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世紀陽光

世紀陽光集團控股有限公司

CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 509)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (the “Board” or the “Director(s)”) of Century Sunshine Group Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2012 together with comparative figures for the year ended 31 December 2011 as follows:

CONSOLIDATED INCOME STATEMENT **FOR THE YEAR ENDED 31 DECEMBER 2012**

	<i>Notes</i>	2012 HK\$'000	2011 HK\$'000 (restated)
Continuing operations			
Revenue	3	1,242,930	736,790
Cost of sales		(910,734)	(604,555)
Gross profit		332,196	132,235
Other income and gains	5	12,015	18,788
Selling and marketing costs		(48,948)	(35,242)
Administrative expenses		(48,084)	(38,951)
Realised and unrealised gain/(loss) on investments held for trading		1,457	(2,736)
Gain on disposal of subsidiaries		–	3,800
Reversal of provision for over-extraction penalty		–	56,753
Finance costs	6	(20,363)	(16,413)
Profit before income tax		228,273	118,234
Income tax expense	7	(47,984)	(14,098)
Profit for the year from continuing operations	8	180,289	104,136
Discontinued operation			
Loss for the year from discontinued operation		(11,705)	(3,018)
Profit for the year		168,584	101,118

	<i>Notes</i>	2012 HK\$'000	2011 HK\$'000 (restated)
Profit for the year attributable to:			
Owners of the Company		130,312	96,541
Non-controlling interests		38,272	4,577
		168,584	101,118
Earnings per share:			
From continuing and discontinued operations			
– basic	<i>10</i>	5.08 cents	3.74 cents
– diluted	<i>10</i>	5.08 cents	3.74 cents
From continuing operations			
– basic	<i>10</i>	5.41 cents	3.76 cents
– diluted	<i>10</i>	5.41 cents	3.76 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	HK\$'000	HK\$'000
Profit for the year	168,584	101,118
Other comprehensive income (net of income tax):		
Available-for-sale investment:		
Net gain arising on revaluation of		
available-for-sale investment during the year	123,557	–
Exchange differences arising from translation		
of foreign operations	28,584	46,465
Other comprehensive income for the year		
(net of income tax)	152,141	46,465
Total comprehensive income for the year	320,725	147,583
Total comprehensive income attributable to:		
Owners of the Company	249,417	141,884
Non-controlling interests	71,308	5,699
	320,725	147,583

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	<i>Notes</i>	2012 HK\$'000	2011 HK\$'000
Non-current assets			
Land use rights		147,089	146,778
Property, plant and equipment		619,040	305,837
Investment properties		140,108	116,939
Intangible assets		80	23,074
Mining rights		571,859	572,969
Held-to-maturity investment		–	10,000
Available-for-sale investment		123,586	–
Deferred tax assets		–	592
		1,601,762	1,176,189
Current assets			
Inventories		69,981	74,867
Land use rights		3,385	3,330
Trade and other receivables, prepayments and deposits	<i>11</i>	173,175	214,690
Investments held for trading		11,941	30,425
Deposits with banks		112,043	330,172
Cash and cash equivalents		391,151	240,739
		761,676	894,223
Less: Current liabilities			
Trade and other payables	<i>12</i>	130,113	159,527
Income tax payable		15,988	13,813
Borrowings		317,102	141,590
		463,203	314,930
Net current assets		298,473	579,293
Total assets less current liabilities		1,900,235	1,755,482
Less: Non-current liabilities			
Borrowings		–	142,451
Deferred tax liabilities		130,721	131,006
		130,721	273,457
Net assets		1,769,514	1,482,025

	<i>Notes</i>	2012 HK\$'000	2011 <i>HK\$'000</i>
Capital and reserves attributable to owners of the Company			
Share capital		60,683	61,513
Reserves		1,568,569	1,333,335
		1,629,252	1,394,848
Non-controlling interests		140,262	87,177
Total equity		1,769,514	1,482,025

Notes:

1. GENERAL INFORMATION

Century Sunshine Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in fertiliser business, magnesium product business, metallurgical flux business. During the year, the Group has disposed its 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 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new standard, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 January 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 application of these new HKFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements. The impact of the application of the new HKFRSs is discussed below.

Under the amendments to HKAS 12, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment property are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes under the presumption is rebutted. The Group measured its investment properties using cost model. The amendments to HKAS 12 have had no material impact on the Group’s consolidated financial statements.

The amendments to HKFRS 7 Disclosure – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets in order 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 Group did not enter into any types of transfers of financial assets during the year. The amendments to HKFRS 7 have had no material impact on the disclosure requirements in the Group’s consolidated financial statements.

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

Amendments to HKFRSs	Annual improvements 2009 – 2011 Cycle ²
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities ³
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)	Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ²
HKFRS 7 (Amendments)	Disclosure – 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

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.

