IN UNITY **WE GATHER STRENGTH.**

OCEANUS GROUP LIMITED
ANNUAL REPORT 2014

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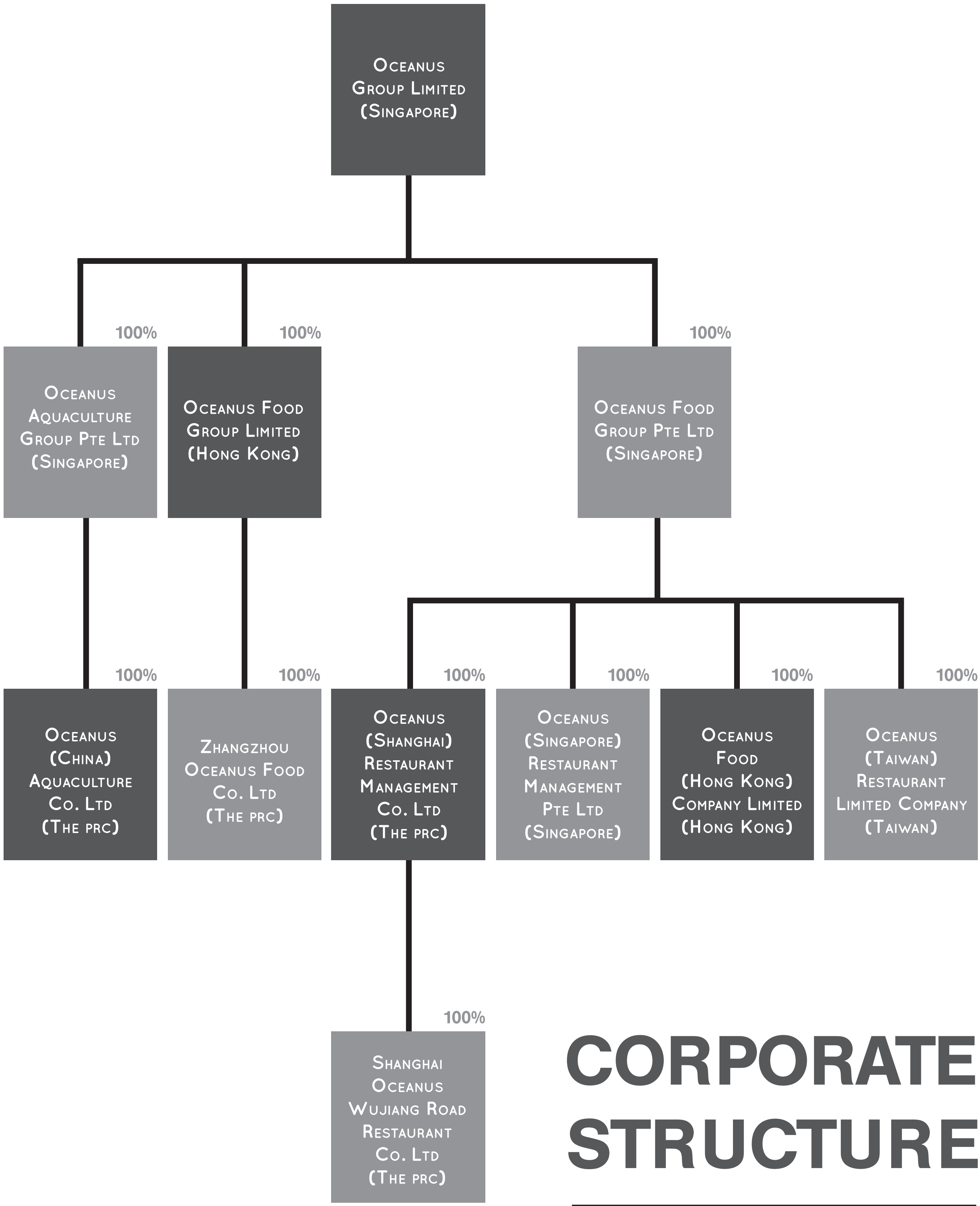
CORPORATE PROFILE

Oceanus Group Limited is the world's largest land-based abalone producer.

With the vision of being a global premium seafood supply chain manager, Oceanus Group innovates progressively and forms strategic alliances with processing and packaging plants to ensure consistent quality. The company also continuously focuses on research and development to breed abalone and premium seafood under carefully controlled environments to encourage their growth, survival and propagation.

Having identified opportunities in the market that draws on the strengths of Oceanus, the Group is swiftly diversifying their business units into fast-moving consumer goods such as canned abalones and complementary consumer products. While executing its business strategies, Oceanus continues to engage the brightest minds in the aquaculture industry through partnerships with leading schools and institutions to strengthen its research and development capabilities and sharpen the Group's competitive edge.

Dynamic and constantly evolving, Oceanus is committed to excellence and enhancing shareholder value through sensible management, sound policies and high standards of corporate governance.



CORPORATE STRUCTURE

CHAIRMAN'S MESSAGE

Dear Shareholders,

The Company struggled for three years with management issues in China and there were a number of key management changes during that period despite the Group's relentless quest to search and build an honest, competent and dedicated operational management team.

In the last quarter of 2014, the Company appointed a new CEO. Operations were reviewed, farms were consolidated and manpower was reduced. This led to significant cost reductions and a more streamlined operational team. The resultant low burn rate and a reduced but effective staff strength laid the foundation for the next phase of development of the Company towards a better future. The strategies for the next step are broadly as follows:

(a) Identifying more revenue drivers through the value adding of existing products and diversification of products.

(b) Identifying technology partners to better utilise farming assets and for product diversification through application of new technologies and innovations.

(c) Maintaining regular cost reviews of operations to maximise productivity and efficiency.

(d) Identifying targets for mergers and acquisitions to complement organic growth.

We believe in an evidence based farming approach to our production; utilisation of proven, cutting edge technology and innovations through known partnerships; and acquiring synergistic and established business operations are the building blocks the Company needs to re-invent itself for a sustainable future.

This turnaround is by no means easy and will come at a cost to the stakeholders. The management will persevere and not give up where there is the slightest indication of hope to grow the Company back to health. During this period of turbulence, I am very thankful for your understanding and hope you will bear with us a bit more as the Company attempts and negotiate the sharp corners of the road to recovery and success.

Lastly, on behalf of the Board and management, I would like to take this opportunity to thank our shareholders for their faith, patience and confidence in us. I would also like to thank our customers and business partners for their continuous support as well as our staff for their dedicated efforts.

Yours Sincerely,

Dr. Ng Cher Yew
Non-Executive Chairman

CEO'S STATEMENT

Dear Shareholders,

The company had been through some tough years due to issues with the China management team and their abilities to execute tasks effectively. Typhoons further aggravated the situation. We are like a big ship sailing through the rough sea without our bearings and crippled with many punctured holes.

My job as CEO is to truly understand the situation and bring forward the best possible solutions. My responsibility is to nurse the company back to health, increase shareholder value and fulfilling our obligations to all creditors and warrant holders. There are three phases to our recovery, starting with investigation and analysis; fundamentals for recovery, and growth.

Hence, my immediate task upon coming on board in Dec 2014 was to meet with many of our shareholders, customers, key stakeholders, employees and competitors. These interactions made it clear to me that the company has to evolve and adapt to the times in how she conduct her day to day business.

