PAVING THE WAY

OCEANUS GROUP LIMITED
ANNUAL REPORT 2015

CONTENT

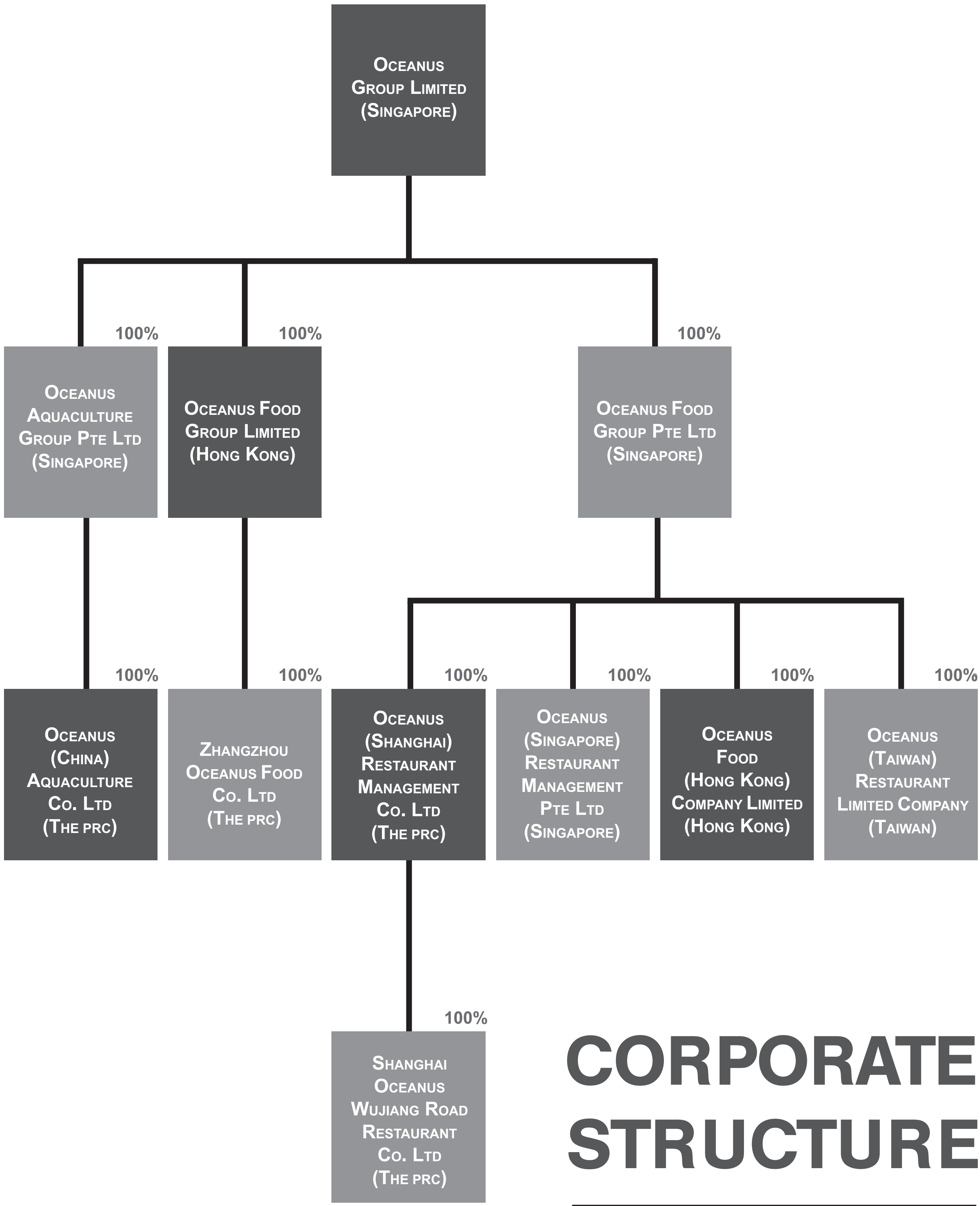
CORPORATE PROFILE

Oceanus Group Limited ("**Oceanus**", and together with its subsidiaries, the "**Group**"), a company listed on the Mainboard of the SGX-ST, aims to be a global premium seafood supply chain manager. Supported by land farms in the People's Republic of China, the Group employs a science-and-evidence-based approach to breed abalone and premium seafood, relying on cutting-edge aquaculture technology to monitor and analyse breeding parameters and statistics for effective farming.

Working closely with the brightest minds and industry thought leaders of leading institutions and universities, Oceanus is committed to producing quality and affordable premium seafood products through sustainable farming practices, innovation and research and development.

For more information, please visit http://oceanus.com.sg/.

CORPORATE STRUCTURE



CEO'S STATEMENT

Dear Shareholders,

The financial year ended December 31, 2015 ("**FY2015**") was a watershed year for Oceanus, after several tough years that we have had.

Clear Turnaround Roadmap

Having thoroughly analysed the company and its operations since taking over the reins, I had on January 28, 2015 outlined a roadmap and key objectives to re-establishing and strengthening Oceanus' foundations.

My immediate priority, after communicating and receiving feedback from shareholders, customers, key stakeholders, employees and competitors, was to re-evaluate our business model in order to remain relevant and agile to current market trends and conditions.

Apart from strict austerity measures to significantly reduce operational costs, it is also vital to drive topline growth to ensure the sustainability of our business.

Enhanced Business Model

In contrast to our old business model, we've switched to an abalone hatchery model, working with sea farmers instead of competing with them. We focus on our competitive advantages and strengths as a land-based farm, supplying sea farmers with abalone juveniles or spawns and obtaining full-grown abalones from them at prices that are 30% to 40% lower than what land farming offers.

Not only will this mitigate our operational risks, and lower our cost of operations, it also frees up farm space that could be rented out for recurring income or used to develop new income streams through product diversification.

We have also been working closely with an Australian processor, BNY Trading Pty Ltd ("**BNY**"), for the supply of abalone meat for canning and making dried abalones, which has already gained traction as shown in the maiden RMB 1.1 million earned under sales of trading segment in FY2015. This is a good start, with more possibilities in the pipeline as Oceanus has the exclusive right to sell, distribute and manage BNY's products and customers in all countries outside Australia. We are pleased to work with a trusted and reputable partner like BNY, which is registered with the highest Grade A Processor Establishment, in Queensland, Australia, and will progressively explore new business opportunities with such quality strategic partners.

Additionally, we've also diversified downstream to enter the consumer market with the launch of our halal-certified, MSG and preservatives-free premium canned abalones. We had conducted a food tasting and survey on our first abalone consumer canning during an Extraordinary General Meeting held on May 22, 2015 and had received very positive feedback.

Successful Clean-Up: Operations & Books

With a leaner structure and a new senior management team in full and direct control of the Group's overall operations and production in China, we are now in an even stronger position than before to pursue our strategies to grow the business.

Our cost-cutting measures and change in business model has reaped results, as reflected in the 75.7% narrowed losses in FY2015 that is mainly due to substantial reduction in production costs and operating expenses.

On cleaning up of our balance sheet and debt, we've in FY2015 been in active negotiations with key creditors to restructure our loans and warrants due in FY2016. Subsequent to FY2015, we've announced on January 24, 2017 that we've successfully entered into a binding term sheet that will see **our key secured creditors convert 75.4%** of their outstanding debt to equity, and the balance S$20 million debt will be paid from net proceeds from the sale of our land farms in the PRC back to the local authorities – marking a giant leap towards being a debt-free company.

Science & Evidence Approach

We've since also employed a Science-and-Evidence-based approach to farming and believe that we are the only land-based abalone farm in the world to employ cutting-edge technologies under carefully controlled environments. This is aimed at increasing production efficiency, breeding success rate and encouraging the growth, survival and propagation of our premium seafood.

To raise the governance of our offshore farms from our headquarters in Singapore, and to closely monitor the progress of our spawns, we have put in place the necessary technological infrastructure to monitor vital breeding parameters such as the pH level, oxygen saturation and salinity that will determine the survival of our spawns, and alert us of anomalies for us to take the necessary precaution in good time.

We have also developed our own in-house "Farm Safety and Risk Management Plans for Oceanus Farms" and "Abalone Breeding" manuals, which, together, seek to mitigate all identified risks associated with land-based aquaculture farm and aim to achieve an increase in the survival and growth of larvae and juveniles.

On the research and development front, we entered into a number of MOUs with many renowned institutions both locally and overseas to ensure that we are at the forefront of any new aquaculture farming technology breakthrough in the future that will also aid in boosting our productivity and efficiency.

Words Of Appreciation

Although we were placed on the SGX-ST watch-list in December 2015, we have seen results from our turnaround strategies elaborated above, demonstrating the effectiveness of the management's efforts so far.

Given the progress that we've made so far, we are optimistic that we are steadily moving towards Oceanus' turnaround. We see much potential in the company that have yet to be unlocked.

The achievements we've had so far have not come easy, and may have impacted our financials negatively in the short term, but the management is maintaining a long-term view to ensure the sustainability of our business and to protect shareholder value. We are optimistic on the future and potential of Oceanus, and the eventual exit from the watch-list as we work towards reverting back to profitability.

We'd like to take this opportunity to thank our loyal shareholders, partners, suppliers, dedicated employees and stakeholders for your patience and support as we work aggressively towards rebuilding Oceanus. Only with stronger foundations are we only able to reach higher.

Yours Sincerely,

Peter H.K. Koh, PBM
Chief Executive Officer

BOARD OF DIRECTORS

P

Mr Peter H.K. Koh, PBM

Chief Executive Officer

Mr Peter H.K. Koh was appointed Chief Executive Officer of the Group in December 2014. Mr Koh has been instrumental in driving the strategic direction and development of the Group's businesses since his appointment, and plays a pivotal role in the Group's diversification and expansion.

Prior to Mr Koh's appointment at Oceanus, he had spent 22 years building a branding company he founded, which has a business presence across three continents. Mr Koh was involved in the day-to-day operations and developments of his company's business divisions – namely, Media Productions, Interactive, Visual Designs and Merchandising. Under his leadership, the company had ventured into Original Equipment Manufacturing (OEM) for major retail brands and is also amongst the first few to be selected by the Singapore Media Development Authority to produce HDformat TV infotainment programmes. He led the Merchandising division in securing licensing rights for the FIFA 2006 World Cup, and in 2009, the company won The Summit International Award for marketing effectiveness in the USA.

Mr Koh sold the overseas operations seven years ago and divided his time between charities and investments. After a five-year break, Mr Koh returned to the business community in December 2014 when he was appointed Group CEO of Oceanus Group Limited.

Mr Koh's past and present directorships include PT. Kertas Blabak, Indonesia's fourth largest recycle paper mill; Eagle Coin, a joint venture with China's largest food manufacturer and State Owned Enterprise; as well as being appointed Investment Advisor to the Sino-Indian Conglomerate Ramky-Revo for their overseas investments.

An astute entrepreneur, Mr Koh also actively champions social causes and was conferred the Public Service Medal in 2014. He currently sits on the council of the North West Community Development Council. His previous appointments include sitting on the Advisory Board of the National Youth Council's National Youth Award, Chairman of Rotary Club of Singapore Vocational that oversees the Rotary-ASME Entrepreneur of the Year Award, Councilor at Central Singapore Community Development Council and Singapore Community Chest Share Committee.

A

Mr Yeo Kan Yen, Alvin

Lead Independent Director

Mr Yeo Kan Yen, Alvin was appointed to the Board as Independent Director of the Company, Chairman of the Audit Committee and member of the Remuneration Committee on 31 July 2013.

Mr Yeo is currently Executive Director of SGX-listed Cacola International Furniture Limited; Executive Director of Primasiana Pte Ltd.

Mr Yeo had previously held various leadership appointments including Chief Operating Officer and Executive Director of SGX-listed CarrierNet Global Ltd.; Regional Sales Manager at Nagamei Marine Pte. Ltd.; Chief Operating Officer of Indonesia-based PT. Atlasat Solusindo; and Regional Sales Manager of Hong Kong-based system integration company, Prudential Capital Technologies (China) Limited.

Mr Yeo graduated with a Master of Science degree in Information Systems, majoring in Information Systems Management from the Hawaii Pacific University, Honolulu, Hawaii; and a Bachelor degree in Business Administration majoring in Accounting from the University of Hawaii at Manoa, Honolulu, Hawaii.

K

Mr Kee Poir Mok

Independent Director

Mr Kee Poir Mok was appointed to the Board as Non-Executive Director on 31 July 2013 and was re-designated as an Independent Director with effect from 08 June 2015.

Mr Kee is currently the Managing Partner of 125 Capital LLP, an Investment Management company.

Prior to that, Mr Kee was Regional Manager and Managing Director of Goldman Sachs, and also sat on the Board of Goldman Sachs Singapore Pte Ltd from 2003 to 2008. In addition to his 20 years of experience at Goldman Sachs, he also served managerial roles specialising in investments at Nikko Merchant Bank (Singapore) and United Overseas Bank (Singapore). Mr Kee was also an Independent Director of Yuuzoo Corp from December 2014 to May 2015.

Mr Kee graduated with a Bachelor of Business Administration from the National University of Singapore.

W

Mr Wong Ann Chai

Independent Director

Mr Wong Ann Chai was appointed to the Board as a Non-Executive Director on 13 April 2015 and was re-designated as an Independent Director with effect from 08 June 2015.

Mr Wong is currently Managing Director and co-founder of Nanosun Pte Ltd, a high technology water membrane producer and water treatment system design company specialising in drinking, industrial waste water, and also food processing with anti-bacterial properties.

Mr Wong was an investment banker at DBS bank as Managing Director of Equity Capital Markets and Nomura Investment Bank as Executive Director. Mr Wong provided advisory on IPOs, rights issues and corporate finance for companies in financial institutions, technology and manufacturing industries. Mr Wong also served on the boards of the Bank of the Philippine Islands and DBS-Cholamandalam Finance Limited and Market Risk Committee.

Mr Wong served in the Administrative Service and was awarded the PPA (Silver) for his contributions. Mr Wong holds degrees from the University of Oxford (UK) and Massachusetts Institute of Technology (USA). He has served on the Boards of Spring Singapore (Ministry of Trade & Industry), Nanyang Business School Adivisory, ST Electronics (ISS), Chartered Electro-Optics, ST Aerospace (Supplies), Defence Finance Supervision, Community Chest, and SP Corporation Ltd (SGX).

J

Mr Jason Aleksander Kardachi

Non-Executive Director

Mr Jason Aleksander Kardachi was appointed as a Non-Executive Director of Oceanus Group Limited on 13 April 2015.

Mr Kardachi has served as a Director of PT Berlian Laju Tanker Tbk since 19 March 2014.

Previously, Mr Kardachi served as the Managing Partner of Teak Capital Partners Pte Ltd from 2007 to 2010, Head of Special Solutions at HSBC from 2006 to 2007 and Senior Manager at PricewaterhouseCoopers from 2001 to 2006.

Mr Kardachi has over 20 years of experience in corporate advisory and restructuring in Asia Pacific. Mr Kardachi is a Chartered Accountant and graduated from University of Adelaide, Australia, with a Bachelor of Commerce and Bachelor of Economics.

S

Mr Stephen Lee

Non-Executive Director

Mr Stephen Lee was appointed as a Non-Executive Director of the Company on 13 April 2015.

Mr Stephen Lee joined AIF Capital in 1994 and has led investments in media, transportation, pharmaceuticals, power, telecommunication, new material and transportation sectors across China, Hong Kong, Taiwan, India, Indonesia, Singapore, Malaysia, the Philippines and South Korea. He has over 23 years of private equity, direct investment and industry experience and represents AIF Capital on the boards of various portfolio companies.

Prior to AIF Capital, Mr Lee worked for the City of North York in Toronto as an Urban Development Engineer and Unibrite Corporation, Toronto, where he was a Director responsible for real estate investments, land development feasibility studies and financing strategies.

Mr Lee graduated from the University of Toronto, Canada, with a B.Sc. degree in Civil Engineering, an M.E. in Transportation & Urban Planning and an M.B.A. He is a professional engineer, a CFA charter holder and a SEPC graduate from Harvard Business School. Mr Lee is fluent in Cantonese and Mandarin.

SENIOR MANAGEMENT

A/Prof Matthew Tan

Chief Risk Officer & Chief Technology Officer

Associate Professor Matthew Tan was appointed as Chief Risk Officer ("CRO") of the Group on 16 September 2013. He is responsible for the development of the Group's Risk Management framework and operational protocols for the Group's farms. A/Prof Tan is also the Group's Chief Technology Officer, overseeing the development and implementation of the Group's farm bio-security plan, which includes the validation and adoption of sustainable technologies, implementation of water monitoring system, animal nutrition and feed formulation and operation of the Re-circulating Aquaculture System for our pilot RAS hatchery.

Alongside the Group's push towards consolidating and standardising its operational procedures, he is also in the midst of developing the Group's operations manual to enable the smooth operations of its bio-secured facilities.

A/Prof Tan brings a wealth of experience to Oceanus. He was previously the CEO of SIF Technologies Pte Ltd (10 years) where he was involved in the extensive implementation of engineering solutions to many aquaculture farms (private and state-owned) and an oceanarium in both Singapore and Asia.

A/Prof Tan has a vision of developing evidence-based science and technology that is both eco-friendly and sustainable. In the past 10 years, he has been extensively involved in application development for the aquaculture industry and has successfully developed a set of land-based protocols for the sustainable farming of fish-food in Singapore.

As Singapore representative (private sector) to APEC (Asia Pacific Economic Cooperation) – Policy Partnership for Food Security (PPFS), A/Prof Tan is also currently the co-chair of the working group responsible for Sustainable Development in the Agricultural and Fishery sectors for PPFS, APEC. In his capacity as co-chair, A/Prof Tan co-ordinates discussions between APEC Governments and the private sector on the use of technology and combined resources for Sustainable Development of Agriculture and Fishery Sectors within the APEC region.