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 the classification and measurement of 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 addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in

fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

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

Annual Improvements to HKFRSs 2009-2011 Cycle include a number of amendments to various HKFRSs. The amendments to HKFRSs include:

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments will have a significant effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendment will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

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

3. REVENUE

The Group is principally engaged in fertiliser business, magnesium product business and metallurgical flux business. During the year, the Group disposed its financial services business. An analysis of the Group's revenue, for both continuing and discontinued operations, for the year is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Continuing operations		
Sales of fertiliser products	802,464	594,822
Sales of magnesium products	379,932	97,686
Sales of metallurgical flux products	60,534	44,282
	<u>1,242,930</u>	<u>736,790</u>
Discontinued operation		
Provision of financial services	<u>11,061</u>	<u>26,604</u>

4. SEGMENT INFORMATION

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

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

During the year ended 31 December 2012, the Group disposed its financial services business.

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

Segment Revenue and Results

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

For the year ended 31 December 2012:

	Continuing operations				Discontinued operation	
	Fertiliser business	Magnesium product business	Metallurgical flux business	Sub-total	Financial services business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue	802,464	379,932	63,132	1,245,528	11,103	1,256,631
Inter-segment revenue	—	—	(2,598)	(2,598)	(42)	(2,640)
Revenue from external customers	<u>802,464</u>	<u>379,932</u>	<u>60,534</u>	<u>1,242,930</u>	<u>11,061</u>	<u>1,253,991</u>
Segment results	<u>148,637</u>	<u>125,213</u>	<u>9,398</u>	283,248	(6,142)	277,106
Other income and gains				13,472	7,772	21,244
Central administrative costs				(48,084)	(13,060)	(61,144)
Finance costs				<u>(20,363)</u>	<u>—</u>	<u>(20,363)</u>
Profit/(loss) before income tax				<u>228,273</u>	<u>(11,430)</u>	<u>216,843</u>

For the year ended 31 December 2011:

	Continuing operations				Discontinued <u>operation</u>	
	Fertiliser business <i>HK\$'000</i>	Magnesium product business <i>HK\$'000</i>	Metallurgical flux business <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Financial services business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	594,822	97,686	44,282	736,790	26,604	763,394
Inter-segment revenue	—	—	—	—	—	—
Revenue from external customers	<u>594,822</u>	<u>97,686</u>	<u>44,282</u>	<u>736,790</u>	<u>26,604</u>	<u>763,394</u>
Segment results	<u>66,713</u>	<u>24,561</u>	<u>5,718</u>	96,992	10,460	107,452
Other income and gains				79,341	3,360	82,701
Central administrative costs				(41,686)	(14,891)	(56,577)
Finance costs				<u>(16,413)</u>	<u>—</u>	<u>(16,413)</u>
Profit/(loss) before income tax				<u>118,234</u>	<u>(1,071)</u>	<u>117,163</u>

Segment revenue reported above represents revenue generated from external customers (2011: There were no inter-segment sales). 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' emoluments, other income and gains, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment Assets and Liabilities

The segment assets and liabilities as at 31 December 2012 and capital expenditure for the year then ended by reportable segments are as follows:

	Continuing operations			Discontinued operation	Total segments HK\$'000	Unallocated HK\$'000	Total
	Fertiliser business HK\$'000	Magnesium product business HK\$'000	Metallurgical flux business HK\$'000	Financial services business HK\$'000			
Segment assets	<u>315,262</u>	<u>560,685</u>	<u>680,719</u>	<u>–</u>	<u>1,556,666</u>	<u>806,772</u>	<u>2,363,438</u>
Segment liabilities	<u>146,589</u>	<u>87,967</u>	<u>144,511</u>	<u>–</u>	<u>379,067</u>	<u>214,857</u>	<u>593,924</u>
Additions to non-current assets	<u>97,347</u>	<u>259,189</u>	<u>5,269</u>	<u>45</u>	<u>361,850</u>	<u>13,555</u>	<u>375,405</u>

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

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

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

- all assets are allocated to reportable segments other than investment properties, deposits with banks, cash and cash equivalents and other assets for corporate use which including property, plant and equipment and other receivables. (2011: Goodwill is allocated to financial services business segment); and
- all liabilities are allocated to reportable segments other than borrowings for corporate use and other payables.

