Oceanus Group Limited
and its subsidiaries

Revised Financial Statements for the financial year ended 31 December 2017

Contents

Directors' statement
for the financial year ended 31 December 2017

The directors present their statement to the members together with the revised audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2017.

This new directors' statement replaces the original directors' statement signed on 13 April 2018. This new directors' statement and the revised financial statements have been prepared in accordance with Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018.

The bases for revisions are explained in Note 33 to the revised financial statements. This new directors' statement is taken as having been prepared on the date of the original directors' statement and accordingly, does not consider those events occurring between 14 April 2018 and 9 March 2020.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying revised 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 2017 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) as at the date of this original directors' statement (13 April 2018), except as disclosed in Note 2(a), there were reasonable grounds to believe that the Company would 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.

The directors wish to make the following statements with regard to the qualified opinion in the Independent Auditors' Report on the consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2017,

(a) <u>Trade and other payables</u>

The RMB8 million of trade and other payables booked in the Group's PRC subsidiary have been brought forward since 2011. These balances do not have sufficient supporting documents to warrant their settlement. Management takes a very prudent view on creditor balances that cannot be reliably ascertained with supporting documents. The Company has a strict cash policy where payments are matched to appropriate invoices.

Following legal consultations in the PRC in respect of this RMB8 million balances, management has been advised that they should no longer be liabilities of the Group pursuant to PRC local government regulation, which stipulate that creditors balances can be written off if no demands for their repayment have been made within the last three years. To date, no claims have been made on RMB8 million of payable balances in the last 5 years.

As set out in the Company's announcement in March 2016, the abalone farm was unlawfully taken over by creditors and management immediately commenced steps to take back its control. In the interest of time and due to the inability to draw funds from subsidiary cash account, RMB1 million was paid on behalf of the subsidiary to restore safety and resume control at the farm. Management successfully regained control of the farm in April 2016. All payments made in respect of this were duly reviewed and approved by the board.

(b) Loans

Management considered it not meaningful to conduct an assessment of the fair value of warrants to the financing shareholders and a third party lender given that amounts of these loans were not material. In addition, the Group's balance sheet would no longer carry any loans due to shareholders and third parties in its books post-restructuring as at 31 December 2017.

(c) Biological assets

Management has ensured that the Company's stock-take of biological assets as at 31 December 2017 was conducted in the presence of auditors. As the Company's year end stock-take procedures now requires the auditor to be present, this will no longer be an issue going forward.

(d) Other investment

Management assessed that the exclusion of the Oceanus Australia Abalone World Pty Ltd ("OAAW") information does not have any material impact to the Group's FY2017 financial results as its business only represents approximately less than 3% of the Group's total assets in 2017.

As OAAW refused to provide any access to its financial records since acquisition date, the Group did not have the ability to participate in any of the decision making processes in OAAW. The exclusion of OAAW's financial information from the Group's FY2017 financial results is to remain in compliance with listing obligations and statutory reporting deadlines.

The above does not affect the Group's ongoing strategy to establish its abalone processing segment. Discussions with various major processing businesses in Australia have commenced in 2017 and the Group has already received several expressions of interests to collaborate or start a joint venture processing business

Names of directors

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

Directors in office at 13 Apr 2018	Movements during the period from 14 Apr 2018 to 9 April 2020		Directors in office at 9 April 2020
	Appointment	Resignation	
Peter Koh Heng Kang	-	-	Peter Koh Heng Kang
Yeo Kan Yen, Alvin(1)	-	30 Apr 2018	Kee Poir Mok
Kee Poir Mok	-	-	Stephen Lee
Wong Ann Chai(2)	-	31 Jan 2019	Edward Loy Chee Kim
Jason Aleksander Kardachi(3)	-	-	Eugen Chua
Stephen Lee	-	-	
Edward Loy Chee Kim	3 May 2018	-	
Eugen Chua	2 Oct 2019	-	

Note:

(1) Mr Yeo Kan Yen, Alvin retired as the Lead Independent Non-Executive Director and a member of the NC and RC of the Company on 30 April 2018.

(2) Mr Wong Ann Chai resigned as the Independent Non-Executive Director and Chairman of the NC and RC of the Company on 31 January 2019.

(3) Mr Jason Aleksander Kardachi was ceased as the Non-Independent Non-Executive Director and a member of the NC and RC as per the announcement on cessation of director released to SGX-ST on 8 May 2019.

Arrangements to enable directors to acquire shares or debentures

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 Companies Act, Cap. 50, 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 1.1.2017	**As at 31.12.2017**	As at 1.1.2017	**As at 31.12.2017**
The Company - Oceanus Group Limited	Number of ordinary shares			
Peter Koh Heng Kang	-	**2,486,188,837**	-	**-**
Yeo Kan Yen, Alvin	-	**51,597,390**	-	**-**
Kee Poir Mok	175,234,975	**186,442,338**	-	**-**
Stephen Lee	-	**13,100,681**	387,065,804	**5,523,070,991**
Jason Aleksander Kardachi	-	**5,635,087**	-	**-**
Wong Ann Chai	-	**5,635,087**	-	**-**

1 Ocean Wonder International Limited ("OWIL") holds more than 20% of the voting rights in the Company. AIF Capital Asia Ill, L.P. ("AIF LP") is the sole shareholder of 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. Stephen Lee holds not less than 20% of the voting rights in AIF Ltd. Accordingly, Stephen Lee is deemed to have an interest as a substantial shareholder in the share

The directors' interests in the shares of the Company as at 21 January 2018 were the same as those as at 31 December 2017 for all the directors.

Audit Committee

The Audit Committee at the date of the original directors' statement (13 April 2018) comprises the following members:

Yeo KanYen, Alvin (Chairman) (Retired on 30 April 2018)
Stephen Lee
Kee Poir Mok

The Audit Committee as of the date of this directors' statement comprises the following members:

Edward Loy Chee Kim (Chairman)
Stephen Lee
Kee Poir Mok

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap.50, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance 2012. 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 2017 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 SGX-ST).

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.

Audit Committee (Cont'd)

Full details regarding the Audit Committee are provided in the Corporate Governance Report.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of the SGX-ST.

On behalf of the Directors

....
PETER KOH HENG KANG

....
EDWARD LOY CHEE KIM

Dated: 9 March 2020

Independent auditor's report to the members of Oceanus Group Limited

Report of the financial statements

Opinion

We have audited the revised financial statements of Oceanus Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, 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 notes to the revised financial statements, including a summary of significant accounting policies and other explanatory information. The revised financial statements replace the original financial statements approved by the directors on 13 April 2018.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying revised consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date

Basis for Qualified Opinion

Our audit report dated 7 December 2017 on the consolidated statements for the previous year ended 31 December 2016 contained a disclaimer of opinion on the following matters that have a continuing relevance to the 2017 financial statements:

(a) Trade and other payables and supporting documents;
(b) Convertible loans; and
(c) Biological assets.

(1) Trade and other payables and supporting documents

(1)(A) Trade and other payables (Notes 15 and 16 to the financial statements)

As at 31 December 2017, trade and other payables included amounts of RMB8 million (2016 – 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 2017 and 31 December 2016 because documentation supporting the transactions were not available. We were unable to satisfy ourselves by alternative means concerning the validity, completeness and accuracy of these trade and other payables of RMB8 million (2016 - RMB8 million) in aggregate as at 31 December 2017 and 31 December 2016.

Independent auditor's report to the members of Oceanus Group Limited (Cont'd)

Basis for Qualified Opinion (Cont'd)

(1)(B) Amount due to executive director (Notes 16 to the financial statements)

As at 31 December 2016, other payables included an amount of RMB1,000,000 payable to the executive director. This liability amount arose from the payment made on behalf of a subsidiary to a third party to restore safety and resume control at a farm seized by that subsidiary's contract security and protection services provider. Based on management representation, this payment was made in the interest of time where the Group had no access to the subsidiary's premises which was under siege.

We were unable to satisfy ourselves by alternative means concerning the validity and accuracy of this liability amount as at 31 December 2016 and the occurrence and accuracy of the related expense for the year ended 31 December 2016 because documentation supporting the transaction were not available.

This liability amount was settled during the current financial year ended 31 December 2017.

Had the above matters been satisfactory resolved in the current year, necessary adjustments to opening balances as at 1 January 2017 would have consequential effects on the current year's profit or loss and other elements of the financial statements.

(2) Borrowings (Note 14 to the financial statements)

During the year ended 31 December 2015, the Company issued warrants 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 amount of loans from shareholders and a third party to the liability and equity components in connection with the warrants.

Consequently, as at 31 December 2016, loans from the financing shareholders and loan from the third party lender amounting to RMB1,894,000 and RMB1,051,000, respectively, were measured based on the original loan principals plus accrued interest which had been computed based on the original loan principals and notional interest rates, instead of the effective interest rate in accordance with FRS39 Financial Instruments.

The loans from the financing shareholders and loan from the third party lender were settled during the financial year ended 31 December 2017.

Had the above matters been satisfactory resolved in the current year, necessary adjustments to opening balances as at 1 January 2017 would have consequential effects on the current year's profit or loss and other elements of the financial statements.

(3) Biological assets (Note 10 to the financial statements)

Management did not conduct a physical count of the biological assets as at 31 December 2016.

Had the necessary retrospective adjustments been conducted to the prior financial year ended 31 December 2016, it may have consequential effects on the current year's profit or loss and other elements of the financial statements.

Management conducted a physical count of the biological assets as at 31 December 2017.

Independent auditor's report to the members of Oceanus Group Limited (Cont'd)

Basis for Qualified Opinion (Cont'd)

(4) Other investment (Note 6.1 to the financial statements)

On 27 July 2017, the Group acquired 60% equity interest in Oceanus Australia Abalone World Pty Ltd for a consideration of RMB17,066,000.

The Group recognised an impairment loss on the cost of investment of RMB17,066,000 in the investee for the year ended 31 December 2017 due to no control over and no access to the accounting records of the investee.

In the absence of management's documentary assessment of the impairment loss based on accounting records and financial information of the investee, we were unable to satisfy ourselves by alternative means concerning the impairment loss for the year ended 31 December 2017 and the carrying amount of other investment at 31 December 2017.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the revised Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the revised financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed we conclude that there is a material misstatement of the other information, we are required to report the fact. We were unable to obtain sufficient appropriate evidence about the matters as described in the Basis for Qualified Opinion section above. Accordingly, we were unable to conclude whether or not the other information is materiality misstated with respect to these matters.

Independent auditor's report to the members of Oceanus Group Limited (Cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of property, plant and equipment and prepaid leases (Note 4 and Note 5 to the financial statements)

Risk:

Property, plant and equipment and prepaid leases collectively account for approximately 43% of the Group's total assets as at 31 December 2017.

