



CHINA ESSENCE GROUP LTD.

(Incorporated in the Cayman Islands with registration number CT-152302)

FIRST QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Three months ended 30.6.2014 (Unaudited)	Three months ended 30.6.2013 (Unaudited)	Increase/ (Decrease)
	RMB'000	RMB'000	%
Revenue	-	10,555	(100)
Cost of sales	-	(12,887)	(100)
Gross loss	-	(2,332)	(100)
Other income and gains	20	70	(71)
Selling and distribution costs	(10)	(503)	(98)
Administrative expenses	(17,935)	(10,195)	76
Other operating expenses	(447,375)	-	N.M.
Loss from operations	(465,300)	(12,960)	3,490
Finance costs	(15,912)	(14,327)	11
Loss for the period	(481,212)	(27,287)	1,664
Exchange gain on translation of financial statement of foreign operations	502	4,380	(89)
Total comprehensive income for the period, net of tax	(480,710)	(22,907)	1,999

N.M. : Not meaningful

Note: The Company was incorporated in the Cayman Islands on 15 August 2005 under the Companies Law of the Cayman Islands as an exempted company with limited liability and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 13 February 2006. The principal activities of the Company is that of an investment holding company.

The Group's loss before income tax is arrived at after charging/(crediting):

	Group	
	Three months ended 30.6.2014 (Unaudited)	Three months ended 30.6.2013 (Unaudited)
	RMB'000	RMB'000
Amortisation of land use rights	1,406	1,406
Depreciation of property, plant and equipment	19,730	18,581
Interest expense on convertible bonds at amortised cost	-	2,006
Provision for impairment of trade receivables	14,995	-
Provision for impairment of property, plant and equipment	445,572	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	As at 30.6.2014 (Unaudited)	As at 31.3.2014 (Audited)	As at 30.6.2014 (Unaudited)	As at 31.3.2014 (Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	449,272	-	-
Land use rights	244,644	246,050	-	-
Long term deposits	-	16,030	-	-
Interests in subsidiaries	-	-	-	29,739
Deferred tax assets	11,577	11,577	-	-
	256,221	722,929	-	29,739
Current assets				
Inventories	671	681	-	-
Trade receivables	29,203	44,198	-	-
Amounts due from subsidiaries	-	-	512,838	513,414
Prepayments and other receivables	76,500	69,808	-	-
Cash at bank and in hand	1,318	81,875	43	43
	107,692	196,562	512,881	513,457
Total assets	363,913	919,491	512,881	543,196
EQUITY AND LIABILITIES				
Share capital	207,047	207,047	207,047	207,047
Reserves	(809,658)	(328,948)	(145,787)	(110,148)
(Capital deficiency)/Total equity	(602,611)	(121,901)	61,260	96,899
Current liabilities				
Trade payables	143	143	-	-
Accrued liabilities and other payables	48,190	45,177	33,422	30,218
Amount due to a subsidiary	-	-	8	8
Convertible bonds	178,448	176,059	178,448	176,059
Interest-bearing bank borrowings and overdrafts	739,743	820,013	239,743	240,012
Derivative financial instrument	-	-	-	-
Total liabilities	966,524	1,041,392	451,621	446,297
(Capital deficiency)/Total equity and liabilities	363,913	919,491	512,881	543,196

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30.6.2014		As at 31.3.2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
678,448	239,743	756,059	240,013

Amount repayable after one year

As at 30.6.2014		As at 31.3.2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any Collateral

The unsecured borrowings represent the bank borrowings and overdrafts of the Group.

The secured borrowings represent the liability component of the convertible bonds issued by the Company on 20 December 2006, of which the terms were amended on 16 December 2011, and the onshore bank borrowings amounting to RMB500,000,000. The convertible bonds of the Group are charged over shares of Honour Wealth International Limited and Huge Glory Holding Limited, which are wholly owned subsidiaries of the Group. The onshore bank borrowings are secured by the property, plant and equipments and land use rights of the respective onshore subsidiaries.

Details of the convertible bonds are set out in paragraph 1(d)(ii).

