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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 2012

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 2012 together with comparative figures as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2012

	Notes	**2012 (unaudited) *HK$'000***	2011 (unaudited) *HK$'000*
Revenue	*4*	**546,192**	288,439
Cost of sales		**(398,301)**	(222,830)
Gross profit		**147,891**	65,609
Other income and gains		**10,425**	9,408
Selling and marketing costs		**(26,627)**	(16,134)
Administrative expenses		**(39,077)**	(39,837)
Realised and unrealised (loss)/gain on investments held for trading		**(293)**	702
Gain on disposal of subsidiaries		**—**	3,800
Finance costs	*6*	**(10,222)**	(7,321)
Profit before income tax		**82,097**	16,227
Income tax expense	*7*	**(23,365)**	(6,125)
Profit for the period	*8*	**58,732**	10,102
Profit/(loss) for the period attributable to:			
Owners of the Company		**45,785**	15,002
Non-controlling interests		**12,947**	(4,900)
		58,732	10,102
Earnings per share:			
— basic	*9*	**1.78 cents**	0.58 cents
— diluted	*9*	**1.78 cents**	0.58 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	2012 **(unaudited)** ***HK$'000***	2011 (unaudited) *HK$'000*
Profit for the period	**58,732**	10,102
Other comprehensive income (net of income tax):		
Exchange differences arising from translation of foreign operations	**1,160**	16,961
Other comprehensive income for the period (net of income tax)	**1,160**	16,961
Total comprehensive income for the period	**59,892**	27,063
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**46,840**	30,479
Non-controlling interests	**13,052**	(3,416)
	59,892	27,063

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2012 (unaudited)** ***HK$'000***	As at 31 December 2011 (audited) *HK$'000*
Non-current assets			
Land use rights		**146,131**	146,778
Property, plant and equipment	*11*	**487,331**	305,837
Investment properties		**115,714**	116,939
Intangible assets		**23,045**	23,074
Mining rights		**570,487**	572,969
Held-to-maturity investment		**—**	10,000
Deferred tax assets		**592**	592
		1,343,300	1,176,189
Current assets			
Inventories		**110,086**	74,867
Land use rights		**3,333**	3,330
Trade and other receivables, prepayments and deposits	*12*	**190,822**	214,690
Investments held for trading		**41,855**	30,425
Deposits with banks		**190,570**	330,172
Cash and cash equivalents		**218,612**	240,739
		755,278	894,223
Less: Current liabilities			
Trade and other payables	*13*	**145,383**	159,527
Income tax payable		**24,271**	13,813
Borrowings		**122,771**	141,590
		292,425	314,930
Net current assets		**462,853**	579,293
Total assets less current liabilities		**1,806,153**	1,755,482
Less: Non-current liabilities			
Borrowings		**143,570**	142,451
Deferred tax liabilities		**130,781**	131,006
		274,351	273,457
Net assets		**1,531,802**	1,482,025

	As at 30 June 2012 (unaudited) *HK$'000*	As at 31 December 2011 (audited) *HK$'000*
Capital and reserves attributable to owners of the Company		
Share capital	**61,513**	61,513
Reserves	**1,371,805**	1,333,335
	1,433,318	1,394,848
Non-controlling interests	**98,484**	87,177
Total equity	**1,531,802**	1,482,025

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. GENERAL INFORMATION

Century Sunshine Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in magnesium product business, fertiliser business, metallurgical flux business and financial service 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 the Company's shares have been listed on the Main Board of the Stock Exchange since 1 August 2008.

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 2012 were approved for issue by the Board on 29 August 2012.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2012 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 (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 2011, which has been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs").

The preparation of the condensed consolidated 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 2011.

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 2011.

(a) Application of new and revised HKFRSs

The following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the annual period beginning 1 January 2012. A summary of the new HKFRSs are set out as below:

HKAS 12 (Amendments)	Deferred Tax — Recovery of Underlying Assets
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets

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

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

The following new HKFRSs have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

Amendments to HKFRSs	Annual Improvements 2009–2011 Cycle[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Presentation — Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

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 2015, with earlier application 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.