A/Prof Tan is also graduate of SEAFDEC (Southeast Asian Fisheries Development Centre) – Asia's leading fishery institution, where he received training under the Government of Japan – Trust Fund Programme in hatchery and grow-out, sea weed and Benthic Diatom culture and production.

In addition to his professional commitments, he also holds the following academic appointments:

1. Adjunct Associate Professor – School of Chemical and Biomedical Engineering, Nanyang Technological University
2. Adjunct Faculty – Food Science Technology programme, Nanyang Technological University
3. Member – Advisory Committee of the School of Applied Sciences (SAS), Republic Polytechnic where he is involved in the development and launch of a diploma programme in Marine Science and Aquaculture.
4. Expert Member – Aquaculture:
   National Mirror Working Group for ISO TC 281 – Singapore Manufacturing Federation – Standards Development Organisation

Ms Tan May Ling

Financial Controller

Ms Tan May Ling was appointed Group Financial Controller on 1 February 2017 and is responsible for overseeing all accounting, financial and corporate secretarial matters of the Group.

A veteran with close to four decades of industry experience, Ms Tan has held several finance and accounting roles in companies of various sizes, ranging from small-medium enterprises to multinational corporations including Samco Civil Engineering Pte Ltd, Fusion Cosmetics Pte Ltd, Trade Alliance (S) Pte Ltd, and Borneo Sumatra Trading Co (S) Pte Ltd. Over the years, Ms Tan has amassed deep experience and capabilities in the areas of audit, taxation, GST and secretarial matters.

Ms Tan holds a Graduate Diploma in Financial Management from the Singapore Institute of Management.

CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTOR AND CEO
Peter Koh Heng Kang

INDEPENDENT DIRECTORS
Yeo Kan Yen, Alvin
Kee Poir Mok
Wong Ann Chai

NON-EXECUTIVE DIRECTORS
Jason Aleksander Kardachi
Stephen Lee

AUDIT COMMITTEE
Yeo Kan Yen, Alvin (Chairman)
Stephen Lee
Kee Poir Mok

NOMINATING COMMITTEE
Wong Ann Chai (Chairman)
Yeo Kan Yen, Alvin
Kee Poir Mok
Stephen Lee
Jason Aleksander Kardachi

REMUNERATION COMMITTEE
Wong Ann Chai (Chairman)
Yeo Kan Yen, Alvin
Kee Poir Mok
Stephen Lee
Jason Aleksander Kardachi

COMPANY SECRETARIES
Raymond Lam Kuo Wei
Shee Shin Yee

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Advisory Services Pte Ltd
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#32-01 Singapore Land Tower
Singapore 048623

BANKERS
HL Bank Ltd
DBS Bank Ltd
Agricultural Bank of China

AUDITOR
Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
24 Raffles Place
#07-03
Clifford Centre
Singapore 048621

Partner-in-charge:
Toh Kim Teck
(since financial year 2014)

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") and Management of Oceanus Group Limited (the "**Company**") are committed to maintaining a high standard of corporate governance and the offering of high standards of accountability to the shareholders of our Company by complying with the benchmark set by the Code of Corporate Governance 2012 (the "**Code**") where it is applicable and practical to the Group in the context of the Group's business and organisation structure.

This report sets out the corporate governance practices that have been adopted by the Company with specific reference to the principles and guidelines of the Code, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Companies Act (Cap. 50) of Singapore ("**Act**") where applicable, except where otherwise stated.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board is entrusted with the responsibility for the overall management of the business, corporate affairs, corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Group.

The Board will meet on a quarterly basis and ad-hoc Board meetings will be convened when they are deemed necessary. In between Board meetings, other important matters will be put to the Board's approval by way of circulating resolutions in writing. The Company's Constitution provide for meetings of Directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or other means.

The number of meetings held and the attendance at meetings of the Board and committees of the Board by the previous and present Directors of the Company during the financial year end 31 December 2015 are, as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	3	2	1	1
	Number of meetings attended			
Ng Cher Yew[(1)]	3	N.A.	1	N.A.
Peter Koh Heng Kang	2	N.A.	N.A.	N.A.
Stephen Lee	3	2	–	1
Kee Poir Mok	2	1	1	1
Yeo Kan Yen, Alvin	3	2	1	1
Wong Ann Chai[(2)]	2	N.A.	–	–
Jason Aleksander Kardachi[(2)]	1	N.A.	–	–

(1) Dr Ng Cher Yew resigned as the Non-Executive Chairman of the Company with effect from 15 February 2017; and
(2) Mr Wong Ann Chai and Mr Jason Aleksander Kardachi were appointed as the Non-Executive Directors with effect from 13 April 2015.

Matters which specifically require the Board's decision or approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nomination of Board and appointment of key personnel;
- quarterly and full year results announcements, the annual report and accounts;
- identification of the key stakeholder groups and review of the effect of their perception on the Company's reputation;
- sustainability issues as part of its strategic formulation;
- material acquisitions and disposal of assets; and
- all matters of strategic importance.

All other matters are delegated to committees whose actions are monitored and endorsed by the Board. These committees include the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), which operate within clearly defined and written terms of reference and functional procedures.

Board members have been and will be encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company will work closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards.

The newly appointed Directors are given an orientation on the Group's business strategies and operations. Directors also have the opportunity to visit the Group's operating facilities and meet with Management to gain a better understanding of the Group's business operations and governance practices. All Directors who had no prior experience as Directors of a listed company have undergone training and briefing on the roles and responsibilities as Directors of a listed company.

Further, Non-Executive Directors and Independent Directors are routinely briefed by the Executive Directors or Management at Board meetings or at separate sessions on business developments of the Group. Non-Executive Directors and Independent Directors, either individually or as a group, have full access to the Executive Directors, Management and the Company Secretary.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholder. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this report, the Board comprises the following directors:

Mr Peter Koh Heng Kang	Executive Director and Chief Executive Officer
Mr Stephen Lee	Non-Executive Director
Mr Jason Aleksander Kardachi	Non-Executive Director
Mr Yeo Kan Yen, Alvin	Lead Independent Director
Mr Kee Poir Mok	Independent Director
Mr Wong Ann Chai	Independent Director

The profile of each member of the Board is found in the "Board of Directors" section of this report.

The Board currently comprises three (3) Independent Directors, namely Mr Yeo Kan Yen, Alvin, Mr Kee Poir Mok and Mr Wong Ann Chai, one (1) Executive Director, namely Mr Peter Koh Heng Kang, and two (2) Non-Executive Directors, namely Mr Stephen Lee and Mr Jason Aleksander Kardachi. The NC has examined its size and is satisfied that the current board size of six (6) Directors is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations.

The Company endeavors to maintain a strong and independent element on the Board. The Board considers that there is a strong independent element in the Board as the number of Independent Directors represent half of the Board as at the date of this report.

The Board considers an "Independent Director" as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers who could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment in the conduct of the Group's affairs. The Board believes it is able to exercise independent judgment on corporate affairs and provide Management with a diverse and objective perspective on issues. Each Independent Director is required to complete a confirmation of independence annually to confirm his independence based on the guidelines as set out in the Code. The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. Consideration is given to guideline 2.4 of the Code which states the independence of any Director who has served on the Board beyond nine (9) years from the date of his first appointment be subject to particularly rigorous review by the NC. The independence of each Director has been and will be reviewed annually by the NC. The NC has reviewed and determined that the said Directors are independent. There are no Independent Directors who have served on the Board beyond nine (9) years.

The Board has examined its size and is satisfied that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company.

The Nominating Committee is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. Details of the Board members' qualifications and experience are presented in this report under the heading "Board of Directors".

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

In the Code, the roles and responsibilities of the Chairman and Chief Executive Officer are separate, serving to institute an appropriate balance of power and authority.

Dr Ng Cher Yew was the Executive Chairman and was redesignated as Non-Executive Chairman with effect from 30 November 2015, whilst Mr Peter Koh Heng Kang holds the position of Chief Executive Officer ("**CEO**") and Executive Director of the Company. Dr Ng resigned as the Non-Executive Chairman on 15 February 2017.

The Chairman is responsible for the following:

- providing effective leadership to the Board in relation to all Board matters;
- guiding the agenda and conducting all Board meetings;
- in conjunction with the Company Secretaries, arranging regular Board meetings throughout the year, confirming that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- overseeing Board succession;

- acting as a conduit between Management and the Board, and being the primary point of communication between the Board and the Management;
- setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board; and
- representing the views of the Board to the public.

The CEO is responsible for the day-to-day operations and management of the Group, as well as the overall strategic policies and directions of the Company. The CEO and Management of the Company are accountable to the Board for the conduct and performance of the operations of the Group. The responsibilities of the CEO and the Chairman are clearly separated and delineated to ensure an appropriate balance and separation of power.

As the Chairman, the Company has appointed Mr Yeo Kan Yen, Alvin is the Lead Independent Director of the Company. As Lead Independent Director, Mr Yeo Kan Yen, Alvin serves as the leader of the Independent Directors in raising queries and takes up matters where circumstances required. Led by the Lead Independent Director, the Independent Directors should meet periodically without the presence of the Executive Directors and Management, and the Lead Independent Director should provide feedback to the Chairman after such meetings.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC of the Company currently comprises three (3) Independent Directors, namely Mr Yeo Kan Yen, Alvin, Mr Wong Ann Chai and Mr Kee Poir Mok, two (2) Non-Executive Directors, namely Mr Stephen Lee and Mr Jason Aleksander Kardachi. Mr Wong Ann Chai is the Chairman of the NC.

The principal role and functions of the NC are, as follows:

- to make recommendations to the Board on all board appointments and re-nominations having regard to the Director's contribution and performance;
- to make recommendations to the Board on the review of board succession plans for Directors, Chairman and CEO;
- to make recommendation to the Board on the development on board evaluation performance;
- to make recommendations to the Board on the review of training and professional development program for the Board;
- to make recommendations to the Board on the appointment and re-appointment of Directors;
- to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- to determine annually whether a Director is independent, taking into account the definition of an Independent Director in the Code;

- to decide whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular, where the Director concerned has multiple board representations;
- to assess the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board; and
- to carry out such other duties as may be agreed to by the NC and the Board.

The NC will ensure that there is a formal and transparent process for all appointments to the Board. It has adopted a written terms of reference defining its membership, administration and duties. A meeting has been held to review the independent status of each Independent Director.

The Constitution requires one-third (1/3) of the Directors (except the Managing Director) to retire from office at least once every three years at an AGM and the retiring Directors are eligible to offer themselves for re-election. The re-election of each is voted on separately at the AGMs. To assist shareholders in their decision, information such as personal profile and meetings attendance of each Director standing for election are furnished in the various sections of this report.

The Code requires listed companies to fix the maximum number of board representations on other listed companies that their directors may hold and to disclose this in their annual report. In determining whether each Director is able to devote sufficient time to discharge his duties, the Board has taken cognizance of the Code requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and their respective principal commitments in itself. Holistically, the contributions by our Directors to and during meetings of the Board and the AC as well as their attendance at such meetings should also be taken into account.

Although the Independent Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective. The NC is satisfied that these Directors have been able to devote adequate time and attention to fulfill their duties as Directors of the Company, notwithstanding their multiple board representations and other principal commitments. There is no alternate director appointed to the Board.

Principle 5: Board Performance

There should be a formal assessment of the effectiveness of the Board as a whole and its Board Committees and contribution of each director to the effectiveness of the Board.

The Nominating Committee reviews the criteria for evaluating the Board's performance and effectiveness as a whole and the performance of individual Directors, based on performance criteria set by the Board. Based on the recommendations of the Nominating Committee, the Board has established processes for evaluating the effectiveness of the Board as a whole.

The individual performance criteria include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, level of participation at meetings, guidance provided to the management and attendance record.

Principle 6: Access to Information

In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Each member of the Board has access to such information regarding the Company as may be required for the discharge of his duties and responsibilities. Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary, including background and explanatory statements, financial statements together with background and explanatory statements, budgets, forecasts and progress reports of the Group's business operations, for them to comprehensively understand the issues to be deliberated upon and make informed and timely decisions thereon.

As a general rule, notices are sent to the Directors in advance of Board meetings, followed by the Board papers in order for the Directors to be adequately prepared for the meetings. Senior management personnel if required, will attend board meetings to address queries from the Directors. The Directors also have unrestricted access to the Company's senior management.

The Directors have separate and independent access to the Company Secretary. The Company Secretary attends Board meetings and ensures that Board procedures and the provisions of applicable laws, the Constitution and the Listing Manual of the SGX-ST are followed and that proper minutes of the same are taken and kept. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC of the Company currently comprises three (3) Independent Directors, namely Mr Wong Ann Chai, Mr Yeo Kan Yen, Alvin and Mr Kee Poir Mok and one (1) Non-Executive Director, namely Mr Stephen Lee. Mr Wong Ann Chai is the Chairman of the RC.

The principal role and functions of the RC are, as follows:

- to recommend to the Board a framework of remuneration for the directors and senior management;
- to determine specific remuneration packages for each executive director;

- in the case of service contracts of directors, to review and to recommend to the Board the terms of renewal of the service contracts;
- to consider the various disclosure requirements for directors' and key executives' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;
- to review the Company's obligation arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clause which are not overly generous; and
- to carry out such other duties as may be agreed to by the RC and the Board.

The RC had been established for the purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors. All aspects of the remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind will be reviewed by the RC. The overriding principle is that no Director should be involved in deciding his own remuneration.

The RC members are familiar with executive compensation matters as they manage their own businesses and/or are holding directorships in other listed companies. The RC has access to advice regarding executive compensation matters, if required.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the RC will ensure that the Directors are adequately but not excessively remunerated as compared to the industry and comparable companies.

The remuneration packages for Executive Directors take into account the performance of the Group and the individual. The Director's fees for Non-executive Directors are based on the effort, time spent and responsibilities of the Non-executive Directors, subject to approval of the shareholders of the Company at AGMs.

The Company is also currently exploring the feasibility of putting in place employee share option and/or performance share schemes, as a motivational tool to recruit and retain talented senior executives and reward for the Group and individual performance, as well as enhance the Group's overall compensation packages to attract and retain high performing talent.

Principle 9: Disclosure on Remuneration

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC recommends to the Board a framework of remuneration for the Board and senior management personnel to ensure that the structure is fair and competitive, keeping with industry practices yet sufficient to attract, retain and motivate senior management to run the Company successfully in order to maximize shareholders' value. The recommendations of the RC on the remuneration of Directors and senior management will be submitted for endorsement by the Board. The members of the RC do not participate in any decisions concerning their own remuneration.

Generally, the nature of the role performed and market practice are taken into consideration in determining the composition of the remuneration package for each of its staff. For key executive officers, the Company adopts a performance-driven approach to compensation with rewards linked to individual, team and corporate performance.

The breakdown, showing the level and mix of each individual Director's remuneration in percentage term for the financial year ended 31 December 2015 is, as follows:

Remuneration Band and Name of Director	Base/Fixed salary	Directors fees	Variable or performance benefits related income/Bonus	Other Benefits
S$250,000 to below S$500,000				
Ng Cher Yew	100%	–	–	–
Below S$250,000				
Peter Koh Heng Kang	91%	–	9%	–
Yeo Kan Yee, Alvin	–	100%	–	–
Kee Poir Mok	–	100%	–	–
Stephen Lee	–	100%	–	–
Jason Aleksander Kardachi	–	100%	–	–
Wong Ann Chai	–	100%	–	–

The top two executives (who were not Directors) of the Group during the financial year ended 31 December 2015 fell within the remuneration band of below S$250,000:

- Wong Yew Ban – Chief Financial Officer cum Chief Operating Officer (removed on 2 March 2015)
- Matthew Tan – Chief Risk Officer

The aggregate remuneration paid to the above two key management personnel (who are not Directors or the CEO) for the financial year ended 31 December 2015 is S$445,863.

There is no other key executives except for the two disclosed above.

The remuneration of the Directors and the CEO is not disclosed to the nearest thousand dollar in this report as the Company and Management have concerns that disclosing the detailed breakdown of the remuneration of the directors and the CEO may compromise sensitive information to the Company's competitors, having regard to the highly competitive industry conditions and the sensitivity and confidentiality of remuneration matters.

The Directors' fees paid to Independent Directors are also reviewed by the RC to ensure that the remuneration commensurate with the contributions, responsibilities of the Directors and the need to pay competitive fees to attract and retain the Directors. Director fees recommended to the Board for payment are subject to the shareholders' approval at each AGM. The remuneration for the Executive Directors and the key Management comprises salary and bonus that is linked to the performance of the Company and individual. The above actions enable the Company to align the remuneration of Directors and key Management with long-term interest and risk policies of the Group, which serves to attract and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company.

Mr Robert Koh Keng Guan, brother of Mr Peter Koh Heng Kang, is the Country Manager (China Operations) of a wholly-owned subsidiary of the Company and his annual remuneration is within the band of S$50,000 to S$100,000 for the financial year ended 31 December 2015.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In line with the continuing disclosure obligations of the Company under the SGX-ST Listing Manual, the Board's policy is that shareholders shall be informed of all major developments of the Company. Information is presented to shareholders on a timely basis through SGXNet and/or the press. In presenting the interim, half yearly and annual financial statements to its shareholders, the Board, with the assistance of the management, strives to provide a balanced and understandable assessment of the Company's performance, position and prospects. The Board also undertakes such effort in respect of other price sensitive public reports and reports to regulators, where required.

The Board is mindful of its obligations to provide shareholders with a comprehensive view of the Company's financial performance, position and prospects on a timely basis that would allow a balanced and understandable assessment of the Group's financial position and prospects. The Audit Committee has been tasked to review the Company's financial information to ensure that the objective is met. The Board will update the shareholders on the operations and financial position of the Company through quarterly and full year announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

The Management currently provides the Board with appropriately detailed management accounts and such explanation and information on a regular basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial effects, as well as for the authorisation of capital expenditure and investments.

