



China Essence Group Ltd.
嵩天集团有限公司

(Incorporated in the Cayman Islands)
(Registration No. CT-152302)

UNAUTHORISED TRANSACTIONS BY THE FORMER EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF CHINA ESSENCE GROUP LTD.

The Board of Directors (the “**Board**”) of China Essence Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform shareholders that Moore Stephens CPA Limited, for client acceptance procedures, had performed a preliminary company search on the Group’s subsidiaries in the People’s Republic of China (“**PRC**”) and noted that the shareholding of at least two of the subsidiaries had been changed to certain individuals in April 2015. Moore Stephens notified the Board on the evening of Friday 4th September 2015.

The new directors who are appointed in August this year have no prior knowledge of the transactions. However, Non-Executive Independent Chairman, Mr Er Kwong Wah who is also from the former Board has confirmed that the transactions were neither authorised by the former Board nor submitted to the former Board for approval. The transactions were also not reported in the 1Q FY2015 Results Announcement as the former Executive Chairman and Chief Executive Officer, Mr Zhao Libin who admitted that he did the transactions did not disclose the matter to the Board.

The Board has communicated with Mr Zhao through the Chief Financial Officer, Mr Yap Kong Wai and Mr Yap is informed by Mr Zhao that as a result of long standing debts to the farmers by the subsidiaries, the farmers had almost run riot at the factory. The local government had to step in to quench the riot by settling the debts on behalf of the subsidiaries. In return, the two subsidiaries had to transfer the shares to the local government as held in trust.

The Board will take proper actions on this matter after seeking advice from the authorities and legal adviser. The Company will update shareholders in due course.

On behalf of the Board

Er Kwong Wah
Non-Executive Independent Chairman
7 September 2015