Capital expenditure comprises additions to investment properties and property, plant and equipment (2011: investment properties and property, plant and equipment and mining rights). 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 2012:

	Continuing operations			Discontinued operation		
	Fertiliser business HK\$'000	Magnesium product business HK\$'000	Metallurgical flux business HK\$'000	Financial services business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment and investment properties	33,703	5,910	6,698	426	3,205	49,942
Amortisation of land use rights, mining rights and intangible assets	360	1,647	13,532	54	181	15,774
(Gain)/loss on disposal of property, plant and equipment	138	–	(22)	3	–	119
Interest income from held-to-maturity investment	–	–	–	(697)	–	(697)
Interest income from investments held for trading	–	–	–	(1,119)	–	(1,119)
Realised and unrealised gain on investments held for trading	–	–	–	(3,222)	(1,457)	(4,679)
Allowance for doubtful debts	–	–	–	713	1,231	1,944
Income tax expense	20,220	26,638	1,126	275	–	48,259

For the year ended 31 December 2011:

	Continuing operations			Discontinued operation	Unallocated HK\$'000	Total HK\$'000
	Fertiliser business HK\$'000	Magnesium product business HK\$'000	Metallurgical flux business HK\$'000	Financial services business HK\$'000		
Depreciation of property, plant and equipment and investment properties	<u>25,977</u>	<u>2,886</u>	<u>2,708</u>	<u>455</u>	<u>5,547</u>	<u>37,573</u>
Amortisation of land use rights, mining rights and intangible assets	<u>552</u>	<u>817</u>	<u>11,814</u>	<u>58</u>	<u>178</u>	<u>13,419</u>
(Gain)/loss on disposal of property, plant and equipment	<u>(2)</u>	<u>–</u>	<u>23</u>	<u>–</u>	<u>(1,419)</u>	<u>(1,398)</u>
Interest income from held-to-maturity investment	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,534)</u>	<u>–</u>	<u>(1,534)</u>
Realised and unrealised loss on investments held for trading	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,573</u>	<u>2,736</u>	<u>4,309</u>
Allowance for doubtful debts	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,105</u>	<u>–</u>	<u>2,105</u>
Income tax (credit)/expense	<u>15,476</u>	<u>(80)</u>	<u>(1,359)</u>	<u>1,947</u>	<u>61</u>	<u>16,045</u>

Revenue from Major Products and Services

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Fertilisers products:		
Organic fertilisers	174,452	141,822
Compound fertilisers	614,400	400,066
Others	<u>13,612</u>	<u>52,934</u>
	802,464	594,822
Magnesium products	379,932	97,686
Metallurgical flux products	60,534	44,282
Financial services (discontinued operation)	<u>11,061</u>	<u>26,604</u>
	<u>1,253,991</u>	<u>763,394</u>

Geographical Information

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

Information about Major Customers

No information about major customers is presented as no single customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2012 and 2011.

5. OTHER INCOME AND GAINS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (restated)
Continuing operations		
Rental income	4,633	4,038
Interest income:		
– bank deposits	6,104	10,813
Dividend income	411	322
Gain on disposal of property, plant and equipment	–	1,398
Government subsidy	–	1,425
Sundry income	867	792
	<u>12,015</u>	<u>18,788</u>
Discontinued operation		
Interest income:		
– bank deposits	7	13
– held-to-maturity investment	697	1,534
– investments held for trading	1,119	–
– custodian	276	947
– margin	44	–
Dividend income	282	321
Reversal of impairment loss on trade receivables	2,068	–
Realised gain on investment held for trading	1,177	–
Unrealised gain on investment held for trading	2,045	–
Service fee income	–	488
Sundry income	57	57
	<u>7,772</u>	<u>3,360</u>

6. FINANCE COSTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Continuing operations		
Interest on borrowings wholly repayable within 5 years	<u>20,363</u>	<u>16,413</u>

7. INCOME TAX EXPENSE

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

	Continuing operations		Discontinued operation		Consolidated	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (restated)	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (restated)	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (restated)
Current tax						
– Hong Kong Profits Tax	–	–	(12)	1,984	(12)	1,984
– PRC Enterprise Income Tax	50,847	16,588	12	8	50,859	16,596
– Australia Income Tax	–	61	–	–	–	61
Deferred taxation	<u>(2,863)</u>	<u>(2,551)</u>	<u>275</u>	<u>(45)</u>	<u>(2,588)</u>	<u>(2,596)</u>
	<u>47,984</u>	<u>14,098</u>	<u>275</u>	<u>1,947</u>	<u>48,259</u>	<u>16,045</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2012 and 2011.

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits arising in the PRC for the year ended 31 December 2012 and 2011.

