



CHINA ESSENCE GROUP LTD.

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

SECOND QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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 30.9.2014	Three months ended 30.9.2013	Increase/ (Decrease)	Six months ended 30.9.2014	Six months ended 30.9.2013	Increase/ (Decrease)
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	-	-	N.M.	-	10,555	(100)
Cost of sales	-	-	N.M.	-	(12,887)	(100)
Gross Loss	-	-	N.M.	-	(2,332)	(100)
Other income and gains	117	1	11,600	137	71	93
Selling and distribution costs	(29)	(120)	(76)	(39)	(623)	(94)
Administrative expenses	(2,227)	(21,266)	(90)	(49,365)	(31,461)	57
Other operating expenses	-	-	N.M.	(447,375)	-	N.M.
Loss from operations	(2,139)	(21,385)	(90)	(496,642)	(34,345)	1,346
Finance costs	(12,930)	(15,682)	(18)	(28,842)	(30,009)	(4)
Loss for the period	(15,069)	(37,067)	(59)	(525,484)	(64,354)	717
Exchange gain on translation of financial statements of foreign operations	5,832	-	N.M.	6,334	4,380	45
Total comprehensive loss for the period, net of tax	(9,237)	(37,067)	(75)	(519,150)	(59,974)	766

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:

	Group			
	Three months ended 30.9.2014 (Unaudited) RMB'000	Three months ended 30.9.2013 (Unaudited) RMB'000	Six months ended 30.9.2014 (Unaudited) RMB'000	Six months ended 30.9.2013 (Unaudited) RMB'000
Amortisation of land use rights	1,336	1,406	2,742	2,812
Depreciation of property, plant and equipment	-	20,134	19,730	38,715
Interest expense on convertible bonds	-	2,087	-	4,093
Provision for impairment of trade receivables	-	-	44,198	-
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 30.9.2014 (Unaudited) RMB'000	As at 31.3.2014 (Audited) RMB'000	As at 30.9.2014 (Unaudited) RMB'000	As at 31.3.2014 (Audited) RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	449,272	-	-
Land use rights	243,308	246,050	-	-
Long term deposits	-	16,030	-	-
Interests in subsidiaries	-	-	29,334	29,739
Deferred tax assets	11,577	11,577	-	-
	254,885	722,929	29,334	29,739
Current assets				
Inventories	671	681	-	-
Trade receivables	-	44,198	-	-
Amounts due from subsidiaries	-	-	506,419	513,414
Prepayments and other receivables	67,652	69,808	-	-
Cash at bank and in hand	2,228	81,875	42	43
	70,551	196,562	506,461	513,457
Total assets	325,436	919,491	535,795	543,196
EQUITY AND LIABILITIES				
Share capital	207,047	207,047	207,047	207,047
Reserves	(848,098)	(328,948)	(119,221)	(110,148)
(Capital deficiency)/Total equity	(641,051)	(121,901)	87,826	96,899
Current liabilities				
Trade payables	143	143	-	-
Accrued liabilities and other payables	91,546	45,177	33,003	30,218
Amount due to a subsidiary	-	-	8	8
Convertible bonds	178,216	176,059	178,216	176,059
Interest-bearing bank borrowings and overdrafts	696,582	820,013	236,742	240,012
Total liabilities	966,487	1,041,392	447,969	446,297
(Capital deficiency)/Total equity and liabilities	325,436	919,491	535,795	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 30.9.2014		As at 31.3.2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
638,056	236,742	756,059	240,013

Amount repayable after one year

As at 30.9.2014		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 RMB460,000,000. 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.

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

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

	Group	
	Six months ended 30.9.2014 (Unaudited) RMB'000	Six months ended 30.9.2013 (Unaudited) RMB'000
Cash flows from operating activities		
Loss before income tax	(525,484)	(64,354)
Adjustments for:		
Interest income	(20)	(71)
Interest expenses	28,842	30,009
Amortisation of land use rights	2,742	2,812
Depreciation of property, plant and equipment	19,730	38,715
Provision for impairment of trade receivables	44,198	-
Provision for impairment of property, plant and equipment	445,572	-
Operating profit before working capital changes	15,580	7,111
Decrease/(Increase) in inventories	10	(20,310)
Decrease in trade receivables	-	5,779
Decrease/(Increase) in prepayments and other receivables	2,156	(47,973)
Decrease in trade payables	-	(2,515)
Increase in accrued liabilities and other payables	39,987	5,101
Cash generated/(used in) from operations	57,733	(52,807)
Interest paid	(19,874)	(23,820)
Net cash generated/(used in) from operating activities	37,859	(76,627)
Cash flows from investing activities		
Purchases of property, plant and equipment	-	(5,768)
Interest received	20	71
Net cash generated/(used in) from investing activities	20	(5,697)
Cash flows from financing activities		
Bank borrowings raised	300,000	380,000
Repayment to convertible bonds	-	-
Repayment of bank borrowings and overdrafts	(420,161)	(300,000)
Net cash used in financing activities	(120,161)	(80,000)
Net decrease in cash and cash equivalents	(82,282)	(2,324)
Cash and cash equivalents at beginning of period	81,874	1,348
Effect of foreign exchange rate changes	2,635	2,333
Cash and cash equivalents at end of period	2,227	1,357
Analysis of balances of cash and cash equivalents		
Cash at bank and in hand	2,228	1,636
Bank overdrafts	(1)	(279)
	2,227	1,357