My team and I then embarked on a series of cost cutting measures, improving efficiency and productivity. We also learned, being a land-based farm, we need to reinvent our business model in order to be profitable. In 2016, we are focusing on spawning and the sale of juveniles; an area that is the most advantageous for land-based farms like ours due to our ability to control the farm's environment.

Next, in order to ensure sustainable growth, we plan to enter the consumer market and diversify our product mix in our farms. We conducted a food tasting and survey on our first abalone consumer canning during an Extraordinary General Meeting held on 22nd May 2015; receiving very positive feedback. I would like to take this opportunity to thank all who had took time to fill up the survey forms; your feedback is invaluable to us. On diversification of our farms' product mix, we entered into a MOU with BioValence of Malaysia to jointly start prawn breeder farms (specific pathogen-free); while keeping a lookout for other opportunities.

In Unity We Gather Strength, let's work towards an exciting tomorrow!

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

Apart from the above organic growth strategies, we are also identifying targets for synergetic mergers and acquisitions that will generate more cost efficiency through greater economics of scale to accelerate the enhancing of shareholder value.

Given the current challenging operating climate and the serious hurdles we face as a company, it is easy to lose sight of the significant strides that we had made since December 2014. Oceanus has significant potential yet to be fully unlocked, much like the awakening of a sleeping giant.

Oceanus Group Limited is braced to be the World's Premium Seafood Supplier. There is some distance we have to cover, we know that growth is never by chance. Growth is the result of forces working together. We are embarking on a journey with many trusted partners for the recovery of our business, for our reputation to be rebuilt, for efforts to cover the supply chain and achieving cost leadership.

In Unity We Gather Strength, let's work towards an exciting tomorrow!

Yours Sincerely,

Peter H.K.Koh, PBM
Chief Executive Officer

OCEANUS' STRATEGIC PLAN

DEC 2014

COST CUTTING

Reduced operating expenses by 50% in first 2 months

2 mths

IMPROVED CONTROLS

Installed CCTV on farms for supervision from Singapore 24/7

Set up Internal Audit Team monthly meeting between Singapore & China Management Team

INCREASE EFFICIENCY

Consolidated farms to a central location

IMPROVED COMMUNICATIONS

Engagement with Stakeholders

RESEACH AND DEVELOPMENT

Entered into a number of MOUs with renowed institutions*

- NTU
- Republic Polytechnic
- Temasek Polytechnic
- Ji Mei University (Xiamen)

We aim to be at the forefront of Aquaculture Farming Technology

REINVENTING EXISTING FARMING MODEL

Supply sea farmers with juvenile abalone

Shorter business cycle (from 3 years to 1 year)

Improves cashflow and mitigates risks

OEM DISTRIBUTION

Signed an agreement with BNY Trading Pty Ltd*

BNY will distribute Oceanus products in Australia

Distribution of BNY products worldwide outside of Australia

*BNY Trading Pty Ltd is a leading seafood processor based in Queensland, Australia and the producer of canned and dried abalones under its own brands as well as other brands from its OEM customers.

ENTERING CONSUMER MARKET

Exploring feasibility of the retailing of canned abalones

Creation of new business - to consumer revenue stream

Downstream business diversification

DEC 2015

DIVERSIFYING

Signed an MOU with BioValence Sdn Bhd* to set up breeding at Oceanus' existing farms

To produce virus-free and EMS-free shrimp (one of its kind in the world currently)

Exploring options to breed other premium seafood products such as fish and sea cucumbers

*BioValence is an established Bio technology company that has perfected a method of producing the tails of bacteriophages (viruses of bacteria) to specifically target EMS- causing Vibrio parahaemolyticus.

BOARD OF DIRECTORS

N

Dr. Ng Cher Yew

Non-Executive Chairman

Dr. Ng Cher Yew is the Group's Non-Executive Chairman. He is also the co-founder and director of investment vehicle, Springboard-Harper Investment Pte Ltd.

Dr. Ng has businesses in the PRC in the areas of specialty fluorochemistry, veterinary pharmaceuticals and biologics and precision engineering / plastic mould injections.

From 1985 to 1991, Dr. Ng served part of his bond as a returned scholar in the AgriFood and Veterinary Authority under the Ministry of National Development as a senior officer in various key appointments. Dr. Ng left the Civil Service to join the Asian HQ of a Belgian MNC, Solvay & Cie based in Singapore, Solvay Asia Pacific Pte Ltd, as its Area Manager. He went on to set up Solvay Biosciences based in Hong Kong for the Belgian MNC in 1994 and became its first Managing Director. In 1997, he left Solvay Biosciences to start his own business.

Dr. Ng graduated from Murdoch University, Australia in 1983 with Bachelor of Veterinary Medicine and Surgery under the Colombo Plan Scholarship, administered by the Government of Singapore.

P

Mr. Peter H.K. Koh, PBM

Chief Executive Officer

Having spent 22 years building a branding company he founded, which has a business presence across three continents, Mr. Koh sold the overseas operations six years ago and divided his time between charities and investments.

Prior to his retirement, he was involved in the day-to-day operations and developments of his company's business divisions, namely, Media Productions, Interactive, Visual Designs and Merchandising. Under his stewardship, the company had ventured into Original Equipment Manufacturing (OEM) for major retail brands and is also amongst the first few selected by the Singapore Media Development Authority to produce HD-format TV infotainment programmes. He led the Merchandising division in securing licensing rights for the FIFA 2006 World Cup, and in 2009, the company won The Summit International Award for marketing effectiveness in USA.

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

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

After a five years break, Mr. Koh returned to the business community in December 2014 when he was appointed Group CEO of Oceanus Group Limited.

A

Mr. Yeo Kan Yen, Alvin

Lead Independent Director

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

Mr. Yeo is currently Executive Director of SGX-listed Cacola International Furniture Limited; Executive Director of Primasiana Pte Ltd; and Managing Director of Carriernet Corporation Singapore Pte Ltd

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

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

K

Mr. Kee Poir Mok

Independent Director

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

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

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

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

W

Mr. Wong Ann Chai

Independent Director

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

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

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

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

J

Mr. Jason Aleksander Kardachi

Non-Executive Director

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

Mr. Kardachi has served as Managing Director of Borrelli Walsh Pte Ltd since 2010 and as a Director of PT Berlian Laju Tanker Tbk since 19 March 2014.

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

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

S

Mr. Stephen Lee

Non-Executive Director

Mr. Stephen Lee joined AIF Capital in 1994 and has led investments in media, transportation, pharmaceuticals, power, telecommunication and transportation sectors across China, Hong Kong, Taiwan, India, Indonesia, Singapore, Malaysia, the Philippines and South Korea. He has over 15 years of private equity, direct investment and industry experience and represents AIF Capital on the boards of various portfolio companies.

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

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

KEY APPOINTMENT

A/Prof Matthew Tan
Chief Risk Officer & Chief Technology Officer

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

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

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

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

This project resulted in the establishment of Singapore's first land-based hatchery cum commercial aquaculture farm that uses the Hydrocavitation Recirculating Aquaculture system for the breeding of edible fish.

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

In addition to his professional commitments, he is also an educator, a mentor and an active champion of social causes.