1(c) cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Three months ended 30.6.2014 (Unaudited) RMB'000	Three months ended 30.6.2013 (Unaudited) RMB'000
Cash flows from operating activities		
Loss before income tax	(481,212)	(27,287)
Adjustments for:		
Interest income	(20)	(70)
Interest expenses	15,912	14,327
Amortisation of land use rights	1,406	1,406
Depreciation of property, plant and equipment	19,730	18,581
Provision for impairment of trade receivables	14,995	-
Impairment loss on property, plant and equipment	445,572	-
Operating profit before working capital changes	16,383	6,957
Decrease in inventories	10	10,019
Decrease in trade receivables	-	42,997
Increase in prepayments and other receivables	(6,692)	(9,237)
Decrease in trade payables	-	(3,645)
Decrease in accrued liabilities and other payables	(223)	(17)
Cash generated from operations	9,478	47,074
Interest paid	(10,090)	(8,138)
Net cash (used in)/generated from operating activities	(612)	38,936
Cash flows from investing activities		
Interest received	20	70
Net cash generated from investing activities	20	70
Cash flows from financing activities		
Bank borrowings raised	100,000	280,000
Repayment of bank borrowings	(180,000)	(300,000)
Net cash used in financing activities	(80,000)	(20,000)
Net (decrease)/increase in cash and cash equivalents	(80,592)	19,006
Cash and cash equivalents at beginning of period	81,874	1,144
Effect of foreign exchange rate changes	35	172
Cash and cash equivalents at end of period	1,317	20,322
Analysis of balances of cash and cash equivalents		
Cash at bank and in hand	1,318	20,524
Bank overdrafts	(1)	(202)
	1,317	20,322

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Other reserves RMB'000	Merger reserve RMB'000	Exchange reserve RMB'000	Retained Profits/ (Accumulated losses) RMB'000	Total RMB'000
Balance at 1 April 2013	207,047	97,081	4,652	65,805	(130,045)	75,765	220,360	540,665
Loss for the period	-	-	-	-	-	-	(27,287)	(27,287)
Other comprehensive loss								
- Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	4,380	-	4,380
Total comprehensive income for the period	-	-	-	-	-	4,380	(27,287)	(22,907)
Balance at 30 June 2013	207,047	97,081	4,652	65,805	(130,045)	80,145	193,073	517,758

Balance at 1 April 2014	207,047	97,081	4,652	65,805	(130,045)	74,821	(441,262)	(121,901)
Loss for the period	-	-	-	-	-	-	(481,212)	(481,212)
Other comprehensive loss								
- Exchange profit on translation of financial statements of foreign operations	-	-	-	-	-	502	-	502
Total comprehensive income for the period	-	-	-	-	-	502	(481,212)	(480,710)
Balance at 30 June 2014	207,047	97,081	4,652	65,805	(130,045)	75,323	(922,474)	(602,611)

COMPANY

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 April 2013	207,047	158,056	4,652	(87,418)	(149,950)	132,387
Loss for the period	-	-	-	-	(7,022)	(7,022)
Other comprehensive income						
- Currency translation differences	-	-	-	(1,386)	-	(1,386)
Total comprehensive income for the period	-	-	-	(1,386)	(7,022)	(8,408)
Balance at 30 June 2013	207,047	158,056	4,652	(88,804)	(156,972)	123,979
Balance at 1 April 2014	207,047	158,056	4,652	(87,116)	(185,740)	96,899
Loss for the period	-	-	-	-	(35,528)	(35,528)
Other comprehensive income						
- Currency translation differences	-	-	-	(111)	-	(111)
Total comprehensive income for the period	-	-	-	(111)	(35,528)	(35,639)
Balance at 30 June 2014	207,047	158,056	4,652	(87,227)	(221,268)	61,260

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary shares of HK\$0.5 each	Number of issued shares	Issued share capital
As at 1 April 2014 and as at 30 June 2014	392,211,636	HK\$196,105,818

Share capital

There were no movements in the Company's share capital during the three months ended 30 June 2014.

Share options

The Company has a share option scheme known as China Essence Employee Share Option Scheme (the "Scheme") which was approved by members of the Company on 22 November 2005. The Scheme complies with the relevant rules as set out in Chapter 8 of the Listing Manual of Singapore Exchange Securities Trading Limited.