The internal and external auditors carry out, an annual review of the adequacy and effectiveness of the Group's key internal controls, including financial, operational and compliance and information technology controls as well as risk management to the extent of their scope as laid out in their audit plan. In addition, annual review to ensure that safeguards, checks and balances are put in place to prevent any conflicts of interest or any weakening of internal controls. Any material weaknesses in internal controls, together with recommendation for improvement, are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect. To facilitate the Audit Committee, internal and external auditors to make an informed assessment of the Group's internal controls, information such as financial records and financial statements are provided by the Management.

The Audit Committee has reviewed arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action.

Risk Management

As the Group does not have a risk management committee, the Board, AC, Management and Chief Risk Officer assume the responsibility of the risk management function. Management and the Chief Risk Officer reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management and the Chief Risk Officer review all significant policies and procedures and highlight all significant matters to the Board and the AC.

With a view to further strengthening its risk management, the Group, with the assistance of the Chief Risk Office, is currently implementing 2 manuals at its abalone farms, i.e. the "Farm Safety and Risk Management Plans for Oceanus Farms" and the "Abalone Breeding Manual". The Farm Safety and Risk Management Plans deal extensively with (i) standard operating procedures ("SOP") for the Group's farm safety, in terms of animal health, farm bio-security and farm worker's health and safety; and (ii) risk management plans for all of the Group's farms in China, primarily comprising the identification of all risks and hazards affecting abalone farms, risk characterization, elements of risk analysis and risk management processes and protocol for all Oceanus farms. On the other hand, the Abalone Breeding Manual aims to achieve increase in the survival and growth rate of the Group's larvae and juveniles and it documents the entire breeding process which includes the Group's proprietary breeding processes and protocols. This evidence-based scientific approach, coupled with the Group's many years of hands-on breeding experience, will be implemented for all future breeding programs of the Group across all of its PRC farms.

Internal Controls

The Board recognizes the importance of maintaining a sound system of internal controls and risk management to safeguard the interests of the shareholders and the Group's assets. The Board has received assurance from the CEO that the financial records have been properly maintained and financial statements give a true and fair view of the Company's operations and finances, and that an effective risk management and internal control system has been put in place.

There was no mention of the assurance received from the Chief Financial Officer ("CFO") as required under Guideline 11.3 of the Code as the previous CFO, Mr Wong Yew Ban was removed by the Company on 2 March 2015 and details of his cessation were released in the announcement dated 2 March 2015.

The Company, has on 1 August 2016, appointed Ms Tan Pern Yeen as the Group Financial Controller of the Company.

The Board, with the concurrence of the AC, is therefore of the opinion that the Group's system of internal controls is adequate to address financial, operational and compliance risks of the Group in its current business environment.

Principle 12: Audit Committee

The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.

The AC of the Company currently comprises two (2) Independent Directors, namely Mr Yeo Kan Yen, Alvin and Mr Kee Poir Mok and one (1) Non-Executive Director, namely Mr Stephen Lee. Mr Yeo Kan Yen, Alvin is the Chairman of the AC.

The principal role and functions of the AC are, as follows:

- commissioning of the external auditors or a suitable accounting firm to conduct a full review of the internal controls of the Group, which includes reviewing the audit plans of the external auditors, the results of the external and internal auditors' examination and their evaluation of internal accounting controls systems, and the external auditors' report, letter to management and the management's response thereto;
- reviewing the internal control and procedures and ensuring the co-ordination between the auditors and the management, reviewing the co-operation and assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits and any matters which the auditors may wish to discuss (in the absence of the management where necessary);
- ensuring that the internal audit function is adequate and that a clear reporting structure is in place between the AC and the internal auditors, and reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit function. In particular, ensuring that all internal control weaknesses are satisfactorily and properly rectified and that the SGX-ST is updated on any findings of the external auditors or accounting firm and any action taken by the AC to rectify such weaknesses pursuant thereto;
- ensuring that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually by the internal and/or external auditors;
- reviewing and ensuring the integrity of the financial statements of the Group before submission to the Board for approval, focusing in particular, on significant financial reporting issues, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other statutory/regulatory requirements;
- reviewing and discussing with the external auditors, and commissioning and reviewing the findings of internal investigations into, any suspected fraud or irregularity, or suspected failure of internal controls, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the management's response;
- reviewing the risk profile of the Company, its internal control and risk management procedures and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
- reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors, and where the external auditors also supply a substantial volume of non-audit services to the Company, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- reviewing the independence of the external auditors annually, and considering for recommendation to the Board the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;

- reviewing and approving any interested person transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- reviewing any potential conflicts of interests that may arise in respect of any Director of the Company for the time being;
- reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible impropriety in matters of financial reporting and other matters and the adequacy of procedures for independent investigation and appropriate follow-up action in response to such complaints;
- undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- generally undertaking such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, or by such amendments made thereto from time to time;
- assessing the performance of the chief financial officer, for the relevant period, on an annual basis to determine his suitability for the position;
- at quarterly intervals, or any other period that the AC deems fit, ensuring that trade receivables are stated at fair value, accurately recorded in the financial statements;
- conducting such tests and examinations of financial statements including, but not limited to, securing independent confirmations of balances from major debtors, checking on frequencies of payments from major debtors and evaluating the adequacy of credit policies; and
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).

The AC has adopted written terms of reference defining its membership, administration and duties.

The members of the AC have sufficient financial and/or management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

The AC will meet with the external auditors without the presence of Management at least once in every financial year.

The AC has ultimate responsibility for the systems of internal control maintained and set in place by the Company. The systems are intended to provide reasonable assurance, but not an absolute guarantee, against material financial misstatement of loss, and regarding the safeguarding of investments and assets, reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification of business risks.

To ensure that internal controls processes are adequate and effective, the AC is assisted by various independent professional service providers. The assistance of the internal and external auditors enabled the AC to carry out assessments of the effectiveness of key internal controls during the year.

Any material non-compliance or weaknesses in internal controls or recommendations from internal and external auditors to further improve the internal controls were reported to the AC. The AC will follow up with Management on the recommendations made by the auditors. Based on the reports submitted by the internal and external auditors to the AC and the Board, areas of improvements have been identified and management is in the process of tightening its internal control and risk management processes.

The AC reviews the independence of Foo Koo Tan LLP ("FKT") annually. FKT did not provide any non-audit services to the Group.

For the financial year ended 31 December 2015, the aggregate amount of the agreed audit fees to be paid to FKT is RMB738,000.

The Company confirms that it is in compliance with Rule 712 and Rule 715 of the SGX-ST Listing Manual in relation to its auditing firms for financial year ended 31 December 2015.

Principle 13: Internal Audit

The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognizes the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company's assets. A firm of internal auditors had been engaged by the Company to perform the internal audit function and they report primarily to the AC. The internal auditors plan their internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

The Internal Audit function for the financial year ended 31 December 2015 was outsourced to Saw Meng Tee & Partners PAC who reported directly to the Chairman of the AC on audit matters. The AC had reviewed the annual internal audit plan and the audit report for the financial year ended 31 December 2015. The AC is satisfied that the internal audit functions have been adequately carried out.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. Other than the routine announcements made in accordance with the requirements of the Listing Manual of the SGX-ST, the Company has issued additional announcements and press releases to update shareholders on the activities of the Company and the Group.

The Company does not practice selective disclosure. The Company ensures true and fair information is delivered adequately to all shareholders and to ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Financial results and annual reports are announced or issued within the mandatory period (and where this is not possible, relevant extensions of time are sought in accordance with applicable laws, regulations and rules).

The Constitution of the Company allows a member of the Company to appoint up to two (2) proxies to attend and vote at general meetings. A shareholder who is a relevant intermediary (as defined in the Act) may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

Principle 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board is mindful of its obligations to provide timely disclosure of material information to shareholders of the Company, to understand the views of the shareholders and does so through:

- annual reports issued to all shareholders. Non-shareholders may access the SGX website for static copies of the Company's annual reports;
- interim, half and full yearly announcements of its financial statements on the SGXNET;
- other announcements on the SGXNET;
- press releases on major developments regarding the Company; and
- the Company's website at www.oceanus.com.sg through which shareholders can access information on the Company.

Principle 16: Conduct of Shareholder meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the SGX-ST Listing Manual and to establishing a corporate governance culture that promotes fair and equitable treatment of all shareholders. All shareholders are treated fairly and equitably, and enjoy specific rights under the Act and the Constitution. Pertinent information will be disclosed to shareholders in a timely, fair and equitable manner. The Company does not practice selective disclosure. Material developments, press releases, quarterly, half year and full year results, analysts briefing materials and other changes in the Company or its business which would be likely materially affect the price or value of the Company are always released through SGXNET pursuant to the rules of the Listing Manual of the SGX. When analysts briefings are held to discuss on major events and financial results, Management will only meet the analysts after the announcement is released on SGXNET.

Pertinent information is communicated to shareholders through:

1. interim, half and full yearly results announcements which are published on the SGXNET and in press releases;

2. the Company's annual reports that are prepared and issued to all shareholders;

3. notices of and explanatory memoranda, for AGM's and extraordinary general meetings; and

4. press releases on major developments of the Company.

All shareholders of the Company are encouraged to participate at general meetings. Information on shareholders' meeting disseminated through notices published in newspapers, as well as through reports or circulars sent to all shareholders, to allow shareholders to be informed of the rules, including voting procedures that govern general meetings of shareholders.

AGMs are the main forum for dialogue with shareholders and allow the Board and Management to address shareholder questions and concerns. These meetings provide a forum for Management to explain the Group's strategy and financial performance. Management also uses meetings with investors and analysts to solicit their perceptions of the Group. Annual reports and notices of the AGMs are sent to all shareholders. The members of the AC, the NC and the RC will be present at AGMs to answer questions relating to the work of these committees. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis.

DEALINGS IN SECURITIES

The Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of shares of the Company. The policies have been made known to directors, executive officers and any other persons as determined by Management who may possess unpublished material price-sensitive information of the Group.

The Group has advised Directors and all key executives not to deal in the Company's shares during the period commencing one month prior to the announcement of the Company's interim, half-yearly and full-year results and ending on the date of the announcement of the results.

The Group has reminded its Directors and officers that it is an offence under the Securities and Futures Act, Chapter 289, for a listed issuer or its officers to deal in the listed issuer's securities as well as securities of other listed issuers when the officers are in possession of unpublished material price-sensitive information in relation to those securities. Directors and executives are expected and reminded to observe insider-trading laws at all times even when dealing in securities within permitted trading periods. The Group has further reminded its Directors and officers not to deal in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transactions with interested persons and established procedures for the review and approval of such transactions.

All interested person transactions will be properly documented and submitted to the AC for quarterly review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

There are no interested person transactions during the year under review. The Company has not adopted any interested person transaction mandate which requires approvals from its shareholders.

MATERIAL CONTRACTS

There are no material contracts of the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year ended 31 December 2015 or entered into since the end of the previous financial year ended 31 December 2014.

LOAN PROCEEDS AND RESTRUCTURING

During the financial year 2015, the Company has obtained from its shareholders their approval in respect of the Proposed Restructuring (as defined in the Company's circular to shareholders dated 6 May 2015, the "**Circular**"). Under the Proposed Restructuring, the Company has secured cash injections of an aggregate amount of S$32,500,000, comprising (i) S$30,000,000 from the OKGL Loan (as defined in the Circular); and (ii) S$2,500,000 from the Financing Shareholders Loans (as defined in the Circular) (collectively, the "**Proceeds**").

The Company has to date received a total of S$9,200,000 as opposed to the full S$30,000,000 cash injection pursuant the OKGL Loan. These proceeds, together with the OWIL Loan and BWIL (as defined in the Circular), are undergoing a debt restructuring exercise as set out in a binding term sheet entered into between the Company, OKGL, OWIL and BWIL on 8 September 2016.

Financial Contents

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements of the Group and the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

The directors of the Company in office at the date of this report are:

Peter Koh Heng Kang
Yeo Kan Yen, Alvin
Kee Poir Mok
Stephen Lee
Jason Aleksander Kardachi
Wong Ann Chai

Arrangements to enable directors to acquire shares or debentures

Except as disclosed under the "Share options" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those of their spouses and children below 18 years of age) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2015	**As at 31.12.2015**	**As at 1.1.2015**	**As at 31.12.2015**
The Company – Oceanus Group Limited	**Number of ordinary shares**			
Kee Poir Mok	175,234,975	**175,234,975**	–	**–**

The director's interests in the ordinary shares of the Company of Mr Kee Poir Mok as at 21 January 2016 were the same as those as at 31 December 2015.

Share options

Convertible bonds

The Company entered into a financing agreement for S$70,207,050 with 975,097,921 detachable warrants with two investors and certain existing shareholders on 13 July 2012 to refinance the old convertible bonds. Each warrant carries the right to subscribe for new ordinary share in the share capital of the Company. The exercise price is S$0.072 per share and the new share shall rank pari passu in all respects with the existing shares of the Company. The warrants are exercisable at any time prior to the later of 13 July 2015 or the third anniversary of the date of issuance of the warrants.

On 26 March 2013, two investors exercised 80,888,625 warrants based on the exercise price of S$0.072 each. Pursuant to the exercise of warrants, the Company issued 80,888,625 ordinary shares for a consideration of S$5,823,981 (RMB29,230,000) (Note 13 and Note 15). The corresponding convertible bond of S$5,823,981 (RMB29,230,000) has been settled via the exercise of warrants.

Share options (Cont'd)

During the financial year ended 31 December 2013, the Company issued and allotted additional shares to the existing shareholders under a Rights Issue exercise on 8 July 2013. Under the anti-dilutive conditions of the convertible bond agreement, the Company is required to issue additional warrants amounting to 124,356,291 to the existing warrant holders. As at 31 December 2013, the number of unexercised warrants amounted to 1,018,565,587 with an adjusted exercise price of S$0.063.

On 31 October 2014, the Company entered into restructuring loans and warrants agreement with the existing warrant holders to extend the maturity date of convertible bonds from 13 July 2015 to 31 December 2016 and the exercise price and number of existing warrants held by the existing warrant holders shall be adjusted in accordance with the terms and conditions of the amended and restated agreements.

In September 2015, the Company entered into agreements with the lenders to refinance the existing convertible bond. Following this, 1,018,565,587 warrants under the existing convertible loan were cancelled and the Company issued 2,971,069,187 warrants at an adjusted exercise price of S$0.02167 per warrant to the lenders.

The Company also issued 707,692,308 warrants to a third party lender with each warrant exercisable into one share at the exercise price of S$0.013 per warrant and issued 47,237,779 warrants to the financing shareholders with each warrant exercisable into one share at the exercise price of S$0.013.

As at 31 December 2015, the number of unexercised warrants is 3,725,999,274 comprising 754,930,087 warrants with an exercise price of S$0.013 per warrant and 2,971,069,187 warrants with an exercise price of S$0.02167 per warrant.

No options to take up unissued shares of the Company or its subsidiaries have been granted during the financial year.

No shares were issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Yeo Kan Yen, Alvin (Chairman)
Stephen Lee
Kee Poir Mok

Audit Committee (Cont'd)

The Audit Committee performs the functions set out in Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) quarterly, half-yearly and annual announcements, the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the board of directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

Audit Committee (Cont'd)

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

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PETER KOH HENG KANG

....
YEO KAN YEN, ALVIN

Dated: 3 May 2017

Report on the financial statements

We were engaged to audit the accompanying financial statements of Oceanus Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

(1) Going concern

As discussed in Note 2(a) to the financial statements, as at 31 December 2015, the Group's and the Company had net current liabilities of RMB557,417,000 and RMB489,803,000, and had a deficit in shareholders' funds of RMB397,763,000 and RMB358,330,000 respectively. The Group incurred a loss after tax of RMB97,240,000 and a total comprehensive loss of RMB116,626,000, and had a negative net operating cash flows of RMB20,695,000 for the financial year ended 31 December 2015.

The matters set out above and in Note 2(a) to the financial statements indicate the existence of a material uncertainty which cast a significant doubt on the Group's and the Company's ability to continue as a going concern. The going concern assumption under which the financial statements are prepared is dependent on the successful conclusion of the debt restructuring exercise as disclosed in Note 34 to the financial statements, disposal of assets that are not related to its current operations and positive cash flow from its operations in future. The financial statements of the Group and the Company do not include any adjustments relating to the realisation and classification of asset amounts that may be necessary if the Group and the Company are unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the consolidated statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No adjustments have been made in the financial statements of the Group and the Company in respect of these. The ability of the Group and the Company to continue as going concerns depends on the successful outcome of the matters set out above which cannot be determined at present. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

(2) Biological assets

As at 31 December 2015, the carrying amount of the biological assets was RMB2,418,000.

Management did not conduct a physical count of the biological assets as at 31 December 2015 and had measured the carrying amount of the biological assets as at 31 December 2015 based on internal estimations using recent market prices for similar assets, which constitutes a departure from the generally accepted valuation methodology applied by the independent appraiser in valuation of the Group's biological assets in prior years. In prior years, the independent appraiser adopted a market approach in the valuation which considered the recent market prices for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative and mortality rate.

We were unable to satisfy ourselves by alternative means concerning the quantity of the biological assets held at 31 December 2015 and their carrying amount as at 31 December 2015.

(3) Recoverable amount of property, plant and equipment and prepaid leases and impairment losses

As described in Note 4 and Note 5 of the consolidated financial statements, the Group had carried out an impairment assessment over its property, plant and equipment and prepaid leases, and recognised an impairment charge of RMB44,335,000 and RMB1,492,000 respectively, being the excess of the carrying amount of the assets over their recoverable amounts. The recoverable amount was based on the cash-generating unit's fair value less costs to sell, as determined by an independent professional valuer based on the market approach and cost approach, which was higher than value-in-use. As at 31 December 2015, the carrying amount of the Group's buildings and farm structures constructed on land leased from third parties ("Collectively-owned Land") and the related prepaid leases amounted to RMB154,679,000 and RMB1,352,000, respectively. In assessing the fair value of these buildings and farm structures and the related prepaid leases, the valuer had made certain key assumptions as follows:

(1) the Collectively-owned Land is freely transferable to any third party in the open market; and

(2) consent for the land transfer will be granted by the individual owners of the land.

