61 to 90 days	**2,909**	139
Over 90 days	**2,332**	3,155
	62,900	137,131

14. DISPOSAL OF SUBSIDIARIES

On 24 January 2011, Century Sunshine Ecological Technology Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to dispose of 100% equity interest in American Excellent Pesticide Limited and its subsidiary, Excellent Pesticide (Nanchang) Limited, which engaged in the production of pesticides, for a consideration of RMB8,000,000 (equivalent to HK$9,480,000). The disposal was completed on 24 January 2011.

The net assets of the subsidiaries at the date of disposal were as follows:

	(unaudited) ***HK$'000***
Net assets disposed of:	
Property, plant and equipment	**21**
Inventories	**4,020**
Trade and other receivables	**20**
Cash and cash equivalents	**6,778**
Trade and other payables	**(4,312)**
Tax payables	**(2,286)**
	4,241
Release of translation reserve	**1,439**
Gain on disposal	**3,800**
Total consideration	**9,480**
Satisfied by:	
Cash	**9,480**
Net cash inflow from disposal:	
Cash consideration	**9,480**
Cash and cash equivalents disposed	**(6,778)**
	2,702

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

(a) Agricultural Auxiliary Products Business

The Group's agricultural auxiliary products mainly include: compound fertilizers, organic fertilizers and sulfuric acid products. During the period under review, in order to put greater focus on fertilizer production operations to achieve higher efficiency, the Group disposed of the loss-making pesticides business. The disposal has brought a one-off gain of about HK$3,800,000 for the Group.

Generally, the operating environment for our agricultural auxiliary products business remained stable. Turnover for the period increased by about 23% when compared to the same period in 2010. This increase was mainly from sales of compound fertilizers and sulfuric acid products, whose turnover increased by 23% and 57% respectively.

Renovation project were carried out in the Group's Jiangsu plant in the first quarter of 2010, both the production and sales volume of compound fertilizers were thereby affected for the interim period of last year. During the current period, the production and sales volume of compound fertilizers grew by about 10%, while the average price increased by about 18%. In addition, the introduction of new products had contributed to a growth of about 5% in sales revenue of compound fertilizers.

As for the category of organic fertilizers, except for microbial compound fertilizers, the average selling prices of other organic fertilizer products remained flat when compared to the same period of last year, whereas the sales volume of these products recorded a growth of about 8%. The selling prices of microbial compound fertilizers fell by about 18% due to fierce competition. As a result, the total sales revenue of organic fertilizers recorded a decrease of about 7%.

The Group is actively stepping up R&D efforts on new fertilizer products, and expects that the performance of the agricultural auxiliary products business will be further improved in the second half of the year.

(b) Financial Services Business

Financial services business was acquired by the Group at the end of 2010 August. During the period under review, financial services business contributed HK$14,771,000 revenue to the Group, being 5% of the total revenue, of which 72% and 28% were derived from provision of corporate finance and advisory service and provision of securities brokerage service respectively.

There was an increase in number of corporate finance and advisory exercises engaged by the Group during the period, thus, revenue from corporate finance and advisory service has recorded a 71% increase as compared to the 4 months period after acquisition of last year. However, there was a significant decrease to brokerage service by 25%, which was mainly due to adverse effect on investors' confidence as a result of volatile stock market in first half of 2011.

In June 2011, the Group established the first branch in North Point, Hong Kong for brokerage service business, and devoted significant resources for business and products development, so as to further develop client base in retail market. Although these leading to considerable increase in the relevant expenses in the period under review, it will enhance the corporate value and competitiveness of the Group in the long run.

(c) Magnesium Alloys Business

This dolomite mine is situated in Baishan, Jilin Province, the PRC. Mining license has been granted to the Group by the Jilin Province Department of Land and Resources on 2 October 2010.

During the six months ended 30 June 2011, there was no expenditure incurred on development and mining production. As compared with the state as at 31 December 2010, there was no change in the resource estimate and ore reserve of the dolomite mine.

(d) Metallurgical Flux Business

This serpentine mine is situated in Jiangsu Province, the PRC. The Group obtained the mining license through the acquisition of Gold Strategy Investments Limited and its subsidiaries completed on 31 December 2010.

Up to 30 June 2011, the Group completed a serpentine output of 257,750 tonnes (2010: Nil tonne). As compared with the state as at 31 December 2010, there was no material change in the resource estimate and ore reserve of the serpentine mine.

The expenditure incurred on serpentine mining production activities for the period ended 30 June 2011 was approximately HK$6,760,000 (2010: HK$Nil).

FINANCIAL REVIEW

(a) Revenue

Revenue for the period amounted to HK$288,439,000, represents an increase of 41% over the same period of last year. Of which, contribution from agricultural auxiliary products business, financial services business and metallurgical flux business accounts for 88%, 5% and 7% of the Group's total revenue for the period under review respectively.

