



China Essence Group Ltd.
嵩天集团有限公司

CHINA ESSENCE GROUP LTD.
(Incorporated in the Cayman Islands)
(Company Registration No. CT-152302)

**EXTENSION OF TIME TO HOLD THE ANNUAL GENERAL MEETING FOR
THE FINANCIAL YEAR ENDED 31 MARCH 2015**

The Board of Directors (“**Board**”) of China Essence Group Ltd. (the “**Company**”, along with its subsidiaries, the “**Group**”) refers to the Company’s previous announcement released on 3 August 2015 in relation to the Company’s application to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for a three-month extension to hold its Annual General Meeting (“**AGM**”) from end-July 2015 to end-October 2015.

The Board wishes to announce that it has today received the approval from the SGX-ST that the SGX-ST has no objection to the Company’s application for extension of time with regards to compliance with Rule 707(1) of the SGX-ST’s Listing Manual (“**Listing Manual**”). The Board is pleased to announce that the deadline for the AGM has been extended by three (3) months to 31 October 2015.

Conditions for the Extension

The SGX-ST’s agreement to extend the aforesaid deadline is subject to the Company fulfilling the following:

- (a) The Company announcing the period of extension granted, the reasons for seeking the extension of time and the conditions as required under Rule 107 of the Listing Manual;
- (b) Submission of a written confirmation from the Company that the extension of time does not contravene any laws and regulations governing the Company and the articles of association of the Company; and
- (c) The Company convening its AGM by 31 October 2015 subject to approval of the same being obtained from the Accounting & Corporate Regulatory Authority (“**ACRA**”).

Reasons for the Extension

The extension was sought for the following reasons:

- (a) **Resignation of Audit Committee Chairman.** As announced by the Company on 25 June 2015, Mr Lai Hock Meng, Peter had resigned as an independent director and Chairman of the Audit Committee of the Company. Mr Lai’s resignation took effect less than 2 weeks before the submission of the application for extension, so the Company had not yet been able to find a suitable replacement director with the appropriate experience and skills. The Audit Committee is involved in (amongst others) reviewing the Company’s annual financial statements with management and external auditors of the Company. Without an Audit Committee Chairman, the preparation of the Company’s audited financial statements for FY2015 has unavoidably

been delayed. The Company therefore anticipated that it would not be able to finalise its FY2015 audited financial statements for inclusion in its annual report by 16 July 2015 as the Audit Committee would require additional time to evaluate and review the financial statements.

- (b) **Resignation of auditor.** The audit work of the Company's auditors was also pending the settlement of the outstanding audit fees due from the Company prior to the auditors' completion of its audit work. The Company was in the process of raising funds to settle the outstanding audit fees. Upon the Company's settlement of the outstanding audit fees, the auditors would require time to prepare and finalise the Company's audited accounts. Further, subsequent to the Company's application for the said extension, the Company's auditors resigned on 23 July 2015, as announced by the Company on 27 July 2015.
- (c) **Focus on improving CE's profitability.** The Company has been on the watch-list of the SGX-ST since 4 June 2014. The management of the Company had thus been focused on improving the Company's profitability so that the Company may be removed from the watch-list, including sourcing for alternative funding avenues to bolster the Company's cash flow and approaching various parties to seek potential new business opportunities that will return the Company to profitability. In particular, the Company had entered into a memorandum of understanding (the "**MOU**") on 26 February 2015 in relation to the proposed acquisition of a hotel in Shanghai. Prior to the termination of the MOU on 5 May 2015, the Company had been engaged in due diligence on the proposed target, negotiating the definitive agreement in relation to the proposed acquisition and generally fulfilling the conditions precedent under the MOU. As a result, the concurrent preparation of the Company's FY2015 audited financial statements was delayed.

The Company will update shareholders on the intended date of the AGM in due course.

By Order of the Board

Er Kwong Wah
Non-Executive Independent Chairman
17 August 2015