It was assumed that the relevant regulatory documents required for the land transfer had been obtained. As at 31 December 2015, no separate transfer agreements had been entered into with the individual owners of the land to transfer the ownership to the Group.

In the absence of legally binding contractual arrangements and the resultant uncertainty over transferability of Collectively-owned Land, we were unable to satisfy ourselves by alternative means concerning the impairment loss amounts for the year ended 31 December 2015, and the carrying amount of these assets as at 31 December 2015.

(4) Trade and other payables and supporting documents

As at 31 December 2015, trade and other payables included amounts of RMB8 million related to purchases of raw materials and consumable, capital expenditure and operating expenses brought forward from prior years.

We were not able to carry out auditing procedures on these trade and other payables as at 31 December 2015 because documentation supporting the transactions were not available.

We were unable to satisfy ourselves by alternative means concerning the validity, existence and accuracy of these trade and other payables of RMB8 million in aggregate at 31 December 2015.

(5) Convertible loans

As described in Note 14 to the financial statements, the Group refinanced Convertible Loan 2012 with Convertible Loan 2015 during the year ended 31 December 2015.

Management did not estimate the fair value of Convertible Loan 2015 to assess gain or loss on de-recognition of Convertible Loan 2012, fair value of warrants issued to holders of Convertible Loan 2015, and the allocation of the carrying amount of Convertible Loan 2015 to the liability and equity components upon initial recognition. No interest had been accrued on Convertible Loan 2015 since inception.

We were unable to satisfy ourselves by alternative means concerning the classification of Convertible Loan 2015 into the liability and equity components and its carrying amount as at 31 December 2015, and the related interest expense based on effective interest rate for the year ended 31 December 2015.

(6) Loans

As described in Note 18 to the financial statements, warrants were issued to the financing shareholders and a third party lender during the year ended 31 December 2015. Management did not assess the allocation of the carrying amounts of loans from shareholders and a third party to the debt and equity components based on their relative fair values at inception. As at 31 December 2015, the carrying amounts of loans from shareholders and a third party were RMB1,811,000 and RMB42,199,000, respectively. Interest had been accrued on these loans based on notional interest rate, instead of effective interest rate.

We were unable to satisfy ourselves by alternative means concerning the classification of these loans into the liability and equity components and their carrying amount as at 31 December 2015, and the related interest expense based on effective interest rate for the year ended 31 December 2015.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion section above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Other Matter

The independent auditor's report dated 13 June 2016 on the financial statements for the financial year ended 31 December 2014 of which we were auditors expressed a disclaimer of audit opinion. The matters included in the auditor's report have a consequential material impact on the opening balances in the Basis for Disclaimer of Opinion paragraph stated above.

Placement on the Watch-List

On 2 March 2016, the Company announced that the Singapore Exchange Securities Trading Limited (the "SGXST") has notified the Company that pursuant to Rule 1311(1), it will be placed on the Watch-List with effect from 3 March 2016 due to the financial entry criteria. The Company must take active steps to meet the requirements of Listing Rule 1314(1) of the Listing Manual of the SGX-ST ("the "Listing Manual") for its removal from Watch-List within 36 months from 3 March 2016, failing which the SGX-ST may either remove the Company from the official list of the SGX-ST (the "Official List") or suspend trading of the Company with a view to remove the Company from the Official List.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and its subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 3 May 2017

Statements of Financial Position
As at 31 December 2015

		The Group		The Company	
		31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**197,657**	261,739	**–**	–
Prepaid leases	5	**6,007**	8,045	**–**	–
Subsidiaries	6	**–**	–	**175,483**	262,127
		203,664	269,784	**175,483**	262,127
Current Assets					
Inventories	7	**110**	–	**–**	–
Trade receivables	8	**74**	–	**–**	–
Other receivables	9	**4,685**	1,568	**3,129**	–
Biological assets	10	**2,418**	41	**–**	–
Cash and bank balances	11	**2,209**	3,965	**151**	274
		9,496	5,574	**3,280**	274
Total assets		**213,160**	275,358	**178,763**	262,401
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	**2,413,255**	2,373,685	**2,413,255**	2,373,685
Reserves	13	**(2,811,018)**	(2,694,392)	**(2,771,585)**	(2,641,001)
Equity attributable to owners of the Company		**(397,763)**	(320,707)	**(358,330)**	(267,316)
Total equity		**(397,763)**	(320,707)	**(358,330)**	(267,316)
Non-Current Liabilities					
Deferred tax liabilities	15	**–**	1,944	**–**	1,944
Loans	18	**44,010**	7,479	**44,010**	7,479
		44,010	9,423	**44,010**	9,423
Current Liabilities					
Trade payables	16	**10,662**	15,176	**–**	–
Other payables	17	**91,781**	91,908	**52,561**	64,684
Loans and borrowings	18	**4,093**	29,056	**4,093**	29,056
Convertible loans	14	**295,312**	283,456	**295,312**	283,456
Derivative liability	19	**141,117**	143,098	**141,117**	143,098
Current tax payable		**23,948**	23,948	**–**	–
		566,913	586,642	**493,083**	520,294
Total liabilities		**610,923**	596,065	**537,093**	529,717
Total equity and liabilities		**213,160**	275,358	**178,763**	262,401

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Income Statement
For the financial year ended 31 December 2015

Continuing operations	Note	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Revenue	3	**4,844**	9,267
Cost of inventories		**(3,759)**	(9,267)
Gain/(loss) arising from changes in fair value less costs to sell of biological assets	10	**5,155**	(11,440)
Other operating income	20	**20,830**	916
Feed costs		**(2,017)**	(10,570)
Electricity, fuel and water		**(2,054)**	(9,566)
Staff costs		**(11,274)**	(20,806)
Impairment loss on prepaid leases	5	**(1,492)**	(2,800)
Impairment loss on property, plant and equipment	4	**(44,335)**	(180,097)
Depreciation of property, plant and equipment	4	**(18,530)**	(59,299)
Other operating expenses	21	**(14,971)**	(28,919)
Fair value loss on financial derivatives, net	19	**-**	(25,418)
Finance costs	22	**(34,949)**	(66,056)
Loss before taxation	23	**(102,552)**	(414,055)
Income tax credit	24	**1,890**	4,006
Loss for the year from continuing operations		**(100,662)**	(410,049)
Discontinued operations			
Profit for the year from discontinued operations	30	**3,422**	10,465
Loss for the year		**(97,240)**	(399,584)
Loss attributable to:			
Owners of the Company		**(97,240)**	(399,584)
		(97,240)	(399,584)
Loss per share			
From continuing and discontinued operations			
Basic and diluted (fen)	26	**(2.51)**	(10.98)
From continuing operations			
Basic and diluted (fen)	26	**(2.60)**	(11.27)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Loss for the year		**(97,240)**	(399,584)
Other comprehensive income after tax			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations at nil tax	25	**(19,386)**	21,449
Total comprehensive loss for the year, net of tax		**(116,626)**	(378,135)
Total comprehensive loss attributable to:			
Owners of the Company		**(116,626)**	(378,135)
		(116,626)	(378,135)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2015

The Group	Share capital RMB'000	Capital reserve RMB'000	Warrant reserve RMB'000	Currency translation reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2015	**2,373,685**	**(1,137,504)**	**101,651**	**49,191**	**39,262**	**(1,746,992)**	**(320,707)**
Total comprehensive income/(loss) for the year							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(97,240)**	**(97,240)**
Other comprehensive income							
Exchange differences arising from translation	**–**	**–**	**–**	**(19,386)**	**–**	**–**	**(19,386)**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**(19,386)**	**–**	**(97,240)**	**(116,626)**
Translations with owners, recognised directly in equity:							
Issuance of shares	**39,570**	**–**	**–**	**–**	**–**	**–**	**39,570**
Total translations with owners, recognised directly in equity	**39,570**	**–**	**–**	**–**	**–**	**–**	**39,570**
At 31 December 2015	**2,413,255**	**(1,137,504)**	**101,651**	**29,805**	**39,262**	**(1,844,232)**	**(397,763)**
At 1 January 2014	2,373,685	(1,137,504)	101,651	27,742	39,262	(1,347,408)	57,428
Total comprehensive income/(loss) for the year							
Loss for the year	–	–	–	–	–	(399,584)	(399,584)
Other comprehensive income							
Exchange differences arising from translation	–	–	–	21,449	–	–	21,449
Total comprehensive income/(loss) for the year	–	–	–	21,449	–	(399,584)	(378,135)
At 31 December 2014	2,373,685	(1,137,504)	101,651	49,191	39,262	(1,746,992)	(320,707)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	Note	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Cash Flows from Operating Activities			
Loss before taxation			
Continuing operations		**(102,552)**	(414,055)
Discontinued operations		**3,422**	10,465
		(99,130)	(403,590)
Adjustments for:			
Gain/(Loss) arising from changes in fair value less costs to sell of biological assets	10	**(5,155)**	11,440
Depreciation of property, plant and equipment	4	**18,530**	59,299
Gain on disposal of property, plant and equipment and prepaid leases	20	**(284)**	(10,848)
Impairment loss on property, plant and equipment	4	**44,335**	180,097
Amortisation of prepaid leases	21	**415**	543
Impairment loss on prepaid leases	5	**1,492**	2,800
Fair value loss on financial derivatives	19	**–**	25,418
Unrealised currency (gain)/loss	20, 21	**(18,181)**	526
Interest income	20	**(1)**	(18)
Interest expense	22	**34,949**	66,056
Operating loss before working capital changes		**(23,030)**	(68,277)
Change in inventories		**(108)**	–
Change in trade receivables		**(74)**	5
Change in other receivables and deposits		**(35)**	15,240
Change in biological assets		**2,778**	8,425
Change in trade payables		**(4,514)**	(1,171)
Change in other payables		**4,333**	13,113
Cash used in operations		**(20,650)**	(32,665)
Interest received		**1**	18
Interest paid		**(46)**	–
Income tax paid		**–**	(48)
Net cash used in operating activities		**(20,695)**	(32,695)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		**(113)**	(2,915)
Proceeds from disposal of property, plant and equipment and prepaid leases		**1,670**	10,998
Net cash generated from investing activities		**1,557**	8,083

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows
For the financial year ended 31 December 2015

	Note	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Cash Flows from Financing Activities			
Proceeds from loans		**17,386**	23,055
Net cash generated from financing activities		**17,386**	23,055
Net decrease in cash and cash equivalents		**(1,752)**	(1,557)
Effect of cash and cash equivalent denominated in foreign currencies		**(4)**	(9)
Cash and cash equivalents at beginning of year		**3,965**	5,531
Cash and cash equivalents at end of year	11	**2,209**	3,965

Significant non-cash transactions:

On 29 September 2015, the Company issued 218,276,492 shares at S$0.00864 per share to the financing shareholders (Note 18) of which 140,355,396 shares were for partial settlement of the outstanding loans; and 710,634,793 shares, comprising 201,322,979 shares at S$0.013 per share and 509,311,814 shares at S$0.00864 per share, as partial settlement of the accrued interest on the convertible bonds.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General information

The financial statements of the Company and of the Group for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company was incorporated as a limited liability company and domiciled in Singapore.

The registered office is located at 31 Harrison Road #11-03/04 Food Empire Building, Singapore 369649.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are stated in Note 6.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Renminbi ("RMB"). All financial information is presented in RMB thousands, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

Going concern

As at 31 December 2015, the Group's and the Company had net current liabilities of RMB557,417,000 and RMB489,803,000 and had a deficit in shareholders' funds of RMB397,763,000 and RMB358,330,000 respectively. The Group incurred a loss after tax of RMB97,240,000 and a total comprehensive loss of RMB116,626,000, and had a negative net operating cash flows of RMB20,695,000 for the financial year ended 31 December 2015. These factors indicate the existence of a material uncertainty which may cast a significant doubt on the Group's and Company's ability to continue as a going concern.

The financial statements have been prepared on a going concern basis, which contemplate the realisation of assets and the satisfaction of liabilities in the normal course of business. The viability of the Group and the Company's operations to continue in operation for the foreseeable future is dependent on the completion of the restructuring as disclosed in Note 34 to the financial statements, disposal of assets that are not related to its current operations and positive cash flow from its operations in future.

2(a) Basis of preparation (Cont'd)

Going concern (Cont'd)

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue in operation in the foreseeable future.

If for any reason the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to the financial statements of the Group and the Company in respect of these.

Significant accounting estimates, assumptions and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

2(a) Basis of preparation (Cont'd)

Significant accounting estimates, assumptions and judgements (Cont'd)

Classification of land use rights (Note 5)

Within the People's Republic of China, it is the practice for the State to issue land use rights to individuals or entities. Such rights are evidenced through the granting of a land use rights certificate, which gives the holder the right to use the land (including the construction of buildings thereon) for a given length of time. An upfront payment is made for this right. Management exercises its judgement that the substance of these arrangements is an operating lease over the land, and that the upfront payment represents prepaid lease rentals. As such a prepayment is recognised in the consolidated statement of financial position, analysed between current and non-current assets which represent amounts to be utilised within and after 12 months of the end of each reporting period respectively. The prepayment is amortised to spread the lease cost over the duration of the term of the land use rights, as specified in the land use rights certificate.

Income taxes (Note 24)

The Group has exposure to income taxes in the PRC. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The deferred tax liabilities of the Group as at 31 December 2015 amounted to RMB Nil (2014 – RMB1,944,000). The current tax payable of the Group at the reporting date amounted to RMB23,948,000 (2014 - RMB23,948,000).

As at 31 December 2015, the Group did not recognise deferred tax assets in relation to unutilised tax losses of RMB728,399,000 (2014 – RMB710,045,000) due to uncertainty over which future taxable profit will be available against which the Group can utilise such benefit.

Derivative liability for warrant redemption premium (Note 19)

Under the terms of the agreement with the warrant holders funding arrangement, the warrant holders shall have the right to request the Group to redeem any unexercised warrants held by them after the warrant maturity at a redemption premium of 15% of the amount of their respective loans in proportion to the unexercised warrants. This warrant redemption premium will be waived if the Group achieves certain prescribed profit and operating cash flows targets in at least one financial year during the warrant exercise period.

In September 2015, the Company entered into agreements with the lenders to refinance Convertible Loan 2012 with Convertible Loan 2015.

2(a) Basis of preparation (Cont'd)

Significant accounting estimates, assumptions and judgements (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Derivative liability for warrant redemption premium (Note 19) (Cont'd)

Following the maturity of the exercise of the above warrants by the warrant holders on 13 July 2015, the Company entered into a refinancing arrangement with the warrant holders which provides the warrant holders the right to request the Company to redeem the unexercised restructuring warrants at a redemption premium of 15% per annum on the aggregate restructuring exercise price of the loan amounts in proportion to the unexercised restructuring warrants.

The warrant redemption premium is recognised at fair value in profit or loss. Management involved an independent professional valuer to assess the valuation of the warrant redemption premium and recognised a fair value loss of RMB25,418,000 for the financial year ended 31 December 2014. Main inputs to the valuation are risk free rate, credit spread, risk premium and cost of debt. Changes in these inputs could materially impact the fair value of the derivative resulting in corresponding impact on profit or loss. No assessment over the fair value of the warrant redemption premium was performed by management and accordingly, no change in fair value of the warrant redemption premium was recognised in profit or loss for the financial year ended 31 December 2015.

As at 31 December 2014, a 5% increase/decrease in the fair value of the derivative liability from management's estimates will increase/decrease the Group's loss for the year ended 31 December 2014 by RMB7,155,000.

Biological assets (Note 10)

A market approach is adopted in the valuation which considers the recent market prices for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. The valuation also includes some inherent assumptions on the value of those comparable assets and other assumptions in relation to the current market condition, mortality rates and economic environment.

Changes in these assumptions and estimates could have a material effect on the determination of the fair value of the biological assets.

2(a) Basis of preparation (Cont'd)

Significant accounting estimates, assumptions and judgements (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Biological assets (Note 10) (Cont'd)

As described in Note 10, management had neither conducted a physical count of the biological assets nor assessed the fair valuation of these biological assets based on a valuation performed by an independent appraiser as at 31 December 2015. As at 31 December 2015, management had measured the carrying amount of the biological assets based on internal estimations using recent market prices for similar assets. This constitute a departure from the valuation basis adopted in prior years where management had engaged an independent appraiser to assess the valuation of biological assets using the market approach.

Impairment of non-financial assets (Note 4, 5, 6)

Property, plant and equipment and land use rights are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss or indications that an impairment loss recognised in prior periods may no longer exist or may have decreased as at the end of the reporting period. If any such indication exists, the assets are tested for impairment. The recoverable amount of the assets is estimated in order to determine the extent of the impairment loss or reversal of impairment loss, if any.

The recoverable amounts of property, plant and equipment and land use rights were based on fair value less cost to sell. Valuations were performed by an independent professional valuer to determine the fair value less cost to sell of the Group's property, plant and equipment and land use rights. The determination of fair values include use of unobservable inputs. Because of the inherent valuation uncertainty, those estimated fair values may differ significantly from actual results, and those differences could be material.

Details of impairment tests of property, plant and equipment, and land use rights are disclosed in Note 4.

The carrying amounts of property, plant and equipment, prepaid leases and investments in subsidiaries are RMB197,657,000 (2014 – RMB261,739,000), RMB6,496,000 (2014 – RMB8,459,000), and RMB175,483,000 (2014 – RMB262,127,000) respectively.

Useful lives of property, plant and equipment and prepaid leases (Note 4, 5)

Property, plant and equipment and prepaid leases are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment and prepaid leases of the Group at the end of the reporting period amounted to RMB197,657,000 (2013 – RMB261,739,000) and RMB6,496,000 (2014 – RMB8,459,000), respectively. If depreciation on the Group's property, plant and equipment and amortisation of prepaid leases increases/decreases by 10% from management's estimate, the Group's loss for the year will increase/decrease by approximately RMB1,895,000 (2014 – RMB5,984,000).