On 30 June 2006, the Company granted options to certain employees under the Scheme which would entitle the grantees to subscribe for a total of 9,400,000 ordinary shares of the Company at any time during the period from 30 June 2007 to 1 July 2016 (other than share options granted to non-executive directors) or at any time during the period from 30 June 2007 to 1 July 2011 (share options granted to non-executive directors). The subscription price per share payable upon the exercise of each option is S\$0.54, subject to adjustment, being the average last dealt price per share for the five consecutive market days immediately preceding 31 May 2006, the date of the offer of the options. During FY2013, FY2011 and FY2009, 1,000,000, 1,000,000 and 500,000 share options were forfeited respectively as the directors of the Company resigned. During year ended 31 March 2012, 500,000 share options were expired.

On 16 December 2009, the Company granted options to non-executive directors under the Scheme which would entitle the grantees to subscribe for a total of 1,000,000 ordinary shares of the Company at any time during the period from 16 December 2010 to 15 December 2014. The subscription price per share payable upon the exercise of each option is S\$0.289, subject to adjustment, being the average last dealt price per share for the five consecutive market days immediately preceding 16 December 2009, the date of the offer of the options.

No options on ordinary shares of the Company had been exercised since the commencement of the Scheme. Apart from these 6,400,000 (31 March 2014: 6,400,000) share options, the Company had no other outstanding options as at 30 June 2014.

Convertible bonds

On 20 December 2006, the Company issued zero coupon convertible bonds maturing 5 years from the issue date (the "Bonds") at an issue price of 100% of the principal amount of HK\$250,000,000. The Bonds may be converted into fully paid ordinary shares of the Company, at the option of the holders, at any time on and after thirty days after 20 December 2006 up to the close of business on a date seven business days prior to 20 December 2011 or if such Bond shall have been called for redemption before 20 December 2011, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof.

Pursuant to a written resolution of holders of the Bonds (the "Bondholders") passed on 15 December 2011, the Bondholders approved inter alia the entering into by the Trustee of a supplemental trust deed (the "Supplemental Trust Deed") to be made between the Company, to effect, amongst others, the following amendments to the original trust deed and the conditions on the terms set out in the Supplemental Trust Deed:

- a) the total outstanding principal amount of the Bonds be restated and agreed to be HK\$260,000,000;
- b) the maturity date of the Bonds be postponed to 31 December 2014 and the Bonds to be redeemed in instalments on various specified dates.
- c) The reduction of the redemption amount from 150.7149% to 100% of the principal amount of Bonds to be redeemed in accordance with paragraph (b) above;
- d) the change in the rate of interest payable on the Bonds, specifically, the Bonds will bear interest at 4.5% per annum on the outstanding principal amount of the Bonds, such interest to be payable in arrears on each specified dates;
- e) the conversion period of the Bonds be extended to the close of business on a date seven business days prior to 31 December 2014;
- f) the initial conversion price be lowered from S\$0.7775 to S\$0.7 per conversion share;
- g) (i) a change in the Issuer's right to early redemption to enable the Issuer to exercise its right to early redeem all or any of the Bonds by serving at least 30 days' (but not more than 60 days') prior written notice at any time during the conversion period and (ii) the early redemption amount payable upon such early redemption at the option of the Issuer is revised to 100% of the principal amount of the Bonds to be redeemed, together with interest on the Bonds to be redeemed;
- h) the addition of a cash settlement provision whereby in the event the number of Shares deliverable upon conversion of any Bond, aggregated with the total number of Shares delivered by the Issuer in respect of Bonds which have been previously converted, exceed the total number of Shares approved (the "Approved Limit") for listing and quotation on Singapore Exchange Securities Trading Limited (the "SGX-ST") in the Approval In-Principle (such number of Shares in excess, the "Excess Shares"), the Issuer shall deliver Shares to the relevant Bondholder which has delivered the Conversion Notice, in such number that will not cause the Approved Limit to be exceeded, and the Issuer shall pay to such Bondholder an amount of cash in HKD equal to the Cash Settlement Amount in order to satisfy such Conversion Right in full. For the purpose of this new provision:

"Approval In-Principle" means the approval in-principle granted by the SGX-ST on 19 December 2006 in respect of the Issuer's application for the listing and quotation of up to 64,153,430 Shares upon conversion of the Bonds; and

"Cash Settlement Amount" means an amount in HKD (converted at the Spot Exchange Rate on the day on which payment is made) equal to the product of (i) the number of Excess Shares and (ii) the average of the daily trading volume weighted average price of the Shares on the SGX-ST for the twenty consecutive Trading Days ending on and including the Trading Day immediately prior to the relevant Conversion Date.