Management engaged an external professional valuer to assess the recoverable amount of property, plant and equipment and prepaid leases. The recoverable amount was determined to be the fair value less cost to sell of the assets, which was higher than the value in use of these assets.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and the underlying assumptions to be applied.

Our response and work performed:

We assessed the Group's processes for the selection of the management's expert, the determination of the scope of work of the management's expert, and the review and acceptance of the valuations reported by the management's expert. We have evaluated the competence, qualification and objectivity of management's expert, obtained an understanding of the work of that expert; and evaluated the appropriateness of that expert's work as audit evidence for the relevant assertion. We also read the terms of engagement of the management's expert with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We have evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by the management's expert for similar asset types. We have examined the valuation assumptions with regards to the market conformity. We have reviewed the mathematical correctness of fundamental calculation steps.

We also considered the adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Independent auditor's report to the members of Oceanus Group Limited (Cont'd)

Key Audit Matters (Cont'd)

<u>Valuation of biological assets (Note 10 to the financial statements)</u>

Risk:

The Group's biological assets are measured at fair value as determined by an independent firm of professional valuers.

Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Consequently, we have determined the valuation of biological assets to be a key audit matter.

Our response and work performed:

We used our auditor's expert to assist in evaluating the appropriateness of the valuation techniques and assumptions applied in determining the fair value of biological assets. We evaluated the competence, capabilities and objectivity of the auditor's expert.

We assessed the completeness and appropriateness of the valuation report of management's independent valuation expert and assessed the competence, objectivity and independence of this expert.

We also assessed the adequacy of the classification and disclosures of biological assets in the financial statements.

Responsibilities of Management and Directors for the Revised Financial Statements

Management is responsible for the preparation of the revised financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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 revised financial statements and to maintain accountability of assets.

In preparing the revised financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Revised Financial Statements

Our objectives are to obtain reasonable assurance about whether the revised financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these revised financial statements.

Independent auditor's report to the members of Oceanus Group Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Revised Financial Statements (Cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent auditor's report to the members of Oceanus Group Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Revised Financial Statements (Cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

Revision Made Under the Regulations
We draw attention to Note 33 to these revised financial statements which describes the nature and effects of the revision to the consolidated financial statements for the financial year ended 31 December 2017. The original financial statements were approved by the directors on 13 April 2018 and we dated our original auditor's report on the original financial statements on that date.

The revised financial statements have been prepared in accordance with the Regulations and accordingly do not deal with events which have taken place after the date on which the original financial statements were approved. Consequently, our procedures on subsequent events are restricted solely to the revisions described in Note 33 to these revised financial statements and we have not performed procedures in relation to events occurring between the date of our original auditor's report and the date of this report.

Independent auditor's report for the financial year ended 31 December 2016

We highlight that the audit report dated 7 December 2017 on the financial statements for the previous year ended 31 December 2016 contained a disclaimer opinion on several matters, including matters resolved during the financial year ended 31 December 2017 are as follows:

- The going concern assumption under which the financial statements for the year ended 31 December 2016 were prepared. The ability of the Group and the Company to continue as a going concern was dependent on the successful conclusion of a debt restructuring exercise, disposal of assets that are not related to its current operations and positive cash flow from its operations in future.

- The fair value less costs to sell of farm buildings and structures erected on land leased from third party land owners and the related prepaid leases was assessed by an independent valuer to be RMB121,193,000 and RMB1,214,000, respectively, as at 31 December 2016. In assessing the fair value of these assets, the valuer had made certain key assumptions concerning the Group's ability to procure transferability of the land from the owners.

Independent auditor's report to the members of Oceanus Group Limited (Cont'd)

Other Matters (Cont'd)

Independent auditor's report for the financial year ended 31 December 2016 (Cont'd)

In arriving at our opinion on the financial statements for the year ended 31 December 2017, which is qualified, we have considered and taken into account of the above matters which were resolved during the current financial year ended 31 December 2017:

- On 26 December 2017, the Company completed the debt restructuring exercise (the "Debt Restructuring") and disposed of property, plant and equipment comprising farm buildings and structures and land use rights (prepaid leases) for a consideration of RMB182,871,000 with a resultant gain of RMB93,518,000. As at 31 December 2017, the Group had net current assets of RMB23,881,000. As at 31 December 2017, excluding amounts due to subsidiaries of RMB 102,489,000, the Company had net current assets of RMB36,951,000. The directors of the Company have the power and authority to manage the payment obligations to the said wholly-owned subsidiaries if the need ever arises.

- During the year ended 31 December 2017, the Group disposed of certain property, plant and equipment comprising farm buildings and structures and land use rights (prepaid leases) for a consideration of RMB182,871,000 with a resultant gain of RMB93,518,000. This transaction provides evidence of transferability of the subject land.

- On 26 December 2017, the convertible loans and loans from the financing shareholders and the third party lender were repaid.

Placement on the Watch-List

On 14 December 2015, the Company announced that it was placed on the Watch-List by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") under the financial entry criteria. On 3 March 2016, the Company announced that it was also placed on the Watch-List with effect from 3 March 2016 due to the minimum trading price ("**MTP**") entry criteria. With respect to its placement on the Watch- List based on the financial entry criteria, the Company had to fulfil the financial exit criteria ("**Financial Exit Criteria**") under Rule 1314(1) of the Listing Manual of the SGX-ST ("Listing Manual") for its removal from the Watch-List within 24 months from 14 December 2015 (i.e. 14 December 2017). As announced by the Company on 6 March 2018 and 7 March 2018, the Company has since obtained from the SGX-ST an extension of up to 2 June 2018 to meet the Financial Exit Criteria. Separately, with respect to its placement on the Watch-List based on the MTP entry criteria, the Company has to fulfil the MTP exit criteria under Rule 1314(2) of the Listing Manual for its removal from the Watch-List within 36 months from 3 March 2016 (i.e. 3 March 2019).

Independent auditor's report to the members of Oceanus Group Limited (Cont'd)

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.

The engagement partner on the audit resulting in this independent auditor's report is Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 9 March 2020

Statements of financial position
as at 31 December 2017

	Note	31 December 2017 RMB'000 (Revised)	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (Restated)	31 December 2017 RMB'000 (Revised)	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (Restated)
ASSETS							
Non-Current Assets							
Property, plant and equipment	4	**69,873**	166,834	197,657	**-**	-	-
Prepaid leases	5	**961**	6,176	6,007	**-**	-	-
Subsidiaries	6	**-**	-	-	**81,489**	157,559	175,483
Other investment	6.1	**-**	-	-	**-**	-	-
		70,834	173,010	203,664	**81,489**	157,559	175,483
Current Assets							
Inventories	7	**86**	180	110	**-**	-	-
Trade receivables	8	**-**	11	74	**-**	-	-
Other receivables	9	**9,098**	5,076	4,685	**9,907**	13,846	5,970
Biological assets	10	**3,234**	6,404	2,418	**-**	-	-
Cash and bank balances	11	**114,164**	9,545	2,209	**38,495**	3,170	151
		126,582	21,216	9,496	**48,402**	17,016	6,121
Total assets		**197,416**	194,226	213,160	**129,891**	174,575	181,604
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	12	**3,278,100**	2,413,255	2,413,255	**3,278,100**	2,413,255	2,413,255
Reserves	13	**(3,184,408)**	(2,634,616)	(2,752,872)	**(3,262,149)**	(2,575,330)	(2,713,439)
Equity attributable to owners of the Company		**93,692**	(221,361)	(339,617)	**15,951**	(162,075)	(300,184)
Non-controlling interests		**829**	-	-	**-**	-	-
Total equity		**94,521**	(221,361)	(339,617)	**15,951**	(162,075)	(300,184)
Non-Current Liabilities							
Loans and borrowings	14	**-**	7,649	1,811	**-**	7,649	1,811
Convertible loans	17	**-**	7,871	7,524	**-**	7,871	7,524
		-	15,520	9,335	**-**	15,520	9,335
Current Liabilities							
Trade payables	15	**10,218**	10,676	10,662	**-**	-	-
Other payables	16	**65,345**	66,174	36,379	**110,556**	21,861	-
Loans and borrowings	14	**3,384**	8,316	4,093	**3,384**	8,316	4,093
Convertible loans	17	**-**	290,953	265,025	**-**	290,953	265,025
Derivative liability	18	**-**	-	203,335	**-**	-	203,335
Current tax payable		**23,948**	23,948	23,948	**-**	-	-
		102,895	400,067	543,442	**113,940**	321,130	472,453
Total liabilities		**102,895**	415,587	552,777	**113,940**	336,650	481,788
Total equity and liabilities		**197,416**	194,226	213,160	**129,891**	174,575	181,604

Consolidated income statement
for the financial year ended 31 December 2017

Continuing operations	Note	Year ended 31 December 2017 RMB'000 (Revised)	Year ended 31 December 2016 RMB'000 (Restated)
Revenue	3	**20,745**	10,375
Cost of inventories		**(19,988)**	(13,532)
Gain arising from changes in fair value less costs to sell biological assets	10	**8,062**	9,554
Other operating income	19	**105,234**	8,481
Staff costs	22	**(6,700)**	(5,610)
Depreciation of property, plant and equipment	4	**(26,982)**	(34,749)
Reversal of/(impairment loss) on property, plant and equipment, net	4	**9,483**	3,047
Amortisation of prepaid leases	5	**(31)**	(230)
Impairment loss on prepaid leases	5	**-**	(83)
Reversal of impairment loss on prepaid leases	5	**13**	220
Other operating expenses	20	**(146,904)**	(9,190)
Impairment loss on other investment	6	**(17,066)**	-
Fair value gain on derivative liability		**-**	215,826
Finance costs	21	**(95)**	(31,108)
(Loss)/Profit before taxation	22	**(74,229)**	153,001
Income tax expense	23	**-**	-
(Loss)/Profit for the year from continuing operations		**(74,229)**	153,001
Discontinued operations			
Loss for the year from discontinued operations	27	**(301)**	(319)
(Loss)/Profit for the year		**(74,530)**	152,682
(Loss)/Profit attributable to:			
Owners of the Company		**(74,525)**	152,682
Non-controlling interests		**(5)**	-
		(74,530)	152,682
(Loss)/Earnings per share	24		
From continuing operations			
Basic (fen)		**(1.523)**	3.350
Diluted (fen)		**(1.523)**	1.845
From discontinued operations			
Basic (fen)		**(0.006)**	(0.004)
Diluted (fen)		**(0.006)**	(0.004)
(Loss)/Earnings per share for the year			
Basic (fen)		**(1.529)**	3.346
Diluted (fen)		**(1.529)**	1.841

