



China Essence Group Ltd.
嵩天集团有限公司

(the "**Company**")

(Incorporated in the Cayman Islands)

(Registration No. CT-152302)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

The Board of Directors of China Essence Group Ltd (the "Company", or together with its subsidiaries, the "Group") refers to the announcement dated 3 June 2014 in relation to the Company being placed on the watch-list. Pursuant to Rule 1313(2) of the Listing Manual which requires the Company to provide a quarterly update on its financial situation, including its future direction, or other material development that may have significant impact on its financial position, the Board wishes to provide the following update on the Group to complement the result announcement as released to the SGX for the reporting quarter ended June 2015.

Financial Updates

For the three-months ended 30 June 2015 ("1Q FY2016"), the Group reported a loss of RMB25.4 million, compared to a loss of RMB481.2 million for the three-months ended 30 June 2014 ("1Q FY2015"). The higher loss in FY2015 is mainly due to the impairment of property, plant and equipment and impairment of trade receivables made during 1Q FY2015. Kindly refers to the page 11 of the 1Q FY2015 result announcement dated 14 August 2014 in relation to the further explanation of the impairment of property, plant and equipment and impairment of trade receivables.

Update on Future Direction and Other Material Development

Saved as disclosed, there are no material developments that may have a significant impact on the financial position of the Group.

The Board will update shareholders on material developments in due course and the Company will make further announcements as and when there are any subsequent developments hereafter.

By Order of the Board

Er Kwong Wah
Non-Executive Independent Chairman
14 August 2015