2(a) Basis of preparation (Cont'd)

Significant accounting estimates, assumptions and judgements (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Impairment of loans and receivables (Note 8, 9)

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

The carrying amount of loans and receivables of the Group at the reporting date amounted to RMB4,222,000 (2014 – RMB496,000). If the present value of estimated future cash flows decrease/increase by 5% from management's estimates, the Group's loss for the year will increase/decrease by RMB211,000 (2014 – RMB25,000).

2(b) Interpretation and amendments to published standards

Interpretations and amendments effective in 2015

On 1 January 2015, the Group has applied the new and revised standards, amendments and interpretation of FRSs that are mandatory for application from that date.

The adoption of the new and revised standards, amendments and interpretations of FRSs did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current period or prior financial year.

FRS and INT FRS not yet effective

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by ASC that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. The directors do not anticipate that the application of these new and revised FRSs will have a material impact on the financial statements of the Group and the Company except for the following which may be relevant to the Group and may have a significant effect on the consolidated financial statements in future financial periods.

2(b) Interpretation and amendments to published standards (Cont'd)

FRS and INT FRS not yet effective (Cont'd)

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 1	*Presentation of Financial Statements*	1 January 2016
Amendments to FRS 7	*Statement of Cash Flows*	1 January 2017
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 109	*Financial Instruments*	1 January 2018

Amendments to FRS 1 *Presentation of Financial Statements*

The amendments to FRS 1 *Presentation of Financial Statements* clarify that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group and the Company when implemented.

Amendments to FRS 7 *Statement of Cash Flows*

The amendments to FRS 7 *Statement of Cash Flows* are part of an initiative that ASC has undertaken to improve the effectiveness of disclosures in financial reports. Companies would need to reconcile cash flows arising from financial activities as reported in the statement of cash flows, excluding contributed equity, to the corresponding liabilities in the opening and closing statements of financial position. As this is a disclosure standard, it will not have any impact on the statement of cash flows of the Group when implemented.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts* with Customers requires the entity to recognise revenue which depict transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. FRS 115 is effective for annual periods beginning on or after 1 January 2018. Management is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2(b) Interpretation and amendments to published standards (Cont'd)

FRS and INT FRS not yet effective (Cont'd)

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces FRS 39 and it is a package of improvements introduced by FRS 109 includes a logical model for:

- classification and measurement,
- a single, forward-looking "expected loss" impairment model and
- a substantially reformed approach to hedge accounting

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The adoption of FRS 109 will have an impact on the classification and measurement of financial assets, but no impact on the classification and measurement of financial liabilities. The Group is currently assessing the impact to the financial statements.

2(c) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Consolidation of the subsidiaries in the People's Republic of China ("PRC") is based on the subsidiaries' financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in the PRC statutory financial statements of the subsidiary, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profit available for distribution by the PRC subsidiaries are based on the amounts stated in the PRC statutory financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

2(c) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the Group has all of the following:

– power over the investee;
– exposure, or rights or variable returns from its involvement with the investee; and
– the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

<u>Loss of control</u>

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to the statement of comprehensive income or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2(c) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Transactions eliminated on consolidation

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the statement of financial position separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Functional and presentation currencies

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Singapore Dollars.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Renminbi. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

Conversion of foreign currencies

Foreign currency transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the profit or loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

2(c) Summary of significant accounting policies (Cont'd)

Conversion of foreign currencies (Cont'd)

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the translations.

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) and the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(i) Assets and liabilities (including comparatives) are translated at the closing exchange rates at the end of reporting period;
(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and
(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and

2(c) Summary of significant accounting policies (Cont'd)

Subsidiaries (Cont'd)

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

In the Company's separate financial statements, shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and farm structures	10 to 30 years
Leasehold improvements	3 to 15 years
Plant and machinery	3 to 10 years
Office equipment	3 to 8 years
Motor vehicles	4 to 8 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement in the year the asset is derecognised.

2(c) Summary of significant accounting policies (Cont'd)

Prepaid leases

Prepaid leases represent upfront payments to acquire long-term interest in the usage of land and payments in advance for leasing farms, which are stated at cost and are amortised over the period of the lease on a straight-line basis to profit or loss.

Prepaid leases which are to be amortised in the next twelve months or less are classified as current assets.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group and the Company do not hold any financial assets at fair value through profit or loss, available-for-sale investments or held-to-maturity investments.

2(c) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, (excluding prepayment) and cash and bank balances. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations; or
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

Results from operations qualifying as discontinued operations are presented separately as a single amount on the income statement.

2(c) Summary of significant accounting policies (Cont'd)

Biological assets

Biological assets are measured on initial recognition and at the end of each reporting period at their fair values less costs to sell. The fair value of the biological assets is determined with reference to the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period or market prices for similar assets with adjustment to reflect differences. The costs of sale include commission to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. A gain or loss arising on initial recognition of the biological assets at fair value less costs to sell and from a change in fair value less costs to sell of biological assets is included in profit or loss for the period in which it arises.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

2(c) Summary of significant accounting policies (Cont'd)

Non-derivative financial liabilities

The Group's financial liabilities include trade and other payables, convertible loans, loans, excluding advances from customers.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

2(c) Summary of significant accounting policies (Cont'd)

Non-derivative financial liabilities (Cont'd)

Convertible loans

Convertible loan is regarded as compound instrument, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a non-current liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component attributable to the warrants is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This balance is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. An appropriate amount is transferred to the share capital account as and when the warrants are exercised.

Derivative financial instruments

The Group does not trade derivative financial instruments for speculative purposes.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value, and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Determination of fair value

The fair values of quoted financial instruments are based on current bid prices. If the market for a financial instrument is not active or is unquoted, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

2(c) Summary of significant accounting policies (Cont'd)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2(c) Summary of significant accounting policies (Cont'd)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee – operating lease

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

The land use rights held by the Group are regarded as operating leases. The amounts paid for these rights are treated as lease prepayments and are amortised over the lease terms.

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

The Group as lessor – operating lease

Assets leased out under operating leases are included in property, plant and equipment and are stated at cost. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Employee benefits

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations.

Pursuant to the relevant regulations of the PRC government, the employees of the subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government (the "Central Pension Scheme"), whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Central Pension Scheme. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the Central Pension Scheme is to pay the ongoing required contributions under the Central Pension Scheme. Contributions under the Central Pension Scheme are charged to the statement of comprehensive income as incurred. The assets of the Central Pension Scheme are held separately from those of the PRC subsidiaries in independently administered funds.

2(c) Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to define contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of each reporting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and senior managers are considered key management personnel.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group if that person:
  - i. has control or joint control over the Group;
  - ii. has significant influence over the Group; or
  - iii. is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:
  - i. the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - iii. both entities are joint ventures of the same third party;
  - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - v. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
  - vi the entity is controlled or jointly controlled by a person identified in (a); or

2(c) Summary of significant accounting policies (Cont'd)

Related parties (Cont'd)

vii a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

viii the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, excluding inventories, subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units are charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. A reversal of an impairment loss is recognised as income in profit or loss.

2(c) Summary of significant accounting policies (Cont'd)

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the asset.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise warrants and number of shares to be issued upon redemption of convertible bonds.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker who makes strategic resources allocation decisions.

2(c) Summary of significant accounting policies (Cont'd)

Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from sales of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the aquacultural products and processed marine products;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Interest income</u>

Interest income is recognised on a time-apportionment basis using the effective interest rate method.

<u>Rental income</u>

Rental income is recognised on a straight-line basis over the lease term.

3 Revenue

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax, are detailed as follows:

The Group	2015 RMB'000	2014 RMB'000
Continuing operations:		
Sales of live marine products	**3,759**	9,267
Sales of processed marine product	**1,085**	–
	4,844	9,267
Discontinued operations:	**–**	–
	4,844	9,267

4 Property, plant and equipment

The Group	Buildings and farm structures RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost							
At 1 January 2014	749,644	3,379	99,404	2,320	921	64,247	919,915
Additions	–	–	84	–	393	–	477
Transfer	10,430	–	2,976	–	–	(13,406)	–
Disposals	(30,196)	–	(1,015)	–	(235)	(18,462)	(49,908)
Write-off	(1,407)	–	–	–	(488)	–	(1,895)
Exchange differences	–	(67)	(5)	(25)	–	–	(97)
At 31 December 2014	**728,471**	**3,312**	**101,444**	**2,295**	**591**	**32,379**	**868,492**
Additions	**–**	**–**	**–**	**113**	**–**	**–**	**113**
Disposals	**(5,232)**	**–**	**–**	**–**	**–**	**–**	**(5,232)**
At 31 December 2015	**723,239**	**3,312**	**101,444**	**2,408**	**591**	**32,379**	**863,373**
Accumulated depreciation							
At 1 January 2014	240,299	1,837	56,074	1,303	321	–	299,834
Depreciation charge	52,879	–	6,271	100	49	–	59,299
Disposals	(12,518)	–	(205)	–	(12)	–	(12,735)
Write-off	(115)	–	–	–	(184)	–	(299)
Exchange differences	–	(28)	(8)	9	–	–	(27)
At 31 December 2014	**280,545**	**1,809**	**62,132**	**1,412**	**174**	**–**	**346,072**
Depreciation charge	**15,920**	**–**	**2,461**	**113**	**36**	**–**	**18,530**
Disposals	**(3,902)**	**–**	**–**	**–**	**–**	**–**	**(3,902)**
At 31 December 2015	**292,563**	**1,809**	**64,593**	**1,525**	**210**	**–**	**360,700**
Impairment							
At 1 January 2014	40,823	1,542	22,965	735	600	42,859	109,524
Impairment loss for the year	173,040	–	444	–	–	6,613	180,097
Disposals	(9,359)	–	(858)	–	–	(17,093)	(27,310)
Write-off	(1,292)	–	–	–	(304)	–	(1,596)
Exchange differences	–	(39)	5	–	–	–	(34)
At 31 December 2014	**203,212**	**1,503**	**22,556**	**735**	**296**	**32,379**	**260,681**
Impairment loss for the year	**42,449**	**–**	**1,884**	**49**	**(47)**	**–**	**44,335**
At 31 December 2015	**245,661**	**1,503**	**24,440**	**784**	**249**	**32,379**	**305,016**
Carrying amount							
At 31 December 2015	**185,015**	**–**	**12,411**	**99**	**132**	**–**	**197,657**
At 31 December 2014	244,714	–	16,756	148	121	–	261,739

4 Property, plant and equipment (Cont'd)

Impairment testing

2015

The Group's business of cultivation and sale of abalone is attributable to the live marine products cash-generating unit (the "CGU").

During the financial year ended 31 December 2015, the Group tested the CGU for impairment, and recognised an impairment charge of RMB44,335,000 (2014: RMB180,097,000) and RMB1,492,000 (2014: RMB2,800,000) on property, plant and equipment and prepaid leases, respectively, being the excess of the carrying amount over the recoverable amount.

The recoverable amount of the Group's property, plant and equipment, and prepaid leases, was based on the CGU's fair value less costs to sell, which was higher than value-in-use, as determined by an independent professional valuer with recognised and relevant professional qualifications and experience within the local market and the category of properties to be valued. The determination of fair values include use of unobservable inputs.

The fair value less cost to sell of property (Level 3 valuation) was determined based on the cost approach. The cost approach is based on the cost to reproduce or replace under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic).

The fair value less cost to sell of land use rights (Level 3 valuation) was determined based on the market approach. The market approach is based on sale in their existing states with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market, subject to allowance for variable adjustment factors.

The fair value less cost to sell of plant and machinery (Level 3 valuation) was determined using the cost approach. The cost approach is based on cost to reproduce or replace under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

As at 31 December 2015, the carrying amount of the Group's farm structures and office buildings constructed on land leased from third parties ("Collectively-owned Land") and prepaid leases amounted to RMB154,679,000 and RMB1,352,000 (2014: RMB199,522,000 and RMB816,000), respectively. In assessing the fair value of these farm structures and office buildings and the related prepaid leases, the valuer has made certain key assumptions as follows:

(1) the Collectively-owned Land are freely transferable to any third party in the open market; and

4 Property, plant and equipment (Cont'd)

Impairment testing (Cont'd)

(2) consent for the land transfer will be granted by the individual owners of the land.

It was assumed that the relevant regulatory documents required for the land transfer had been obtained. As at 31 December 2015, no separate transfer agreement had been entered into with the individual owners of the land to transfer the ownership to the Group.

A 3% unfavourable change in the estimation of fair value less cost to sell of plant and equipment would result in further impairment loss by RMB5,531,000 (2014:RMB7,852,000).

As at 31 December 2015, the entire carrying amount of property, plant and equipment has been pledged to a third party lender and 2 existing warrant holders to secure the loans and convertible bonds.

5 Prepaid leases

The Group	Land use rights RMB'000	Prepayment for lease of land RMB'000	Total RMB'000
At 1 January 2014	5,884	9,261	15,145
Impairment loss for the year	(673)	(2,127)	(2,800)
Disposals	–	(3,343)	(3,343)
Amortisation for the year	(179)	(364)	(543)
At 31 December 2014	**5,032**	**3,427**	**8,459**
Impairment loss for the year	**286**	**(1,778)**	**(1,492)**
Disposals	**–**	**(56)**	**(56)**
Amortisation for the year	**(178)**	**(237)**	**(415)**
At 31 December 2015	**5,140**	**1,356**	**6,496**

The Group	2015 RMB'000	2014 RMB'000
Non-current portion	**6,007**	8,045
Current portion included as prepayments under current assets (Note 9)	**489**	414
Total	**6,496**	8,459

The Group's business of cultivation and sale of abalone is attributable to the live marine products cash-generating unit (the "CGU").

Impairment testing for prepaid leases is set out in Note 4.

5 Prepaid leases (Cont'd)

As at 31 December 2015, the entire carrying amount of prepaid leases has been pledged to a third party lender and 2 existing warrant holders to secure the loans and convertible bonds.

6 Subsidiaries

The Company	**2015** **RMB'000**	2014 RMB'000
Unquoted equity shares, at cost	**1,405,042**	1,405,042
Less: Impairment loss		
At 1 January	**1,142,915**	610,042
Amount recognised during the year	**86,644**	532,873
At 31 December	**1,229,559**	1,142,915
	175,483	262,127

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Percentage of equity held **2015** %	2014 %	Principal activities
Oceanus Aquaculture Group Pte. Ltd. [(a)]	Singapore	**100**	100	Investment holding
Oceanus Food Group Pte. Ltd. [(a)]	Singapore	**100**	100	Investment holding
Oceanus Food Group Limited [(b)]	Hong Kong	**100**	100	Investment holding
Subsidiary held through Oceanus Aquaculture Group Pte. Ltd.				
Oceanus (China) Aquaculture Co., Ltd [(b)]	People's Republic of China	**100**	100	Aquaculture production and abalone farming and sale of products.

6 Subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Percentage of equity held 2015 %	2014 %	Principal activities
Subsidiary held through Oceanus Food Group Limited				
Zhangzhou Oceanus Food Co., Ltd [(b)]	People's Republic of China	**100**	100	Inactive
Subsidiary held through Oceanus Food Group Pte. Ltd.				
Oceanus (Shanghai) Restaurant Management Co., Ltd [(b)]	People's Republic of China	**100**	100	Inactive
Oceanus Food (Hong Kong) Company Limited [(b)]	Hong Kong	**100**	100	Inactive
Oceanus (Singapore) Restaurant Management Pte Ltd [(a)]	Singapore	**100**	100	Inactive
Oceanus (Hong Kong) Restaurant Management Company Limited [(b)(d)]	Hong Kong	**–**	100	Inactive
Oceanus (Taiwan) Restaurant Limited Company [(b)]	Taiwan	**100**	100	Inactive
Subsidiary held through Oceanus (Shanghai) Restaurant Management Co., Ltd				
Shanghai Oceanus Wujiang Road Restaurant Co., Ltd [(b)(c)]	People's Republic of China	**100**	100	Inactive

(a) Audited by Foo Kon Tan LLP
(b) Audited by Foo Kon Tan LLP for consolidation purposes
(c) The subsidiary has ceased operation and is in the process of liquidation and deregistration since 2011.
(d) The subsidiary was deregistered on 10 October 2014.

6 Subsidiaries (Cont'd)

Impairment testing

During the financial year ended 31 December 2015, the Company tested investment in a subsidiary, which is attributable to the live marine products cash-generating unit (the "CGU"), for impairment and recognised an impairment loss of RMB86,644,000 (2014: RMB532,873,000). The recoverable amount was determined based on fair value less costs to sell, as determined by an independent professional valuer based on the market value and cost approach, which was higher than value-in-use. Further details of the determination of the recoverable amount is set out in Note 4.

A first charge over the entire equity interests in 2 subsidiaries of the Group were created in favour of a third party lender and 2 existing warrant holders.

7 Inventories

The Group	**2015 RMB'000**	2014 RMB'000
Inventories	**110**	–

During the year ended 31 December 2014, the Group recognised a reversal of write-down in value of inventories in respect of the inventory of the processed marine products amounting to RMB1,026,000 upon sales of these inventories.

8 Trade receivables

The Group	**2015 RMB'000**	2014 RMB'000
Third parties	**65,726**	65,652
Less: Impairment loss	**(65,652)**	(65,652)
	74	–

The Group's credit period on sales of marine products is up to 60 days (2014 – up to 60 days). No interest is charged on the outstanding balance.

At the reporting date, included in trade receivables were amounts of RMB62,362,000 (2014 – RMB62,362,000) due from the Group's two major customers (2014: two major customers).