The Group has not yet applied new 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 HKFRSs would have a material impact on its results of operations.

4. REVENUE

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Sales of magnesium products	**149,339**	—
Sales of fertilisers	**358,100**	252,481
Sales of metallurgical flux products	**30,951**	21,187
Provision of financial services	**7,802**	14,771
	546,192	288,439

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:

- Magnesium product business
- Fertiliser business
- Metallurgical flux business
- Financial service business

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

(a) **Segment revenue and results**

Six months ended 30 June 2012

	Magnesium product business (unaudited) *HK$'000*	**Fertiliser business (unaudited)** *HK$'000*	**Metallurgical flux business (unaudited)** *HK$'000*	**Financial service business (unaudited)** *HK$'000*	**Total (unaudited)** *HK$'000*
Segment revenue	**149,339**	**358,100**	**31,931**	**7,806**	**547,176**
Inter-segment revenue	**—**	**—**	**(980)**	**(4)**	**(984)**
Revenue from external customers	**149,339**	**358,100**	**30,951**	**7,802**	**546,192**
Segment results	**46,532**	**59,018**	**7,913**	**(4,830)**	**108,633**
Other income and gains					**10,425**
Central administrative costs					**(26,739)**
Finance costs					**(10,222)**
Profit before income tax					**82,097**

Six months ended 30 June 2011

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

Segment revenue reported above represents revenue generated from external customers. Inter-segment revenue has been eliminated in current period (2011: There was no inter-segment revenue). Inter-segment transactions are entered into at arm's length.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central administrative costs including directors' 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 2012 (unaudited) *HK$'000*	As at 31 December 2011 (audited) *HK$'000*
Magnesium product business	**397,789**	251,754
Fertiliser business	**375,868**	284,543
Metallurgical flux business	**681,108**	675,123
Financial service business	**81,301**	82,616
Total segment	**1,536,066**	1,294,036
Unallocated	**562,512**	776,376
Total assets	**2,098,578**	2,070,412

6. FINANCE COSTS

	Six months ended 30 June	
	2012 (unaudited) *HK$'000*	2011 (unaudited) *HK$'000*
Interest on borrowings wholly repayable within five years	**10,222**	7,321

7. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2012 (unaudited) *HK$'000*	2011 (unaudited) *HK$'000*
Current income tax		
— Hong Kong Profits Tax	**—**	15
— PRC Enterprises Income Tax	**24,016**	7,226
	24,016	7,241
Deferred taxation	**(651)**	(1,116)
	23,365	6,125

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Depreciation and amortisation	**25,336**	27,885

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 current and last periods.

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
Profit attributable to owners of the Company *(HK$'000)*	**45,785**	15,002
Weighted average number of ordinary shares in issue *('000)*	**2,578,903**	2,578,903
Basic earnings per share *(HK cents per share)*	**1.78 cents**	0.58 cents

(b) Diluted

Diluted earnings per share was same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the current and last periods.

10. DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the six months ended 30 June 2012 (2011: HK$Nil).

A dividend of HK$0.35 cents per ordinary share, total approximately HK$9,026,000, that relates to the year ended 31 December 2011 was paid in May 2012 (2011: HK$Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group had acquired property, plant and equipment amounting to HK$200,946,000 (2011: HK$13,059,000).

During the current and last periods, there was no disposal of property, plant and equipment by the Group.

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 30 June 2012 (unaudited) ***HK$'000***	As at 31 December 2011 (audited) *HK$'000*
Trade receivables	**155,950**	114,112
Allowance for doubtful debts	**(728)**	(2,105)
	155,222	112,007
Bills receivable	**7,146**	19,860
Prepayments and deposits	**17,336**	31,723
Other receivables	**10,113**	51,059
Deposits placed with financial institutions	**1,005**	41
	190,822	214,690

For the six months ended 30 June 2012, an allowance for doubtful debts of approximately HK$20,000 and a reversal of allowance for doubtful debts of approximately HK$1,397,000 were charged to administrative expenses and credited to other income and gains respectively. Besides, trade receivables of approximately HK$73,000 were written-off during the period as uncollectible.

