



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 Company and its subsidiaries (the "Group") to complement the result announcement as released to the SGX for the reporting year ended March 2015.

Financial Updates

For the year ended 31 March 2015 ("FY2015"), the Group reported a loss of RMB574.1 million, compared to a loss of RMB661.2 million for the year ended 31 March 2014 ("FY2014"). The lower loss is mainly due to lower the provision for impairment of trade receivables in FY2015 as compared to FY2014, coupling the lower depreciation charges for the reporting year as all property, plant and equipment has been fully impaired during the quarter ended June 2014 ("1Q FY2015"). However, the loss is slightly offset with the higher provision for impairment of property, plant and equipment during FY2015 as compared to FY2014.

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.

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

Zhao Libin
Executive Chairman and Chief Executive Officer
29 May 2015