8 Trade receivables (Cont'd)

An analysis of trade receivables at the reporting date is as follows:

The Group	2015 RMB'000	2014 RMB'000
Not past due and not impaired	**74**	–
Past due and impaired	**65,652**	65,652
	65,726	65,652
Impairment loss on doubtful trade receivables	**(65,652)**	(65,652)
	74	–

Movement in the allowance for doubtful trade receivables is as follows:

The Group	2015 RMB'000	2014 RMB'000
At 1 January	**65,652**	65,805
Allowance made	**–**	–
Allowance reversed	**–**	(153)
At 31 December	**65,652**	65,652

Trade receivables denominated in RMB has been fully impaired at the reporting date. The carrying value of trade receivables of RMB74,000 is denominated in SGD.

Refer to Note 32 for foreign currency risk and credit risk exposed.

9 Other receivables

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Non-trade amounts due from subsidiaries	**–**	–	**1,050,212**	1,050,143
Less: Impairment loss	**–**	–	**(1,050,212)**	(1,050,143)
	–	–	**–**	–
Other receivables	**21,696**	13,666	**3,129**	–
Less: Impairment loss	**(18,062)**	(13,666)	**–**	–
	3,634	–	**3,129**	–
Amounts due from a key management	**–**	99	**–**	–
Deposits	**514**	397	**–**	–
Loans and receivables	**4,148**	496	**3,129**	–
Prepaid leases – current portion (Note 5)	**489**	414	**–**	–
Prepayments	**48**	658	**–**	–
Total	**4,685**	1,568	**3,129**	–

An analysis of loans and other receivables at the reporting date is as follows:

The Group	**2015** **RMB'000**	2014 RMB'000
Not past due and not impaired	**4,148**	496
Past due and impaired		
121 to 365 days	**–**	9,050
More than 365 days	**18,062**	4,616
	22,210	14,162
Impairment loss on doubtful other receivables	**(18,062)**	(13,666)
	4,148	496

At the reporting date, other receivables of the Company are not past due and not impaired.

9 Other receivables (Cont'd)

Movement in allowance for doubtful receivables

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**13,666**	9,050	**1,050,143**	1,062,787
Allowance made	**4,396**	4,616	**14,402**	24,873
Allowance reversed	**–**	–	**–**	(104)
Allowance utilised	**–**	–	**–**	–
Exchange differences	**–**	–	**(14,333)**	(37,413)
At 31 December	**18,062**	13,666	**1,050,212**	1,050,143

The other receivables are denominated in the following currencies,

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**517**	1,040	**–**	–
Singapore dollar	**4,134**	495	**3,129**	–
Hong Kong dollar	**11**	11	**–**	–
New Taiwan dollar	**23**	22	**–**	–
	4,685	1,568	**3,129**	–

10 Biological assets

(a) Reconciliation of carrying amount of biological assets:

The Group	**2015 RMB'000**	2014 RMB'000
At 1 January	**41**	19,906
Additions	**981**	842
Disposals	**(3,759)**	(9,267)
Decrease in fair value less costs to sell	**5,155**	(11,440)
At 31 December	**2,418**	41
Represented by:		
Adult abalones	**–**	16
Juvenile abalones	**2,418**	25
	2,418	41

(b) The biological assets relate to adult and juvenile abalones. Juvenile abalones represent the aquaculture products that may either be retained for growth into adult abalones or sold to aquaculture producers.

10 Biological assets (Cont'd)

As at 31 December 2015 and 2014, management had measured the carrying amount of the biological assets based on internal estimations using recent market prices for similar assets. In prior years, management engaged an independent appraiser to assess the valuation of biological assets and the estimated costs of sale of these assets using the market approach. The market approach considers the recent market prices for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative and mortality rate.

Management did not conduct a physical count of biological assets as at 31 December 2015 and 2014.

11 Cash and bank balances

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank	**2,209**	3,858	**151**	274
Cash on hand	**–**	107	**–**	–
	2,209	3,965	**151**	274

As at 31 December 2015, the Group had cash and cash equivalents of RMB1,349,000 (2014 – RMB3,082,000) placed with banks in the People's Republic of China ("PRC"). Conversion of RMB into foreign currencies is currently subject to the foreign exchange control regulations in PRC.

Cash and bank balances are denominated in the following currencies,

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**1,349**	3,082	**–**	14
Singapore dollar	**835**	814	**151**	246
Hong Kong dollar	**24**	23	**–**	–
New Taiwan dollar	**1**	18	**–**	–
United State dollar	**–**	28	**–**	14
	2,209	3,965	**151**	274

12 Share capital

The Company	**31 December 2015**	31 December 2014	**31 December 2015**	31 December 2014
	Number of ordinary shares		**RMB'000**	RMB'000
Issued and fully paid, with no par value				
At 1 January	**3,637,941,547**	3,637,941,547	**2,373,685**	2,373,685
Issuance of shares	**928,911,285**	–	**39,570**	–
At 31 December	**4,566,852,832**	3,637,941,547	**2,413,255**	2,373,685

12 Share capital (Cont'd)

The Company	**2015 S$'000**	2014 S$'000
Issued and fully paid share capital denominated in original currency:		
At 1 January	**466,936**	466,936
Issuance of shares	**8,904**	–
At 31 December	**475,840**	466,936

S$ denotes Singapore dollars.

The equity structure (number and amount of equity issued) of the Company and the Group represented that of the Company, being the legal parent for the purpose of reverse acquisition accounting.

On 29 September 2015, the Company issued 218,276,492 shares at S$0.00864 per share to the financing shareholders, of which 140,355,396 shares were for partial settlement of the outstanding loans; and 710,634,793 shares, comprising 201,322,979 shares at S$0.013 per share and 509,311,814 shares at S$0.00864 per share, as partial settlement of the accrued interest on the convertible bonds.

13 Reserves

	The Group		The Company	
	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000	**At 31 December 2015 RMB'000**	At 31 December 2014 RMB'000
Capital reserve	**(1,137,504)**	(1,137,504)	**11,229**	11,229
Warrant reserve	**101,651**	101,651	**101,651**	101,651
Currency translation reserve	**29,805**	49,191	**26,132**	19,506
Statutory reserve	**39,262**	39,262	**–**	–
Accumulated losses	**(1,844,232)**	(1,746,992)	**(2,910,597)**	(2,773,387)
Total	**(2,811,018)**	(2,694,392)	**(2,771,585)**	(2,641,001)

The Company's capital reserve comprises the excess of the fair value of the non-controlling interests in 2 subsidiaries over the purchase considerations for the acquisitions of these non-controlling interests during the financial year ended 31 December 2012.

The Group's capital reverse relates to the excess of purchase consideration over the fair value of the net assets of Oceanus Aquaculture Group Pte. Ltd. acquired under a reverse takeover in 2008.

13 Reserves (Cont'd)

Warrant reserve

Warrant reserve relates to the fair value of warrants issued by the Company and the equity component of the convertible bonds based on the value of the embedded option to convert the liability component of the convertible bonds into equity of the Company as at the date of issue of the convertible bonds, which is net of deferred tax effect and transaction costs.

In accordance with the terms of Convertible Loan 2012 agreement, the exercise price of warrants was adjusted from S$0.072 to S$0.0632 per warrant, and the total outstanding number of warrants was increased from 894,209,296 to 1,018,565,587 following a rights issue in 2013.

During the financial year ended 31 December 2013, two convertible bond holders exercised 80,888,625 warrants based on the exercise price of S$0.072 each. Pursuant to the exercise of warrants, the Company issued 80,888,625 ordinary shares for a consideration of S$5,823,981 (RMB29,230,000). The consideration was deemed a repayment of the underlying outstanding principal amount of the convertible bond amounting to S$5,823,981 (RMB29,230,000).

During the financial year ended 31 December 2015, the Company

- issued 707,692,308 warrants to a third party lender with each warrant exercisable into one share at the exercise price of S$0.013 per warrant (Note 18);

- issued 47,237,779 warrants to the financing shareholders with each warrant exercisable into one share at the exercise price of S$0.013 per (Note 18); and

- cancelled existing 1,018,565,587 warrants under Convertible Loan 2012 and issued 2,971,069,187 warrants under the refinanced Convertible Loan 2015 to the existing warrant holders, with each warrant exercisable into one share at the exercise price of S$0.02167 per warrant.

As at 31 December 2015, the number of unexercised warrants is 3,725,999,274 comprising 754,930,087 warrants with an exercise price of S$0.013 per warrant and 2,971,069,187 warrants with an exercise price of S$0.02167 per warrant (2014: 1,018,565,587 warrants with an exercise price of S$0.0632 per warrant).

Currency translation reserve

Currency translation reserve records exchange differences arising from the translation of the financial statements of Group entities whose functional currencies are different from that of the Group's presentation currency.

13 Reserves (Cont'd)

Statutory reserve

Pursuant to the relevant laws and regulations in the PRC applicable to foreign investment enterprise and the Articles of Association of subsidiaries of the Group, the subsidiaries are required to maintain statutory surplus reserve fund which is non-distributable. Appropriations to such reserve are made out of net profit after tax of the statutory financial statements of the subsidiaries. The subsidiaries are required to transfer at least 10% of its profit after tax as reported in its PRC statutory financial statements to the statutory surplus reserve fund until the balance reaches 50% of the registered capital of the respective subsidiary. The statutory surplus reserve fund may be used to make up prior year losses incurred and, with approval from relevant government authority, to increase capital.

14 Convertible loans

The Group and The Company	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Current		
Convertible loans	**295,312**	283,456
At beginning of year	**283,456**	254,746
Accretion of interest expenses	**34,058**	59,161
Interest paid/payable	**(18,503)**	(19,829)
Redemption of loans	**–**	–
Exchange differences	**(3,699)**	(10,622)
At end of year	**295,312**	283,456

On 13 July 2012, the Company entered into agreements with the lenders (the "Lenders") to refinance Convertible Loan 2009 with an outstanding principal amount of S$70.2 million upon maturity. Convertible Loan 2012 is due on 13 July 2015 and carries an interest rate at 5% per annum. With the refinancing, the Group extinguished Convertible Loan 2009 and issued a new loan, Convertible Loan 2012. In connection with the issue of Convertible Loan 2012, the Company granted 975,097,921 warrants to the Lenders. The main terms of the agreement are as follows:

(a) The loans are repayable on the later of 13 July 2015 or the third anniversary of the date of disbursement of the loans. The loans have a coupon rate of 5% per annum, payable semi-annually. The loans are secured by a first charge and assignment of the present and future rights and interest in the insurance policies of the Group relating to the biological assets of the Group.

14 Convertible loans (Cont'd)

(b) Each warrant carries the right to subscribe for new ordinary shares in the share capital of the Company. The exercise price is S$0.072 per share and the new shares shall rank pari passu in all respects with the existing shares of the Company and shall be listed on the Singapore Exchange Securities Trading Limited. The warrants are exercisable at any time prior to the later of 13 July 2015 or the third anniversary of the date of issuance of the warrants ("warrant exercise period"). In the event that the Lenders exercise their rights to convert all or any of their warrants to shares, their share of the outstanding loan shall, on the date of such issue of shares, be deemed repaid by an amount equal to the aggregate of the exercise price multiplied by the number of warrant exercised.

(c) The Lenders shall have the right to request the Group to redeem any unexercised warrants held by them after the warrant maturity at a redemption premium of 15% of the amount of their respective loan in proportion to the unexercised warrants. The warrant redemption premium will be waived if the Group achieves certain prescribed profit and operating cash flows targets in at least one financial year during the warrant exercise period.

(d) The Group shall maintain insurance on and in relation to its business and assets such that the aggregate insured sum under such insurances shall be at least 50% of the fair value of the biological assets of the Group.

The Group's profit and operating cash flows were below the prescribed profit and operating cash flows target as mentioned in (c) above during the financial years ended 31 December 2012, 2013 and 2014. The Group recognised a fair value loss on the warrant redemption premium amounting to RMB25,418,000 for the year ended 31 December 2014.

During the year ended 31 December 2013, one of the lenders assigned its outstanding loan from the Company and the related warrants to two parties.

In September 2015, the Company entered into agreements with the lenders (the "Lenders") to refinance Convertible Loan 2012 with Convertible Loan 2015. The main terms of the agreement are as follows:

(a) the terms of the loans for 2 lenders have been extended from 13 July 2015 to 31 December 2016;

(b) the term of the loan of one lender is 60 months from September 2015; and

(c) cancellation of the existing 1,018,565,587 warrants under the Convertible Loan 2012 and issue of 2,971,069,187 warrants at the exercise price of S$0.02167 per warrant to the lenders (Note 13). These warrants are exercisable from 13 July 2015 to 31 December 2016.

14 Convertible loans (Cont'd)

The effect of the loan refinancing was a de-recognition of Convertible Loan 2012 and recognition of Convertible Loan 2015. The difference between the carrying value of Convertible Loan 2012, inclusive of the associated derivative liability (Note 19), and fair value of Convertible Loan 2015 would be gain or loss on de-recognition of Convertible Loan 2012.

No assessments were carried out to estimate the fair value of Convertible Loan 2015 to determine gain or loss on de-recognition of Convertible Loan 2012, fair value of warrants issued to holders of Convertible Loan 2015, and the allocation of the carrying amount of Convertible Loan 2015 to the liability and equity components upon initial recognition. No interest had been accrued on Convertible Loan 2015 since inception.

15 Deferred tax liabilities

The Group and The Company	**At 31 December 2015 RMB'000**	At 31 December 2014 RMB'000
At 1 January	**1,944**	6,041
Recognised in profit or loss (Note 24)	**(1,890)**	(4,054)
Exchange differences	**(54)**	(43)
At 31 December	**–**	1,944

The balance comprises tax on the following temporary differences:

The Group and the Company	Convertible loans RMB'000	Total RMB'000
At 1 January 2014	6,041	6,041
Recognised in profit or loss	(4,054)	(4,054)
Exchange differences	(43)	(43)
At 31 December 2014	**1,944**	**1,944**
Recognised in profit or loss	**(1,890)**	**(1,890)**
Exchange differences	**(54)**	**(54)**
At 31 December 2015	**–**	**–**

Deferred tax assets have not been recognised in respect of the following items:

	The Group	
	2015 RMB'000	2014 RMB'000
Unutilised tax losses	**728,399**	710,045
	728,399	710,045

The tax losses are subject to agreement by the tax authority and compliance with tax regulations in the PRC in which the subsidiary operates. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

15 Deferred tax liabilities (Cont'd)

The unrecognised tax losses will expire as follows:

	The Group	
	2015	2014
	RMB'000	RMB'000
Year 2016	**228,459**	228,459
Year 2017	**226,404**	226,404
Year 2018	**166,549**	166,549
Year 2019	**88,633**	88,633
Year 2020	**18,354**	–
	728,399	710,045

16 Trade payables

	2015	2014
The Group	**RMB'000**	RMB'000
Third parties	**10,662**	15,176

The average credit period on purchase of goods ranges from 0 to 30 days (2013 – 0 to 30 days). The trade payables are non-interest bearing and denominated in RMB.

17 Other payables

	The Group		The Company	
	At 31 December 2015	At 31 December 2014	**At 31 December 2015**	At 31 December 2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts due to subsidiaries	**–**	–	**963**	977
Interest payable	**30,993**	42,624	**30,993**	42,624
Accrued expenses	**42,551**	17,454	**12,765**	11,943
Accrued staff costs	**5,255**	17,459	**2,772**	2,293
Payable for acquisition of property, plant and equipment	**4,891**	4,891	**–**	–
Advances from customers	**2,472**	1,532	**–**	–
Other tax payables	**5,619**	7,948	**5,068**	6,847
	91,781	91,908	**52,561**	64,684

The amounts due to the subsidiaries are unsecured, interest-free and repayable on demand.

17 Other payables (Cont'd)

Other payables are denominated in the following currencies,

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**25,630**	26,469	**–**	–
Singapore dollar	**66,121**	65,409	**52,561**	64,684
Hong Kong dollar	**13**	11	**–**	–
New Taiwan dollar	**17**	19	**–**	–
	91,781	91,908	**52,561**	64,684

18 Loans

	2015	2014
The Group and the Company	**RMB'000**	RMB'000
Non-Current		
Shareholders (unsecured)[(a)]	**1,811**	7,479
Third parties		
– unsecured/secured[(b)]	**42,199**	–
	44,010	7,479
Current		
Third parties		
– unsecured/secured[(b)]	**–**	24,907
– unsecured[(c)]	**4,093**	4,149
	4,093	29,056
Total	**48,103**	36,535

(a) The loans granted by shareholders bear interest at 8% (2014: 8%) per annum, and are unsecured and repayable by 2 September 2020.

(b) The loan granted by a third party bears interest at 6% (2014: 6%) per annum, and is secured and repayable by 2 September 2020. As at 31 December 2014, the loan bears interest at 6% per annum and is unsecured.

(c) The loan granted by a third party is unsecured and interest-free.

During the year ended 31 December 2015, warrants were issued to the financing shareholders and a third party lender (Note 13). No assessments were carried out to determine the allocation of the carrying amounts of loans from shareholders and a third party to the debt and equity components based on their relative fair values at inception.

Please refer to Note 32 for further details on interest rate risk and liquidity risk.

19 Derivative liability

The Group and The Company	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Current		
Derivative liability	**141,117**	143,098

Derivative liability relates to the warrant redemption premium (Note 14).

As at 31 December 2015, no assessment of the fair value of the warrant redemption premium was performed, and accordingly, no change in fair value of the warrant redemption premium was recognised in profit or loss for the year ended 31 December 2015. The movement in derivative liability between 31 December 2015 and 2014 amounting to RMB1,981,000 was due to currency translation difference.

Fair value loss on the warrant redemption premium recognised in profit or loss was RMB25,418,000 for the year ended 31 December 2014.

Please refer to Note 32 for further details on interest rate risk and liquidity risk.