The Group has not paid the third, fourth, fifth and sixth redemption instalments totalling of HK\$140,000,000 (equivalent to approximately RMB112,000,000) which are due and payable on 31 December 2012, 30 June 2013, 31 December 2013 and 30 June 2014, respectively. The total coupon interest and the related default interest of approximately RMB18,448,000 also remain overdue as at 30 June 2014. As a result of this, the Trustee has the rights to serve a notice that the remaining revised Bonds of HK\$60,000,000 (equivalent to approximately RMB48,000,000) as at 30 June 2014 are and have become immediately due and payable. Accordingly, the portion of the remaining revised Bonds that are redeemable after 30 June 2014 pursuant to the

redemption schedule of HK\$60,000,000 (equivalent to approximately RMB48,000,000) is classified as current liabilities as at 30 June 2014.

Except as disclosed above, the Company had no other outstanding convertibles as at 30 June 2014 and 31 March 2014.

The Company did not hold any of its issued shares as treasury shares as at 30 June 2014 and 31 March 2014.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.

	As at 30 June 2014	As at 31 March 2014
Total number of issued shares	392,211,636	392,211,636
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>392,211,636</u>	<u>392,211,636</u>

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group has adopted the same accounting policies and methods of computation in the financial statements for the current period compared with those of the audited financial statements for the year ended 31 March 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the applicable new/revised International Financial Reporting Standards ("IFRS") that are mandatory for financial year beginning on 1 April 2014.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	Three months ended 30.6.2014 (Unaudited) RMB	Three months ended 30.6.2013 (Unaudited) RMB
Basic - note (1)	(1.227)	(0.070)
Diluted - note (2)	(1.227)	(0.070)

Notes:

1. The calculation of basic losses per share is based on the loss of the Company for the three months ended 30 June 2014 of approximately RMB481,212,000 (1Q FY2014: RMB27,287,000) divided by the weighted average number of share capital of 392,211,636 ordinary shares (1Q FY2014: 392,211,636 ordinary shares).
2. In calculating the diluted losses per share attributable to the owners of the Company for the three months ended 30 June 2014 and for the three months ended 30 June 2013, the potential issue of shares arising from the conversion of convertible bonds and exercise of share options would decrease the losses per share attributable to the owners of the Company and is not taken into account as they have an anti-dilutive effect. Therefore, the diluted losses per share attributable to the owners of the Company for the three months ended 30 June 2014 is based on the loss attributable to the owners of the Company of approximately RMB481,212,000 (1Q FY2014: RMB27,287,000) and on the weighted average of 392,211,636 ordinary shares outstanding during the three months ended 30 June 2014 (1Q FY2014: 392,211,636 ordinary shares), which are the amounts used in calculating the basic losses per share for the period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	Group		Company	
	As at 30.6.2014 RMB	As at 31.3.2014 RMB	As at 30.6.2014 RMB	As at 31.3.2014 RMB
Net (liability)/asset value per ordinary share	(1.536)	(0.311)	0.156	0.247

Net (liability)/asset value of the Company per ordinary share was calculated based on:

1. the equity of our Group/Company as at 30 June 2014 and 31 March 2014; and
2. the issued ordinary shares at 30 June 2014 of 392,211,636 ordinary shares (31 March 2014: 392,211,636 ordinary shares).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's Performance for the three months ended 30 June 2014 as compared to the three months ended 30 June 2013

Operating Expenses

Selling and distribution expenses decreased 98.0% from RMB503,000 in 1Q FY2014 to RMB10,000 in 1Q FY2015. This was mainly due to no sales occurred in 1Q FY2015.

Administrative expenses, which mainly consist of provision for impairment of trade receivables, depreciation, insurance and staff related expenses, increased 75.9% from RMB10.2 million in 1Q FY2014 to RMB17.9 million in 1Q FY2015. The increase is mainly due to the provision for impairment of trade receivables amounting to RMB15.0 million were made during the period. The Group has made many attempts to collect these trade receivables which are overdue more than 12 months. However the Group has failed to collect any substantial amounts from customers despite such diligent effort, as these customers are experiencing financial difficulties or being wound up. While the Group makes continue effort to recover the impaired trade receivables from delinquent customers, the board took the prudent approach to make full provision for loss on the entire amount of trade receivables, which are overdue for more than 12 months.