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 2012 (unaudited) ***HK$'000***	As at 31 December 2011 (audited) *HK$'000*
Within 30 days	**112,236**	84,156
31 to 60 days	**27,051**	18,510
61 to 90 days	**5,285**	3,193
Over 90 days	**11,378**	8,253
	155,950	114,112

The Group allows a credit period normally up to 180 days (2011: up to 180 days) to its trade customers.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2012 (unaudited) *HK$'000*	As at 31 December 2011 (audited) *HK$'000*
Trade payables	**72,997**	72,066
Accruals and other payables	**72,386**	87,461
	145,383	159,527

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 2012 (unaudited) *HK$'000*	As at 31 December 2011 (audited) *HK$'000*
Within 30 days	**49,108**	62,786
31 to 60 days	**8,540**	2,866
61 to 90 days	**871**	3,014
Over 90 days	**14,478**	3,400
	72,997	72,066

14. ACQUISITION OF ADDITIONAL EQUITY INTEREST OF A SUBSIDIARY

During the six months ended 30 June 2012, the Group, through a 75% indirectly owned subsidiary, acquired additional 9.91% (effectively 7.43%) equity interest in Partners Capital Securities Limited ("Partners Capital") from the non-controlling interests of Partners Capital at a cash consideration of approximately HK$2,000,000. The Group recognised a decrease in non-controlling interests and other reserve of approximately HK$1,745,000 and HK$254,000 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2012, the Group reported a tremendous growth in its two core business segments, namely magnesium product and fertiliser. The Group's overall revenue of approximately HK$546,192,000 for the six-month period representing a significant growth of approximately 89% as compared to the same period last year. Earnings per share increased by approximately 207% to HK1.78 cents, as compared to the same period last year.

While the two core businesses have reached their new heights, the Group has strategised to further align its resources and capabilities to improve the operational efficiency by disposing its financial service business at a reasonable price. The Group entered into a legally binding letter of intent with an independent third party in respect of the disposal of the entire issued share capital of Sunshine Partners Financial Holdings Limited for an initial price of approximately HK$82,000,000 on 9 July 2012. The buyer is currently undertaking due diligence and requisition reporting and approval procedures. The Group will disclose the progress of the disposal as and when appropriate.

(a) Magnesium Product Business

Since the commencement of production in the second half of 2011, the magnesium product business has become a new growth driver of the Group's profit. For the six months ended 30 June 2012, revenue contribution from this segment amounted to approximately HK$149,339,000, accounting for approximately 27% of the Group's total revenue for the period. The magnesium product business has comprised two product categories, basic magnesium product and rare earth magnesium alloy, which accounted for approximately 61% and 39% respectively of the revenue from the business segment.

Market demand for magnesium products and magnesium alloys has been growing rapidly, the Group's magnesium products and magnesium alloys have quickly earned recognitions in the market. Having an abundant resourceful dolomite mine in Baishan, Jilin Province, as well as patented technologies on high-performance rare earth magnesium alloy productions, the Group ensures cost effective high-performance magnesium alloys will be manufactured to meet the fast-growing demand in the new material industry.

As the lightest structural metal used in the field of commercial and speciality construction, magnesium is known for its low density, outstanding strength, superior damping and effective electromagnetic masking attributes. With its solid manufacturing performance in casting, welding, and cutting, magnesium opens an enormous market in aerospace, defence, electronic communications, automotive and transportation applications. It has been positioned as the "21st green material with the greatest development potential." High-performance rare earth magnesium alloy that features outstanding strength, insulation and abrasion-proof properties will further enhance its competitiveness, applications, and market share in the four sectors mentioned afore. The Group will utilise its competitive advantages to expedite business development and capture a greater market share in the coming years.