20 Other operating income

	Continuing operations		Discontinued operations		Total	
The Group	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Rental income	**24**	224	**–**	–	**24**	224
Interest income	**1**	16	**–**	2	**1**	18
Government grants	**154**	–	**–**	20	**154**	20
Scrap sales	**1,025**	120	**–**	–	**1,025**	120
Gain on disposal of prepaid leases	**–**	–	**–**	4,208	**–**	4,208
Gain on disposal of property, plant and equipment	**284**	–	**–**	10,942	**284**	10,942
Foreign currency exchange gain	**18,078**	–	**103**	–	**18,181**	–
Reversal of impairment loss on receivables	**–**	153	**–**	–	**–**	153
Sundry income	**1,264**	403	**3,349**	423	**4,613**	826
	20,830	916	**3,452**	15,595	**24,282**	16,511

21 Other operating expenses

The Group	Continuing operations 2015 RMB'000	Continuing operations 2014 RMB'000	Discontinued operations 2015 RMB'000	Discontinued operations 2014 RMB'000	Total 2015 RMB'000	Total 2014 RMB'000
Professional fees	**3,720**	12,589	**-**	268	**3,720**	12,857
Operating lease expenses	**2,294**	1,898	**-**	–	**2,294**	1,898
Freight expenses	**-**	427	**-**	–	**-**	427
Insurance expenses	**10**	87	**-**	–	**10**	87
Repairs and maintenance expenses	**162**	284	**-**	–	**162**	284
Travelling expenses	**627**	1,724	**-**	–	**627**	1,724
Foreign exchange loss/(gain), net	**-**	642	**-**	(116)	**-**	526
Loss on disposal of property, plant and equipment	**-**	4,302	**-**	–	**-**	4,302
Amortisation of prepaid leases	**415**	543	**-**	–	**415**	543
Impairment loss on other receivables	**4,396**	641	**-**	3,975	**4,396**	4,616
Reversal of/write-down in value of inventories, net	**-**	–	**-**	(1,026)	**-**	(1,026)
Annual Report fees	**113**	267	**-**	–	**113**	267
Representative services fees	**-**	121	**-**	–	**-**	121
Consumables	**205**	2,078	**-**	–	**205**	2,078
Annual listing and related fees	**389**	306	**-**	–	**389**	306
Stamp duties	**-**	–	**-**	1,742	**-**	1,742
Others	**2,640**	3,010	**12**	197	**2,652**	3,207
	14,971	28,919	**12**	5,040	**14,983**	33,959

22 Finance costs

The Group	Continuing operations 2015 RMB'000	Continuing operations 2014 RMB'000	Discontinued operations 2015 RMB'000	Discontinued operations 2014 RMB'000	Total 2015 RMB'000	Total 2014 RMB'000
Interest on convertible loan	**34,058**	59,161	**-**	–	**34,058**	59,161
(Reversal of)/Withholding tax on interest on convertible loan	**(1,664)**	4,691	**-**	–	**(1,664)**	4,691
Loans from shareholders	**683**	647	**-**	–	**683**	647
Loan from third party	**1,827**	1,072	**-**	–	**1,827**	1,072
Others	**45**	485	**-**	–	**45**	485
	34,949	66,056	**-**	–	**34,949**	66,056

23 Loss before taxation

The following items have been included in arriving at loss before taxation:

The Group	Continuing operations 2015 RMB'000	Continuing operations 2014 RMB'000	Discontinued operations 2015 RMB'000	Discontinued operations 2014 RMB'000	Total 2015 RMB'000	Total 2014 RMB'000
Depreciation of property, plant and equipment	**18,530**	59,299	**–**	–	**18,530**	59,299
Amortisation of land use rights and prepaid leases	**415**	543	**–**	–	**415**	543
Audit fee						
– auditors of the Company	**738**	1,488	**–**	251	**738**	1,739
	738	1,488	**–**	251	**738**	1,739
Employee benefit expenses:						
– Directors' salary of the company	**158**	2,039	**–**	–	**158**	2,039
– Directors' salary of the subsidiaries	**–**	–	**–**	–	**–**	–
– Salary of employees other than directors	**9,576**	14,595	**18**	90	**9,594**	14,685
– Defined contribution plans included in staff costs	**1,002**	2,146	**–**	–	**1,002**	2,146
– Other staff welfare	**538**	2,026	**–**	–	**538**	2,026
	11,274	20,806	**18**	90	**11,292**	20,896
Directors' fees	**502**	695	**–**	–	**502**	695

24 Income tax credit

The Group	2015 RMB'000	2014 RMB'000
Current tax expense		
Continuing operations:		
– Current year	**–**	–
– Adjustment for prior years	**–**	48
	–	48
Discontinued operations:		
– Current year	**–**	–
	–	–
Deferred tax credit		
Origination and reversal of temporary differences (Note 15)	**(1,890)**	(4,054)
	(1,890)	(4,006)

24 Income tax credit (Cont'd)

Reconciliation of effective tax rate

The Group	2015 RMB'000	2014 RMB'000
Loss before taxation:		
Continuing operations	(102,552)	(414,055)
Discontinued operations	3,422	10,465
	(99,130)	(403,590)
Tax at statutory rate of 25% (2014 – 25%)	(24,782)	(100,897)
Tax effect on non-deductible expenses	15,210	11,580
Effect of different tax rates of group entities operating in other jurisdictions	3,093	63,246
Tax effect of unused tax loss not recognised as deferred tax assets	4,589	22,017
Adjustment for prior years	–	48
	(1,890)	(4,006)

Allocated to:

The Group	2015 RMB'000	2014 RMB'000
Continuing operations	(1,890)	(4,006)
Discontinued operations	–	–
	(1,890)	(4,006)

25 Other comprehensive income for the year, net of tax

	2015			2014		
The Group	Before tax RMB'000	Tax expense RMB'000	Net of tax RMB'000	Before tax RMB'000	Tax expense RMB'000	Net of tax RMB'000
Disclosure of tax effect relating to each component of other comprehensive income:						
Currency translation differences	(19,386)	–	(19,386)	21,449	–	21,449

26 Loss per share

From continuing and discontinued operations

The Group	2015 RMB'000	2014 RMB'000
Basic loss per share is based on:		
Loss after taxation attributable to owners of the Company	**(97,240)**	(399,584)

The Group	2015	2014
Weighted average number of shares for the purpose of basic earnings per share	**3,877,168,015**	3,637,941,547
	3,877,168,015	3,637,941,547
Loss per share (fen):		
– basic	**(2.51)**	(10.98)
– diluted	**(2.51)**	(10.98)

From continuing operations

The calculation of the basic and diluted loss per share attributable to the ordinary owners of the Company is based on the following data:

The Group	2015 RMB'000	2014 RMB'000
Basic loss per share is based on:		
Loss after taxation attributable to owners of the Company	**(100,662)**	(410,049)
Loss per share (fen):		
– basic	**(2.60)**	(11.27)
– diluted	**(2.60)**	(11.27)

The denominators used are the same as those detailed above used in the computation of both basic and diluted loss per share from continuing and discontinued operations.

Diluted loss per share is similar to basic loss per share as there were no potential dilutive ordinary shares existed during the year.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is 0.09 fen per share (2014: 0.29 fen per share) based on the profit for the year from discontinued operations of RMB3,422,000 (2014 – RMB10,465,000).

The Group's outstanding warrants at 31 December 2015 and 2014 were anti-dilutive.

27 Related party transactions

During the financial year ended 31 December 2014, Oceanus Aquaculture Group Pte. Ltd. transferred funds amounting to RMB13,160,854 to its subsidiary, Oceanus (China) Aquaculture Co., Ltd ("Oceanus (China)") via a member of the key management personnel for purposes of monitoring of cash flows.

Except as disclosed above and elsewhere in the financial statements, there were no other transactions with related parties.

28 Key management personnel compensations

The Group	2015 RMB'000	2014 RMB'000
Short-term benefits	**5,503**	5,395
Post-employment benefits	**167**	176
	5,670	5,571

29 Operating lease commitments (non-cancellable)

At the end of the reporting period, the Group was committed to making the following payments in respect of non-cancellable operating leases:

The Group as the lessee

The Group	2015 RMB'000	2014 RMB'000
Not later than one year	**540**	2,387
Later than one year and not later than five years	**889**	293
Later than five years	**185**	210
Total	**1,614**	2,890

Operating lease payments represent rentals payable by the Group for certain property, plant and equipment, office premises and land use rights.

30 Discontinued operations

During the financial year ended 31 December 2011, the Group ceased the operations of the food and beverage segment which operated restaurant outlets. During the financial year ended 31 December 2012, the Group ceased production of the Processed Marine Products operating segment in connection with a change in business strategy.

The Group	2015 RMB'000	2014 RMB'000
Other operating income	**3,452**	15,595
Staff costs	**(18)**	(90)
Other operating expenses	**(12)**	(5,040)
Profit before income tax	**3,422**	10,465
Income tax	**–**	–
Profit for the year	**3,422**	10,465

30 Discontinued operations (Cont'd)

Cash flows from (used in) discontinued operations

The Group	2015 RMB'000	2014 RMB'000
Net cash used in operating activities	**(706)**	(7,555)
Net cash from investing activities	**–**	7,900
Net cash flows for the year	**(706)**	345

31 Business and geographical segments

For management reporting purposes, the Group is organised into the following reportable operating segments as follows:

Live marine products	Cultivation and sale of abalone and others
Trading	Sales of processed marine product
Investment holding	Investment holding

For the purpose of monitoring segment performance and allocating resources, the chief operating decision maker monitors the tangible and financial assets attributable to each segment. All assets are allocated to reportable segments. Assets, if any, used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment revenue represents revenue generated from external and internal customers. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, investment revenue and finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment information about the Group's continuing operation is presented below. Segment information about the Group's discontinued operations is presented in Note 30 to the financial statements.

31 Business and geographical segments (Cont'd)

	Live marine products		Trading		Investment holding		Total continuing operations		Discontinued		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue by segments												
External revenue	3,759	9,267	1,085	-	-	-	4,844	9,267	-	-	4,844	9,267
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total	3,759	9,267	1,085	-	-	-	4,844	9,267	-	-	4,844	9,267
Gain/(loss) arising from changes in fair value less costs to sell of biological assets	5,155	(11,440)	-	-	-	-	5,155	(11,440)	-	-	5,155	(11,440)
Result												
Segment result	(70,122)	(282,303)	(7,637)	-	(7,922)	(39,636)	(85,681)	(321,939)	3,319	10,349	(82,362)	(311,590)
Gain/(loss) on foreign exchange differences	312	(180)	-	-	17,766	(462)	18,078	(642)	103	116	18,181	(526)
Fair value loss on derivative liability							-	(25,418)	-	-	-	(25,418)
Finance costs							(34,949)	(66,056)	-	-	(34,949)	(66,056)
Loss before taxation							(102,552)	(414,055)	3,422	10,465	(99,130)	(403,590)
Income tax							1,890	4,006	-	-	1,890	4,006
Loss for the year							(100,662)	(410,049)	3,422	10,465	(97,240)	(399,584)

31 Business and geographical segments (Cont'd)

	Live marine products		Trading		Investment holding		Total continuing operations		Discontinued		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Other information												
Acquisition of property, plant and equipment	**113**	477	**-**	-	**-**	-	**113**	477	**-**	-	**113**	477
Depreciation of property, plant and equipment	**18,530**	59,299	**-**	-	**-**	-	**18,530**	59,299	**-**	-	**18,530**	59,299
Loss/(Gain) on disposal of property, plant and equipment	**(284)**	4,302	**-**	-	**-**	-	**(284)**	4,302	**-**	(10,942)	**(284)**	(6,640)
Impairment loss on property, plant and equipment	**44,335**	180,097	**-**	-	**-**	-	**44,335**	180,097	**-**	-	**44,335**	180,097
Amortisation of prepaid leases	**415**	543	**-**	-	**-**	-	**415**	543	**-**	-	**415**	543
Impairment loss on prepaid leases	**1,492**	2,800	**-**	-	**-**	-	**1,492**	2,800	**-**	-	**1,492**	2,800
Gain on disposal of prepaid leases	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(4,208)	**-**	(4,208)
Impairment loss on other receivables	**4,396**	641	**-**	-	**-**	-	**4,396**	641	**-**	3,975	**4,396**	4,616
Reversal of impairment loss on trade receivables	**-**	(153)	**-**	-	**-**	-	**-**	(153)	**-**	-	**-**	(153)
Loss/(Gain) on foreign exchange differences	**(312)**	180	**-**	-	**(17,766)**	462	**(18,078)**	642	**(103)**	(116)	**(18,181)**	526
(Reversal of)/write-down in value of inventories, net	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(1,026)	**-**	(1,026)

31 Business and geographical segments (Cont'd)

	Live marine products		Trading		Investment holding		Total continuing operations		Discontinued		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Other information (Cont'd)												
Rental income	**(24)**	(224)	**-**	-	**-**	-	**(24)**	(224)	**-**	-	**(24)**	(224)
Interest income	**(1)**	(16)	**-**	-	**-**	-	**(1)**	(16)	**-**	(2)	**(1)**	(18)
Sundry income	**(1,264)**	(403)	**-**	-	**-**	-	**(1,264)**	(403)	**(3,349)**	(423)	**(4,613)**	(826)

Segment assets and liabilities

	Live marine products		Trading		Investment holding		Inter-segment eliminations		Total continuing operations		Discontinued		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Segment assets	**206,805**	278,921	**1,221**	-	**354,912**	572,078	**(350,973)**	(576,129)	**211,965**	274,870	**1,195**	488	**213,160**	275,358
Segment liabilities	**633,825**	645,973	**116,293**	-	**999,777**	1,126,687	**(1,712,846)**	(1,735,459)	**37,049**	37,201	**89,342**	93,831	**126,391**	131,032
Unallocated liabilities													**484,532**	465,033
Consolidated total liabilities													**610,923**	596,065

31 Business and geographical segments (Cont'd)

Geographical segments

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

Revenue

The Group derived all its revenue from the People's Republic of China. Therefore, no geographical segments information is presented. All non-current assets are located in the People's Republic of China.

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated financial statements.

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the asset attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments. Unallocated items comprise mainly convertible loans and the associated derivative liability and deferred tax liabilities, and borrowings.

Information about major customers

Information on revenue from external customers or group of customers who accounted for 10% or more of the Group's revenue is as follows:

The Group	2015 RMB'000	2014 RMB'000
Customer A	357	1,925
Customer B	484	1,899
Customer C	585	–
Customer D	560	–
Customer E	414	–
	2,400	3,824

32 Financial risk management objectives

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

The Group	**2015** **RMB'000**	2014 RMB'000
Loans and receivables at amortised cost *		
Trade and other receivables	**4,222**	496
Cash and bank balances	**2,209**	3,965
	6,431	4,461

The Group	**2015** **RMB'000**	2014 RMB'000
Financial liabilities at amortised cost **		
Trade and other payables	**99,971**	105,552
Loans and borrowings	**48,103**	36,535
Convertible loans	**295,312**	283,456
	443,386	425,543

* excludes prepayment and prepaid leases

** excludes advance from customers and derivatives

32 Financial risk management objectives (Cont'd)

The Company	2015 RMB'000	2014 RMB'000
Loans and receivables at amortised cost		
Other receivables	**3,129**	–
Cash and bank balances	**151**	274
	3,280	274
Financial liabilities at amortised cost		
Other payables	**52,561**	64,684
Loans and borrowings	**48,103**	36,535
Convertible loans	**295,312**	283,456
	395,976	384,675
Fair value through profit or loss		
Derivative liability	**141,117**	143,098

32.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The carrying amount of cash and cash equivalents and trade and other receivables included in the statements of financial position represent the Group and the Company's maximum exposure to credit risk in relation to the financial assets.

In order to minimise that credit risk, the Group has policies in place to ensure that credit sales of products are only made to customers with an appropriate credit history and performs periodic credit evaluation of the Group's customers. The Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Group considers that the Group's credit risk is adequately controlled.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, other than as disclosed in Note 8 and Note 9, no allowance for impairment is necessary in respect of trade and other receivables past due and not past due based on the credit quality and past collection history of the counterparties.

The Group has concentration risk in relation to trade receivables due from outside parties and the Company has concentration risk in relation to amounts due from its subsidiaries.

As the Company and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

32 Financial risk management objectives (Cont'd)

32.1 Credit risk (Cont'd)

The credit risk on bank balances is limited because the counterparties are banks with good reputation.

32.2 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's and financial liabilities based on contractual undiscounted cash flows, including estimated interest payments:

The Group	Carrying amount RMB'000	Contractual cash flows RMB'000	Less than 1 year RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2015					
Non-derivative financial liabilities					
Trade and other payables	**99,971**	**99,971**	**99,971**	**–**	**–**
Convertible loans	**295,312**	**319,576**	**319,576**	**–**	**–**
Loans	**48,103**	**60,600**	**6,770**	**53,830**	**–**
Derivative financial liabilities					
Derivative liability	**141,117**	**141,117**	**141,117**	**–**	**–**
	584,503	**621,264**	**567,434**	**53,830**	**–**
At 31 December 2014					
Non-derivative financial liabilities					
Trade and other payables	105,552	105,552	105,552	–	–
Convertible loans	283,456	301,860	301,860	–	–
Loans	36,535	42,116	31,785	10,331	–
Derivative financial liabilities					
Derivative liability	143,098	143,098	143,098	–	–
	568,641	592,626	582,295	10,331	–

32 Financial risk management objectives (Cont'd)

32.2 Liquidity risk (Cont'd)

The Company	Carrying amount RMB'000	Contractual cash flows RMB'000	Less than 1 year RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2015					
Non-derivative financial liabilities					
Trade and other payables	**52,561**	**52,561**	**52,561**	**–**	**–**
Convertible loans	**295,312**	**319,576**	**319,576**	**–**	**–**
Loans	**48,103**	**60,600**	**6,770**	**53,830**	**–**
Derivative financial liabilities					
Derivative liability	**141,117**	**141,117**	**141,117**	**–**	**–**
	537,093	**573,854**	**520,024**	**53,830**	**–**
At 31 December 2014					
Non-derivative financial liabilities					
Trade and other payables	64,684	64,684	64,684	–	–
Convertible loans	283,456	301,860	301,860	–	–
Loans	36,535	42,116	31,785	10,331	–
Derivative financial liabilities					
Derivative liability	143,098	143,098	143,098	–	–
	527,773	551,758	541,427	10,331	–

The Group and the Company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group maintains sufficient level of cash and cash equivalents and has available adequate amount of committed credit facilities from financial institutions to meet its working capital requirements.