The other operating expenses mainly consist of impairment loss on property, plant and equipment amounting to RMB445.6 million made during the period.

During early August 2014, the directors evaluated that the financial performance of the Group's cash-generating units ("CGUs") and expected their performance will deteriorate, in light of the on-going difficulties of the Group in collecting its overdue trade receivables, failure to arrange for new credit facilities to fund working capital, and failure to negotiate with its creditors to restructure overdue debt repayments.

According to International Accounting Standard 36 Impairment of Assets, the Group is required to test whether property, plant and equipment have suffered any impairment at end of each reporting period. The recoverable amounts of the CGUs should be determined based on value-in-use calculations and these calculations require the use of estimates about future cash flows expected to arise from the CGUs, the timeframe for the cash flow forecast and the suitable discount rates in order to calculate the present value. Accordingly, the recoverable amounts of the CGUs were determined from value-in-use calculations based on cash flow projections from formally revised budgets covering a five-year period using a discount rate of 10.5%.

The Management considered that the value-in-use of the CGU, comprising certain property, plant and equipment of the Group are significantly lower than their carrying amounts at the reporting date according to the calculation. As a result, impairment loss of approximately RMB445.6 million was recorded for property, plant and equipment.

Finance Costs

Finance costs mainly comprise interest expenses on the convertible bonds at amortised cost and interest expenses on the bank borrowings. The convertible bonds bear an interest rate of 4.5% per annum on the outstanding principal amount of the convertible bonds. For the three months ended 30 June 2014, effective interest expense on the convertible bonds was calculated using the effective interest method by applying the effective interest rate of 5.8% per annum to the convertible bonds value. Finance costs remained fairly stable at RMB15.9 million in 1Q FY2015 compared to RMB14.3 million in 1Q FY2014.

Review of the Group's Financial Position as at 30 June 2014

Capital deficiency attributable to equity holders of the Company as at 30 June 2014 amounted to RMB602.6 million, representing an increase of 394.3% from RMB121.9 million as at 31 March 2014. Based on a total issued share capital of 392.2 million shares, net liability value per ordinary share as at 30 June 2014 increased to RMB1.536 as compared to RMB0.311 as at 31 March 2014.

Cash and bank balances decreased from RMB81.9 million at 31 March 2014 to RMB1.3 million at 30 June 2014. This is mainly due to the net cash outflow of approximately RMB80.0 million used in repaying bank borrowings during the three-month period ended 30 June 2014.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

China Essence continued to face mounting pressures brought on three years ago when operating environment posted severe challenges. These challenges in turn adversely impacted both the revenue and net profit of the Group since August 2011.

Due to the limited working capital available for FY2014, worsened by the failure of customers to pay past sales, the Group had to reduce its production levels substantially when the annual harvest season began in August 2013. The starch and starch products manufactured were mostly sold in 4Q FY2014. No sales were recorded in 1Q FY2015.

The Group expects the market and operating environment remain very difficult in 2Q FY2015 due to low level of production brought upon by the limited working capital. Despite the challenging operating environment, the Management will continue to seek new sources of fund, fine-tuning its operations and remain diligent in managing its cash position, and keep a tight control on operating costs.

Convertible Bond and Bank Loans

As at the date of this report, part of the convertible bonds of principal amount of HK\$140 million and a bank loan from DBS bank of US\$38.5 million remain overdue. The Group continues negotiation with the convertible bonds holders and DBS bank to resolve these matters. The Group needs time to settle these matters with the relevant parties as the financial markets continue to be difficult. The Group will provide an update on any material development in due course.

11. Dividend***(a) Current Financial Period Reported On***

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated)

Not applicable

(d) The date the dividend is payable

Not applicable

(e) The date where Registerable Transfers received by the Company (up to 5:00pm) will be registered before the entitlements to the dividend are determined.

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the three months ended 30 June 2014.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for IPTs.

ON BEHALF OF THE BOARD

Zhao Libin
Executive Chairman and Chief Executive Officer
14 August 2014



CHINA ESSENCE GROUP LTD.

(Incorporated in the Cayman Islands with registration number CT-152302)

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE SGX LISTING MANUAL

We, Zhao Libin and Li Jiquan being two Directors of China Essence Group Ltd. (the “Company”), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the First Quarter Financial Results ended 30 June 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Zhao Libin
Executive Chairman and
Chief Executive Officer

Li Jiquan
Executive Director