8. PROFIT FOR THE YEAR

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (restated)
Wages and salaries	54,512	32,378
Share options granted to directors and employees	1,819	–
Payment to defined contribution retirement plans	1,594	1,346
Total staff costs (including directors' emoluments)	57,925	33,724
Auditors' remuneration	1,350	924
Depreciation and amortisation	65,237	50,479
Loss/(Gain) on disposal of property, plant and equipment	116	(1,398)
Realised (gain)/loss on investments held for trading	(64)	21
Unrealised (gain)/loss on investments held for trading	(1,393)	2,715
Cost of inventories recognised as an expense	785,576	528,708
Operating lease rentals in respect of land and buildings	2,070	1,200

Loss for the year from discontinued operation has been arrived at after charging:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (restated)
Auditors' remuneration	–	356
Depreciation and amortisation	480	513

9. DIVIDEND

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Proposed final dividend of HK1.03 cents (2011: HK0.35 cents) per ordinary share	26,207	9,026

The proposed final dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 8 May 2013 ("2013 AGM"). Shareholders will be given the option to receive the final dividend in new shares in lieu of cash. This scrip dividend arrangement is subject to: (1) the approval of proposed final dividend at 2013 AGM; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto. These financial statements do not reflect this dividend payable.

	2012 HK\$'000	2011 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
2011 final dividend declared and paid HK0.35 cents (2010: HK\$Nil) per ordinary share	<u>9,026</u>	<u>–</u>

10. EARNINGS PER SHARE

(a) Basic

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

Continuing and discontinued operations

	2012	2011
Profit attributable to owners of the Company (<i>HK\$'000</i>)	130,312	96,541
Weighted average number of ordinary shares in issue ('000)	2,564,779	2,578,903
Basic earnings per share (<i>HK cents per share</i>)	<u>5.08 cents</u>	<u>3.74 cents</u>

Continuing operations

	2012	2011
Profit attributable to owners of the Company (<i>HK\$'000</i>)	138,685	96,892
Weighted average number of ordinary shares in issue ('000)	2,564,779	2,578,903
Basic earnings per share (<i>HK cents per share</i>)	<u>5.41 cents</u>	<u>3.76 cents</u>

Discontinued operation

	2012	2011
Loss attributable to owners of the Company (<i>HK\$'000</i>)	(8,373)	(351)
Weighted average number of ordinary shares in issue ('000)	2,564,779	2,578,903
Basic loss per share (<i>HK cents per share</i>)	<u>0.33 cents</u>	<u>0.01 cents</u>

(b) Diluted

During the year ended 31 December 2012 and 2011, the Company's outstanding share options were not included in the calculation of diluted earnings per share because the effects of the Company's outstanding share options were anti-dilutive.

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2012 HK\$'000	2011 HK\$'000
Trade receivables	91,534	114,112
Allowance for doubtful debts	–	(2,105)
	91,534	112,007
Bills receivable	41,460	19,860
Prepayments and deposits	22,795	31,723
Other receivables	16,224	51,059
Deposits placed with financial institutions	1,162	41
	173,175	214,690

As at 31 December 2012, the ageing analysis of the trade receivables of the Group presented based on the invoice date was as follows:

	2012 HK\$'000	2011 HK\$'000
Within 30 days	74,776	84,156
31 to 60 days	12,278	18,510
61 to 90 days	2,283	3,193
Over 90 days	2,197	8,253
	91,534	114,112

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

12. TRADE AND OTHER PAYABLES

	2012 HK\$'000	2011 <i>HK\$'000</i>
Trade payables	13,213	72,066
Receipts in advance	50,942	41,637
Accruals and other payables	65,958	45,824
	130,113	159,527

As at 31 December 2012, the ageing analysis of trade payables of the Group presented based on the invoice date was as follows:

	2012 HK\$'000	2011 <i>HK\$'000</i>
Within 30 days	10,115	62,786
31 to 60 days	1,894	2,866
61 to 90 days	11	3,014
Over 90 days	1,193	3,400
	13,213	72,066

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group embarked a swift growth in 2012. The two principal businesses of the Group, magnesium product business and fertiliser business, both recorded an outstanding performance during 2012 fiscal year. Revenue generated from magnesium product business amounted to HK\$379,932,000 in 2012, accounted for about 30.6% of the total revenue, representing a year-on-year increase of 288.9% compared to 2011. Revenue from fertiliser business amounted to HK\$802,464,000 in 2012, accounted for 64.5% of overall revenue, representing an annual increase of 34.9% compared to 2011. Profit attributable to owners of the Company for the year amounted to HK\$130,312,000, leaped by approximately 35.0%.

Magnesium Product Business

The new business, magnesium product business commenced operations in the second half of 2011 and proved to be the high-speed growth engine for the Group in 2012. The magnesium product business comprises two product categories, namely basic magnesium products and rare earth magnesium alloys. Basic magnesium products include magnesium ingots and general magnesium alloys. Their sales volume for the period increased sharply by 177.7% to 7,897 tonnes while revenue amounted to HK\$167,634,000, accounting for 44.1% of the magnesium product business, and gross profit stood at 24.6%. Rare earth magnesium alloys include high-end, high-performance rare earth magnesium alloys and rare earth magnesium middle alloys. Characterised by high strength, high resistant to heat and corrosion, they are widely applied in new generation of energy saving and environmental friendly automobiles, aerospace and military productions. Due to higher technology requirements for the production of rare earth magnesium alloys and better functional features of rare earth magnesium alloys, their selling prices and gross profit margins are comparatively higher than basic magnesium products. This particular category recorded sales volume of 5,010 tonnes during the period. Annual revenue from this product category amounted to HK\$196,317,000, representing 51.7% of the revenue in magnesium product business, with gross profit margin as 39.4%.