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 2017

	Year ended 31 December 2017 RMB'000 (Revised)	Year ended 31 December 2016 RMB'000 (Restated)
(Loss)/Profit for the year	**(74,530)**	152,682
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	**17,532**	(34,426)
Total comprehensive (loss)/income for the year, net of tax	**(56,998)**	118,256
Total comprehensive (loss)/income attributable to:		
Owners of the Company	**(56,993)**	118,256
Non-controlling interests	**(5)**	-
	(56,998)	118,256

Consolidated statement of changes in equity
for the financial year ended 31 December 2017

The Group	Share capital RMB'000	Capital reserve RMB'000	Convertible loan reserve RMB'000	Currency translation reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Equity attributable to owners of the company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017, as reported	2,413,255	(1,137,504)	101,651	(994)	39,262	(1,906,468)	(490,798)	-	(490,798)
Prior year adjustments (Note 32)	-	-	(61,107)	(15,008)	-	345,552	269,437	-	269,437
At 1 January 2017, as restated	2,413,255	(1,137,504)	40,544	(16,002)	39,262	(1,560,916)	(221,361)	-	(221,361)
Total comprehensive income for the year									
Loss for the year	-	-	-	-	-	(74,525)	(74,525)	(5)	(74,530)
Other comprehensive income									
Foreign currency translation differences	-	-	-	17,532	-	-	17,532	-	17,532
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**17,532**	- **-**	**(74,525)**	**(56,993)**	**(5)**	**(56,998)**
Translations with owners, recognised directly in equity:									
Contributions by and distributions to owners:									
Shareholder's contribution (Note 6.1)	**-**	**17,066**	**-**	**-**	**-**	**-**	**17,066**	**-**	**17,066**
Issue of shares	**864,845**	**-**	**(509,865)**	**-**	**-**	**-**	**354,980**	**-**	**354,980**
Transfer	**-**	**-**	**469,321**	**-**	**-**	**(469,321)**	**-**	**-**	**-**
Contributions from non-controlling interests	**-**	**-**	**-**	**-** **-**	**-** **-**	**-**	**-**	**834**	**834**
Total translations with owners, recognised directly in equity	**864,845**	**17,066**	**(40,544)**	**-**	**-**	**(469,321)**	**372,046**	**834**	**372,880**
At 31 December 2017	**3,278,100**	**(1,120,438)**	**-**	**1,530**	**39,262**	**(2,104,762)**	**93,692**	**829**	**94,521**

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

Consolidated statement of changes in equity (Cont'd)
for the financial year ended 31 December 2017

The Group

	Share capital RMB'000	Capital reserve RMB'000	Convertible loan reserve RMB'000	Currency translation reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2016, as reported	2,413,255	(1,137,504)	101,651	29,805	39,262	(1,844,232)	(397,763)
Prior year adjustments (Note 32)	-	-	(61,107)	(11,381)	-	130,634	58,146
At 1 January 2016, as restated	2,413,255	(1,137,504)	40,544	18,424	39,262	(1,713,598)	(339,617)
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	152,682	152,682
Other comprehensive income							
Foreign currency translation differences	-	-	-	(34,426)	-	-	(34,426)
Total comprehensive income for the year	-	-	-	(34,426)	-	152,682	118,256
At 31 December 2016	2,413,255	(1,137,504)	40,544	(16,002)	39,262	(1,560,916)	(221,361)

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 2017

	Note	**Year ended 31 December 2017 RMB'000 (Revised)**	Year ended 31 December 2016 RMB'000 (Restated)
Cash Flows from Operating Activities			
(Loss)/Profit before taxation			
Continuing operations		**(74,229)**	153,001
Discontinued operations		**(301)**	(319)
		(74,530)	152,682
Adjustments for:			
Gain arising from changes in fair value less costs to sell of biological assets	10	**(8,062)**	(9,554)
Depreciation of property, plant and equipment	4	**26,982**	34,749
Loss on redemption of convertible loans		**16,534**	-
(Gain)/loss on disposal of property, plant and equipment	19,20	**(89,201)**	4
Loss on settlement of liabilities	20	**57,517**	
Assets decommissioning costs		**20,076**	-
Gain on disposal of prepaid leases		**(4,150)**	
Impairment loss on other investment	6.1	**17,066**	-
(Reversal of)/impairment loss on property, plant and equipment, net	4	**(9,483)**	(3,047)
Amortisation of prepaid leases	5	**31**	230
(Reversal of)/impairment loss on prepaid leases, net	5	**(13)**	(137)
Fair value loss on derivative liability		**-**	(215,826)
Impairment loss on other receivables		**-**	44
Bad debts on other receivables written back		**(8,450)**	-
Unrealised foreign exchange loss/(gain)		**22,231**	(3,489)
Interest income	19	**(1,937)**	(1)
Interest expense	21	**95**	31,108
Operating loss before working capital changes		**(35,294)**	(13,237)
Change in inventories		**94**	(70)
Change in trade receivables		**11**	63
Change in other receivables and deposits		**4,183**	(193)
Change in biological assets		**12,649**	5,568
Change in trade payables		**(458)**	14
Change in other payables		**9,046**	6,245
Cash used in operations		**(9,769)**	(1,610)
Interest received		**535**	1
Net cash used in operating activities		**(9,234)**	(1,609)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		**(9,554)**	(890)
Proceeds from disposal of property, plant and equipment		**-** **173,378**	7
Assets decommissioning costs		**(20,076)**	-
Proceeds from disposal of prepaid leases		**9,493**	-
Capital injection from non-controlling interests		**834**	-
Net cash generated from/(used in) investing activities		**154,075**	(883)

Consolidated statement of cash flows (Cont'd)
for the financial year ended 31 December 2017

	Note	**Year ended 31 December 2017 RMB'000 (Revised)**	Year ended 31 December 2016 RMB'000 (Restated)
Cash Flows from Financing Activities			
Proceeds from issue of shares		**2,996**	-
Proceeds from loans		**23,534**	9,789
Repayments to loans		**(4,103)**	-
Redemption of convertible loans		**(62,578)**	-
Net cash (used in)/generated from financing activities		**(40,151)**	9,789
Net increase in cash and cash equivalents		**104,690**	7,297
Effect of cash and cash equivalent denominated in foreign currencies		**(71)**	39
Cash and cash equivalents at beginning of year		**9,545**	2,209
Cash and cash equivalents at end of year	11	**114,164**	9,545

Reconciliation of liabilities arising from financing activities

				--------Non-cash changes--------					
	31 December 2016 RMB'000	Proceeds from loans RMB'000	Repayment of loans RMB'000	Accretion of interest RMB'000	Transfer from accrued interest RMB'000	Repayment of loans in shares RMB'000	Loss on extinguishment RMB'000	Foreign exchange movement RMB'000	31 December 2017 RMB'000
Loans and borrowings	15,965	23,534	(4,103)	-	-	(66,655)	37,401	(2,758)	3,384
Convertible loans and associated accrued interest	298,824	-	(23,846)	(1,403)	(5,375)	(290,064)	16,534	5,330	-

Notes to the financial statements
for the financial year ended 31 December 2017

1 General information

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.

These revised financial statements were prepared in accordance with the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018, as the directors have voluntarily revised these financial statements in accordance with section 202A of the Companies Act.

These revised financial statements replace the original financial statements that were approved by the directors on 13 April 2018. These revised financial statements were approved by the directors on 9 March 2020.

These revised financial statements are taken as having been prepared on the date of the original financial statements on 13 April 2018 and accordingly, do not consider any events which occurred between 14 April 2018 and 9 March 2020.

These revised financial statements have been revised to reflect the nature and effects of the adjustments disclosed in Note 33.

2(a) Going concern

The financial statements have been prepared on a going concern basis. The Group reported net operating cash outflows of RMB9,234,000 (2016 - RMB1,609,000) for the financial year ended 31 December 2017. As at 31 December 2017, the Group's current assets exceeded its current liabilities by RMB23,687,000 (2016 - the Group's current liabilities exceeded its current assets by RMB378,851,000).

As at 31 December 2017, the Company's current liabilities exceeded its current assets by RMB65,538,000 (2016 – RMB304,114,000). As at 31 December 2017, the Company's current liabilities included amounts due to wholly-owned subsidiaries of RMB102,489,000. Excluding this amount, the Company's current liabilities would have been RMB11,451,000 compared to current assets of RMB48,402,000 as at 31 December 2017. The directors of the Company have the power and authority to manage the payment obligations to the said wholly-owned subsidiaries if the need ever arises.

The Group continues to implement measures to improve the operating performance and profitability to generate positive cash flows from its operations. In this regard, management have prepared a cash flow projection, which shows the Group will have adequate working capital for its operations and to meet its obligations as and when they fall due in the next twelve months after the balance sheet date.

Accordingly, management considers it appropriate that these financial statements are prepared on a going concern basis.

2(b) 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 ("RMB'000"), 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.

Significant accounting estimates 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.

Significant judgements in applying accounting policies

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.

Classification of prepaid leases for land use rights (Note 5)

Within the People's Republic of China ("PRC"), 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

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.

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

Significant judgements in applying accounting policies (Cont'd)

Income taxes (Cont'd)

As at 31 December 2017, the Group did not recognise deferred tax assets in relation to unutilised tax losses amounting to RMB382,785,000 (2016 – RMB535,917,000) due to uncertainty over which future taxable profit will be available against which the Group can utilise such benefit.

Consolidation

Entities are included within the financial statements of the Group where the Group has control over the entities. Control arises from exposure, or rights, to variable returns from involvement with an entity, where the Group has the ability to affect those returns through its power over the entity. Judgement is applied by management in assessing whether control exists. Judgement is applied in determining the relevant activities of each entity and determining whether the Group has power over these activities. This involves assessment of the purpose and design of the entity, identification of the activities which significantly affect that entity's returns and how decisions are made about those activities. In assessing how decisions are made, management considers voting and veto rights, contractual arrangements with the entity or other parties, and any rights or ability to appoint, remove or direct key management personnel or entities that have the ability to direct the relevant activities of the entity. Consideration is also given to the practical ability of other parties to exercise their rights. 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.

During the current financial year, the Group acquired 60% equity interest in Oceanus Australia Abalone World Pty Ltd for a consideration of RMB17,066,000. Although the Group holds 60% equity interest in the investee, management has assessed that the Group neither has control nor significant influence over the investee as it does not have the power to participate in the financial and operating policy decisions of the investee. This investment is therefore accounted for on a cost basis.