Over and above his commitment to the Group as CRO & CTO, A/Prof Tan is also currently an Adjunct Associate Professor in the School of Chemical and Biomedical Engineering, Nanyang Technological University (NTU). He is also a member of the Advisory Committee of the School of Applied Sciences (SAS), Republic Polytechnic where he is involved in the development and launch of a diploma programme in Marine Science and Aquaculture.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Non-Executive Chairman
Dr Ng Cher Yew

Executive Director
Koh Heng Kang, Peter

Independent Directors
Yeo Kan Yen, Alvin
Kee Poir Mok
Wong Ann Chai

Non-Executive Directors
Jason Aleksander Kardachi
Stephen Lee

COMPANY SECRETARY
Yap Lian Seng

REGISTERED OFFICE
31 Harrison Road #11-03/04
Food Empire Building
Singapore 369649

PRINCIPAL PLACE OF BUSINESS
Gulei Town
Zhangpu County
Fujian Province
The PRC

AUDITORS
Foo Kon Tan LLP Public
Accountants and Certified Public
Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of
Commerce & Industry Building
Singapore 179365

Partner-in-charge:
Toh Kim Teck
(Since financial year ended 31
December 2014)

SINGAPORE SHARE TRANSFER AGENT
Boardroom Corporate & Advisory
Service Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS
HL Bank
20 Collyer Quay
#01-02 Tung Centre
Singapore 049319

DBS Bank Ltd
12 Marina Boulevard,
Marina Bay Financial Centre
Tower 3,
Singapore 018982

Agricultural Bank of China
No.4 Tong Da Road
Zhen Yang Village, Duxun Town
Zhangpu County
Fujian Province
The PRC

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

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

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

CORPORATE GOVERNANCE REPORT

Corporate Governance Report

The Board of Directors (the "**Board**") and management (the "**Management**") of Oceanus Group Limited (the "**Company**") are committed to maintaining a high standard of corporate governance and the offering of high standards of accountability to the shareholders of our Company by complying with the benchmark set by the Code of Corporate Governance 2012 (the "**Code**") where it is applicable and practical to the Group in the context of the Group's business and organisation structure. The Code forms part of the Continuing Obligations of the Listing Manual issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Company is pleased to report on our corporate governance processes and activities as required by the Code. For the financial year ended 31 December 2014, the Group has complied in all material respects with the principles laid down by the Code, and where there is any deviation, appropriate explanation has been provided within this Report. For easy reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

This report sets out the corporate governance practices that have been adopted by the Company with specific reference to the principles of the Code, as well as any deviation from any guideline of the Code together with an explanation for such deviation.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

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

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

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

The number of meetings held and the attendance at meetings of the Board and committees of the Board by the previous and present Directors of the Company during the period from the first quarter to the fourth quarter of the financial year 2014 are, as follows:

	Board	Board Committees		
		Audit	Nominating	Remuneration
Number of meetings held	7	4	1	1
	Number of meetings attended			
Ng Cher Yew[(1)]	7	4*	1	1*
Ngiam Tong Tau[(2)]	4	2	1	1
Stephen Lee	6	4	1	1
Kee Poir Mok	6	4	1	1
Chua Seng Kiat, Francis[(3)]	3	2*	1	–
Liu Yan Long[(4)]	0	0*	–	–
Yeo Kan Yen, Alvin	7	4	–	1
Goh Kok Liang[(5)]	1	0*	–	–
Koh Heng Kang, Peter	4	3*	–	–

(1) Dr Ng Cher Yew was re-designated from Executive Chairman to Non-Executive Chairman of the Company with effect from 30 November 2015;
(2) Ngiam Tong Tau retired after the conclusion of the Company's last annual general meeting held on 30 June 2014;
(3) Mr Chua Seng Kiat, Francis retired after the conclusion of the Company's last annual general meeting held on 30 June 2014;
(4) Mr Liu Yan Long retired after the conclusion of the Company's last annual general meeting held on 30 June 2014; and
(5) Mr Goh Kok Liang, Nelson retired after the conclusion of the Company's last annual general meeting held on 30 June 2014.

**Attended as invitee(s).*

Matters which specifically require the Board's decision or approval are those involving:
- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nomination of Board of Directors and appointment of key personnel;
- interim and full year results for announcement, the annual report and accounts;
- identification of the key stakeholder groups and review of the effect of their perception on the company's reputation;
- sustainability issues as part of its strategic formulation;
- material acquisitions and disposal of assets; and
- all matters of strategic importance.

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

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

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

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

Principle 2: Board Composition and Guidance

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

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

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

**Mr Jason Aleksander Kardachi and Mr Wong Ann Chai were newly appointed as Directors on 13 April 2015.*

The Board currently comprises three (3) Independent Directors, namely Mr Yeo Kan Yen, Alvin, Mr Kee Poir Mok and Mr Wong Ann Chai, one (1) Executive Director, namely Mr Koh Heng Kang, Peter, and three (3) Non-Executive Directors, namely Dr Ng Cher Yew, Mr Stephen Lee and Mr Jason Aleksander Kardachi. The Nominating Committee has examined its size and is satisfied that the current board size of seven (7) directors is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations. The Nominating Committee may consider adjusting the total number of Directors as and when necessary.

The Company endeavors to maintain a strong and independent element on the Board. To safeguard the interests of shareholders and preserve the independence of the Board, the new requirements under the Code are satisfied by the Company that under the circumstance where the Chairman of the Board is not an Independent Director, the Independent Directors should make up at least half (1/2) of the Board.

The Board considers an "Independent Director" as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers who could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment in the conduct of the Group's affairs. The Board believes it is able to exercise independent judgment on corporate affairs and provide Management with a diverse and objective perspective on issues. Each Independent Director is required to complete a Confirmation of Independence annually to confirm his independence based on the guidelines as set out in the Code. The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. The independence of each Director has been and will be reviewed annually by the Nominating Committee. The Nominating Committee has reviewed and determined that the said Directors are independent.

The Board has examined its size and is satisfied that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The Nominating Committee is of the view that no individual or small group of individuals dominates the Board's decision-making process.

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

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

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

As at the date of this report, Dr Ng Cher Yew holds the position of Non-Executive Chairman, whilst Mr Koh Heng Kang, Peter holds the position of Chief Executive Officer and Executive Director of the Company.

As the Non-Executive Chairman of the Company, Dr Ng Cher Yew is responsible for the following:

- providing effective leadership to the Board in relation to all Board matters;
- guiding the agenda and conducting all Board meetings;
- in conjunction with the Company Secretaries, arranging regular Board meetings throughout the year, confirming that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- overseeing Board succession;
- acting as a conduit between the Management and the Board, and being the primary point of communication between the Board and the Management;
- setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board; and
- representing the views of the Board to the public.

As the Chief Executive Officer of the Company, Mr Koh Heng Kang, Peter is responsible for the day-to-day operations and management of the Group, as well as the overall strategic policies and directions of the Company. The Chief Executive Officer and the management of the Company are accountable to the Board for the conduct and performance of the operations of the Group. With Mr Koh Heng Kang, Peter's appointment as the Chief Executive Officer, the responsibilities of the Chief Executive Officer and the Chairman of the Board are clearly separated and delineated to ensure an appropriate balance and separation of power.

As the Chairman of the Company is not an Independent Director, the Company has appointed Mr Yeo Kan Yen, Alvin as the Lead Independent Director to enhance the independence of the Board. As Lead Independent Director, Mr Yeo Kan Yen, Alvin serves as the leader of the Independent Directors in raising queries and takes up matters where circumstances required. Led by the Lead Independent Director, the Independent Directors should meet periodically without the presence of the Executive Directors and the management, and the Lead Independent Director should provide feedback to the Chairman after such meetings.

