



China Essence Group Ltd.
嵩天集团有限公司

3Q & 9M FY2014 Results | 27 January 2014

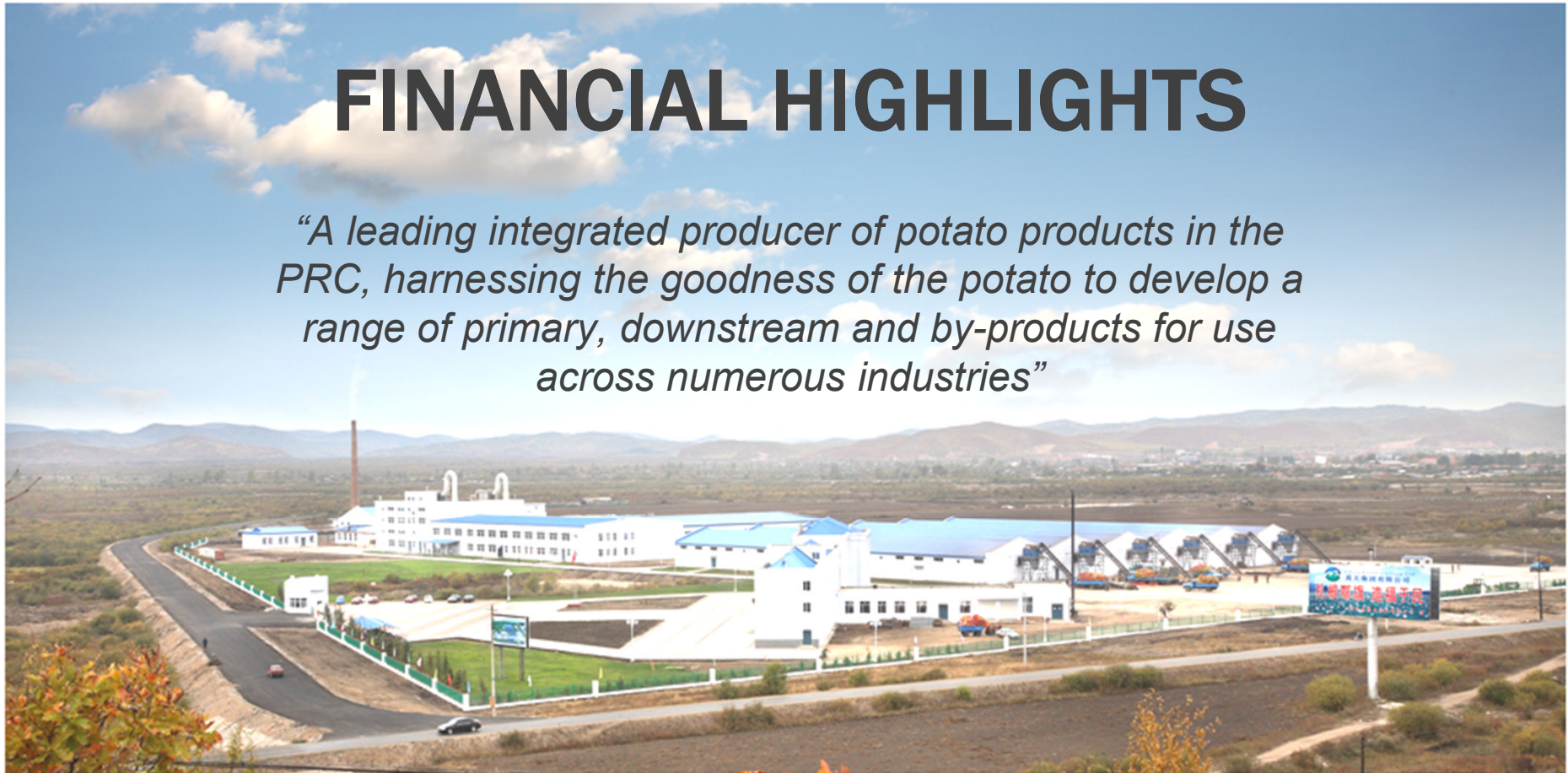
Key Highlights for 3Q FY2014

- 3Q FY2014 revenue declined by 91% due to lower production levels and ASPs
- Limited working capital available, coupling with low potato yield and low starch yield caused by the heavy flood in August 2013, thereby affecting the production level and profit margins
- Working to improve operational and financial position