Critical accounting estimates and assumptions used in applying accounting policies

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

Property, plant and equipment, prepaid leases and subsidiaries 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 amount of property, plant and equipment and prepaid leases was based on fair value less cost to sell which was higher than value in use. 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 prepaid leases. 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 RMB69,873,000 (2016 – RMB166,834,000), RMB994,000 (2016 – RMB6,403,000), and RMB81,489,000 (2016 – RMB157,559,000) respectively.

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

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

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

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 of the Group at the end of the reporting period amounted to RMB69,873,000 (2016 – RMB166,834,000). If depreciation on the Group's property, plant and equipment increases/decreases by 5% from management's estimate, the Group's loss for the year will increase by approximately RMB1,349,000 (2016 – profit for the year will decrease by approximately RMB1,737,000).

Impairment of loans and receivables (Notes 8 and 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 trade and other receivables (Note 29) of the Group at the reporting date is RMB9,054,000 (2016 – RMB4,813,000). If the present value of estimated future cash flows decrease/ increase by 2% from management's estimates, the Group's profit for the year will decrease by RMB181,000 (2016 – loss for the year will increase by approximately RMB96,000).

Biological assets (Note 10)

The value of biological assets is measured based on the market approach and cost approach for abalones with different sizes, depending on the marketability and availability of market prices.

The fair value calculation also includes estimates of production cost and normal cost of sale. 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. The fair value adjustment of biological assets has no cash impact.

As at 31 December 2017, the carrying amounts of biological assets is RMB3,234,000 (2016 - RMB6,404,000).

2(c)(i) Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group has applied the new and revised standards, amendments and interpretation of FRSs that are mandatory for application from that date.

Reference	**Description**
Amendments to FRS 7	*Statement of Cash Flows*
Amendments to FRS 12	*Recognition of Deferred Tax Assets for Unrecognised losses*

2(c)(i) Interpretations and amendments to published standards effective in 2017 (Cont'd)

Amendments to FRS 7 *Statement of Cash Flows*

The Amendments to FRS 7 *Statement of Cash Flows* require entities to reconcile cash flows arising from financing 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 and to disclose any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way - e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective for the financial period beginning on or after 1 January 2017. As this is a disclosure standard, there is no impact to the financial position and performance of the Group.

Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

The adoption of these new or amended FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2(c)(ii) SFRS(I) not yet effective

Convergence with International Financial Reporting Standards (IFRS)

On 29 December 2017, Accounting Standards Council Singapore has issued Singapore Financial Reporting Standards (International) (SFRS(I)s), Singapore's equivalent of the International Financial Reporting Standards (IFRSs). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I)s for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary assessment of the impact of SFRS(I) for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group does not expect to change its existing accounting policies on adoption of the new framework.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements. For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group assessed the transition options and the potential impact on its financial statements, and to implement these standards.

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
SFRS(I) 9	*Financial Instruments*	1 January 2018
SFRS(I) 15	*Revenue from Contracts with Customers*	1 January 2018
SFRS (I) INT 22	*Foreign Currency Transactions and Advance Consideration*	1 January 2018
SFRS(I) 16	*Leases*	1 January 2019

2(c)(ii) SFRS(I) not yet effective (Cont'd)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 *Financial Instruments* replaces the FRS 39 and it is a package of improvements introduced by SFRS(I) 9 which include a logical model for:

- Classification and measurement;
- A single, forward – looking "expected loss" impairment model and
- A substantially reformed approach to hedge accounting

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS (I) 9.

Impairment – The Group plans to apply the 12- month approach and record lifetime expected impairment losses on all trade receivables.

The Group is currently performing a detailed analysis under SFRS (I) 9 which will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. Management will consider whether the 12 – month or lifetime expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of SFRS (I) 9. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new SFRS (I) 9.

SFRS(I) 15 *Revenue Contracts with Customers*

SFRS(I) 15 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfer of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions involving Advertising Services.* The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

The standard clarifies how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

2(c)(ii) SFRS(I) not yet effective (Cont'd)

SFRS(I) 15 *Revenue Contracts with Customers (Cont'd)*

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018. The Group does not expect significant changes to the basis of revenue recognition for its revenue arising from adoption of this new standard. However, additional disclosures may be required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

SFRS (I) INT 22 *Foreign Currency Transactions and Advance Consideration*

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The Interpretations are effective from 1 January 2018. On initial application, entities would have the option of applying the Interpretations either retrospectively or prospectively in accordance with SFRS(I) 1 - 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group is currently assessing the impact to the consolidated financial statements.

SFRS(I) 16 *Leases*

SFRS(I) 16 *Leases* replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 *Leases* that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. SFRS(I) 16 *Leases* will be effective for accounting periods beginning on or after 1 January 2019. The Group does not plan to early adopt SFRS(I) 16 for financial year ending 31 December 2018.

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

Consolidation (Cont'd)

Subsidiary

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 the voting rights relative to the size and dispersion of holdings of other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant authorities 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.

Non-controlling interest

Non-controlling interest represents the equity in subsidiary 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 consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in ownership interests in subsidiaries without change of control

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 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.

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control of 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; and
- Recognises any gain or loss in profit or loss.

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

Consolidation (Cont'd)

Changes in ownership interests in subsidiaries resulting in loss of control (Cont'd)

A gain or loss is recognised in profit or loss 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 amounts of the assets 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 profit or loss or transferred to another category of equity as specified/permitted by applicable FRS).

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 initial recognition for subsequent accounting under FRS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amount of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously-held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Bargain purchase

If the total consideration transferred, non-controlling interest recognised and previously-held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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

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.

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.

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.

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

Property, plant and equipment and depreciation (Cont'd)

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
Vehicles	4 to 8 years

Assets under construction are not depreciated.

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 de-recognition of the asset is included in the consolidated income statement in the year the asset is derecognised.

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.

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

Financial assets (Cont'd)

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.

Investment in unquoted equity securities where the Group has neither control nor significant influence over the investee is stated at cost less impairment losses.

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.

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

Biological assets

Biological assets are measured at their fair value less costs to sell or at cost for abalones with different sizes, depending on the availability of market prices and the commencement of revenue-generating process.

The fair value assessed using the market approach is based on contracted selling prices. Where contracted selling prices are not available, recent market prices for similar assets with adjustments made thereto to reflect the condition and utility of the appraised assets relative to the market comparative are used.

The cost approach is used where market prices or other reliable indicators of prices for biological assets are not available.

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.

Non-derivative financial liabilities

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

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.

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

Borrowings

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.

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.

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.

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.

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

Determination of fair value of financial instruments

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.

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(d) 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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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.

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.

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

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 and Company if that person:
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

  (i) the entity and the Company 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (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); or
  (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, other than inventories and biological assets, 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.

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

Impairment of non-financial assets (Cont'd)

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.

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.

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 loans.

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.

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.

Sale of goods

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.

Revenue from consulting services is recognised as the services are performed.

Interest income

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

3 Revenue

The Group	**2017 RMB'000**	2016 RMB'000
Continuing operations:		
Sales of live marine products	**17,629**	5,932
Sales of processed marine products	**2,501**	4,443
Consultancy services	**615**	-
	20,745	10,375

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	Vehicles RMB'000	Assets under construction RMB'000	Total RMB'000
Cost							
At 1 January 2016	723,239	3,312	101,444	2,408	591	32,379	863,373
Additions	-	877	-	10	3	-	890
Disposals	-	-	(12)	-	(196)	-	(208)
At 31 December 2016	**723,239**	**4,189**	**101,432**	**2,418**	**398**	**32,379**	**864,055**
Additions	**4,188**	**13**	**30**	**230**	**202**	**-**	**4,663**
Disposals	**(282,923)**	**-**	**(55,986)**	**(803)**	**(357)**	**-**	**(340,069)**
At 31 December 2017	**444,504**	**4,202**	**45,476**	**1,845**	**243**	**32,379**	**528,649**
Accumulated depreciation							
At 1 January 2016	292,563	1,809	64,593	1,525	210	-	360,700
Depreciation charge	27,690	347	6,604	49	59	-	34,749
Disposals	-	-	(12)	-	(185)	-	(197)
At 31 December 2016	**320,253**	**2,156**	**71,185**	**1,574**	**84**	**-**	**395,252**
Depreciation charge	**22,811**	**223**	**3,785**	**50**	**113**	-	**26,982**
Disposals	**(152,022)**	**-**	**(41,077)**	**(542)**	**(101)**	-	**(193,742)**
At 31 December 2017	**191,042**	**2,379**	**33,893**	**1,082**	**96**	-	**228,492**
Accumulated impairment							
At 1 January 2016	245,661	1,503	24,440	784	249	32,379	305,016
Impairment loss for the year	8,593	-	630	-	(81)	-	9,142
Reversal of impairment loss	(11,602)	-	(494)	(36)	(57)	-	(12,189)
At 31 December 2016	**242,652**	**1,503**	**24,576**	**748**	**111**	**32,379**	**301,969**
Impairment loss for the year	**2,955**	**-**	**109**	**-**	**11**	**-**	**3,075**
Reversal of impairment loss	**(12,093)**	**-**	**(465)**	**-**	**-**	**-**	**(12,558)**
Disposals	**(48,448)**	**-**	**(13,414)**	**(243)**	**(97)**	**-**	**(62,202)**
At 31 December 2017	**185,066**	**1,503**	**10,806**	**505**	**25**	**32,379**	**230,284**
Carrying amount							
At 31 December 2017	**68,396**	**320**	**777**	**258**	**122**	**-**	**69,873**
At 31 December 2016	**160,334**	**530**	**5,671**	**96**	**203**	**-**	**166,834**

4 Property, plant and equipment (Cont'd)

Impairment testing

The recoverable amount of the Group's property, plant and equipment, and prepaid leases, was based on the cash-generating unit's (the "CGU") 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 and plant and machinery (Level 3 fair value hierarchy) 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 prepaid leases (Level 3 fair value hierarchy) 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 determination of fair value less cost to sell includes use of unobservable inputs.

During the financial year ended 31 December 2017, the Group recognised a reversal of impairment loss (net) of RMB9,483,000 (2016 - RMB3,047,000), and RMB13,000 (2016 - RMB137,000) on property, plant and equipment and prepaid leases, respectively, mainly due to asset reconditioning via repair and maintenance.

5 Prepaid leases

The Group	Land use rights RMB'000	Prepayment of land use rights RMB'000	Total RMB'000
At 1 January 2016	5,140	1,356	6,496
Amortisation for the year	(175)	(55)	(230)
Impairment loss for the year	-	(83)	(83)
Reversal of impairment loss	183	37	220
At 31 December 2016	**5,148**	**1,255**	**6,403**
Amortisation for the year	**(4)**	**(27)**	**(31)**
Disposals	**(5,025)**	**(366)**	**(5,391)**
Reversal of impairment loss	**-**	**13**	**13**
At 31 December 2017	**119**	**875**	**994**

The Group	**2017 RMB'000**	2016 RMB'000
Non-current portion	**961**	6,176
Current portion included as prepayment under current assets (Note 9)	**33**	227
Total	**994**	6,403

Amortisation for the year capitalised in biological assets was RMB3,000 (2016 - RMB172,000).

