



China Essence Group Ltd.  
嵩天集团有限公司

FY2014 Results | 30 May 2014

*“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”*



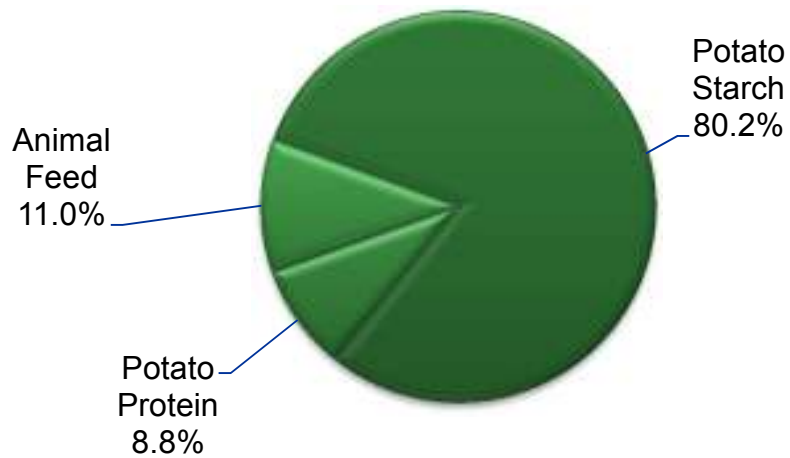
# FY2014 Financial Review

RMB'm	FY2014	FY2013	% Change
Revenue	45.1	397.6	(89)
Gross loss	(29.1)	(174.6)	(83)
Gross loss margin (%)	(64.5)	(43.9)	(20.6)Pts
Operating loss	(601.0)	(455.8)	32
- S&D cost	(2.1)	(51.3)	(96)
- Admin exp.	(289.6)	(132.5)	119
-Other operating expenses	(280.4)	(101.7)	176
Loss before tax	(661.6)	(508.2)	30
Net loss	(661.6)	(555.7)	19