There are only a few integrated magnesium enterprises in China domestic market and Century Sunshine Group is one of them. Its production is based in the China Magnesium Industrial Park in Baishan City, Jilin Province, the PRC. It has been accredited as the first “Demonstration Complex for China Magnesium Industry” by the China Mining Association. The Group has been enlisted by the Ministry of Finance and the Ministry of Land and Resources of the PRC as a comprehensive Demonstration Base for Applications of Mining Resources. In terms of resources capability, the Group possesses quality dolomite resources which make it self-sufficient in supplying and complementing with its downstream

operations, commanding greater advantages in costs and resources than its fellow market players. Furthermore, the Group is dedicated to technology innovation and has currently owned 21 patented technologies for producing high-performance rare earth magnesium alloys and rare earth magnesium middle alloys. The solid technological foundation has facilitated the development of cost effective, high-performance magnesium alloy products. It has also set the basis for expanding the proportion of high-end rare earth magnesium alloy products in the future.

Magnesium alloy is a high strength product with the lowest density and lightest of all metal elements. It is accredited as the “green engineering material of the highest application potentials in the 21st century”. The 12th Five-Year Plan of the PRC has proactively supported its development. It is widely used in aerospace, military, consumer electronics and transportation applications because of its easily machinable properties in casting, welding and cutting. Following the Notice of the 2013 Tariff Implementation Plan by the State Council of China, competitiveness of new materials will be enhanced substantially such as magnesium alloys. The management believes that the tariff reduction policy of the state government will greatly boost the applications of magnesium alloys, especially in automobile and consumer electronic industries. It will also accelerate the R&D, applications and popularisation of other magnesium-related business.

In order to meet the rapid growing demand, the Group will speed up technology reforms of its current production lines to increase annual supply in 2013, it has also undergone actively the second phase of capacity expansion for an additional capacity of 50,000 tonnes per annum.

Fertiliser Business

Fertiliser business is where the Group’s core competencies lie. With more than a decade of experience in the industry and market domination with strong brand reputation, the Group has laid a sound foundation to guarantee a smooth development of its fertiliser business. For the year ended 31 December 2012, the segment contributed revenue of HK\$802,464,000 for the Group, representing an annual increase of 34.9%. Fertiliser business consists of two main categories, compound fertilisers and organic fertilisers. During the period, revenue from compound fertilisers and organic fertilisers increased annually by 53.6% and 23.0% respectively.

The Group successfully launched compound silicon magnesium fertiliser (“Si-Mg fertiliser”) through its comprehensive sales channel with high recognitions by the market in March 2012. The key attribute of Si-Mg fertiliser is to recover deficiency of silicon and magnesium in arable land in China. It can improve soil structure, enhance resistance of crops at the same time boost their growth. According to a study from Chinese Academy of Agricultural Sciences, over 50% and 19% of China’s 450 million acres of rice paddy are lacking in silicon

and magnesium respectively. The potential demand for the Si-Mg fertilisers is around 40 million tonnes per annum, indicating an enormous market potential for business opportunities. The Group has strategically identified and equipped for this niche market to stay competitive and sustainable in intense market competitions. In addition, the serpentine mine of the Group in Jiangsu Province has secured its raw material supply for Si-Mg fertiliser in a cost-effective way. The fruitful development of Si-Mg fertiliser products has moved up gross profit margin of the overall fertiliser business. Revenue from this product category amounted to HK\$122,238,000 during the period, accounting for 15.2% of fertiliser business. Gross profit margin of compound fertilisers increased by 9.1% to 17.9%.

In 2012, the Group effectively reduced production cost of organic fertilisers through technological innovations and industrial wastes recycling in the fertiliser formulas. In order to improve utilisation of its facilities and raw materials, the Group shut down Nanping and Jinxian plants in Fujian Province and Jiangxi Province respectively in 2012. It then consolidated equipment to the production base in Jiangsu Province, which commenced full production by the second half of 2012. Through resources optimisation, sales volume of organic fertilisers increased by 25.6% to 86,304 tonnes during the period, contributing revenue of HK\$174,452,000 which accounted for 21.7% of fertiliser business, and gross profit margin of organic fertilisers increased from 33.3% to 35.5%.