The Group's business of cultivation and sale of abalone is attributable to the live marine products cash-generating unit (the "CGU"). Impairment test for prepaid leases is set out in Note 4.

6 Subsidiaries

The Company	**2017 RMB'000**	2016 RMB'000
Unquoted equity shares, at cost	**1,405,048**	1,405,042
Less: Accumulated impairment loss		
At 1 January	**1,247,483**	1,229,559
Amount recognised during the year	**76,076**	17,924
At 31 December	**1,323,559**	1,247,483
	81,489	157,559

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Percentage of equity held **2017 %**	2016 %	Principal activities
Held by the Company				
Oceanus Aquaculture Group Pte. Ltd. [(a)]	Singapore	**100**	100	Investment holding
Oceanus Food Group Pte. Ltd. [(a)]	Singapore	**100**	100	Investment holding and trading of canned abalone
Oceanus Food Group Limited [(b)]	Hong Kong	**100**	100	Investment holding
Oceanus Tech Pte Ltd [(a)]	Singapore	**100**	-	Operation of fish hatcheries, fish farms and fishery research services
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
Subsidiaries held through Oceanus Food Group Limited				
Zhangzhou Oceanus Food Co., Ltd [(b)]	People's Republic of China	**100**	100	Inactive
Subsidiaries held through Oceanus Food Group Pte. Ltd.				
Oceanus Australia Abalone World (S) Pte Ltd [(a)]	Singapore	**60**	-	Trading abalone products
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 (Taiwan) Restaurant Limited Company [(b)]	Taiwan	**100**	100	Inactive

6 Subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Percentage of equity held		Principal activities
		2017	2016	
		%	%	
Subsidiary held through Oceanus (China) Aquaculture Co., Ltd.				
Xiamen Oceanus Import and Export Ltd [(b)]	People's Republic of China	**75**	-	Trading and distribution
Subsidiaries 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

Impairment testing

During the financial year, management carried out a review of the recoverable amount of its subsidiaries for which impairment indicators had been identified and recognised an impairment loss of RMB76,076,000 (2016 - RMB17,924,000). The recoverable amount of the subsidiaries other than Oceanus Australia Abalone World Pty Ltd was determined based on fair value less costs to sell (Level 3 fair value hierarchy), as determined by an independent professional valuer based on the market value and cost approach, which was higher than value-in-use. The determination of fair value includes use of unobservable inputs. Further details of the determination of the recoverable amount is set out in Note 4.

Summarised financial information in respect of the Group's subsidiaries that have non-controlling interests (NCI) is not presented as these NCIs are not material to the Group's financial statements.

6.1 Other investment

The Group and The Company	**2017 RMB'000**	2016 RMB'000
Unquoted equity shares, at cost		
At 1 January	**-**	-
Addition	**17,066**	-
At 31 December	**17,066**	-
Less: Accumulated impairment loss		
At 1 January	**-**	-
Amount recognised during the year	**(17,066)**	-
At 31 December	**(17,066)**	-
	-	-

On 27 July 2017, the Group acquired 60% equity interest in Oceanus Australia Abalone World Pty Ltd (the "Investee") for a consideration of RMB17,066,000 paid for by a shareholder with his shares in the Company. This transaction was accounted for as a transaction with a shareholder and the consideration paid was recognised directly within equity.

6.1 Other investment (Cont'd)

The acquisition is in line with the Group's strategy to establish its business presence in processing of canned abalones.

The Group does not have access to the accounting records of the Investee. Management has assessed that the Group neither has control nor significant influence over the Investee as it does not have the power to participate in the financial and operating policy decisions of the Investee. Consequently, this investment is stated in the consolidated statement of financial position at cost.

The Group has recognised an impairment loss on the cost of investment of RMB17,066,000 for the year ended 31 December 2017 on the grounds of no control over and no access to the financial information of the Investee.

7 Inventories

The Group	**2017 RMB'000**	2016 RMB'000
Inventories, at cost	**86**	180

8 Trade receivables

The Group	**2017 RMB'000**	2016 RMB'000
Third parties	**65,652**	65,663
Less: Impairment loss	**(65,652)**	(65,652)
	-	11

Trade receivables have credit terms of up to 60 days (2016 – up to 60 days).

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

The Group	**2017 RMB'000**	2016 RMB'000
Not past due and not impaired	**-**	11
Past due and impaired	**65,652**	65,652
	65,652	65,663
Impairment loss on trade receivables	**(65,652)**	(65,652)
	-	11

There was no movement in impairment loss on trade receivables during the years ended 31 December 2016 and 2017.

Trade receivables are denominated in RMB. Refer to Note 29 for foreign currency risk and credit risk exposed.

9 Other receivables

	The Group		The Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Non-trade amounts due from subsidiaries	**-**	-	**1,142,928**	1,105,388
Less: Impairment loss	**-**	-	**(1,133,021)**	(1,095,913)
	-	-	**9,907**	9,475
Other receivables	**8,957**	6,119	**-**	4,371
Less: Impairment loss	**-**	(1,401)	**-**	-
	8,957	4,718	**-**	4,371
Deposits	**97**	95	**-**	-
Loans and receivables	**9,054**	4,813	**-**	4,371
Prepaid leases				
- Current portion (Note 5)	**33**	227	**-**	-
Prepayments	**11**	36	**-**	-
Total	**9,098**	5,076	**9,907**	13,846

Movement in impairment loss on other receivables

	The Group		The Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**1,401**	18,062	**1,095,913**	1,050,212
Allowance made (Note 20)	**-**	44	**20,903**	770
Allowance reversed	**-**	-	**-**	(2,953)
Allowance utilised	**(1,401)**	(16,705)	**-**	-
Exchange differences	**-**	-	**16,205**	47,884
At 31 December	**-**	1,401	**1,133,021**	1,095,913

The other receivables are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**8,920**	485	**-**	-
Singapore dollar	**148**	4,561	**9,907**	13,846
Hong Kong dollar	**5**	5	**-**	-
New Taiwan dollar	**25**	25	**-**	-
	9,098	5,076	**9,907**	13,846

10 Biological assets

	2017	2016
The Group	**RMB'000**	RMB'000
At 1 January	**6,404**	2,418
Additions	**278**	364
Disposals	**(11,510)**	(5,932)
Increase in fair value less costs to sell	**8,062**	9,554
At 31 December	**3,234**	6,404

10 Biological assets (Cont'd)

The fair value of biological assets related to adult and juvenile abalones was determined by an independent firm of professional valuers. The fair value was based on the market value, being the estimated amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

The valuation is based on the market approach and cost approach for abalones with different sizes, depending on marketability and availability of market prices.

11 Cash and bank balances

	The Group		The Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank	**114,164**	9,545	**38,495**	3,170
As per consolidated statement of cash flows	**114,164**	9,545	**38,495**	3,170

As at 31 December 2017, the Group had cash and bank balances of RMB70,827,000 (2016 - RMB4,742,000) 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	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**70,827**	4,742	**-**	-
Singapore dollar	**42,111**	4,770	**38,479**	3,156
Hong Kong dollar	**-**	18	**-**	-
New Taiwan dollar	**18**	15	**16**	14
United States dollar	**1,208**	-	**-**	-
	114,164	9,545	**38,495**	3,170

12 Share capital

The Company	**2017** Number of ordinary shares	2016 Number of ordinary shares	**2017** RMB'000	2016 RMB'000
Issued and fully paid, with no par value				
At 1 January	**4,566,852,832**	4,566,852,832	**2,413,255**	2,413,255
Issue of shares	**19,730,068,631**	-	**864,845**	-
At 31 December	**24,296,921,463**	4,566,852,832	**3,278,100**	2,413,255

The Company	**2017** **$'000**	2016 $'000
Issued and fully paid share capital denominated in original currency:		
At 1 January	**475,840**	475,840
Issue of shares	**177,571**	-
At 31 December	**653,411**	475,840

$ denotes Singapore dollars

12 Share capital (Cont'd)

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.

Pursuant to a debt restructuring arrangement (the "Debt Restructuring") during the year ended 31 December 2017, the Company issued:

- 1,215,189,874 new ordinary shares in settlement of loans of RMB23,414,634 from investors (the "Investors");
- 8,394,946,406 new ordinary shares to the Investors which had assumed a portion of the convertible loans (Note 17), third party loans, outstanding directors' fees and professional fees payable from the Company amounting to RMB155,476,024 , RMB5,853,659, RMB282,215 and RMB144,380, respectively;
- 9,277,821,684 new ordinary shares in settlement of RMB177,330,137 of the convertible loans (Note 17);
- 173,748,871 new ordinary shares to current and former directors of the Company in settlement of the directors' fees of RMB3,347,844; and
- 621,124,017 new ordinary shares to a vendor in settlement of outstanding fees of RMB11,967,999.

During the year ended 31 December 2017, the Company issued 47,237,779 new ordinary shares to the financing shareholders upon their exercise of 47,237,779 warrants at an exercise price of $0.013 per warrant (Note 14).

13 Reserves

	The Group		The Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Capital reserve	**(1,120,438)**	(1,137,504)	**28,295**	11,229
Convertible loans reserve	**-**	40,544	**-**	40,544
Currency translation reserve	**1,530**	(16,002)	**(6,215)**	(13,156)
Statutory reserve	**39,262**	39,262	**-**	-
Accumulated losses	**(2,104,762)**	(1,560,916)	**(3,284,229)**	(2,613,947)
	(3,184,408)	(2,634,616)	**(3,262,149)**	(2,575,330)

Capital reserve

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 reserve 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.

Convertible loans reserve

The convertible loans reserve comprises relates to the equity component of the convertible loans issued in prior years. The convertible loans reserve was transferred to accumulated losses on settlement of the convertible loans during the financial year ended 31 December 2017.

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 Borrowings

The Group and The Company	**2017 RMB'000**	2016 RMB'000
Non-Current		
Shareholders (unsecured) [a]	**-**	1,894
Third parties		
- Secured [b]	**-**	959
- Unsecured [c]	**-**	4,796
	-	5,755
	-	7,649
Current		
Third parties		
- Secured [b]	**-**	1,878
- Unsecured [c]	**3,384**	6,438
	3,384	8,316
Total	**3,384**	15,965

[a] As at 31 December 2016, the loans from shareholders bore interest at 5% per annum, and were unsecured and repayable by 2 September 2020.

