



CHINA ESSENCE GROUP LTD.

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

FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

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		
	Year ended 31.3.2015	Year ended 31.3.2014	Increase/ (Decrease)
	RMB'000	RMB'000	%
Revenue	-	45,143	(100)
Cost of sales	-	(74,264)	(100)
Gross Loss	-	(29,121)	(100)
Other income and gains	2,107	274	669
Selling and distribution costs	(60)	(2,054)	(97)
Administrative expenses	(70,918)	(289,645)	(76)
Other operating expenses	(447,375)	(280,435)	60
Loss from operations	(516,246)	(600,981)	(14)
Change in fair value of derivative financial instrument	-	249	(100)
Finance costs	(46,320)	(60,890)	(24)
Loss before income tax	(562,566)	(661,622)	(15)
Income tax expense	(11,577)	-	N.M.
Loss for the year	(574,143)	(661,622)	(13)
Exchange gain/(loss) on translation of financial statements of foreign operations	719	(944)	N.M.
Total comprehensive income for the year, net of tax	(574,424)	(662,566)	(13)

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	
	Year ended 31.3.2015	Year ended 31.3.2014
	RMB'000	RMB'000
Amortisation of land use rights	5,623	5,623
Change in fair value of derivative financial instrument	-	(249)
Depreciation of property, plant and equipment	19,730	74,331
Interest expense on convertible bonds at amortised cost	-	11,980
Provision for impairment of trade receivables	44,198	262,230
Provision for impairment of property, plant and equipment	445,572	230,000
Write-back of provision for inventories	-	(1,655)

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 31.3.2015	As at 31.3.2014	As at 31.3.2015	As at 31.3.2014
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	449,272	-	-
Land use rights	240,427	246,050	-	-
Long term deposits	-	16,030	-	-
Deferred tax assets	-	11,577	-	-
Interests in subsidiaries	-	-	29,675	29,739
	240,427	722,929	29,675	29,739
Current assets				
Inventories	671	681	-	-
Trade receivables	-	44,198	-	-
Amounts due from subsidiaries	-	-	512,313	513,414
Prepayments and other receivables	49,906	69,808	-	-
Cash at bank and in hand	680	81,875	43	43
	51,257	196,562	512,356	513,457
Total assets	291,684	919,491	542,031	543,196
EQUITY AND LIABILITIES				
Share capital	207,047	207,047	207,047	207,047
Reserves	(902,372)	(328,948)	(132,471)	(110,148)
(Capital deficiency)/Total equity	(695,325)	(121,901)	74,576	96,899
Current liabilities				
Trade payables	143	143	-	-
Accrued liabilities and other payables	102,776	45,177	43,358	30,218
Amount due to a subsidiary	-	-	8	8
Convertible bonds	184,592	176,059	184,592	176,059
Interest-bearing bank borrowings and overdrafts	699,498	820,013	239,497	240,012
	987,009	1,041,392	467,455	446,297
(Capital deficiency)/Total equity and liabilities	291,684	919,491	542,031	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 31.3.2015		As at 31.3.2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
644,593	239,497	756,060	240,012

Amount repayable after one year

As at 31.3.2015		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 and other borrowings amounting to RMB460,000,000. The convertible bonds of the Group are charged over all shares of Honour Wealth International Limited and Huge Glory Holding Limited, which are wholly owned subsidiaries of the Group.

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

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

	Group	
	Year ended 31.3.2015 RMB'000	Year ended 31.3.2014 RMB'000
Cash flows from operating activities		
Loss before income tax	(562,566)	(661,622)
Adjustments for:		
Interest income	(22)	(67)
Interest expenses	46,320	60,890
Amortisation of land use rights	5,623	5,623
Depreciation of property, plant and equipment	19,730	74,331
Change in fair value of derivative financial instruments	-	(249)
Provision for impairment of trade receivables	44,198	262,230
Provision for impairment of property, plant and equipment	445,572	230,000
Write-back of provision for inventories	-	(1,655)
Operating loss before working capital changes	(1,145)	(30,519)
Decrease in inventories	10	31,170
Increase in trade receivables	-	(26,269)
Decrease/(Increase) in prepayment and other receivables	19,902	(19,278)
Decrease in trade payables	-	(3,770)
Increase in accrued liabilities and other payables	44,695	975
Cash generated from/(used in) operations	63,462	(47,691)
Interest paid	(24,506)	(34,919)
Net cash generated from/(used in) operating activities	38,956	(82,610)
Cash flows from investing activities		
Purchases of property, plant and equipment	-	(5,768)
Interest received	22	67
Net cash generated from/(used in) investing activities	22	(5,701)
Cash flows from financing activities		
Increase in amount due to a director	-	9,070
Bank borrowings raised	300,000	680,000
Repayment of bank borrowings	(420,161)	(520,000)
Net cash (used in)/generated from financing activities	(120,161)	169,070
Net (decrease)/increase in cash and cash equivalents	(81,183)	80,759
Cash and cash equivalents at beginning of year	81,874	1,144
Effect of foreign exchange rate changes	(12)	(29)
Cash and cash equivalents at end of year	679	81,874
Analysis of balances of cash and cash equivalents		
Cash and bank balances	680	81,875
Bank overdrafts	(1)	(1)
	679	81,874