Principle 4: Board Membership

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

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

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

- to make recommendations to the Board on all board appointments and re-nominations having regard to the director's contribution and performance;
- to make recommendations to the Board on the review of board succession plans for Directors, Chairman and Chief Executive Officer;
- to make recommendation to the Board on the development on board evaluation performance;
- to make recommendations to the Board on the review of training and professional development program for the Board;
- to make recommendations to the Board on the appointment and re-appointment of Directors;
- to ensure that all directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- to determine annually whether a director is independent, taking into account the definition of an Independent Director in the Code;
- to decide whether a director is able to and has adequately carried out his duties as a director of the Company, in particular, where the director concerned has multiple board representations;
- to assess the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board; and
- to carry out such other duties as may be agreed to by the Nominating Committee and the Board.

The Nominating Committee will ensure that there is a formal and transparent process for all appointments to the Board. It has adopted a written terms of reference defining its membership, administration and duties. A meeting has been held to review the independent status of each member of the new Board and to nominate each of them for re-appointment at the forthcoming annual general meeting ("**AGM**").

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

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

Although the Independent Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as directors. These directors would widen the experience of the Board and give it a broader perspective. The Nominating Committee is satisfied that these Directors have been able to devote adequate time and attention to fulfill their duties as Directors of the Company, notwithstanding their multiple board representations and other principal commitments.

Principle 5: Board Performance

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

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

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

Principle 6: Access to Information

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

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

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

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

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

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

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

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

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

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

Principle 8: Level and Mix of Remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

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

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

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

Principle 9: Disclosure on Remuneration

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

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

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

The breakdown, showing the level and mix of each individual Director's remuneration in the financial period under review by % is, as follows:

Remuneration Band and Name of Director	**Base/Fixed salary**	**Directors fees***	**Variable or performance benefits related income/Bonus**	**Other Benefits**
$250,000 to below $500,000				
Ng Cher Yew	100%	–	–	–
Below $250,000				
Stephen Lee	–	100%	–	–
Kee Poir Mok	–	100%	–	–
Chua Seng Kiat, Francis	–	100%	–	–
Liu Yan Long	–	100%	0%	0%
Yeo Kan Yee, Alvin	–	100%	0%	0%
Goh Kok Liang, Nelson	–	–	–	–
Koh Heng Kang, Peter	89.1%	7.5%	3.4	–
Ngiam Tong Tau	–	100%	–	–

The top two executives (who were not Directors) of the Group during the financial period under review fell within the remuneration band of below $250,000:

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

The aggregate remuneration paid to the above two key management personnel (who are not directors or the Chief Executive Officer) for the financial year ended 31 December 2014 is S$445,863.

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

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

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

There are no employees who are Immediate Family members of a Director or the Chief Executive Officer, and whose remuneration exceeds S$50,000 during the financial years ended 31 December 2014. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister, and parent of such person.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

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

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

Principle 11: Risk Management and Internal Controls

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

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

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

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

Risk Management

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

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

Internal Controls

The Board recognizes the importance of maintaining a sound system of internal controls and risk management to safeguard the interests of the shareholders and the Group's assets. The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the financial records have been properly maintained and financial statements give a true and fair view of the Company's operations and finances, and that an effective risk management and internal control system has been put in place. The Board, with the concurrence of the Audit Committee, is therefore of the opinion that the Group's system of internal controls is adequate to address financial, operational and compliance risks of the Group in its current business environment.

Principle 12: Audit Committee

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

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

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

- commissioning of the external auditors or a suitable accounting firm to conduct a full review of the internal controls of the Group, which includes reviewing the audit plans of the external auditors, the results of the external and internal auditors' examination and their evaluation of internal accounting controls systems, and the external auditors' report, letter to management and the management's response thereto;
- reviewing the internal control and procedures and ensuring the co-ordination between the auditors and the management, reviewing the co-operation and assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

- ensuring that the internal audit function is adequate and that a clear reporting structure is in place between the Audit Committee and the internal auditors, and reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit function. In particular, ensuring that all internal control weaknesses are satisfactorily and properly rectified and that the SGX-ST is updated on any findings of the external auditors or accounting firm and any action taken by the Audit Committee to rectify such weaknesses pursuant thereto;
- ensuring that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually by the internal and/or external auditors;
- reviewing and ensuring the integrity of the financial statements of the Group before submission to the Board for approval, focusing in particular, on significant financial reporting issues, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other statutory/regulatory requirements;
- reviewing and discussing with the external auditors, and commissioning and reviewing the findings of internal investigations into, any suspected fraud or irregularity, or suspected failure of internal controls, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the management's response;
- reviewing the risk profile of the Company, its internal control and risk management procedures and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
- reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors, and where the external auditors also supply a substantial volume of non-audit services to the Company, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- reviewing the independence of the external auditors annually, and considering for recommendation to the Board the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;
- reviewing and approving any interested person transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- reviewing any potential conflicts of interests that may arise in respect of any Director of the Company for the time being;
- reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible impropriety in matters of financial reporting and other matters and the adequacy of procedures for independent investigation and appropriate follow-up action in response to such complaints;

- undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- generally undertaking such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, or by such amendments made thereto from time to time;
- assessing the performance of the chief financial officer, for the relevant period, on an annual basis to determine his suitability for the position;
- at quarterly intervals, or any other period that the Audit Committee deems fit, ensuring that trade receivables are stated at fair value, accurately recorded in the financial statements;
- conducting such tests and examinations of financial statements including, but not limited to, securing independent confirmations of balances from major debtors, checking on frequencies of payments from major debtors and evaluating the adequacy of credit policies; and
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).

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

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

The Audit Committee will meet with the external auditors without the presence of the management at least once in every financial year.

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

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

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

The Company confirms that it is in compliance with Rule 712 and Rule 715 of the SGX-ST Listing Manual in relation to its auditing firms for FY2014.

Principle 13: Internal Audit

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

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

The Internal Audit function for the year ended 31 December 2014 was outsourced to Saw Meng Tee & Partners PAC who reported directly to the Chairman of the Audit Committee on audit matters. The Audit Committee had reviewed the annual internal audit plan and the audit report for FY2014. The Audit Committee is satisfied that the internal audit functions have been adequately carried out.

The Audit Committee reviews the independence of the External Auditors annually.

For the financial year ended 31 December 2014, the remuneration paid or payable to the Group's external auditors for providing audit and other non-audit services are as follow:

	RMB'000
Audit fees paid/payable to	
– auditor of the Company	1,488
Non-audit fees paid/payable to	
– auditor of the Company	–
– other auditors	–

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights and Responsibilities

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

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

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

Principle 15: Communication with Shareholders

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

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

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

Principle 16: Conduct of Shareholder meetings

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

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the SGX-ST Listing Manual and to establishing a corporate governance culture that promotes fair and equitable treatment of all shareholders. All shareholders are treated fairly and equitably, and enjoy specific rights under the Singapore Companies' Act (Cap.50) and the Articles. Pertinent information will be disclosed to shareholders in a timely, fair and equitable manner. The Company does not practice selective disclosure. Material developments, press releases, quarterly, half year and full year results, analysts briefing materials and other changes in the Company or its business which would be likely materially affect the price or value of the Company are always released through SGXNET pursuant to the rules of the Listing Manual of the SGX. When analysts briefings are held to discuss on major events and financial results, the management will only meet the analysts after the announcement is released on SGXNET.