[b] As at 31 December 2016, the loans from third parties were interest-free and secured by all fixed assets of a farm.

[c] Loans from third parties are interest free, unsecured and repayable on demand.

Please refer to Note 29 for further details on interest rate risk and liquidity risk.

15 Trade payables

The Group	**2017 RMB'000**	2016 RMB'000
Non-Current		
Third parties	**10,218**	10,676

Trade payables have average credit term of 30 days (2016 - 30 days) and are denominated in RMB.

16 Other payables

	The Group		The Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts due to subsidiaries	**-**	-	**102,489**	1,900
Amount due to executive director	**-**	1,000	**-**	1,000
Other payables	**9,040**	-	**-**	-
Accrued expenses	**25,863**	42,038	**187**	10,193
Accrued staff costs	**18,075**	5,875	**1,640**	3,468
Fixed assets vendors	**-**	4,891	**-**	-
Advances from customers	**1,582**	3,076	**-**	-
Rental deposits	**3,444**	3,444	**-**	-
Other taxes payable	**7,341**	5,850	**6,240**	5,300
	65,345	66,174	**110,556**	21,861

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

Other payables include expenditure for repair of farm structures and advisory fees for land use rights.

Other payables are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Renminbi	**39,306**	**27,527**	**-**	-
Singapore dollar	**17,084**	**29,688**	**104,316**	16,561
Hong Kong dollar	**12**	**13**	**-**	-
New Taiwan dollar	**20**	**20**	**-**	-
*	**56,422**	**57,248**	**104,316**	16,561

* excludes advance from customers and other tax payables

17 Convertible loans

The Group and The Company	**2017** **RMB'000**	2016 RMB'000
Current		
Convertible loans	**-**	290,953
Non-Current		
Convertible loans	**-**	7,871
	-	298,824
At 1 January	**298,824**	272,549
Interest	**(1,403)**	31,013
Transferred to interest payable	**(2,246)**	(17,691)
Redemption of convertible loans	**(313,910)**	-
Transfer from accrued interest	**(3,129)**	-
Loss on redemption of convertible loans	**16,534**	-
Exchange difference on translation	**5,330**	12,953
At 31 December	**-**	298,824

17 Convertible loans (Cont'd)

The convertible loans were redeemed pursuant to the Debt Restructuring. The redemption amount, based on the fair value of the convertible loans, was satisfied by issue of 17,346,830,844 new shares in the share capital of the Company and cash payment of RMB62,578,000.

At 31 December 2016, the convertible loans carried 2,971,069,187 warrants convertible by holders into new ordinary shares in the share capital of the Company at the conversion price of $0.02167 per share. The 2,971,069,187 warrants were cancelled upon redemption of the convertible loans.

18 Derivative liability

The Group and The Company	**2017 RMB'000**	2016 RMB'000
At 1 January	**-**	203,335
Exchange difference on translation	**-**	12,492
Recognised in profit and loss	**-**	(215,826)
At 31 December	**-**	-

19 Other operating income

	Continuing operations		Discontinued operations		Total	
The Group	**2017 RMB'000**	2016 RMB'000	**2017 RMB'000**	2016 RMB'000	**2017 RMB'000**	2016 RMB'000
Rental income	**1,400**	448	**-**	-	**1,400**	448
Interest income	**1,927**	1	**10**	-	**1,937**	1
Government grants	**3**	512	**-**	-	**3**	512
Gain on disposal of property, plant and equipment	**89,201**	-	**-**	-	**89,201**	-
Gain on disposal of prepaid leases	**4,150**	-	**-**	-	**4,150**	-
Bad debt on other receivables written back	**8,450**	-	**-**	-	**8,450**	-
Foreign exchange gain	**-**	6,604	**-**	-	**-**	6,604
Sundry income	**103**	916	**-**	89	**103**	1,005
	105,234	8,481	**10**	89	**105,244**	8,570

20 Other operating expenses

The Group	Continuing operations 2017 RMB'000	Continuing operations 2016 RMB'000	Discontinued operations 2017 RMB'000	Discontinued operations 2016 RMB'000	Total 2017 RMB'000	Total 2016 RMB'000
Professional fees	**12,062**	3,705	**304**	-	**12,366**	3,705
Operating lease expenses	**573**	641	**-**	-	**573**	641
Insurance expenses	**93**	71	**-**	-	**93**	71
Repair and maintenance	**7,532**	276	**-**	-	**7,532**	276
Travelling expenses	**844**	1,116	**-**	-	**844**	1,116
Loss on settlement of liabilities	**57,517**	-	**-**	**-**	**57,517**	-
Asset decommissioning costs	**20,076**	-	**-**	-	**20,076**	-
Relocation costs	**5,047**	-	**-**	-	**5,047**	-
Loss on disposal of property, plant and equipment	**-**	4	**-**	-	**-**	4
Impairment loss on other receivables (Note 9)	**-**	44	**-**	-	**-**	44
Loss on redemption of convertible loans	**16,534**	-	**-**	**-**	**16,534**	-
Annual report fees	**1,023**	255	**-**	-	**1,023**	255
Consumables	**278**	417	**-**	-	**278**	417
Annual listing and related fees	**340**	763	**-**	-	**340**	763
Security protection service fees	**5**	1,001	**-**	-	**5**	1,001
Branding project fees	**-**	600	**-**	-	**-**	600
Foreign exchange loss	**23,766**	-	**3**	-	**23,769**	
Others	**1,214**	297	**4**	408	**1,218**	705
	146,904	9,190	**311**	408	**147,215**	9,598

21 Finance costs

The Group	Continuing operations 2017 RMB'000	Continuing operations 2016 RMB'000	Discontinued operations 2017 RMB'000	Discontinued operations 2016 RMB'000	Total 2017 RMB'000	Total 2016 RMB'000
Interest expense	**95**	31,108	**-**	-	**95**	31,108

22 (Loss)/Profit before taxation

The following items have been included in arriving at (loss)/profit before taxation:

The Group	Continuing operations 2017 RMB'000	Continuing operations 2016 RMB'000	Discontinued operations 2017 RMB'000	Discontinued operations 2016 RMB'000	Total 2017 RMB'000	Total 2016 RMB'000
Audit fee						
- auditors of the Company	**635**	772	**-**	-	**635**	772
Non-audit fees						
- other auditors	**319**	-	**-**	-	**319**	-
Employee benefit expenses:						
- Directors' fees	**647**	572	**-**	-	**647**	572
- Directors' salary of the Company	**1,815**	2,073	**-**	-	**1,815**	2,073
- Salary of employees other than directors	**5,801**	3,706	**-**	-	**5,801**	3,706
- Defined contribution plans included in staff costs	**361**	809	**-**	-	**361**	809
- Other staff welfare	**486**	442	**-**	-	**486**	442

23 Income tax expense

Tax has not been provided by the Group during the years ended 31 December 2017 and 2016 either for the continuing operations or the discontinued operation as the Group and the Company did not have taxable profit.

Reconciliation of effective tax rate

The Group	2017 RMB'000	2016 RMB'000
Profit/(loss) before taxation:		
- Continuing operations	**(74,229)**	153,001
- Discontinued operations	**(301)**	(319)
	(74,530)	152,682
Tax at statutory rate of 25% (2016 – 25%)	**(18,633)**	38,171
Tax effect on non-taxable income	**(34,473)**	(34,427)
Tax effect on non-deductible expenses	**17,764**	4,377
Effect of different tax rates of group entities operating in other jurisdictions	**17,024**	(15,069)
Deferred tax assets on losses not recognised	**18,318**	6,948
	-	-

Tax effect on non-taxable income comprise mainly gain on change in fair value less costs to sell of biological assets, gain on disposal of property, plant and equipment and prepaid leases, reversal of impairment loss on property, plant and equipment, and impairment loss on other investment.

Tax effect on non-deductible expenses comprise mainly losses not allowed for tax purposes.

The Group has unutilised tax losses as follows:

The Group	2017 RMB'000	2016 RMB'000
Unutilised tax losses	**382,785**	535,917

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

The unrecognised tax losses will expire as follows:

The Group	2017 RMB'000	2016 RMB'000
Year 2017	**-**	226,404
Year 2018	**178,849**	178,849
Year 2019	**88,633**	88,633
Year 2020	**14,240**	14,240
Year 2021	**27,791**	27,791
Year 2022	**73,272**	-
	382,785	535,917

24 (Loss)/Earnings per share

The Group	**2017 RMB'000**	2016 RMB'000
Continuing operations	**(74,229)**	153,001
Discontinued operations	**(301)**	(319)
(Loss)/Profit attributable to ordinary shareholders of the Company	**(74,530)**	152,682
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	**4,875,306,306**	4,566,852,832
Adjustments for potential dilutive shares due to warrants	**-**	3,725,999,274
Weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share	**4,875,306,306**	8,292,852,106
From continuing operations		
(Loss)/Earnings per share (fen):		
- Basic	**(1.523)**	3.350
- Diluted	**(1.523)**	1.845
From discontinued operations		
(Loss)/Earnings per share (fen):		
- Basic	**(0.006)**	(0.004)
- Diluted	**(0.006)**	(0.004)
Earnings/(loss) for the year		
(Loss)/Earnings per share (fen):		
- Basic	**(1.529)**	3.346
- Diluted	**(1.529)**	1.841

25 Key management personnel compensations

The Group	**2017 RMB'000**	2016 RMB'000
Short-term benefits	**2,582**	2,646
Post-employment benefits	**90**	115
	2,672	2,761

26 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:

<u>The Group as the lessee</u>

The Group	**2017 RMB'000**	2016 RMB'000
Not later than one year	**551**	267
Later than one year and not later than five years	**371**	240
Later than five years	**-**	-

Operating lease payments represent rentals payable by the Group for certain plant and equipment and office premises.

<u>The Group as the lessor</u>

The Group	**2017 RMB'000**	2016 RMB'000
Not later than one year	**479**	546
Later than one year and not later than five years	**144**	623
Later than five years	**-**	-

27 Discontinued operations

During the financial year ended 31 December 2011, the Group ceased the operations of the food and beverage segment. 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	**2017 RMB'000**	2016 RMB'000
Other operating income (Note 19)	**10**	89
Other operating expenses (Note 20)	**(311)**	(408)
Loss before income tax	**(301)**	(319)
Income tax	**-**	-
Loss for the year	**(301)**	(319)

Cash flows (used in)/generated from discontinued operations

The Group	**2017 RMB'000**	2016 RMB'000
Net cash (used in)/generated from operating activities	**(2,906)**	3,470
Net cash flows for the year	**(2,906)**	3,470

28 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
Consultancy	Fish farming and acquiring technologies for aquaculture and fishery business
Others	Comprising mainly corporate office functions and investment in shares.