The revised Agricultural Law of the PRC at the end of 2012 has reiterated the priority of agriculture development for the national economy. Government bureaus are requested to drive the productivity of villages to enhance overall quality and cost effectiveness of agricultural industry, as well as to expedite sustainable, stable and healthy growth of agricultural economy. While committing to its technological achievement and innovation capability, the Group has been making breakthroughs in new functional fertilisers for needs of the market aligning with the national agricultural policy.

An additional production capacity of 300,000 tonnes will be commenced at Jiangsu arm by the first half of 2014. Phase II expansion plan of 400,000 tonnes is currently under review. The management believes that the swift growth of the fertiliser business of the Group will further excel upon completion of its expansion.

Other Businesses

Other businesses include metallurgical flux and financial services. The high quality serpentine mineral reserve not only provides core raw materials for Si-Mg fertilisers, but also indispensable auxiliary materials for iron and steel smelting. The metallurgical flux business has always maintained its stable distribution channels and customer base, contributing steadily to the Group's revenue. During the period, revenue from metallurgical flux business amounted to HK\$60,534,000, accounting for 4.9% of the total revenue, with gross profit margin at 59.7%.

To concentrate resources and efforts in its dual businesses, the Group signed a formal sale and purchase contract with an independent third party on 29 November 2012 for the disposal of the entire issued share capital of Sunshine Partners Financial Holdings Limited and its subsidiaries (“Sunshine Partners”). The consideration was determined on 26 February 2013 at the sum of HK\$73,141,987. The disposal did not include a share investment in an E-commerce company held by Sunshine Partners previously. The shares of the E-commerce company was successfully listed on the Australian Securities Exchange on 27 November 2012. Based on its market value on the consideration determination date on 26 February 2013, the market value of the shares of the company held by the Group is approximately AUD\$23,148,000 (approximately HK\$184,421,000). The Group acquired Sunshine Partners at a consideration of around HK\$80,975,000 on 31 August 2010.

Outlook

Magnesium products and fertiliser products have been successfully formed the dual-business base for Century Sunshine. Coupled with the competitive edge of proprietary technology, strategic innovations and resources capability, the Group has successfully developed and introduced its niche products to the market. The management is confident that the performance of the Group will continue to shine in the coming years. The Group will expand into major products markets, yet develop high-performance products to enlarge ownership of high-end with high-margin products for overall profitability. In addition, strengthening internal management, monitoring costs control, managing risks and measures, together with establishing a solid foundation are the key to future success. The Group will persist in improving and creating lucrative returns to shareholders.

Key Operational Data

Key operational data for the year ended 31 December 2012, together with the comparative figures for the corresponding period in 2011, is as follows. Main businesses listed below contributed over 90% of the Group’s total revenue for the year ended 31 December 2012 and the corresponding period in 2011.

(a) Sales Volume of Major Products:

	Year 2012 <i>Tonnes</i>	2011 <i>Tonnes</i>	Increased/ (Decreased) %
Magnesium product business			
Basic magnesium products	7,897	2,844	177.7
Rare earth magnesium alloys	5,010	1,218	311.3
Fertiliser business			
Compound fertilisers	221,864	138,942	59.7
Organic fertilisers	86,304	68,698	25.6

(b) *Average Selling Prices of Major Products:*

	Year 2012 <i>per tonne</i> <i>HK\$</i>	2011 <i>per tonne</i> <i>HK\$</i>	Increased/ (Decreased) %
Magnesium product business			
Basic magnesium products	21,228	20,989	1.1
Rare earth magnesium alloys	39,184	31,195	25.6
Fertiliser business			
Compound fertilisers	2,769	2,879	(3.8)
Organic fertilisers	2,021	2,064	(2.1)

(c) *Gross profit margins of major products:*

	Year 2012 %	2011 %	Increased/ (Decreased) %
Magnesium product business			
Basic magnesium products	24.6	22.2	2.4
Rare earth magnesium alloys	39.4	31.3	8.1
Fertiliser business			
Compound fertilisers	17.9	9.1	8.8
Organic fertilisers	35.5	33.3	2.2
The Group's gross profit margin	26.7	17.9	8.8

Revenue

Total revenue from continued operations of the Group in 2012 increased significantly to approximately HK\$1,242,930,000 (2011: HK\$736,790,000), representing a growth of about 68.7%. This is mainly due to commencement of production and operation of the magnesium product business in July 2011, thus enable the Group to have dual business cores in 2012 for rapid development. Besides, the Group has successfully developed and launched rare earth magnesium alloys and the Si-Mg fertilisers, leading to a remarkable increase in both sales volume and revenue.