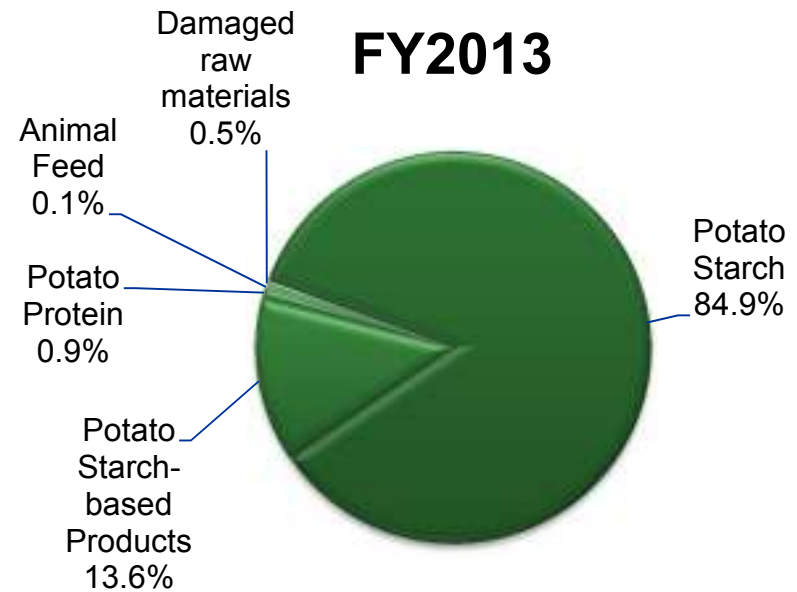


# Revenue Breakdown

**FY2014**



**FY2013**



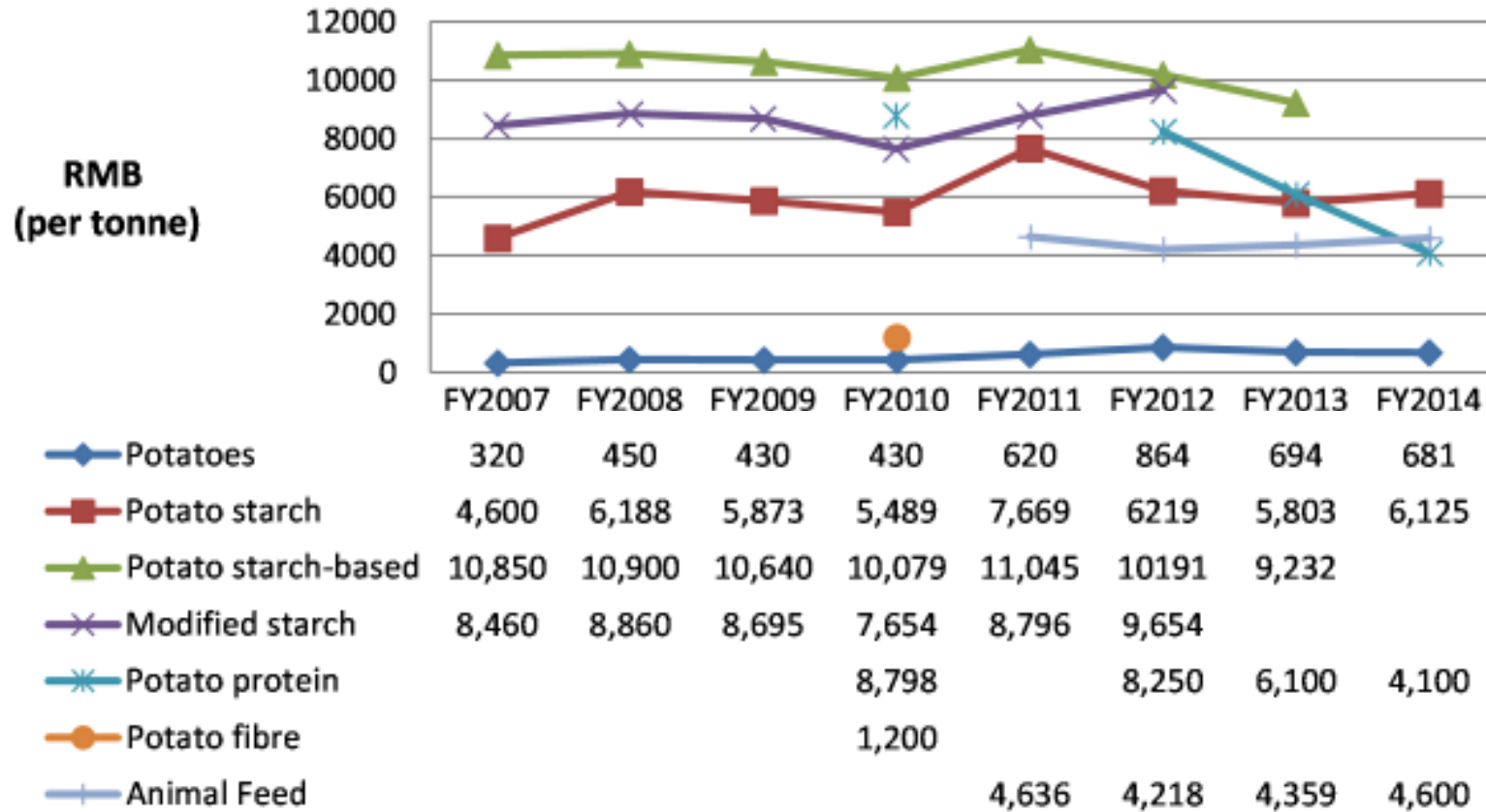
# Sales and Average Selling Price (“ASP”)