(b) Fertiliser Business

For the six months ended 30 June 2012, the revenue of fertiliser business amounted to approximately HK$358,100,000, accounting for approximately 66% of the Group's total revenue for the period. Revenue from compound fertilisers grew approximately 76% year-on-year to approximately HK$276,473,000; revenue from organic fertilisers increased by approximately 29% year-on-year to approximately HK$76,087,000.

Fertiliser business represents a traditional stronghold of the Group. The Group is committed to fulfill market demand and product excellence, as well as focus on product development and technological innovations by leveraging its well-established foundation and brand recognition over the past decade. In March 2012, compound silicon magnesium fertiliser, a new product developed by the Group, was successfully made its debut in the market. This product has been primarily designed to improve soil, strengthen anti-adversity and facilitate growth rate due to lack of silicon and magnesium in the majority of arable land in China. The Group has filled the shortage of this particular product category, yet strategically increased the overall profit margin of the fertiliser business by achieving cost efficiency and effectiveness. Revenue from the compound silicon magnesium fertiliser has amounted to approximately HK$51,331,000, accounting for approximately 14% of the fertiliser business since its launch in 2012.

For organic fertilisers, the Group has developed innovative formulas and production procedures to recycle industrial wastes from its Jiangsu plant, thus reducing manufacturing costs. In April 2012, the production line of its organic fertilisers in Nanping, Fujian Province was relocated to its Jiangsu base. Through integration and optimisation of internal resources, the Group's production efficiency has been enhanced and competitiveness has been increased. The management believes that the Group's organic fertiliser business will achieve notable growth for the year when its production facilities at Jiangsu plant are in full operations in the second half of 2012.

KEY OPERATIONAL DATA

Unaudited key operational data for the six months ended 30 June 2012, together with the comparative figures for the corresponding period in 2011, is as follows. Main businesses listed below contributed over 87% of the Group's total revenue for the six-month period ended 30 June 2012 and the corresponding period in 2011.

(a) Sales volume of major products:

	Six months ended 30 June		Increased/
	2012	2011	**(Decreased)**
	Tonnes	*Tonnes*	*%*
Magnesium product business			
Basic magnesium products	**4,223**	—	n/a
Rare earth magnesium alloys	**1,569**	—	n/a
Fertiliser business			
Compound fertilisers	**98,532**	57,489	71.4
Organic fertilisers	**35,873**	28,926	24.0

(b) Average selling prices of major products:

	Six months ended 30 June		Increased/
	2012	2011	**(Decreased)**
	per tonne	*per tonne*	*%*
	HK$	*HK$*	
Magnesium product business			
Basic magnesium products	**21,464**	—	n/a
Rare earth magnesium alloys	**37,409**	—	n/a
Fertiliser business			
Compound fertilisers	**2,806**	2,736	2.6
Organic fertilisers	**2,121**	2,039	4.0

(c) Gross profit margins of major products:

	Six months ended 30 June		Increased/
	2012	2011	**(Decreased)**
	%	*%*	*points*
Magnesium product business			
Basic magnesium products	**25.6**	—	n/a
Rare earth magnesium alloys	**41.2**	—	n/a
Fertiliser business			
Compound fertilisers	**15.7**	11.1	4.6
Organic fertilisers	**34.7**	31.6	3.1
The Group's gross profit margin	**27.1**	22.7	4.4

FINANCIAL REVIEW

(a) Revenue

The Group's revenue from overall business for the six months ended 30 June 2012 amounted to approximately HK$546,192,000, representing an increase of approximately 89% over the same period last year. The outstanding growth was mainly attributable to the contribution from its magnesium product business since its operation commenced in the second half of 2011 and the launch of its new product, compound silicon magnesium fertiliser in March 2012, of which, magnesium product business accounted for approximately 27% and fertiliser business accounted for approximately 66%.