Cost of Sales

Cost of sales for 2012 amounted to approximately HK\$910,734,000, an increase of around 50.6% over last year. Among which, approximately 69.6%, 27.7% and 2.7% are attributable to fertiliser business, magnesium product business and metallurgical flux business respectively (2011: approximately 85.1%, 12.0% and 2.9%). Cost of sales mainly comprised of material cost and utilities cost, accounting to approximately 85% of total cost of sales.

Gross Profit

Consolidated gross profit for 2012 was approximately HK\$332,196,000, surged by approximately 151.2%. The consolidated gross profit margin raised from 17.9% to approximately 26.7%. This is mainly due to the launch of high margin rare earth magnesium alloys and the Si-Mg fertilisers, which have improved the Group's overall gross profit ratio.

Selling and Marketing Costs

Selling and marketing costs were approximately HK\$48,948,000, which mainly comprised of transportation costs of approximately 67.0% and salaries and commission of approximately 25.7% (2011: approximately 70.5% and 22.0% respectively). Selling and marketing cost accounted for approximately 3.9% (2011: approximately 4.8%) of total revenue.

Administrative Expenses

Administrative expenses was approximately HK\$48,084,000, which mainly comprised of staff costs, depreciation and amortisation expenses, audit and professional fees and occupancy costs, accounting for approximately 35.1%, 18.6%, 6.3% and 3.3% respectively of the total administrative expenses for the year.

Increase in administrative expenses was mainly resulted from expenses incurred for coping with expansion of our businesses, yet, the Group was still able to minimise such expenses as it only represented approximately 3.9% (2011: approximately 5.3%) of total revenue.

Other Income and Gains

Other income and gains amounted to approximately HK\$12,015,000, mainly comprised of interest income and rental income accounting to approximately HK\$6,104,000 and HK\$4,633,000 (2011: approximately HK\$10,813,000 and HK\$4,038,000) respectively.

Margin

Profit for the year amounted to approximately HK\$168,584,000 (2011: HK\$101,118,000), leaped by approximately 66.7%. Profit attributable to owners of the Company for the year amounted to HK\$130,312,000, increased by approximately 35.0%. If compared only to the profit from ordinary operating businesses in 2011 of approximately HK\$44,365,000, it surged by approximately 280%.

LIQUIDITY, LIABILITIES AND FINANCIAL RESOURCES

The Group's liquidity in 2012 was mainly derived from cash generated from business operations. As at 31 December 2012, total amount of cash and bank balances of the Group was approximately HK\$503,194,000 (2011: HK\$570,911,000).

As at 31 December 2012, the Group's total borrowings increased by approximately 11.6% as compared to 2011, while net current assets decreased by approximately 48.5% as compared to 2011. The Group's gearing ratio (calculated by total borrowings over total equity) was approximately 17.9% in 2012 (2011: 19.2%).

The Group's existing cash resources together with the steady cash flows generated from business activities are sufficient to meet its business needs. Net cash generated from operating activities amounted to HK\$252,538,000 (2011: HK\$39,054,000).

EXCHANGE RATE RISK MANAGEMENT

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

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

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

CREDIT RISK MANAGEMENT

The Group has always been aware of the credit risk exposure of our customers. The Group strictly followed the “client account management procedures” established in 2004. The procedures required and ensured all client accounts were maintained and kept track of periodically according to the previous transaction records and credit history of each customer. The Group specified and assigned to each customer a series of credit measures such as credit ratio, credit period, credit rating, credit terms and guarantee. The client account management procedures were effective to control the credit risk of the Group.

SIGNIFICANT TRANSACTIONS

On 9 July 2012, a wholly owned subsidiary of the Company, Century Sunshine Ecological Technology Limited as transferor, entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in Sunshine Partners Financial Holdings Limited and its subsidiaries (“Sunshine Partners”). The cash consideration was determined at HK\$73,141,987 on 26 February 2013. The disposal did not include a share investment in an E-commerce company held by Sunshine Partners previously.

On 15 January 2013, a wholly owned subsidiary of the Company, Capital Idea Investments Limited as transferee, entered into a sale and purchase agreement with an ex-shareholder and director of its non-wholly owned subsidiary, China Magnesium Limited (“China Magnesium”) to acquire of his 21.8% equity interest in China Magnesium at a cash consideration of HK\$32,089,382.

On 16 January 2013, a wholly owned subsidiary of the Company, Capital Idea Investments Limited as transferee, entered into a sale and purchase agreement with an independent third party, to acquire of his 2.2% equity interest in China Magnesium at a cash consideration of HK\$1,619,189.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year of 2012, the Company has complied with the code provisions in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (“CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), with the following deviations:

Chairman and the CEO

- (a) Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer (the “CEO”) should be separated and should not be performed by the same individual.