Percentage increase/ (decrease) in sales volume/ ASP

Product	FY2014 vs. FY2013	
	Sales volume (%)	ASP (%)
Potato starch	(89.8)	5.5
Potato starch-based products (comprising starch strips, vermicelli, five-grain noodles)	(100.0)	N.A.
Modified starch	N.A.	N.A.
Potato Protein	59.5	(32.8)
Animal feed	869.7	5.9



# Price Trends



# Margin Analysis

RMB'm	Potato starch			Potato starch-based		
	FY2014	FY2013	% change	FY2014	FY2013	% change
Turnover	36.1	337.4	(89.3)	-	54.2	(100.0)
Gross loss	(30.0)	(113.0)	(73.4)	-	(9.4)	(100.0)
Gross margins (%)	(82.9)	(33.5)	(49.4)pts	-	(17.4)	N.M.

RMB'm	Potato protein			Animal feed		
	FY2014	FY2013	% change	FY2014	FY2013	% change
Turnover	4.0	3.7	7.2	5.0	0.5	926.6
Gross profit/(loss)	0.8	(2.4)	N.M.	0.1	(5.3)	N.M.
Gross margins (%)	22.5	(63.3)	85.8pts	N.M.	N.M.	N.M.

RMB'm	Modified starch			Damaged raw materials		
	FY2014	FY2013	% change	FY2014	FY2013	% change
Turnover	-	-	N.M	-	1.8	(100.0)
Gross (loss)/profit	-	-	N.M	-	(44.5)	(100.0)
Gross margins (%)	-	-	N.M	-	N.M.	N.M.



# Balance Sheet Highlights

RMB'm	As at 31 Mar 2014	As at 31 Mar 2013
Total assets	919.5	1,389.3
Non-current assets	722.9	1,027.1
Inventories	0.7	30.2
Trade receivables	44.2	280.2
Cash at bank and in hand	81.9	1.3
Total liabilities	1,041.4	848.7
(Capital deficiency)/Shareholders' equity	(121.9)	540.7



# Key Ratios

	As at 31 Mar 2014	As at 31 Mar 2013
(NLV)/NAV per share (RMB) <sup>(1)</sup>	(0.311)	1.379
(NLV)/NAV per share (S\$)	(0.063) <sup>(2)</sup>	0.277 <sup>(3)</sup>
Gearing (%)	N.M.	152.3
Ave. receivables turnover (days)	1,476	397
Ave. payables turnover (days)	1	3
Ave. inventory turnover	76	41

(1) NTA per share was computed based on the share capital of 392,211,636 ordinary shares as at 31 March 2014

(2) NTA per share in Singapore cents was calculated based on the exchange rate of S\$1: RMB4.943

(3) NTA per share in Singapore cents was calculated based on the exchange rate of S\$1: RMB5.002



# Cash Flow Highlights

RMB'm	FY2014	FY2013
Cash flow generated from/(used in):		
-Operating activities	(82.6)	16.5
-Investing activities	(5.7)	(12.5)
-Financing activities	169.1	(36.9)
Net increase/(decrease) in cash & cash equiv.	80.8	(33.0)
Cash & cash equiv. at beginning	1.1	35.1
Cash & cash equiv. at end	81.9	1.1



# Capacity Utilisation

	FY2014					FY2013				
Lines	Potato starch	Potato starch-based	Modified starch	Potato protein	Animal feed	Potato starch	Potato starch-based	Modified starch	Potato protein	Animal feed
Max APC	200,000	22,000	18,000	16,000	120,000	200,000	22,000	18,000	16,000	120,000
Actual APC	34,439	-	-	-	-	62,734	6,687	-	1,864	1,345
Average utilisation rate (%)	17.2	-	-	-	-	31.4	30.4	-	11.6	1.1
% for internal usage (%)	-	N/A	N/A	N/A	N/A	9.9	N/A	N/A	N/A	N/A



# Outlook

- Market and operating environment remains difficult
- Demand for potato starch expected to remain robust for the long-term
- Remains positive on recovery of potato starch price

# Strategy / Plans

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





***Thank You***