Pertinent information is communicated to shareholders through:

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

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

3. notices of and explanatory memoranda, for annual general meetings ("**AGMs**") and extraordinary general meetings; and

4. press releases on major developments of the Company.

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

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

DEALINGS IN SECURITIES

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

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

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

INTERESTED PERSON TRANSACTIONS

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

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

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

MATERIAL CONTRACTS

There are no material contracts of the Company and its subsidiaries involving the interests of the Chief Executive Officer, each Director or controlling shareholder, either still subsisting at the end of the financial year ended 31 December 2014 or entered into since the end of the previous financial year ended 31 December 2013.

USE OF PROCEEDS RAISED

At the extraordinary general meeting convened by the Company on 22 May 2015, the Company has obtained from its shareholders their approval in respect of the Proposed Restructuring (as defined in the Company's circular dated 6 May 2015, the "**Circular**"). Under the Proposed Restructuring, the Company has secured cash injections of an aggregate amount of S$32,500,000, comprising (i) S$30,000,000 from the OKGL Loan (as defined in the Circular); and (ii) S$2,500,000 from the Financing Shareholders Loans (as defined in the Circular) (collectively, the "**Proceeds**"). A breakdown of the intended use of Proceeds from the the OKGL Loan and the Financing Shareholders Loan has been disclosed in Section 9 of the Circular.

As at the date of this Annual Report, all conditions precedent under the Proposed Restructuring has been satisfied (or waived) on 2 September 2015 ("Restructuring Effective Date". Disbursed Funds to-date amounting to S$9,200,000 have been utilised by the Company as general working capital and repayment of payables, in accordance with the intended use as stated in section 9 of the Circular and as modified by the 29 September Announcement. The Company will inform in due course as and when there is any subsequent material disbursement of the Proceeds.

Financial Contents

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2014.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements of the Group and the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

Names of directors

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

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

Arrangements to enable directors to acquire shares or debentures

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

Directors' interest in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those of their spouses and infant children) 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 1.1.2014	As at 31.12.2014	As at 1.1.2014	As at 31.12.2014
The Company - Oceanus Group Limited	Number of ordinary shares			
Dr Ng Cher Yew	256,312,539	**156,312,539**	–	**100,000,000**
Kee Poir Mok	175,234,975	**175,234,975**	–	**–**

Dr Ng Cher Yew pledged 100,000,000 (2013: Nil) shares in the Company to obtain a loan of S$2,000,000 for the Company during the financial year ended 31 December 2014.

Share options

Convertible bonds

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

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

Share options (Cont'd)

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

On 31 October 2014, the Company entered into restructuring loans and warrants agreement with the existing warrant holders to extend the maturity date of convertible bonds from 13 July 2015 to 31 December 2016 and the exercise price and number of existing warrants held by the existing warrant holders shall be adjusted in accordance with the terms and conditions of the amended and restated agreements. As of 31 December 2014, the restructuring loans and warrants agreement have yet to be approved by the shareholders and the number of unexercised warrants amounted to 1,018,565,587 with an adjusted exercise price of S$0.063.

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

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

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

Audit Committee

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

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

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

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

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

Audit Committee (Cont'd)

(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 2014 as well as the auditor's report thereon;

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

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

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

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

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

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

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

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

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

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

Independent auditor

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

On behalf of the Directors

....
PETER KOH HENG KANG

....
YEO KAN YEN, ALVIN

Dated: 13 June 2016

Report on the financial statements

We were engaged to audit the accompanying financial statements of Oceanus Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

Basis for disclaimer of opinion

(1) Going concern

On 14 March 2016, the firm (the "Creditor") which was providing security protection services at an abalone farm of Oceanus (China) Aquaculture Co., Ltd, a subsidiary, located in Gulei, Zhangzhou, Fujian Province, PRC, had taken control over possession of the farm due to slow payment by the subsidiary and the subsidiary's dispute with the Creditor on the computation of the security protection services fees based on level of services provided. On 5 April 2016, the subsidiary regained control and physical possession of the farm and resumed regular farm operations.

As discussed in Note 2(a) to the financial statements, as at 31 December 2014, the Group's and the Company's current liabilities exceeded current assets by RMB581,068,000 and RMB520,020,000, respectively. The Group and the Company had a deficit in shareholders' funds of RMB320,707,000 and RMB267,316,000, respectively. The Group incurred a loss after tax of RMB399,584,000 and a total comprehensive loss of RMB378,135,000 for the financial year ended 31 December 2014, and had a negative net operating cash flows of RMB32,695,000 for the financial year ended 31 December 2014.

The matters set out above and in Note 2(a) to the financial statements indicate the existence of a material uncertainty which cast a significant doubt on the Group's and the Company's ability to continue as going concerns. The financial statements of the Group and the Company have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operation at least for a period of 12 months from the balance sheet date. The financial statements of the Group and the Company do not include any adjustments relating to the realisation and classification of asset amounts that may be necessary if the Group and the Company are unable to continue as going concerns. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No adjustments have been made in the financial statements of the Group and the Company in respect of these.

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due depend on the restructuring as disclosed in Note 35 to the financial statements. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

(2) Biological assets

(a) Biological assets as at 31 December 2014

As at 31 December 2014, the carrying amount of the biological assets was RMB41,000. Management had considered the amount as immaterial and had not conducted a physical count of the biological assets.

Management had measured the carrying amount of the biological assets as at 31 December 2014 based on internal estimations using recent market prices for similar assets, which constitutes a departure from the valuation methodology applied by the independent appraiser in valuation of the Group's biological assets in prior years. In prior years, the independent appraiser adopted a market approach in the valuation which considered the recent market prices for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative and mortality rate.

We were unable to satisfy ourselves by alternative means concerning the quantity of the biological assets held at 31 December 2014 and their carrying amount as at 31 December 2014.

(b) Biological assets as at 31 December 2013

The Group's biological assets are carried in the statement of financial position at RMB19,906,000. Management carried out a physical count of these assets on a periodic basis and performed a physical count of these assets as at 31 December 2013. Documents provided by management that purported to support cycle counts of inventories in 2013 did not provide sufficient appropriate audit evidence that the cycle counts had been carried out. Accordingly, we were unable to obtain sufficient appropriate evidence on the changes in physical quantity during the year ended 31 December 2013. Our opinion on the current year's financial statements is affected because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

The disclaimer of audit opinion on the financial statements for the financial year ended 31 December 2013 included a similar matter.

(3) Fair value less costs to sell of property, plant and equipment and prepaid leases and impairment losses

As described in Note 4 and Note 5, during the financial year ended 31 December 2014, the Group tested property, plant and equipment and prepaid leases for impairment, and recognised an impairment charge of RMB180,097,000 and RMB2,800,000, respectively, being the excess of the carrying amount over the recoverable amount. As at 31 December 2014, the carrying amount of property, plant and equipment and prepaid leases was RMB261,739,000 (Note 4) and RMB8,459,000 (Note 5), respectively.

As at 31 December 2014, the recoverable amount was based on the cash-generating unit fair value less costs to sell, as determined by an independent professional valuer based

As at 31 December 2014, the carrying amount of the Group's farm structures and office buildings constructed on land leased from third parties ("Collectively-owned Land") and prepaid leases amounted to RMB199,522,000 and RMB816,000, respectively.