Chi Wen Fu, founder of the Group, currently holds a dual role as the Chairman and the CEO. This structure does not comply with code provision A.2.1 of the CG Code. However, the Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, as Mr. Chi possesses extensive experience and knowledge in the PRC market and he is playing a significant role in establishing strategic decisions and overall management of the Group. This strong and consistent leadership enables the Company to make and implement decisions promptly and efficiently. Further, it is difficult for the Board to find a candidate with suitable qualification and expertise in the market to fill the position of CEO at this stage. With the single leadership structure, sufficient safeguards are established to ensure the management is accountable to the Board. The Chairman/CEO ensures Board meetings are held regularly and when necessary. The Chairman/CEO ensures that Board members are provided with complete, adequate, accurate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group. The Chairman/CEO ensures all Directors have unrestricted access to document or information kept by the Group and professional advice when necessary.

- (b) Under code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Mr. Chi Wen Fu, 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. Mr. Shum Sai Chit, Director of the Company, attended the said annual general meeting to respond to queries from shareholders.
- (c) Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Guo Mengyong (being a non-executive Director) and Mr. Liu Hoi Keung and Mr. Sheng Hong (both being independent non-executive Directors) were unable to attend the annual general meeting held on 17 May 2012 as they were obliged to be away for business trips.

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 (“Model Code”) 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 Model Code during the year.

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

During the year, the Company repurchased 34,560,000 ordinary shares of HK\$0.02 each of the Company at an aggregate consideration of HK\$8,002,355 before expenses at prices ranging from HK\$0.208 to HK\$0.27 per share on the Stock Exchange. The repurchased shares were subsequently cancelled during the year. 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.

AUDIT COMMITTEE

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

During the year, the Audit Committee held 4 meetings and performed the duties including reviewing the Group’s financial statements (including the Group’s interim and annual financial statements with recommendations to the Board for approval), compliance of the regulatory and statutory requirements, significant internal control and risk management, significant accounting and audit issues, the Group’s connected transactions and overseeing and managing the relationship with external auditors.

REMUNERATION COMMITTEE

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

REVIEW OF ANNUAL RESULTS

The consolidated results for the year ended 31 December 2012 have been audited by the Company's auditors, HLB Hodgson Impey Cheng Limited and reviewed by the audit committee of the Board which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

The figures included in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of financial position as set out in this preliminary announcement in respect of the Group's results for the year ended 31 December 2012 have been agreed by HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year under review. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

FINAL DIVIDEND

The Board recommends the payment of a final dividend for the year ended 31 December 2012 of HK1.03 cents per share (the "Final Dividend") with an option to elect to receive the Final Dividend by way of scrip share(s) under a scrip dividend scheme (the "Scrip Dividend Scheme"). Shareholders whose names appear on the register of members of the Company on 21 May 2013 (the "Record Date") will be entitled to receive the Final Dividend. Under the Scrip Dividend Scheme, shareholders who are entitled to receive the Final Dividend (other than shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are outside Hong Kong (if any) to whom the Directors, based on legal advice provided by legal advisers and on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient to exclude such shareholder(s) from the Scrip Dividend Scheme) (the "Qualifying Shareholders") may elect to receive the Final Dividend wholly or partly by way of scrip

shares(s) in lieu of cash at a fixed price of HK\$0.618 per share. The Scrip Dividend Scheme is subject to (a) the approval of the Final Dividend and the Scrip Dividend Scheme by the shareholders at the annual general meeting to be held on 8 May 2013 (“2013 AGM”) and (b) listing approval being granted by the Stock Exchange in respect of the scrip shares to be issued pursuant thereto.

On the condition that the payment of the Final Dividend by way of the Scrip Dividend Scheme is approved by the shareholders at the 2013 AGM, a circular containing further details of the Scrip Dividend Scheme, together with a form of election (to the Qualifying Shareholders only), will be despatched to the shareholders shortly after the Record Date.

It is expected that the cheques for cash entitlement and the certificates for scrip shares will be sent on 28 June 2013 to the shareholders who are qualified for the Final Dividend.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the shareholders of the Company (the “Shareholders”) will be held at Unit 2605, 26th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on 8 May 2013 at 2:30 p.m. (“AGM”). Notice of the AGM of the Company will be published and despatched to the Shareholders as soon as possible.

CLOSURE OF REGISTER OF MEMBERS

To be eligible to attend and vote at the AGM

The register of members of the Company will be closed from Friday, 3 May 2013 to Wednesday, 8 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order for the Shareholders to be eligible to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong not later than 4:00 p.m. on Thursday, 2 May 2013 for registration.

To qualify for the Final Dividend

The register of members of the Company will also be closed from Tuesday, 14 May 2013 to Tuesday, 21 May 2013 both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Final Dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong not later than 4:00 p.m. on Monday, 13 May 2013 for registration.

PUBLICATION OF ANNUAL RESULTS AND 2012 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 2012 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 2013

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*