FINANCIAL HIGHLIGHTS

“A leading integrated producer of potato products in the PRC, harnessing the goodness of the potato to develop a range of primary, downstream and by-products for use across numerous industries”



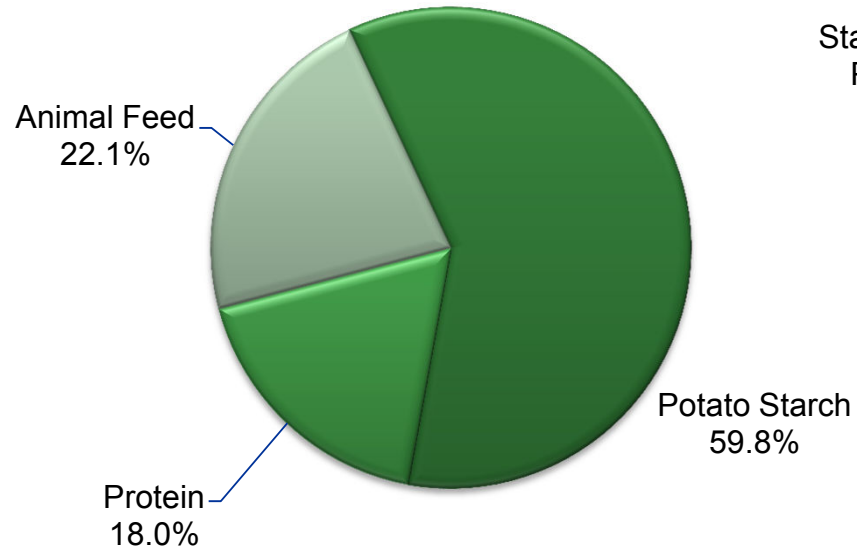
Quarterly Review

RMB'm	3Q FY2014	3Q FY2013	% Change	9M FY2014	9M FY2013	% Change
Revenue	22.2	246.2	(91)	32.8	384.9	(91)
Gross loss	(7.5)	(100.2)	(93)	(9.9)	(107.5)	(91)
Gross loss margin (%)	(47.1)	(40.7)	(6.4)Pts	(30.2)	(27.9)	(2.3)Pts
- S&D cost	(1.4)	(37.7)	(96)	(2.0)	(49.0)	(96)
- Admin exp.	(18.6)	(61.9)	(70)	(50.0)	(99.2)	(50)
Operating loss	(27.3)	(199.1)	(86)	(61.7)	(254.7)	(76)
Loss before tax	(39.5)	(211.8)	(81)	(103.9)	(293.5)	(65)
Net loss	(34.0)	(208.6)	(84)	(94.0)	(281.0)	(67)