In assessing the fair value of these farm structures and office buildings and the related prepaid leases, the valuer has made certain key assumptions as follows:

(1) the land use rights and the Group's farm structures and office buildings above Collectively-owned Land is freely transferable to any third party in the open market based on a legal opinion; and

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

It was assumed that the relevant regulatory documents required for the land transfer had been obtained. In fact, as at 31 December 2015, the Group had yet to enter into transfer contracts in writing with the individual owners of the land.

In the absence of legally binding contractual arrangements and the resultant uncertainty over transferability of Collectively-owned Land, we were unable to satisfy ourselves by alternative means concerning the impairment loss amounts for the year ended 31 December 2014, and carrying amount of these assets as at 31 December 2014.

(4) Trade and other payables

The basis for disclaimer of opinion on the financial statements for the financial year ended 31 December 2013 included lack of supporting accounting documents in respect of trade and other payables of RMB4.7 million brought forward from 2011 related to the purchase of raw materials, payments for tax, feeds used, other operating expenses, raw materials and consumable used and acquisition of property, plant and equipment.

We were not able to carry out auditing procedures in relation to trade and other payables amounting to RMB3.3 million brought forward from 2011 because documentation supporting the transactions were not available. Similarly, we were not able to obtain sufficient appropriate audit evidence as to the validity, existence and completeness of these trade and other payables of RMB3.3 million carried forward and still existing as at the end of the financial year ended 31 December 2014.

(5) Supporting accounting documents

The basis for disclaimer of opinion on the financial statements for the financial year ended 31 December 2013 included lack of supporting accounting documents in respect of the following:

- trade and other receivables amounting to RMB1.6 million as at 31 December 2013;
- acquisition of property, plant and equipment amounting to RMB4 million during the financial year ended 31 December 2013; and
- trade and other payables amounting to RMB8.6 million as at 31 December 2013 in respect of the purchase of raw materials, payments for tax, feeds used, other operating expenses, raw materials and consumable used, and acquisition of property, plant and equipment during the financial year ended 31 December 2013, and the elements making up the income statement, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2013.

We were not able to carry out auditing procedures in relation to the trade and other receivables, acquisition of property, plant and equipment and trade and other payables amounting to RMB0.3 million, RMB4 million and RMB3.1 million, respectively, brought forward from 2013 because documentation supporting the transactions were not available. Similarly, we were not able to obtain sufficient appropriate audit evidence as to the validity, existence and completeness of these assets and liabilities carried forward and still existing as at 31 December 2014.

Our opinion on the current year's financial statements is affected because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Disclaimer of opinion

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

Other Matter

The independent auditor's report dated 11 June 2014 on the financial statements of the Group and the Company for the financial year ended 31 December 2013 of which we were auditors expressed a disclaimer of audit opinion. The matters included in the auditor's report have a consequential material impact on the opening balances in the Basis for Disclaimer of Opinion paragraph stated above.

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

Report on other legal and regulatory requirements

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 13 June 2016

Statements of Financial Position

As at 31 December 2014

	Note	The Group 31 December 2014 RMB'000	The Group 31 December 2013 RMB'000	The Company 31 December 2014 RMB'000	The Company 31 December 2013 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**261,739**	510,557	**–**	–
Prepaid leases	5	**8,045**	14,498	**–**	–
Subsidiaries	6	**–**	–	**262,127**	795,000
		269,784	525,055	**262,127**	795,000
Current Assets					
Inventories	7	**–**	–	**–**	–
Trade receivables	8	**–**	5	**–**	–
Other receivables	9	**1,568**	17,041	**–**	–
Biological assets	10	**41**	19,906	**–**	–
Cash and bank balances	11	**3,965**	5,531	**274**	3,119
Assets held for sale	12	**–**	–	**–**	–
		5,574	42,483	**274**	3,119
Total assets		**275,358**	567,538	**262,401**	798,119
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	**2,373,685**	2,373,685	**2,373,685**	2,373,685
Reserves	14	**(2,694,392)**	(2,316,257)	**(2,641,001)**	(2,002,476)
Equity attributable to owners of the Company		**(320,707)**	57,428	**(267,316)**	371,209
Total equity		**(320,707)**	57,428	**(267,316)**	371,209
Non-Current Liabilities					
Convertible loans	15	**–**	254,746	**–**	254,746
Deferred tax liabilities	16	**1,944**	6,041	**1,944**	6,041
Loans and borrowings	19	**7,479**	–	**7,479**	–
Derivative liabilities	20	**–**	123,082	**–**	123,082
		9,423	383,869	**9,423**	383,869
Current Liabilities					
Trade payables	17	**15,176**	16,347	**–**	–
Other payables	18	**91,908**	73,930	**64,684**	32,025
Loans and borrowings	19	**29,056**	12,016	**29,056**	11,016
Convertible loans	15	**283,456**	–	**283,456**	–
Derivative liabilities	20	**143,098**	–	**143,098**	–
Current tax payable		**23,948**	23,948	**–**	–
		586,642	126,241	**520,294**	43,041
Total liabilities		**596,065**	510,110	**529,717**	426,910
Total equity and liabilities		**275,358**	567,538	**262,401**	798,119

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

Consolidated Income Statement

For the financial year ended 31 December 2014

Continuing operations	Note	**Year ended 31 December 2014 RMB'000**	Year ended 31 December 2013 RMB'000
Revenue	3	**9,267**	41,032
Cost of inventories		**(9,267)**	(33,113)
(Loss)/Gain arising from changes in fair value less costs to sell biological assets	10	**(11,440)**	45
Loss arising from mortality of biological assets	10	**-**	(12,300)
Other operating income	21	**2,627**	8,595
Changes in inventories		**-**	(7,817)
Feed used		**(10,570)**	(33,973)
Electricity, fuel and water		**(9,566)**	(27,699)
Staff costs		**(20,806)**	(38,830)
Impairment loss on prepaid leases	5	**(2,800)**	(1,226)
Impairment loss on property, plant and equipment	4	**(180,097)**	(53,401)
Write-off of property, plant and equipment		**-**	(81,808)
Depreciation of property, plant and equipment	4	**(59,299)**	(78,694)
Other operating expenses	22	**(30,630)**	(55,958)
Fair value loss on financial derivatives, net	20	**(25,418)**	(36,723)
Finance costs	23	**(66,056)**	(56,514)
Loss before taxation		**(414,055)**	(468,384)
Income tax expense	25	**4,006**	17,866
Loss for the year from continuing operations		**(410,049)**	(450,518)
Discontinued operations			
Profit for the year from discontinued operations	31	**10,465**	5,856
Loss for the year		**(399,584)**	(444,662)
Loss attributable to:			
Owners of the Company		**(399,584)**	(444,662)
		(399,584)	(444,662)
Loss per share			
From continuing and discontinued operations			
Basic and diluted (fen)	27	**(10.98)**	(11.20)
From continuing operations			
Basic and diluted (fen)	27	**(11.27)**	(11.35)

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 2014

	Note	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Loss for the year		**(399,584)**	(444,662)
Other comprehensive income after tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations at nil tax	26	**21,449**	40,224
Total comprehensive loss for the year, net of tax		**(378,135)**	(404,438)
Total comprehensive loss attributable to:			
Owners of the Company		**(378,135)**	(404,438)
		(378,135)	(404,438)