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								Total RMB'000
	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	
Balance at 1 April 2013	207,047	97,081	4,652	65,805	(130,045)	75,765	220,360	540,665
Loss for the year	-	-	-	-	-	-	(661,622)	(661,622)
Other comprehensive income								
- Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(944)	-	(944)
Total comprehensive income for the year	-	-	-	-	-	(944)	(661,622)	(662,566)
Balance at 31 March 2014	207,047	97,081	4,652	65,805	(130,045)	74,821	(441,262)	(121,901)
Balance at 1 April 2014	207,047	97,081	4,652	65,805	(130,045)	74,821	(441,262)	(121,901)
Loss for the year	-	-	-	-	-	-	(574,143)	(574,143)
Other comprehensive income								
- Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	719	-	719
Total comprehensive income for the year	-	-	-	-	-	719	(574,143)	(573,424)
Share options forfeited	-	-	(612)	-	-	-	612	-
Balance at 31 March 2015	207,047	97,081	4,040	65,805	(130,045)	75,540	(1,014,793)	(695,325)
COMPANY								
							Retained profits/ (Accumulated losses) RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Exchange reserve RMB'000				
Balance at 1 April 2013	207,047	158,056	4,652	(87,418)		(149,950)	132,387	
Loss for the year	-	-	-	-		(35,790)	(35,790)	
Other comprehensive income								
- Currency translation differences	-	-	-	302		-	302	
Total comprehensive income for the year	-	-	-	302		(35,790)	(35,488)	
Balance at 31 March 2014	207,047	158,056	4,652	(87,116)		(185,740)	96,899	
Balance at 1 April 2014	207,047	158,056	4,652	(87,116)		(185,740)	96,899	
Loss for the year	-	-	-	-		(22,113)	(22,113)	
Other comprehensive income								
- Currency translation differences	-	-	-	(210)		-	(210)	
Total comprehensive income for the year	-	-	-	(210)		(22,113)	(22,323)	
Share options forfeited	-	-	(612)	-		612	-	
Balance at 31 March 2015	207,047	158,056	4,040	(87,326)		(207,241)	74,576	

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 31 March 2015	392,211,636	HK\$196,105,818

Share capital

There were no movements in the Company's share capital during the year ended 31 March 2015 and 31 March 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 FY2015, FY2013, FY2011 and FY2009, 1,000,000, 1,000,000, 1,000,000 and 500,000 share options were forfeited respectively as the employee and 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. During period ended 31 December 2014, the total of 1,000,000 share options were expired.

Apart from these 4,400,000 (31 March 2014: 5,400,000) share options, the Company had no other outstanding options as at 31 March 2015.

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.

As mentioned in paragraph (b) above, the Bonds is matured as at the date of this report. However, the Group has not paid the third, fourth, fifth, sixth and seventh redemption instalments totalling of HK\$200,000,000 (equivalent to approximately RMB160,000,000) which are due and payable on 31 December 2012, 30 June 2013, 31 December 2013, 30 June 2014 and 31 December 2014 respectively. The total coupon interest and the related default interest of approximately RMB28,134,000 also remain overdue as at 31 March 2015.

Except as disclosed above, the Company had no other outstanding convertibles as at 31 March 2015 and 31 March 2014.

The Company did not hold any of its issued shares as treasury shares as at 31 March 2015 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 31 March 2015	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 year 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	
	Year ended 31.3.2015 RMB	Year ended 31.3.2014 RMB
Basic - note (1)	(1.464)	(1.687)
Diluted - note (2)	(1.464)	(1.687)

Notes:

1. The calculation of basic losses per share is based on the loss of the Company for the year ended 31 March 2014 of approximately RMB574,143,000 (FY2014: RMB661,622,000) divided by the weighted average number of share capital of 392,211,636 ordinary shares (year ended 31 March 2014: 392,211,636 ordinary shares).
2. In calculating the diluted earnings per share attributable to the owners of the Company for the year ended 31 March 2015 and for the year ended 31 March 2014, 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 earnings per share attributable to the owners of the Company for the year ended 31 March 2015 is based on the loss attributable to the owners of the Company of approximately RMB574,143,000 (FY2014: RMB661,622,000) and on the weighted average of 392,211,636 ordinary shares outstanding during the year ended 31 March 2015 (FY2014: 392,211,636 ordinary shares), which are the amounts used in calculating the basic losses per share for the year.