(b) Gross Profit

The consolidated gross profit of the Group for the period amounted to HK$65,609,000, being an increase of 90% over 2010. This mainly due to the high gross profit ratio by the financial services business and metallurgical flux business.

However, there is a slight decrease in that for agricultural auxiliary products business by 2%, which was mainly due to keen competition in market leading to price adjusting for microbial compound fertilizers. Besides, there is also cost rising pressure on the Group. The Group is actively developing new and high quality fertilizers in order to uplift the margin.

(c) Other Income and Gains

Other income and gains are mainly comprised of interest income, rental income and government subsidy. During the period under review, they accounts for about 59%, 20% and 10% respectively.

Increase in the amount by 24% as compared to the same period of last year mainly due to additional rental income of HK$1,219,000 received and receivable for the new leases concluded in the second half of 2010. Besides, the new metallurgical flux business and financial services business acquired in the second half of 2010 has been granted a government subsidy of around HK$928,000 and generated service fee income of HK$366,000 respectively. However, there is a decline in interest income of around HK$1,181,000 as compared to the same period of last year due to less fund was maintained as fixed deposits to increase the flexibility of funding for working capital.

(d) Selling and Marketing Costs

As compared with the same period of last year, selling and marketing costs have been increased by around 183%, this is due to the addition of the new metallurgical flux business, which accounts for 60% of selling and marketing costs for the period, while the remaining 40% was incurred for the agricultural auxiliary products business.

Same as the last corresponding period, selling and marketing costs for agricultural auxiliary products business accounts for around 3% of its turnover for the period, this mainly comprised of salaries and commission. For metallurgical flux business, over 90% of selling and marketing costs are derived from transportation and loading.

(e) Administrative Expenses

Administrative expenses amounts to around HK$39,837,000, being an increase of around 121% as compared to the same period of last year. Of which, HK$17,186,000 and HK$5,253,000 arise from the new financial services business and metallurgical flux business respectively. The remaining HK$17,398,000 only represents an increase of around 4% as compared to the last corresponding period.

Administrative expenses mainly comprised of staff cost, depreciation and amortisation and rent and rate, which being 42%, 20% and 6% of administrative expenses for the period respectively.

(f) Margin

Net profit for the period has been increased by 42% and profit attributable to the owners of the Company surged by 35% to HK$15,002,000. The increase mainly arises from the disposal of our pesticides line of the agricultural auxiliary products business, achieving a gain on disposal of HK$3,800,000.

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

The Group's liquidity was mainly derived from cash flows of operations. As at 30 June 2011, cash and bank balances of the Group amounted to approximately HK$632,357,000 (As at 31 December 2010: HK$647,685,000).

As at 30 June 2011, the Group had total borrowings of HK$256,539,000 and the net current assets were approximately HK$548,133,000 (As at 31 December 2010: HK$172,565,000 and HK$521,163,000 respectively). The Group's gearing ratio as measured by borrowings over net asset value was 18.8% (As at 31 December 2010: 12.9%).

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

CAPITAL STRUCTURE

As at 30 June 2011 and 31 December 2010, the issued share capital of the Company were HK$51,578,067, divided into 2,578,903,333 Shares of HK$0.02 each.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

Except for the disposal of entire equity interest in American Excellent Pesticides Limited and its subsidiaries by the Group as disclosed in note 14 to the unaudited condensed consolidated interim financial statements, there were no other significant acquisition nor disposal during the period under review.

HUMAN RESOURCES

As at 30 June 2011, the Group employed approximately 967 employees (As at 31 December 2010: approximately 990). The Group determined their salaries with reference to their performance, working experience and prevailing market conditions. Staff benefits include medical protection, regular contribution provident fund scheme, discretionary bonus and employee share option scheme. The Group has not experienced any labour disputes or significant labour turnover which may undermine its normal business operation.

PLEDGE OF ASSETS

As at 30 June 2011, land use right, property, plant and equipment and investment properties with carrying value of approximately HK$144,352,000, HK$57,749,000 and HK$116,768,000 respectively (As at 31 December 2010: HK$94,089,000, HK$7,707,000 and HK$Nil respectively) have been pledged to secure bank borrowings.

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.

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 may have an increasing exposure to RMB as its investments in the PRC increase. However, given the appreciation of RMB against HK$ during the period under review, it is expected that the appreciation of RMB would have a favorable impact on the Group, there was no financial instrument used for hedging purposes. But, the Group will still look for other alternatives to effectively minimise the exchange rate risk.

CONTINGENT LIABILITIES

As at 30 June 2011 and 31 December 2010, the Group did not have any significant contingent liabilities.