(b) Gross Profit

The consolidated gross profit margin of the Group for the period was approximately 27% and the consolidated gross profit amounted to approximately HK$147,891,000, representing an increase of approximately HK$82,282,000 or 125% as compared to the same period last year. The margin improvement was primarily due to increase in sales proportion of rare earth magnesium alloys and compound silicon magnesium fertilisers to its overall sales.

(c) Other Income and Gains

Other income and gains for the period grew by approximately 11% to approximately HK$10,425,000 as compared to the same period last year, of which, interest income and rental income accounted for approximately 58% and 20% respectively. The increase was mainly attributable to increase in interest income and reversal of allowance for doubtful and bad debts.

(d) Selling and Marketing Costs

Selling and marketing costs for the period amounted to approximately HK$26,627,000, representing an increase of approximately 65%, of which, transportations and loading cost as well as wages accounted for approximately 70% and 23% respectively. Increase in the costs was mainly attributable to the growth in metallurgical flux business and fertiliser business.

(e) Administrative Expenses

Administrative expenses for the period amounted to approximately HK$39,077,000, representing a decrease of approximately 2% as compared to that of last year. Administrative expenses mainly comprised employees' remuneration and benefits, depreciation and amortisation expenses, occupancy costs and professional fees, which accounted for approximately 41%, 13%, 7% and 3% respectively of the total administrative expenses.

(f) Net Profit

The net profit of the group for the period amounted to approximately HK$58,732,000, representing an increase of approximately 481% as compared to the same period last year. The increase in net profit was mainly attributable to the rapid development in its magnesium product business since its operation commenced in July 2011 and the contribution from the launch of its new product, compound silicon magnesium fertiliser, in March this year.

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

The Group's liquidity was mainly derived from cash flows of operations. Cash and bank balances of the Group as at 30 June 2012 amounted to approximately HK$409,182,000 (31 December 2011: approximately HK$570,911,000).

As at 30 June 2012, the Group had total borrowings of approximately HK$266,341,000 and the net current assets were approximately HK$462,853,000 (31 December 2011: approximately HK$284,041,000 and HK$579,293,000 respectively). The Group's gearing ratio as measured by total borrowings over total equity was approximately 17.4% (31 December 2011: approximately 19.2%).

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 2012 and 31 December 2011, the issued share capital of the Company amounted to HK$51,578,067 divided into 2,578,903,333 Shares of HK$0.02 each.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

Saved as the acquisition of 9.91% equity interest in Partners Capital Securities Limited from its non-controlling interests during the review period as disclosed in Note 14 and the signing of letter of intent with an independent third party for the disposal of entire equity interest in Sunshine Partners Financial Holdings Limited after the review period as mentioned in Business Review section, there was no other significant acquisitions or disposals during the period under review and up to the date of this report.

HUMAN RESOURCES

As at 30 June 2012, the Group employed approximately 883 employees (31 December 2011: 951). The Group determined their salaries with reference to their performance, working experience and prevailing market conditions. Staff benefits include medical insurance, defined 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 2012, the Group had pledged its property, plant and equipment, land use rights and investment properties with carrying value of approximately HK$6,682,000, HK$109,869,000 and HK$115,714,000 respectively (31 December 2011: approximately HK$78,534,000, HK$137,126,000 and HK$Nil respectively) to secure bank borrowings. The borrowings are utilised for operating activities of its production bases.

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$") and Renminbi ("RMB").

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, 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. The Group will minimise the exchange rate risk by closely monitoring and evaluating foreign exchange risk from time to time as well as taking feasible measures, if necessary.

CONTINGENT LIABILITIES

As at 30 June 2012 and 31 December 2011, the Group did not have any significant contingent liabilities.

OTHER MATTERS

An online media reported an inaccurate news about the Group based on unverified information recently. Following actions were made by legal counsel of the Group. The Group immediately issued a notice of clarification in response to the matter. The news was withdrawn and a withdrawal letter was issued by the domain stating, "The contents of the report have not been verified nor supported by facts". Other websites and media withdrew the republication of the news shortly afterwards.