7. Net (liability)/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 31.3.2015 RMB	As at 31.3.2014 RMB	As at 31.3.2015 RMB	As at 31.3.2014 RMB
Net (liability)/asset value per ordinary share	(1.773)	(0.311)	0.190	0.247

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

1. the (capital deficiency)/equity of our Group/Company as at 31 March 2015 and 31 March 2014; and
2. the issued ordinary shares at 31 March 2015 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 year ended 31 March 2015 as compared to the year ended 31 March 2015

Operating Expenses

Selling and distribution expenses decreased 97.1% from RMB2.1 million for FY2014 to RMB 60K for FY2015. This was mainly due to no sales occurred in FY2015.

Administrative expenses, which mainly comprise provision for impairment of trade receivables, depreciation, insurance and staff related expenses, decreased 75.5% from RMB289.6 million in FY2014 to RMB70.9 million in FY2015. This is mainly due to the provision for impairment of trade receivables amounted to RMB262.2 million in FY2014 as compared to no similar provision is made in FY2015. Apart from this, the other administrative expenses remained fairly stable as compared to the corresponding period.

The increase of other operating expenses is mainly due to the increase of impairment loss on property, plant and equipment from RMB230.0 million in FY2014 to RMB445.6 million in FY2015. The Group tests periodically whether property, plant and equipment and intangible assets have suffered any impairment in accordance with the accounting policy of the Group with reference to International Accounting Standard 36 Impairment of Assets. The recoverable amounts of cash-generating unit have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows expected to arise from the cash generating unit, the timeframe for the cash flow forecast and the suitable discount rates in order to calculate the present value. Management considered that the value-in-use of these non-financial assets were significantly lower than their carrying amounts at the reporting date according to the calculation.

Finance Costs

The finance costs mainly comprise interest expenses on the convertible bonds and bank borrowings. The convertible bonds bear an interest rate of 4.5% per annum on the outstanding principal amount of the convertible bonds.

Finance costs decreased 23.9% from RMB60.9 million in FY2014 to RMB46.3 million in FY2015 due to the decrease of onshore bank loan.

Taxation

In FY2015, the Group derecognised the deferred tax asset amounting RMB11.6 million in the opinion that the realisation of the related tax benefit through future taxable profits is remote.

Review of the Group's Financial Position as at 31 March 2015

Capital deficiency attributable to equity holders of the Company as at 31 March 2015 amounted to RMB683.7 million, representing an increase of 460.9% 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 31 March 2015 increased to RMB1.743 as compared to RMB0.311 as at 31 March 2014.

Trade receivables decreased from RMB44.2 million as at 31 March 2014 to nil as at 31 March 2015 due to the provision for impairment of trade receivables during the financial year.

Cash and bank balances decreased from RMB81.9 million at 31 March 2014 to RMB0.7 million at 31 March 2015. This is mainly due to the net cash outflow of approximately RMB120.0 million used in repaying bank borrowings during the FY2015.

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 the revenue, cashflow and net profit of the Group since August 2011.

Due to the limited working capital available, the Group did not produce in FY2015. The Group will remain diligent in managing its cash position to keep a tight control on operating costs.

Convertible Bond and Bank Loans

As at the date of this report, the convertible bonds is matured. The total of principal amount of HK\$200 million and a bank loan from DBS bank of US\$38.5 million remain overdue.

Pursuant to the announcement made on 23 December 2014, the Group continues to negotiate with our debtors with the objective to implement a scheme of arrangement of the debts with the convertible bonds holders and DBS bank. The Group needs time to find a resolution to 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 year ended 31 March 2015.

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable. There is no sale occurred during FY2015.

- 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Refer to Paragraph 8 for details on revenue contribution by industry.

- 16. A break down of sales**

	Group		
	Year ended 31.3.2015 RMB'000	Year ended 31.3.2014 RMB'000	Increase/ (Decrease) %
Revenue reported for the first half year	-	10,555	(100.0)
Loss attributable to the owners of the Company for the first half year	(525,484)	(64,354)	716.6
Revenue reported for the second half year	-	34,588	(100.0)
Loss attributable to the owners of the Company for the second half year	(37,082)	(597,268)	(93.8)

- 17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	Latest Full Year RMB'000	Previous Full Year RMB'000
Ordinary	-	-
Preference	-	-

- 18. Interested person transactions**

None

- 19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in China Essence Group Limited (the “Company”) or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

ON BEHALF OF THE BOARD

Zhao Libin
Executive Chairman and Chief Executive Officer
29 May 2015