The Group Chief Executive Officer ("Group CEO") monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis

Segment information about the Group's continuing operation is presented below. Segment information about the Group's discontinued operations is presented in Note 27 to the financial statements.

28 Business and geographical segments (Cont'd)

	Live marine products		Trading		Investment holding		Consultancy		Total continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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
Revenue by segments														
External revenue	**17,629**	5,932	**2,501**	4,443	**-**	-	**615**	-	**20,745**	10,375	**-**	-	**20,745**	10,375
Result									**(51,773)**	177,505	**(298)**	(319)	**(50,669)**	177,186
Segment result	**70,486**	(27,906)	**(10,832)**	(5,375)	**(109,865)**	210,786	**(160)**	-						
Foreign exchange gain/(loss), net	**(1,589)**	116	**(144)**	-	**(22,030)**	6,488	**-**	-	**(23,763)**	6,604	**(3)**	-	**(23,766)**	6,604
Finance costs	**-**	-	**-**	-	**(95)**	(31,108)	**-**	-	**(95)**	(31,108)	**-**	-	**95**	(31,108)
(Loss)/profit before taxation									**(74,229)**	153,001	**(301)**	(319)	**(74,530)**	152,682
Income tax expense									**-**	-	**-**	-	**-**	-
(Loss)/profit for the year									**(74,229)**	153,001	**(301)**	(319)	**(74,530)**	152,682
Other information														
Gain arising from changes in fair value less costs to sell biological assets	**8,062**	9,554	**-**	-	**-**	-	**-**	-	**8,062**	9,554	**-**	-	**8,062**	9,554
Acquisition of property, plant and						-	**-**	-						
equipment	**(4,541)**	(4)	**(122)**	(886)	**-**	-	**-**	-	**(4,663)**	(890)	**-**	-	**(4,663)**	(890)
Depreciation of property, plant and						-	**-**	-						
equipment	**(26,742)**	(34,400)	**(240)**	(349)	**-**	-	**-**	-	**(26,982)**	(34,749)	**-**	-	**(26,982)**	(34,749)
Gain/(loss) on disposal of property,						-	**-**	-						
plant and equipment	**89,201**	(4)	**-**	-	**-**	-	**-**	-	**89,201**	(4)	**-**	-	**89,201**	(4)
Reversal of(/impairment loss) on property, plant and equipment, net	**9,483**	3,047	**-**	-	**-**	-	**-**	-	**9,483**	3,047	**-**	-	**9,483**	3,047
Amortisation of prepaid leases	**(31)**	(230)	**-**	-	**-**	-	**-**	-	**(31)**	(230)	**-**	-	**(31)**	(230)
Impairment loss on prepaid leases	**-**	(83)	**-**	-	**-**	-	**-**	-	**-**	(83)	**-**	-	**-**	(83)
Reversal of/(/impairment loss) on prepaid leases, net	**13**	137	**-**	-	**-**	-	**-**	-	**13**	137	**-**	-	**13**	137
Gain on disposal of prepaid						-	**-**	-						
leases	**4,150**	-	**-**	-	**-**	-	**-**	-	**4,150**	-	**-**	-	**4,150**	-
Impairment loss on other						-	**-**	-						
investment	-	-	**17,066**	-	**-**	-	**-**	-	**17,066**	-	**-**	-	**17,066**	-
Impairment loss on other						-	**-**	-						
receivables	-	(44)	**-**	-	**-**	-	**-**	-	**-**	(44)	**-**	-	**-**	(44)
Bad debts on other receivables						-	**-**	-						
written back	-	-	**-**	-	**-**	-	**-**	-	**-**	-	**8,450**	-	**8,450**	-
Fair value gain on derivative liability	-	-	**-**	-	**-**	215,826	**-**	-	**-**	215,826	**-**	-	**-**	215,826
Loss on redemption of convertible						-	**-**	-						
loans	-	-	**-**	-	**(16,534)**	-	**-**	-	**(16,534)**	-	**-**	-	**(16,534)**	-
Loss on settlement of liabilities	-	-	**-**	-	**(57,517)**	-	**-**	-	**(57,517)**	-	**-**	-	**(57,517)**	-

28 Business and geographical segments (Cont'd)

	Live marine products		Trading		Investment holding		Consultancy		Total continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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
Other information (Cont'd)														
Rental income	**1,400**	448	**-**	-	**-**	-	**-**	-	**1,400**	448	**-**	-	**1,400**	448
Interest income	**481**	1	**4**	-	**1,442**	-	**-**	-	**525**	1	**10**	-	**1,937**	1
Sundry income	**-**	630	**97**	60	**6**	226	**-**	-	**103**	916	**-**	89	**103**	1,005

Segment assets and liabilities

	Live marine products		**Trading**		**Investment holding**		**Consultancy**		**Discontinued operations**		**Inter-segment eliminations**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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	**151,665**	179,499	**6,302**	2,861	**221,558**	348,054	**497**	-	**5,306**	4,666	**(187,912)**	(340,854)	**197,416**	194,226
Segment liabilities	**570,996**	653,333	**145,329**	129,782	**1,115,634**	1,063,615	**649**	-	**94,492**	93,720	**(1,824,205)**	(1,784,245)	**102,895**	156,205
Unallocated liabilities													**-**	259,382
Consolidated total liabilities													**102,895**	415,587

28 Business and geographical segments (Cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

All assets and liabilities are allocated to the reportable segments based on the operations of the segments. Unallocated items comprise mainly convertible loans and borrowings and associated derivative liabilities.

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

	2017			2016		
The Group	**Singapore RMB'000**	**PRC RMB'000**	**Total RMB'000**	Singapore RMB'000	PRC RMB'000	Total RMB'000
External revenue	**3,116**	**17,629**	**20,745**	4,443	5,932	10,375
Non-current assets	**427**	**70,407**	**70,834**	537	172,473	173,010

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	**2017 RMB'000**	2016 RMB'000
Customer A	**7,402**	4,377
Customer B	**2,304**	1,158
Customer C	**1,968**	1,070
Customer D	**1,032**	706
Customer E	**702**	539
	13,408	7,850

29 Financial risk management

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group and Company's overall risk management programme focus 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 and Company'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 and Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

29 Financial risk management (Cont'd)

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

The Group	**2017 RMB'000**	2016 RMB'000
Loans and receivables		
Trade and other receivables *****	**9,054**	4,813
Cash and bank balances	**114,164**	9,545
	123,218	14,358
Financial liabilities at amortised cost		
Trade and other payables ******	**66,640**	57,248
Loans and borrowings	**3,384**	15,965
Convertible loans	**-**	298,824
	70,024	372,037

The Company	**2017 RMB'000**	2016 RMB'000
Loans and receivables		
Other receivables *****	**9,907**	13,846
Cash and bank balances	**38,495**	3,170
	48,402	17,016
Financial liabilities at amortised cost		
Other payables ******	**104,316**	21,861
Loans and borrowings	**3,384**	15,965
Convertible loans	**-**	298,824
	107,700	336,650

* excludes prepayment and prepaid leases
** excludes advance from customers and other tax payables

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 loans and 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.

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.

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 payment history and current assessment.

29 Financial risk management (Cont'd)

Credit risk (Cont'd)

As the Group does 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.

At the reporting date, the Group's trade receivables include amounts of RMB62,362,000 (2016 - RMB62,362,000) due from two major customers which have been impaired. Except as disclosed, there are no other significant concentration of credit risk in respect of trade and other receivables:

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

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 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
2017					
Non-derivative financial liabilities					
Trade and other payables	**66,640**	**66,640**	**66,640**	**-**	**-**
Borrowings	**3,384**	**3,384**	**3,384**	**-**	**-**
	70,024	**70,024**	**70,024**	**-**	**-**
2016					
Non-derivative financial liabilities					
Trade and other payables	123,331	123,331	123,331	-	-
Convertible loans	298,824	386,365	336,350	50,015	-
Borrowings	15,965	18,321	10,267	8,054	-
	438,120	528,017	469,948	58,069	-

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
2017					
Non-derivative financial liabilities					
Trade and other payables	**104,316**	**104,316**	**104,316**	**-**	**-**
Borrowings	**3,384**	**3,384**	**3,384**	**-**	**-**
	107,700	**107,700**	**107,700**	**-**	**-**
2016					
Non-derivative financial liabilities					
Trade and other payables	16,561	16,561	16,561	-	-
Convertible loans	298,824	386,365	336,350	50,015	-
Borrowings	15,965	18,321	10,267	8,054	-
	331,350	421,247	363,178	58,069	-

29 Financial risk management (Cont'd)

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 is not exposed to interest rate risk as they do not hold variable rate instruments.

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 does not have any significant foreign currency risk as they carry on their operations in their respective functional currencies.

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.

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.

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

The Group	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
2017				
Non-financial assets:				
Property, plant and equipment	**-**	**-**	**69,873**	**69,873**
Prepaid leases	**-**	**-**	**994**	**994**
Biological assets	**-**	**-**	**3,234**	**3,234**
2016				
Non-financial assets:				
Property, plant and equipment	-	-	166,834	166,834
Prepaid leases	-	-	6,403	6,403
Biological assets	-	-	6,404	6,404

29 Financial risk management (Cont'd)

Fair values (Cont'd)

Fair value measurement of financial instruments (Cont'd)

Fair value measurement of financial instruments

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

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
Prepaid leases - 2016 and 2017	Market approach	Adjustment factor	The estimated fair value would increase (decrease) if adjustment factor was favourable/(not favourable).
Property , plant and equipment - 2016 and 2017	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 – 2017	Market approach Cost approach	Estimated market price	The estimated fair value would increase (decrease) if estimated market price was higher (lower). The estimated fair value would increase (decrease) if estimated spawning costs was higher (lower).

Fair value of financial liabilities measured at amortised cost

As at 31 December 2016, management had assumed the carrying values of loans from shareholders and loans from third parties approximated their fair values

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).

30 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.

The Group and Company review from time to time their capital structures 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 (loans and borrowings and convertible loans) less cash and bank balances. 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 Group		The Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Total borrowings	**3,384**	330,309	**3,384**	330,309
Less: cash and bank balances	**(114,164)**	(9,545)	**(35,111)**	(3,170)
Net debt	**(110,780)**	320,764	**(31,727)**	327,139
Total equity /(deficit in total equity)	**94,521**	(221,361)	**15,951**	(162,075)
Net debt to total equity ratio (times)	#	#	#	#

Not presented due to net cash or deficit in total equity.