Green Land Bio-Products Company Limited ("Green Land"), a subsidiary of the Group located in Youxi County, Fujian Province, was the first production base set up by the Group. Due to its production capacity and limited scope for further development, production was suspended in October 2008 and production facilities were relocated partially to its Jiangxi production base to facilitate the latter expansion. Green Land reported the business suspension to the related bureau in the following year. The deregistration procedures have been completed.

世紀陽光（福建）農業科技發展有限公司 ("Fujian Agricultural Technology"), a subsidiary of the Group, is primarily responsible for the Group's research and development of fertilisers and distribution of selective products. After the establishment of the Group's Jiangsu production base, a major part of its production capacity together with research and development has been relocated to Jiangsu. Business at Fujian Agricultural Technology has been suspended since December 2008 and deregistration procedures are currently been processing.

Century Sunshine (Jiangxi) Ecological Technology Limited (the "Jiangxi Company"), a subsidiary of the Group, is currently in dispute with a third party regarding an outsourcing production and supply contract. Legal counsel has been appointed to handle the dispute and no economic losses is expected. The Group will disclose the progress of the resolution of such dispute as and when appropriate.

The Group strongly believes that a positive corporate image should be built through effective communications with the public. The Group endeavours to connect with the capital market and media to create awareness of its intrinsic value.

OUTLOOK

Despite the slowdown in global economy during the period under review, the Group achieved satisfactory results for the six months ended 30 June 2012. This was attributable to (1) management's vision to take the first mover's advantage in product development, which has been well-received by the market; (2) competitive advantages brought forth by the Group's technological research and cost control. The Group will continue to focus on market development and improve product mix by developing and launching new products that tailor needs of the market.

The Group will further entrench its market position in the fertiliser business through product development such as the launch of compound silicon magnesium fertilisers to increase the segment's profitability. For the magnesium product business, the Group will continue to develop high-performance rare earth magnesium alloys with its technological advance, aligning with market trends and demand to create new revenue streams for bottom line improvement.

The Group is in the process of further strengthening its competitiveness through cost management enhancement, product mix optimisation and production efficiency improvement. In view of its existing production footprint and capacity allocation, the management is confident that the Group's business will sustain stable and healthy growth and will generate long-term lucrative returns to its shareholders.

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

Subsequent to the reporting date and up to the date of this interim report, the Company repurchased 33,540,000 ordinary shares of HK$0.02 each of the Company at an aggregate consideration of HK$7,733,655 before expenses at prices ranging from HK$0.212 to HK$0.246 per share on the Stock Exchange. The repurchased shares were subsequently cancelled on 1 August 2012. Accordingly, the issued share capital of the Company was reduced by the nominal value thereof. The premium payable on repurchase was charged against the share premium account of the Company. The repurchases were effected by the Board pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

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"), which was amended and renamed as "Corporate Governance Code and Corporate Governance Report" effective on 1 April 2012, under Appendix 14 to the Listing Rules, with the following deviations:

(a) Under the code provision A.1.8, the Company should arrange appropriate insurance cover in respect of any legal action against its Directors and officers.

    Throughout the period under review, the Company has been in continuous dialogue with various insurance brokers and insurance companies to source such insurance cover and comparing the quotations. While the Company is committed to achieve high standards of corporate governance and to comply with the code provisions, the Company decided to delay the compliance with such code provision as it requires further time for considering quotations from various insurance brokers and insurance companies and selecting the Directors and Officer's Liability insurance with the most cost-efficient.

    On 24 August 2012, the Company has arranged the insurance cover.

(b) 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.

    Mr. Chi Wen Fu, the founder of the Group, currently holds a dual role as 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 a significant role in establishing the strategic decisions and 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.

(c) 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 2012 as he was obliged to be away for a business trip on that date. Mr. Shum Sai Chit, Director of the Group, attended the said annual general meeting to answer questions from shareholders.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee was established in January 2004. As at 30 June 2012, 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 internal controls and to make recommendations to the Board. During the six months ended 30 June 2012, 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 2012 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 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, 29 August 2012

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

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