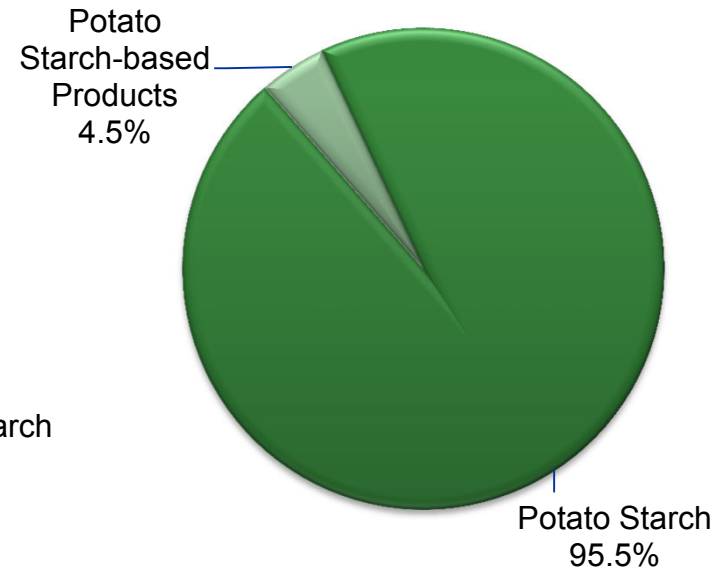


Revenue Breakdown

3Q FY2014



3Q FY2013



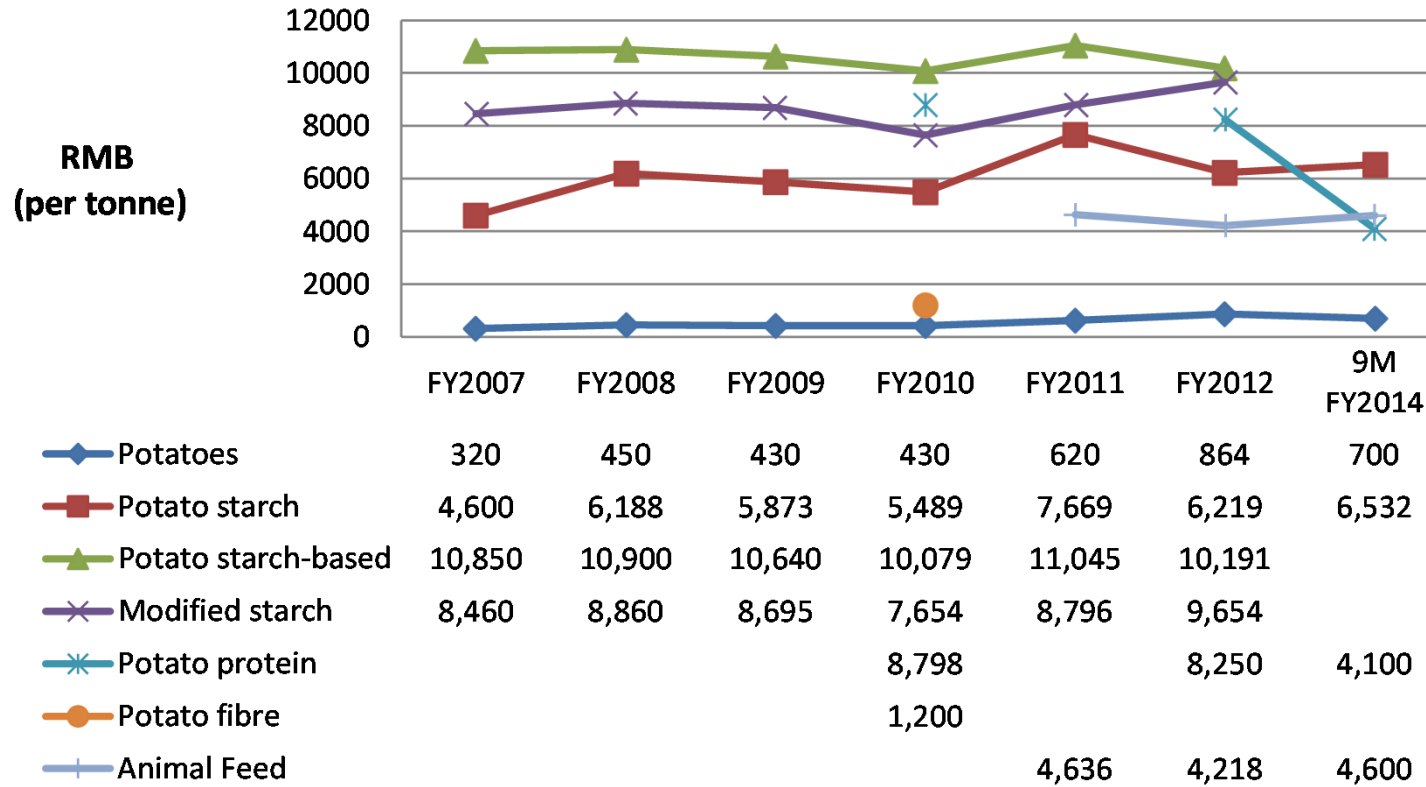
Sales and Average Selling Price (“ASP”)