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	Share premium	Share option reserve	Other reserves	Merger reserve	Exchange reserve	Retained Profits/ (Accumulated losses)	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	-	-	-	-	-	-	(64,354)	(64,354)	
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	(64,354)	(59,974)	
Balance at 30 September 2013	207,047	97,081	4,652	65,805	(130,045)	80,145	156,006	480,691	
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	-	-	-	-	-	-	(525,484)	(525,484)	
Other comprehensive loss									
- Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	6,334	-	6,334	
Total comprehensive income for the period	-	-	-	-	-	6,334	(525,484)	(519,150)	
Balance at 30 September 2014	207,047	97,081	4,652	65,805	(130,045)	81,155	(966,746)	(641,051)	
COMPANY									
	Share capital	Share premium	Share option reserve	Exchange reserve	Retained profits/ (Accumulated losses)	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 April 2013	207,047	158,056	4,652	(87,418)	(149,950)	132,387			
Loss for the period	-	-	-	-	(13,321)	(13,321)			
Other comprehensive income									
- Currency translation differences	-	-	-	(1,384)	-	(1,384)			
Total comprehensive loss for the period	-	-	-	(1,384)	(13,321)	(14,705)			
Balance at 30 September 2013	207,047	158,056	4,652	(88,802)	(163,271)	117,682			
Balance at 1 April 2014	207,047	158,056	4,652	(87,116)	(185,740)	96,899			
Loss for the period	-	-	-	-	(10,938)	(10,938)			
Other comprehensive income									
- Currency translation differences	-	-	-	1,865	-	1,865			
Total comprehensive income for the period	-	-	-	1,865	(10,938)	(9,073)			
Balance at 30 September 2014	207,047	158,056	4,652	(85,251)	(196,678)	87,826			

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 September 2014	<u>392,211,636</u>	<u>HK\$196,105,818</u>

Share capital

There were no movements in the Company's share capital during the six months ended 30 September 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 FY2014, 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.

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 September 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 RMB22,755,000 also remain overdue as at 30 September 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 RMB47,430,000) as at 30 September 2014 are and have become immediately due and payable. Accordingly, the portion of the remaining revised Bonds that are redeemable after 30 September 2014 pursuant to the redemption schedule of HK\$60,000,000

(equivalent to approximately RMB47,430,000) is classified as current liabilities as at 30 September 2014.

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

The Company did not hold any of its issued shares as treasury shares as at 30 September 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 September 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	Three months ended	Six months ended	Six months ended
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB	RMB	RMB	RMB
Basic - note (1)	(0.038)	(0.095)	(1.340)	(0.164)
Diluted - note (2)	(0.038)	(0.095)	(1.340)	(0.164)

Notes:

- The calculation of basic earnings per share is based on the loss of the Company for the three months ended 30 September 2014 of approximately RMB15,069,000 (loss for the three months ended 30 September 2013: RMB37,067,000) and the six months ended 30 September 2014 of approximately RMB525,484,000 (loss for the six months ended 30 September 2013: RMB64,354,000) divided by the weighted average number of share capital of 392,211,636 ordinary shares (three months and six months ended 30 September 2013: 392,211,636 ordinary shares).
- In calculating the diluted losses per share attributable to the owners of the Company for the three months ended 30 September 2014 and for the three months ended 30 September 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 September 2014 is based on the loss attributable to the owners of the Company of approximately RMB15,069,000 (loss for the three months ended 30 September 2013: RMB37,067,000) and the six months ended 30 September 2014 of approximately RMB525,484,000 (loss for the six months ended 30 September 2013: RMB64,354,000) divided by the weighted average number of share capital of 392,211,636 ordinary shares (three months and six months ended 30 September 2013: 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	As at	As at	As at
	30.9.2014	31.3.2014	30.9.2014	31.3.2014
	RMB	RMB	RMB	RMB
Net liability value per ordinary share	(1.634)	(0.311)	0.224	0.247

Net liability value of the Company per ordinary share was calculated based on:

- the capital deficiency of our Group/Company as at 30 September 2014 and 31 March 2014; and
- the issued ordinary shares at 30 September 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 six months ended 30 September 2014 as compared to the six months ended 30 September 2013

Operating Expenses

Selling and distribution expenses decreased 93.7% from RMB623,000 in 1H FY2014 to RMB39,000 in 1H FY2015. This was mainly due to no sales occurred in 1H FY2015.

Administrative expenses, which mainly consist of provision for impairment of trade receivables, depreciation, insurance and staff related expenses, increased 56.9% from RMB31.5 million in 1H FY2014 to RMB49.4 million in 1H FY2015. The increase is mainly due to the provision for impairment of trade receivables amounting to RMB44.2 million were made during the period. The impaired trade receivables were due from customers experiencing financial difficulties that were in default or delinquency of payments.

The other operating expenses mainly consists of impairment loss on property, plant and equipment amounting to RMB445.6 million made during the period. 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 remained fairly stable at RMB28.8 million in 1H FY2015 compared to RMB30.0 million in 1H FY2014.

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

Capital deficiency attributable to equity holders of the Company as at 30 September 2014 amounted to RMB641.1 million, representing an increase of 425.9% 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 30 September 2014 increased to RMB1.634 as compared to RMB0.311 as at 31 March 2014.

Cash and bank balances decreased from RMB81.9 million at 31 March 2014 to RMB2.2 million at 30 September 2014. This is mainly due to the net cash outflow of approximately RMB120.0 million used in repaying bank borrowings during the six-month period ended 30 September 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 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 1H 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, 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 six months ended 30 September 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
13 November 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 Second Quarter Financial Results ended 30 September 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