BUSINESS OUTLOOK

(a) Agricultural Auxiliary Products Business

The continued support for the agricultural sector from the PRC government is aimed at increasing peasants' income and improving rural living standards. Different favorable measures have been put in place, including budgetary support, strengthened agricultural support policies and the encouragement of agricultural technology innovation to accelerate agricultural production cycles. The Group believes that the policy support and financial assistance from the PRC government to the agricultural sector continues bringing prominent prospects to the Group's agricultural auxiliary products business. The Group will invest in developing new products so as to enrich the existing product line and to secure the market share.

(b) Financial Services Business

On 31 August 2010, the Group completed the acquisition of Sunshine Partners Financial Holdings Limited ("Sunshine Partners"). Sunshine Partners together with its subsidiaries ("Sunshine Partners Group") is an integrated financial services group, which is mainly engaged in securities brokerage, corporate finance, sponsorship for listing, asset management and advising on securities.

During the period under review, the business demonstrated stable development as planned. The first branch of the securities brokerage business has been opened in Hong Kong, the second branch is in the process of preparation. With the completion of the application procedures, the office in Shanghai will soon be opened. Investment banking business had made smooth progress. There was an obvious increase in sponsorship for listing projects when compared with the 4 months period immediately after acquisition of Sunshine Partners Group in last year. Asset management business remained stable, with promising development momentum. The Group will also gradually enhance its brand name in the PRC and expand its business channels, in order to fully leverage on the Group's professional edges in a wide variety of aspects including securities brokerage, project acquisitions, corporate finance, and asset management. The Group is committed to providing one-stop quality services for customers in Hong Kong and the PRC.

Capitalising on the favourable condition of Hong Kong as an international financial centre, coupled with the rapid economic development in the PRC and the strong demand for financial services from enterprises and people in the PRC, the Group believes that the financial services industry is blessed with prominent development opportunities, and is confident of its future development outlook.

(c) Magnesium Alloys Business

The construction of the Group's plant for the production of magnesium alloys in Baishan, Jilin Province, the PRC has been finished. Inspection and acceptance processes have also been completed smoothly. Trial production of the plant has originally scheduled in 2010. However, since Jilin Province, including Baishan region, was attacked by heavy rainfall and serious floods in the summer of 2010, the load testing of the equipments had to be terminated in the second quarter of 2010. The loading testing of the equipments has been resumed and trial production will begin in early July, 2011.

Magnesium and magnesium alloys are new materials which are under key development in the PRC in recent years. They are widely applied in aerospace, transportation, 3C products (computer, communications and consumer electronics) and medical devices fields. They are known as green engineering materials of this century, with the most promising development potential and very broad market prospects. The project site of the Group in Baishan, Hunjiang District was awarded by China Mining Association as a "Demonstration Base for the Magnesium Industry in the PRC" in 2010. It was the first demonstration base for magnesium industry awarded by China Mining Association. The Group believes that with strong patronage from the national industrial policies and the support to this project from the "Magnesium Industrial Park in Baishan", along with the growing market demand and other favourable conditions, magnesium alloys industry is embedded with enormous development potential.

(d) Metallurgical Flux Business

The Group completed the acquisition of Gold Strategy Investments Limited and its all interests in and loans of its subsidiaries on 31 December 2010. Through this acquisition, the Group has succeeded in owning a serpentine mine in Jiangsu Province, the PRC. The major components of serpentine are silicon and magnesium, which are used as the main production auxiliary materials for smelting flux as well as iron and steel refining, and may be used as raw materials for refining of magnesium and production of fertilizers.

Driven by the roll out of infrastructure projects under the rapid economic development in the PRC, the demand for steel continued to rise. The Group's metallurgical flux business will benefit from such rise.

The Group believes that the acquisition can help promote the Group's business diversification, while synergizing with other business operations, thereby contributing operating income for the Group and enhancing the overall results performance and shareholders' returns.

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

During the period under review, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE OF CORPORATE GOVERNANCE PRACTICES

Throughout the period under review, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CCGP") under Appendix 14 to the 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.

Chi Wen Fu, the founder of the Group, currently holds both the roles of the Chairman and the CEO. 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 document 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 2 June 2011 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.

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 period under review.

AUDIT COMMITTEE

The Audit Committee was established in January 2004. As at 30 June 2011, the Audit Committee has three members, namely Mr. Kwong Ping Man, Mr. Liu Hoi Keung and Mr. Sheng Hong. Mr. Kwong Ping Man is the chairman of the Audit Committee.

The Audit Committee is to review the Group's financial reporting, the effectiveness of both the internal and external audit and of internal controls and to make recommendations to the Board. During the six months ended 30 June 2011, the Audit Committee held two meetings for the purpose of reviewing the Company's reports and accounts, and providing advices and recommendations to the Board.

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 has been reviewed by the Audit Committee, which was of the opinion that the preparation of such financial statements were complied with the applicable accounting standards and adequate disclosures had been made.

REMUNERATION COMMITTEE

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

By the order of the Board
Shum Sai Chit
Executive Director

Hong Kong, 30 August 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*