Percentage increase/ (decrease) in sales volume/ ASP

	3Q FY2014 vs. 3Q FY2013		9M FY2014 vs. 9M FY2013	
Product	Sales volume (%)	ASP (%)	Sales volume (%)	ASP (%)
Potato starch	(95.1)	15.1	(93.6)	12.7
Potato starch-based products (comprising starch strips, vermicelli, five-grain noodles)	(100.0)	N.A.	(100.0)	N.A.
Protein	N.A.	N.A.	N.A.	N.A.
Animal feed	N.A.	N.A.	2,665	16.6



Price Trends



Margin Analysis

RMB'm	Potato starch			Potato starch-based		
	3Q FY2014	3Q FY2013	% change	3Q FY2014	3Q FY2013	% change
Turnover	13.2	235.1	(94.4)	0	11.1	(100.0)
Gross loss	(9.7)	(94.5)	(89.8)	0	(5.7)	(100.0)
Gross margins (%)	(73.1)	(40.2)	32.9 pts	0	(50.9)	N.M.

RMB'm	Protein			Animal feed		
	3Q FY2014	3Q FY2013	% change	3Q FY2014	3Q FY2013	% change
Turnover	4.0	0	N.A.	5.0	0	N.A.
Gross (loss)/profit	0.9	0	N.A.	(1.7)	0	N.A.
Gross margins (%)	22.4	0	N.A.	(33.4)	0	N.A.



Margin Analysis

RMB'm	Potato starch			Potato starch-based		
	9M FY2014	9M FY2013	% change	9M FY2014	9M FY2013	% change
Turnover	23.8	332.5	(92.8)	0	52.2	(100.0)
Gross loss	(9.1)	(98.6)	(90.8)	0	(8.9)	(100.0)
Gross margins (%)	(38.3)	(29.7)	(21.1pts)	0	(17.1)	N.M.

RMB'm	Protein			Animal feed		
	9M FY2014	9M FY2013	% change	9M FY2014	9M FY2013	% change
Turnover	4.0	0	N.A.	5.0	0.2	3,125
Gross profit	0.9	0	N.A.	(1.7)	0.1	(4,911)
Gross margins (%)	22.4	0	N.A.	(33.4)	22.4	(5.8pts)



Balance Sheet Highlights

RMB'm	As at 31 Dec 2013	As at 31 Mar 2013
Total assets	1,380.4	1,389.3
Non-current assets	970.7	1,027.1
Inventories	34.5	30.2
Trade receivables	292.9	280.2
Cash at bank and in hand	1.9	1.3
Total liabilities	933.8	848.7
Shareholders' equity	446.7	540.7



Key Ratios

	As at 31 Dec 2013	As at 31 Mar 2013
NAV per share (RMB) ⁽¹⁾	1.139	1.379
NAV per share (S\$)	0.24 ⁽²⁾	0.28 ⁽³⁾
Gearing (%)	201.5	152.3
Ave. receivables turnover (days)	N.M.	397
Ave. payables turnover (days)	1	3
Ave. inventory turnover	N.M.	41

(1) NTA per share was computed based on the share capital of 392,211,636 ordinary shares as at 30 December 2012

(2) NTA per share in Singapore cents was calculated based on the exchange rate of S\$1: RMB4.789

(3) NTA per share in Singapore cents was calculated based on the exchange rate of S\$1: RMB5.007



Cash Flow Highlights

RMB'm	9M FY2014	9M FY2013
Cash flow generated from/(used in):		
-Operating activities	(78.2)	4.3
-Investing activities	(5.7)	(13.2)
-Financing activities	80.0	(24.1)
Net decrease in cash & cash equiv.	(3.9)	(33.1)
Cash & cash equiv. at beginning	1.1	35.1
Cash & cash equiv. at end	1.7	1.2



Outlook

- Market and operating environment remains challenging
- Demand for potato starch expected to remain robust for the long-term

Strategy / Plans

- Monitor market conditions and retain flexibility to adjust production levels accordingly
- Continue to build on strength of branding to increase sales
- Maintain tight control on operating costs





The End