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2014

The Group	Share capital RMB'000	Capital reserve RMB'000	Warrant reserve RMB'000	Currency translation reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	2,202,268	(1,137,504)	107,092	(12,482)	39,262	(902,746)	295,890	–	295,890
Total comprehensive income for the year									
Loss for the year	–	–	–	–	–	(444,662)	(444,662)	–	(444,662)
Other comprehensive income									
Exchange differences arising from translation	–	–	–	40,224	–	–	40,224	–	40,224
Total comprehensive income for the year	–	–	–	40,224	–	(444,662)	(404,438)	–	(404,438)
Transactions with owners, recognised directly in equity:									
Shares issued pursuant to rights issue (Note 13)	142,187	–	–	–	–	–	142,187	–	142,187
Issuance of ordinary shares upon exercise of warrants (Note 13, 14)	29,230	–	(5,441)	–	–	–	23,789	–	23,789
Total transactions with owners, recognised directly in equity	171,417	–	(5,441)	–	–	–	165,976	–	165,976
At 31 December 2013	2,373,685	(1,137,504)	101,651	27,742	39,262	(1,347,408)	57,428	–	57,428
At 1 January 2014	**2,373,685**	**(1,137,504)**	**101,651**	**27,742**	**39,262**	**(1,347,408)**	**57,428**	**–**	**57,428**
Total comprehensive income for the year									
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(399,584)**	**(399,584)**	**–**	**(399,584)**
Other comprehensive income									
Exchange differences arising from translation	**–**	**–**	**–**	**21,449**	**–**	**–**	**21,449**	**–**	**21,449**
Total comprehensive income for the year	**–**	**–**	**–**	**21,449**	**–**	**(399,584)**	**(378,135)**	**–**	**(378,135)**
At 31 December 2014	**2,373,685**	**(1,137,504)**	**101,651**	**49,191**	**39,262**	**(1,746,992)**	**(320,707)**	**–**	**(320,707)**

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	Note	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Cash Flows from Operating Activities			
Loss before taxation			
Continuing operations		**(414,055)**	(468,384)
Discontinued operations		**10,465**	5,856
		(403,590)	(462,528)
Adjustments for:			
Loss/(Gain) arising from changes in fair value less costs to sell biological assets	10	**11,440**	(45)
Loss arising from mortality of biological assets	10	**–**	12,300
Depreciation of property, plant and equipment	4	**59,299**	78,694
(Gain)/loss on disposal of property, plant and equipment	21	**(10,848)**	1,723
Write-off of property, plant and equipment	4	**–**	81,808
Gain on disposal of prepaid leases		**–**	(7,736)
Impairment loss on property, plant and equipment	4	**180,097**	53,401
Amortisation of prepaid leases	22	**543**	648
Impairment loss on prepaid leases	5	**2,800**	2,123
Fair value loss on financial derivatives	20	**25,418**	36,723
Interest income	21	**(18)**	(6)
Interest expense	23	**66,056**	56,917
Operating loss before working capital changes		**(68,083)**	(145,978)
Change in inventories		**–**	8,992
Change in trade receivables		**5**	2,527
Change in other receivables and deposits		**15,240**	(4,507)
Change in biological assets		**8,425**	28,287
Change in trade payables		**(1,171)**	(11,989)
Change in other payables		**13,639**	(6,282)
Cash used in operations		**(32,665)**	(128,950)
Interest received	21	**18**	6
Interest paid		**–**	(1,827)
Income tax paid		**(48)**	–
Net cash used in operating activities		**(32,695)**	(130,771)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		**(2,915)**	(14,625)
Proceeds from disposal of property, plant and equipment and prepaid leases		**10,998**	19,725
Net cash generated from investing activities		**8,083**	5,100

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 2014

	Note	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Cash Flows from Financing Activities			
Proceeds from issuance of shares		**-**	116,422
Proceeds from borrowings		**23,055**	30,407
Repayment of borrowings		**-**	(19,879)
Net cash generated from financing activities		**23,055**	126,950
Net (decrease)/increase in cash and cash equivalents		**(1,557)**	1,279
Effect of cash and cash equivalent denominated in foreign currencies		**(9)**	(203)
Cash and cash equivalents at beginning of year		**5,531**	4,455
Cash and cash equivalents at end of year	11	**3,965**	5,531

Significant non-cash transactions:

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

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

1 General information

The financial statements of the Company and of the Group for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

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

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

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

2(a) Basis of preparation

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

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

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

Going concern

As at 31 December 2014, the Group's and the Company's current liabilities exceeded current assets by RMB581,068,000 and RMB520,020,000, respectively. The Group and the Company had a deficit in shareholders' funds of RMB320,707,000 and RMB267,316,000, respectively. The Group incurred a loss after tax of RMB399,584,000 and a total comprehensive loss of RMB378,135,000 for the financial year ended 31 December 2014, and had a negative net operating cash flows of RMB32,695,000 for the financial year ended 31 December 2014.

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due depend on the completion of the restructuring as disclosed in Note 35 to the financial statements.

The financial statements of the Group and the Company have been prepared on a going concern basis, which assumes the Group and the Company will continue in operation at least for a period of 12 months from the balance sheet date.

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

Going concern (Cont'd)

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

Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the balance sheet. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

Significant accounting estimates, assumptions and judgements

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

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

Classification of land use rights

Within the People's Republic of China, it is the practice for the State to issue land use rights to individuals or entities. Such rights are evidenced through the granting of a land use rights certificate, which gives the holder the right to use the land (including the construction of buildings thereon) for a given length of time. An upfront payment is made for this right. Management judges 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.

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

Going concern (Cont'd)

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

Income taxes

The Group's liabilities for tax are calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period. The Group estimates its deferred tax liabilities based on all taxable temporary differences. The deferred tax liabilities of the Group as at 31 December 2014 amounted to RMB1,944,000 (2013: RMB6,041,000). The current tax payable of the Group at the reporting date amounted to RMB23,948,000 (2013: RMB23,948,000).

As at 31 December 2014, the Group did not recognise deferred tax assets in relation to unutilised tax losses and temporary differences arising from deductible expenses of RMB482,006,000 (2013: RMB388,577,000) and RMB53,356,000 (2013: RMB13,881,000) respectively due to uncertainty over which future taxable profit will be available against which the Group can utilise such benefit.

Critical accounting estimates and assumptions used in applying accounting policies

Option liability for warrant redemption premium

On 13 July 2012, the Company entered into Loans Restructuring Definitive Agreements with three lenders (the "Lenders") for issue of convertible loans amounting to S$70,207,050 with 975,097,921 detachable warrants.

Under the terms of the funding arrangement, the investors shall have the right to request the Group to redeem any unexercised warrants held by them after the warrant maturity at a redemption premium of 15% on the aggregate exercise price of S$64,383,069 in proportion to the unexercised warrants. This warrant redemption premium will be waived if the Group achieves certain prescribed profit and operating cash flows targets in at least one financial year during the warrant exercise period. The warrants are exercisable at any time prior to the later of 13 July 2015 or the third anniversary of the date of issuance of the warrants i.e. 5 April 2012.