32.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company are not exposed to interest rate risk as they do not hold variable rate instruments.

32 Financial risk management objectives (Cont'd)

32.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company do not have any significant foreign currency risk as they carry on their operations in their respective functional currencies.

32.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, and is not exposed to any movement in market prices.

32.6 Fair values

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of financial instruments

Financial and non-financial assets and liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 : unobservable inputs for the asset or liability.

32 Financial risk management objectives (Cont'd)

32.6 Fair values (Cont'd)

Fair value measurement of financial instruments (Cont'd)

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
The Group				
31 December 2015				
Non-financial assets:				
Property, plant and equipment	**–**	**–**	**197,657**	**197,657**
Prepaid leases	**–**	**–**	**6,496**	**6,496**
Financial liabilities:				
Derivative liability	**–**	**–**	**141,117**	**141,117**
31 December 2014				
Non-financial assets:				
Property, plant and equipment	–	–	261,739	261,739
Prepaid leases	–	–	8,459	8,459
Biological assets	–	–	41	41
Financial liabilities:				
Derivative liability	–	–	143,098	143,098
The Company				
31 December 2015				
Financial liabilities:				
Derivative liability	**–**	**–**	**141,117**	**141,117**
31 December 2014				
Financial liabilities:				
Derivative liability	–	–	143,098	143,098

<u>Fair value measurement of financial instruments</u>

The fair value of the embedded derivative related to the redemption feature of the convertible loans was determined using the Binomial option pricing model.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and loans and borrowings) approximate their fair values because of the short period to maturity.

No fair value information is disclosed for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

32 Financial risk management objectives (Cont'd)

32.6 Fair values (Cont'd)

Fair value measurement of financial instruments (Cont'd)

Fair value measurement of non-financial instruments

The following table shows the Group's valuation technique used in measuring the fair value of the non-financial instruments, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Property – 2014 and 2015	Cost approach	Price per square meter	The estimated fair value would increase/(decrease) if:
Land use rights – 2014 and 2015	Market approach	Adjustment factor	– price per square meter was higher (lower) – adjustment factor was favourable/(not favourable)
Plant and equipment – 2014 and 2015	Cost approach	Price trend indexes Obsolescence factor	The estimated fair value would increase/(decrease) if: – Price trend indexes were higher (lower) – Obsolescence factor was lower (higher)
Biological assets – 2014 and 2015	Management's internal estimations using recent market prices of similar assets.	Estimated market prices	The estimated fair value would increase (decrease) if estimated market prices was higher (lower).

32 Financial risk management objectives (Cont'd)

32.6 Fair values (Cont'd)

Fair value measurement of financial instruments (Cont'd)

Fair value measurement of non-financial instruments

Derivative liability – 2014 and 2015	Binomial Option Pricing Model	Discount rate Volatility	The estimated fair value would increase/ (decrease) if: – Discount rate was (lower) higher – Volatility was higher (lower)

Fair value of financial liabilities measured at amortised cost

At the reporting date, the fair value of loans from shareholders and loans from third parties were RMB1,286,000 and RMB30,876,000 (2014: RMB5,355,000 and RMB30,550,000), respectively. The fair values were estimated based on the discounted cash flows method using a risk-adjusted discount rate.

At 31 December 2014, the fair value of convertible loans was RMB283,456,000. The fair value was estimated based on the Binomial Option Pricing Model. The fair value of convertible loans was not assessed at 31 December 2015.

Level 3 fair value measurement

The reconciliation of the carrying amount of non-financial assets classified within Level 3 is disclosed under Note 4 (Property, plant and equipment), Note 5 (Prepaid leases), and Note 10 (Biological assets).

33 Capital management

The Group's and Company's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;
(b) To support the Group's stability and growth;
(c) To provide capital for the purpose of strengthening the Group's risk management capability; and
(d) To provide an adequate return to shareholders.

33 Capital management (Cont'd)

The Group and Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group's and Company's capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and Company currently does not adopt any formal dividend policy.

The Board of Directors monitors capital based on net debt to total equity ratio. Net debt comprises total borrowings less cash and cash equivalents. Net asset comprises total equity.

There were no changes in the Group's and Company's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

The subsidiaries in the PRC have complied with the statutory surplus reserve fund requirements. Other than the above, the Company and the rest of the subsidiaries are not subject to externally imposed capital requirements.

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Total borrowings	**343,415**	319,991	**343,415**	319,991
Less: Cash and cash equivalents	**(2,209)**	(3,965)	**(151)**	(274)
Net debt	**341,206**	316,026	**343,264**	319,717
Total equity	**(397,763)**	(320,707)	**(358,330)**	(267,316)
Net debt to total equity ratio (times)	**#**	#	**#**	#

Not presented due to deficit in total equity.

34 Subsequent events

Proposed debt restructuring

On 25 January 2017, the Company announced that it had entered into a binding term sheet with key creditors, comprising the holders of convertible bonds and a third party lender to waive S$31.87 million of the debts owed by the Company and convert S$29.57 million of the debts owed by the Company into new ordinary shares in the Company. This proposed debt restructuring is subject to, inter alia, (a) the approval of a scheme of arrangement ("Scheme") by the requisite majority of the Company's creditors being obtained at a duly convened Court meeting; (b) the approval of the Scheme by the Court being obtained; (c) the approval-in-principle of the Singapore Exchange Securities Trading Limited ("SGX-ST") being obtained for the listing and quotation of the new shares; (d) a waiver in writing being obtained from the Securities Industry Council waiving the requirement of any creditor of the Company to make a mandatory takeover offer under Rule 14 of the Singapore Code on Take-overs and Mergers ("Whitewash Waiver"); (e) the approval of the requisite majority of the shareholders of the Company being obtained at a general meeting for, among other things, the Whitewash Waiver and the allotment and issuance of the New Shares; and (f) all other approvals and consents necessary or desirable for the proposed restructuring being obtained by the Company and/or each of its creditors.

34 Subsequent events (Cont'd)

Compulsory acquisition of abalone farms

On 2 March 2017, a wholly owned subsidiary of the Group has been informed intention of Gulei Zhen People's Government (the "PRC Authority") to compulsorily acquire 13 of its abalone farms for the purpose of urban planning by the PRC Authority. The subsidiary has received from the PRC Authority duly executed compensation agreements, the terms of which include but are not limited to the amount of compensation for the compulsory acquisition as well as the further steps involved for the completion of the compulsory acquisition. The gross aggregate compensation amount stated in the compensation agreements is RMB182,512,767 (approximately S$38,000,000) but the amount is subject to revisions and adjustments by the PRC Authority.

The Company will continue to work with its consultants and advisors to minimise the various charges and fees and maximise the net compensation amount. The Company intends to utilise the net compensation amount received from the Compulsory Acquisition to repay the total debt of S$20,000,000.00 remaining after the completion of the restructuring exercise described in the announcement on SGX-NET on 25 January 2017. The balance proceed will be used for general working capital purposes and to fund the Company's growth strategies. Proceeds from the compulsory acquisition are expected to be recognised in the financial year ending 31 Dec 2017.

Issuance of new shares pursuant to exercise of warrants

Pursuant to the exercise of 47,237,779 warrants by the financing shareholders, the Company has allotted and issued an aggregate of 47,237,779 ordinary shares in the capital of the Company on 4 April 2017 at the exercise price of S$0.013 each. The sum of approximately S$614,000, being the exercise amount, is paid through the cancellation of an equivalent amount of debt due from the Company to the financing shareholders.

Following the above issuance of new shares, the total number of shares in the Company has increased from 4,566,852,832 shares to 4,614,090,611 shares and the total outstanding warrants to subscribe for new shares in the capital of the Company are 3,678,761,495.

Writ of summons

On 4 July 2016, a third party lender served a writ of summons on the Company, claiming, inter alia, breach of an amended and restated loan agreement dated 30 July 2015 between the lender and the Company and was seeking, among other things, the sum of S$9,936,903 On 8 August 2016, the Company filed its defence and counterclaim in response to the lender's claim.

On 14 December 2016, the agreement between the Company and the lender to discontinue their claims and counterclaims against each other was accepted by the High Court of the Republic of Singapore.

Placement on the Watch-List

On 2 March 2016, the Company announced that the Singapore Exchange Securities Trading Limited (the "SGXST") has notified the Company that pursuant to Rule 1311(1), it will be placed on the Watch-List with effect from 3 March 2016 due to the financial entry criteria. The Company must take active steps to meet the requirements of Listing Rule 1314(1) of the Listing Manual of the SGX-ST ("the "Listing Manual") for its removal from Watch-List within 36 months from 3 March 2016, failing which the SGX-ST may either remove the Company from the official list of the SGX-ST (the "Official List") or suspend trading of the Company with a view to remove the Company from the Official List.

STATISTICS OF SHAREHOLDINGS

Issued and fully paid-up capital	:	S$482,972,703.70
Number of shares	:	4,614,090,611
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury shares

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	70	0.81	2,428	0.00
100 – 1,000	225	2.61	169,341	0.00
1,001 – 10,000	1,567	18.17	12,385,815	0.27
10,001 – 1,000,000	6,373	73.90	944,456,280	20.47
1,000,001 AND ABOVE	389	4.51	3,657,076,747	79.26
TOTAL	**8,624**	**100.00**	**4,614,090,611**	**100.00**

STATISTICS OF SHAREHOLDINGS AS AT 5 APRIL 2017

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	591,711,003	12.82
2	UOB KAY HIAN PRIVATE LIMITED	354,081,932	7.67
3	THOMAS CHAN HO LAM	228,654,281	4.96
4	KEE POIR MOK	175,234,975	3.80
5	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	164,693,954	3.57
6	DBS NOMINEES (PRIVATE) LIMITED	147,025,730	3.19
7	OCBC SECURITIES PRIVATE LIMITED	143,001,516	3.10
8	HL BANK NOMINEES (SINGAPORE) PTE LTD	74,813,876	1.62
9	TAN CHAI HONG OR TAN KAY SIM	62,376,900	1.35
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	59,378,267	1.29
11	RAFFLES NOMINEES (PTE) LIMITED	57,939,553	1.26
12	NG CHER YEW	55,340,663	1.20
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	44,176,140	0.96
14	PHILLIP SECURITIES PTE LTD	39,137,566	0.85
15	XU SHUN CHENG @PERMAN YADI	38,553,868	0.84
16	LIEW ENG ING	36,463,500	0.79
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	35,140,978	0.76
18	KGI SECURITIES (SINGAPORE) PTE. LTD.	31,857,000	0.69
19	STEPHEN YEO MAH AI	31,839,000	0.69
20	TAN WANG CHEOW	29,919,000	0.65
	TOTAL	**2,401,339,702**	**52.06**

Statistics of Shareholdings

As at 5 April 2017

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 5 April 2017)

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%***	**No. of Shares**	**%***
Ocean Wonder International Limited	403,440,804	8.74	–	–
BW Investment Limited	281,458,890	6.10	–	–
AIF Capital Asia III, L.P.	–	–	403,440,804[1]	8.74
AIF Capital Asia III GP Limited	–	–	403,440,804[1]	8.74
AIF Capital Partners Holdings, L.P.	–	–	403,440,804[1]	8.74
AIF Capital Partners, Ltd.	–	–	403,440,804[1]	8.74
Peter F. Amour	–	–	403,440,804[1]	8.74
Varina Group Limited	–	–	403,440,804[1]	8.74
Po Shing Andy Tse	–	–	403,440,804[1]	8.74
Theresa Yuk Mui Chung	–	–	403,440,804[1]	8.74
Borrelli Walsh Asia Limited	–	–	281,458,890[2]	6.10
Bombay Bicycle Club Limited	–	–	281,458,890[2]	6.10
G Jacqueline Fangonil Walsh	–	–	281,458,890[2]	6.10
Cosimo Borrelli	–	–	281,458,890[2]	6.10

Notes:

* Computed based on 4,614,090,611 shares, being the total number of issued voting shares of the Company.

1 AIF Capital Asia III, L.P. ("AIF LP") is the sole shareholder of Ocean Wonder International Limited ("**OWIL**") and accordingly holds more than 50% of the voting rights in OWIL. AIF Capital Asia III GP Limited ("AIF GP") is the general partner of AIF LP. AIF Capital Partners Holdings, L.P. ("AIF CPH LP") is the sole shareholder of AIF GP and accordingly holds more than 50% of the voting rights in AIF GP.

AIF Capital Partners, Ltd. ("AIF Ltd") is the general partner of AIF CPH LP. Peter F. Amour ("PFA"), Po Shing Andy Tse and Theresa Yuk Mui Chung each holds not less than 20% of the voting rights in AIF Ltd.

Varina Group Limited ("VGL") holds not less than 20% of the voting rights in AIF CPH LP. Asian Corporate Advisers Limited ("ACAL") is the sole shareholder of VGL and accordingly holds more than 50% of the voting rights in VGL. ACAL holds all the shares of VGL as bare trustee in trust for the benefit of PFA.

2 Borrelli Walsh Asia Limited ("BWAL") is the sole shareholder of BW Investment Limited ("BWIL") and accordingly holds more than 50% of the voting rights in BWIL. Bombay Bicycle Club Limited ("BBCL") holds 56.5% of the shares in BWAL (being more than 50% of the voting rights in BWAL). Jacqueline Walsh and Cosimo Borrelli respectively hold 25% of the shares in BBCL (being not less than 20% of the voting rights of BBCL) and 75% of the shares in BBCL (being more than 50% of the voting rights in BBCL).

FREE FLOAT

Based on the information provided to the Company as at 5 April 2017, approximately 81.36% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

ANNUAL GENERAL MEETING

Notice of Annual General Meeting

OCEANUS GROUP LIMITED
(Incorporated in the Republic of Singapore)
Reg. No. 199805793D

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Oceanus Group Limited (the "**Company**") will be held at The Grassroots Club, Auditorium (Level 2), 190 Ang Mo Kio Ave 8, Singapore 568046 on Thursday, 18 May 2017 at 2.00 p.m., for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015, together with the Directors' Statement and the Independent Auditor's Report. **(Resolution 1)**

2. To re-elect Mr Peter Koh Heng Kang, being a Director who retires pursuant to Article 117 of the Constitution of the Company. (see Explanatory Note 1) **(Resolution 2)**

3. To re-elect Mr Kee Poir Mok, being a Director who retires pursuant to Article 117 of the Constitution of the Company. (see Explanatory Note 2) **(Resolution 3)**

4. To approve the payment of Directors' fees of S$119,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears. (2015: S$300,000) **(Resolution 4)**

5. To re-appoint Messrs Foo Kon Tan LLP as Independent Auditor and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other business that may be properly transacted at an AGM.

As Special Business:

To consider and if deemed fit to pass the following Ordinary Resolutions with or without modifications:-

7. **AUTHORITY TO ALLOT AND ISSUE SHARES**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

1. (i) issue and allot shares in the capital of the Company ("Shares") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that may or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible exchangeable into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

2. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:-

   (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (b) below);

   (b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares shall be calculated based on the issued Share capital of the Company (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:

      (i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act and the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held whichever is the earlier. (see Explanatory Note 3)

(Resolution 6)

By Order of the Board

Peter Koh Heng Kang
Executive Director and Chief Executive Officer

Singapore, 3 May 2017

Explanatory Notes

(1) **Ordinary Resolution 2** – Mr Peter Koh Heng Kang will, upon re-election, remain as an Executive Director and Chief Executive Officer of the Company.

(2) **Ordinary Resolution 3** – Mr Kee Poir Mok will, upon re-election, remain as an Independent Director of the Company and a member of the Audit Committee, the Nominating Committee and the Remuneration Committee.

(3) **Ordinary Resolution 6** – if passed, will empower the Directors of the Company, effective until (i) the conclusion of the next AGM of the Company, or (ii) the date by which the next AGM of the Company is required by law to be held or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings, if any), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:–

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

Notes:

1. The Chairman of the AGM will be exercising his right under Article 80 of the Constitution of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.

2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint one or two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3. A proxy need not be a member of the Company. An instrument appointing a proxy must be deposited at the registered office of the Company, 31 Harrison Road #11-03/04 Food Empire Building, Singapore 369649, not less than 48 hours before the time for holding the AGM or any adjournment thereof.

4. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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OCEANUS GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Reg. No. 199805793D)

IMPORTANT
1. Relevant Intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Oceanus Group Limited shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 3 May 2017.

PROXY FORM – ANNUAL GENERAL MEETING

I/We, ______________________________ (name) of ______________________________

______________________________ (address) being a member/members of OCEANUS GROUP LIMITED (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at The Grassroots Club, Auditorium (Level 2), 190 Ang Mo Kio Ave 8, Singapore 568046 on Thursday, 18 May 2017 at 2.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

No.	ORDINARY RESOLUTIONS	For	Against
1	Adoption of the Audited Financial Statements for the financial year ended 31 December 2015, together with the Directors' Statement and the Independent Auditor's Report.		
2	Re-election of Mr Peter Koh Heng Kang as a Director.		
3	Re-election of Mr Kee Poir Mok as a Director.		
4	Approval of payment of Directors' fees of S$119,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears. (2015: S$300,000)		
5	Re-appointment of Messrs Foo Kon Tan LLP as Independent Auditor.		
6	Authority to allot and issue Shares.		

Date this ________ day of ________________ 2017

Total Number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

NOTES:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.

2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint one or two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 31 Harrison Road #11-03/04, Food Empire Building, Singapore 369649 not less than 48 hours before the time set for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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oceanus
GROUP

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