31 Subsequent events

On 1 March 2018, the Company announced that it had received letters from the vendors (the "vendors"), from which the Company acquired shares representing 60% equity interest in Oceanus Australia Abalone World Pty Ltd. (formerly known as BNY Abalone World Factory Outlet Pty Ltd) ("BNY") in July 2017 (the "Acquisition"), through their solicitors, inter alia, alleging the Acquisition to be void and demanding a retransfer of the BNY shares. The Vendors have also commenced proceedings in Australia in respect of these allegations. The Company has obtained legal advice and disputed the Vendors' allegations. The Company has accordingly taken steps to enforce its rights. Pursuant to the disagreement between the Company and the Vendors, BNY has refused the Company access to its accounting and other records which are required for inclusion in the Company's consolidated financial statements for the financial year ended 31 December 2017.

32 Prior year's adjustments

Certain adjustments have been made to the financial statements for the year ended 31 December 2016 in respect of the following items:

(a) Reversals of impairment losses on certain property, plant and equipment and prepaid leases of RMB12,189,000 and RMB220,000, respectively, previously not recognised during the financial year ended 31 December 2016, have been recognised.

(b) During the financial year ended 31 December 2015, convertible loans with nominal amounts of $64 million were refinanced. These debt extinguishments were not accounted for in the financial statements as de-recognition of the original loans and recognition of new financial liabilities at their fair values, with the difference between the carrying amounts and the fair values of the consideration paid recognised in profit or loss. Interest on convertible loans were accrued at the notional interest rates instead of the effective interest rate method.

As at 31 December 2015, fair value of derivative liability relating to the warrant redemption premium was not assessed.

Adjustments have been made in respect of the above resulting in a decrease in accumulated losses by RMB130,634,000, including a transfer of RMB101,651,000 from convertible loan reserve (equity component of the original convertible loans).

(c) Arising from the adjustments above, the "Continuing operations", "Reversal of/(impairment loss) on property, plant and equipment" , Reversal of/(impairment loss) on prepaid leases", "Fair value gain on derivative liability" and "Interest expense" have been restated in the consolidated statement of cash flows for the year ended 31 December 2016.

As a result, certain line items have been amended in the consolidated statement of financial position, financial position of the Company, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows, and the related notes to the financial statements.

32 Prior year's adjustments (Cont'd)

The effects of the above are as follows:

The Group

Consolidated statement of financial position as at 31 December 2016

	Previously reported RMB'000	Adjustments RMB'000	After restatement RMB'000
Non-current assets			
Property, plant and equipment	154,645	12,189	166,834
Prepaid leases	6,007	169	6,176
Current assets			
Other receivables	5,025	51	5,076
Capital and Reserves			
Reserves	(2,904,053)	269,437	(2,634,616)
Current liabilities			
Convertible loans	44,122	(36,251)	7,871
Current liabilities			
Other payables	121,581	(55,407)	66,174
Convertible loans	308,774	(17,821)	290,953
Derivative liability	147,549	(147,549)	-

Consolidated income statement for the year ended 31 December 2016

	Previously reported RMB'000	Adjustments RMB'000	After restatement RMB'000
Reversal of/(impairment loss) on property, plant and equipment	(9,142)	12,189	3,047
Reversal of/(impairment loss) on prepaid leases	(83)	220	137
Fair value gain on derivative liability	-	215,826	215,826
Finance costs	(17,791)	(13,317)	(31,108)

Consolidated statement of cash flows for the year ended 31 December 2016

	Previously reported RMB'000	Adjustments RMB'000	After restatement RMB'000
Profit before taxation			
Continuing operations	(61,917)	214,918	153,001
Adjustments for:			
Reversal of/(impairment loss) on property, plant and equipment	9,142	(12,189)	(3,047)
Reversal of impairment loss on prepaid leases, net	83	(220)	(137)
Fair value gain on derivative liability	-	(215,826)	(215,826)
Interest expense	17,791	13,317	31,108

32 Prior year's adjustments (Cont'd)

	Previously reported RMB'000	Adjustments RMB'000	After restatement RMB'000
Consolidated statement of comprehensive income for the year ended 31 December 2016			
Loss for the year	**(62,236)**	**214,918**	**152,682**
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	**(30,799)**	**(3,627)**	**(34,426)**
Total comprehensive (loss)/income for the year, net of tax	**(93,035)**	**211,291**	**118,256**
Consolidated statement of financial position as at 1 January 2016			
Capital and Reserves			
Reserves	(2,811,018)	58,146	(2,752,872)
Current liabilities			
Convertible loans	42,199	(34,675)	7,524
Current liabilities			
Other payables	91,781	(55,402)	36,379
Convertible loans	295,312	(30,287)	265,025
Derivative liability	141,117	62,218	203,335

The Company	Previously reported RMB'000	Adjustments RMB'000	After restatement RMB'000
Statement of financial position as at 31 December 2016			
Capital and Reserves			
Reserves	(2,832,358)	257,028	(2,575,330)
Current liabilities			
Convertible loans	44,122	(36,251)	7,871
Current liabilities			
Other payables	77,268	(55,407)	21,861
Convertible loans	308,774	(17,821)	290,953
Statement of financial position as at 1 January 2016			
Capital and Reserves			
Reserves	(2,771,585)	58,146	(2,713,439)
Current liabilities			
Convertible loans	42,199	(34,675)	7,524
Current liabilities			
Other payables	52,561	(55,402)	(2,841)
Convertible loans	295,312	(30,287)	265,025
Derivative liability	141,117	62,218	203,335

33 Revision of original financial statements issued on 13 April 2018

These revised financial statements were prepared in accordance with the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018, as the directors have voluntarily revised these financial statements in accordance with Section 202A of the Companies Act.

These revised financial statements replace the original financial statements that were approved by the directors on 13 April 2018. These revised financial statements were approved by the directors on 9 March 2020.

These revised financial statements are taken as having been prepared on the date of the original financial statements on 13 April 2018 and accordingly, do not consider any events which occurred 14 April 2018 and 9 March 2020.

Certain revisions have been made to the original financial statements issued on 13 April 2018 to correct the following items:

(i) Gain on redemption of convertible loans was incorrectly recognised during the year ended 31 December 2017. Measurement of the fair value of shares issued to the holders of the convertible loans as part of the redemption amount was based on an agreed-upon share price of $0.00395 instead of the Company's share price at the redemption date. A gain on redemption of RMB179,517,000 was recognised based on the difference between the redemption amount and the carrying amount of the convertible loans. The redemption amount should be based on the Company's share price of $0.009 at the redemption date; and should be allocated to the liability component based on its fair value with the residual amount allocated to the equity component. Adjustments have been made resulting in an increase in share capital of RMB426,516,000, a decrease in reserves of RMB426,516,000, and recognition of a loss on redemption of RMB16,534,000 (presented within "Other operating expenses") after taking into account the effect of the prior year's adjustments (Note 32).

(ii) Measurement of the fair value of shares issued to investors, third party lenders, directors, and service providers as part of the amounts payable to them was based on an agreed-upon share price of $0.00395 instead of the Company's share price at the liability settlement date. Adjustments have been made resulting in an increase in share capital of RMB57,517,000, and an increase in loss of RMB57,517,000 included within "Other operating expenses" for the year ended 31 December 2017.

(iii) The effects of reversals of impairment losses on certain property, plant and equipment and prepaid leases for the year ended 31 December 2016, recognised as prior year's adjustments (Note 32), on amortisation of prepaid leases, impairment loss on property, plant and equipment, reversal of impairment loss on prepaid leases and property, plant and equipment, depreciation of property, plant and equipment, and gain on disposal of property, plant and equipment and prepaid leases included within "Other operating income" for the year ended 31 December 2017 have been recognised accounted for.

(iii) The costs of reinstating the leased farm land of RMB20,076,000 arising from the disposal of property, plant and equipment were classified as part of "operating activities" in the consolidated statement of cash flows. This has been reclassified as "investing activities".

As a result, certain line items have been amended in the consolidated statement of financial position, financial position of the Company, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows, and the related notes to the financial statements.

33 Revision of original financial statements issued on 13 April 2018 (Cont'd)

The effects of the above are as follows:

The Group	**Previously reported RMB'000**	**Adjustments RMB'000**	**After restatement RMB'000**
Consolidated statement of financial position as at 31 December 2017			
Capital and Reserves	2,794,067	484,033	3,278,100
Share capital	(2,683,356)	(501,052)	(3,184,408)
Reserves			
Consolidated income statement for the year ended 31 December 2017			
Other operating income	283,516	(178,282)	105,234
Impairment loss on property, plant and equipment	-	(3,075)	(3,075)
Reversal of impairment loss on property, plant and equipment	22,962	(10,404)	12,558
Amortisation of prepaid leases	(28)	(3)	(31)
Reversal of impairment loss on prepaid leases	5,043	(5,030)	13
Depreciation of property, plant and equipment	(16,233)	(10,749)	(26,982)
Other operating expenses	(72,853)	(74,051)	(146,904)
Finance costs	(17,821)	17,726	(95)
Consolidated statement of comprehensive income for the year ended 31 December 2017			
Profit for the year	**189,338**	**(263,868)**	**(74,530)**
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	14,288	3,244	17,532
Total comprehensive (loss)/income for the year, net of tax	**203,626**	**(260,624)**	**(56,998)**
Consolidated income statement of cash flows for the year ended 31 December 2017			
Profit before taxation			
Continuing operations	189,639	(263,868)	(74,229)
Adjustments for:			
Depreciation of property, plant and equipment	(16,233)	(10,749)	(26,982)
(Gain)/Loss on redemption of convertible loans	(179,517)	196,051	16,534
Gain on disposal of property, plant and equipment	(89,157)	(44)	(89,201)
Loss on settlement of liabilities	-	57,517	57,517
Assets decommissioning costs	-	20,076	20,076
Gain on disposal of prepaid leases	(4,361)	211	(4,150)
Impairment loss on property, plant and equipment	-	3,075	3,075
Reversal of impairment loss on property, plant and equipment	(22,962)	10,404	(12,558)
Amortisation of prepaid leases	(28)	(3)	(31)
Reversal of impairment loss on prepaid leases	5,043	(5,030)	13
Interest income	(535)	(1,402)	(1,937)
Interest expense	17,821	(17,726)	95
Cash Flows from Investing Activities			
Assets decommissioning costs	-	(20,076)	(20,076)

33 Revision of original financial statements issued on 13 April 2018 (Cont'd)

The Company	Previously reported RMB'000	Adjustments RMB'000	After restatement RMB'000
<u>Statement of financial position as at 31 December 2017</u>			
Capital and Reserves			
Share capital	2,794,067	484,033	3,278,100
Reserves	(2,778,116)	(484,033)	(3,262,149)