The Group recognises the option liability relating to the redemption premium right at fair value. Management involved an independent professional valuer to assess the valuation of the option liability and recognised a fair value loss of RMB25,418,000 (2013: RMB36,723,000) for the financial year ended 31 December 2014. Main inputs to the valuation are risk free rate, credit spread, risk premium and cost of debt. Changes in these inputs could materially impact the fair value of the derivative resulting in corresponding impact on profit or loss. The carrying value of the derivative liability at 31 December 2014 was RMB143,098,000 (2013: RMB123,082,000).

An increase/decrease of 5% (2013: 5%) in the fair value of the derivative liability would have increased/decreased the Group's profit by RMB7,154,000 (RMB6,154,000).

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

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

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

Biological assets

As described in Note 10, management had measured the carrying amount of the biological assets as at 31 December 2014 based on internal estimations using recent market prices for similar assets. This constitute a departure from the valuation basis adopted in prior years where management engaged an independent appraiser to assess the valuation of biological assets and the estimated costs of sale of these assets using the market approach.

As at 31 December 2013, management involved an independent appraiser to assess the valuation of biological assets and the estimated costs of sale of these assets. A market approach was adopted in the valuation which considered the recent market prices for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative and mortality rate. The valuation also included some inherent assumptions on the value of those comparable assets and other assumptions in relation to the current market conditions and economic environment. The mortality rate applied for sea-based abalones farming ranged from 15% to 30% (2013: 15% to 30%).

Changes in these assumptions and estimates could have a material effect on the determination of the fair value of the biological assets. At 31 December 2014, the carrying amount of biological assets of the Group amounted to RMB41,000 per management's estimation (2013: RMB19,906,000 as assessed by an independent appraiser using the market approach).

Impairment of non-financial assets

Property, plant and equipment, prepaid leases and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating-units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating-unit (or group of cash-generating-units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors.

In regard to the impairment assessment in Note 4, Note 5 and Note 6, an independent valuation was performed by the valuers to determine the fair value less costs to sell of the Group's property, plant and equipment and prepaid leases.

The fair value of buildings and prepaid leases was determined using depreciated replacement cost approach (Level 3 valuation). This approach was based on an estimate of the cost of reproduce with allowance for accrued depreciation as evidenced by observed condition or obsolesce present in the properties. The fair value of plant and machinery and equipment

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

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

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

was determined based on established used market comparable. In the absence of market comparable, the fair value was determined based on cost to reproduce or replacement under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history (Level 3 valuation).

The recoverability of these amounts is dependent on the assumptions; and actual results are likely to be different from the estimates since anticipated events frequently do not occur as expected and the variation could be material.

The carrying amounts of property, plant and equipment, prepaid leases and investments in subsidiaries are RMB261,739,000 (2013: RMB510,557,000), RMB8,459,000 (2013: RMB15,145,000), and RMB262,127,000 (2013: RMB795,000,000) respectively. Details of impairment tests of property, plant and equipment, prepaid leases and investments in subsidiaries are disclosed in Note 4, Note 5 and Note 6.

Useful lives of property, plant and equipment and prepaid leases

Property, plant and equipment and prepaid leases are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment and prepaid leases of the Group at the end of the reporting period amounted to RMB261,739,000 (2013: RMB510,557,000) and RMB8,459,000 (2013: RMB15,145,000), respectively. If depreciation on the Group's property, plant and equipment and amortisation of prepaid leases increases/ decreases by 10% from management's estimate, the Group's profit for the year will decrease/ increase by approximately RMB5,984,200 (2013: RMB7,934,200).

Impairment of loans and receivables

Allowances for doubtful receivables are made based on management's best estimate of the carrying amount of receivables that are doubtful of collection after evaluation of collectability. A number of estimates are required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. Where the expectation is different from the original estimate, it will impact the carrying value of the receivable and allowance may be required. The carrying amount of loans and receivables of the Group at the reporting date amounted to RMB496,000 (2013: RMB14,363,000). The Company did not have loans and receivables at 31 December 2013 and 2014.

If the present value of estimated future cash flows decrease/increase by 5% from management's estimates, the Group's profit will decrease/increase by RMB25,000 (2013: RMB718,000).

2(b) Interpretation and amendments to published standards

Interpretations and amendments effective in 2014

On 1 January 2014, the Group adopted the amended FRSs that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs. This includes the following FRSs which are relevant to the Group.

Reference	Description
Revised FRS 27	Separate Financial Statements
Revised FRS 28	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 36	Recoverable Amount Disclosures to Non-Financial Assets
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to FRS 110, FRS 112 and FRS 27	Investment Entities

The directors do not anticipate that adoption of the above FRSs in the current year will have a material impact on the financial statements of the Group except for the following:

FRS 110 Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements

The following is an illustrative disclosure of the impending changes in accounting policy on adoption of FRS 110 and Revised FRS 27.

FRS 110 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgement to determine whether entities are controlled and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in the separate financial statements.

The Group has reassessed the entities which the Group controls and there are no resulting changes required.

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

Interpretations and amendments effective in 2014 (Cont'd)

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have rights to the assets and obligations for the liabilities whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group has reassessed the classification of joint arrangements and there are no resulting changes required.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements.

As this is a disclosure standard it will have no impact to the financial position and financial performance of the Group when applied in the current year.

Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities clarify the meaning of "currently has a legally enforceable right to set-off"; and that some gross settlement systems may be considered equivalent to net settlement. The Group has reassessed the impact and expect no change.

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

Interpretations and amendments effective in 2014 (Cont'd)

Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets

These amendments remove the unintended consequences of FRS 113 Fair Value Measurement on the disclosures required under FRS 36 Impairment of Assets. In addition, these amendments required disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in the current year.

The following are the new or amended FRS issued in 2014 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 19	Amendments to FRS 19: Defined Benefit Plans: Employee Contributions	1-July-2014
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1-January-2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1-January-2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants	1-January-2016
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1-January-2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1-January-2016
FRS 114	Regulatory Deferral Accounts	1-January-2016
FRS 115	Revenue from Contracts with Customers	1-January-2017
FRS 109	Financial Instruments	1-January-2018
Amendments to FRS 1	Disclosure of financial statements	1 January 2016
Amendments to FRS 110, 111 and 28	Investment entity	1 January 2016

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

Interpretations and amendments not yet effective in 2014 (Cont'd)

The directors do not anticipate that the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Group in the period of their initial adoption, except for the following:

FRS 115 Revenue from Contracts with Customers requires the entity to recognise revenue which depict transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. FRS 115 is effective for annual periods beginning on or after 1 January 2017. The Group is currently assessing the impact to the financial statements. 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.

2(c) Summary of significant accounting policies

Consolidation

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

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.

If the Group loses control over a subsidiary, it:

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

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

Consolidation (Cont'd)

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

Thus, the Group controls an investee if and only if the Group has all of the following:
- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:
- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

Consolidation (Cont'd)

Loss of control

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

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

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

Transactions with Non-Controlling Interest

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

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

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

Subsidiaries

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.

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

On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the depreciable amount of these assets over their estimated useful lives as follows:

Buildings and farm structures	10 to 30 years
Leasehold improvements	3 to 15 years (shorter of lease terms and beneficial period)
Plant and machinery	3 to 10 years
Office equipment	3 to 8 years
Vehicles	4 to 8 years

No depreciation is provided on assets under construction. Depreciation of these assets, on the same basis as other items of property, plant and equipment, commences when the assets are ready for their intended use.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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

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

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss 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(c) 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.

<u>Loans and receivables</u>

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 comprise trade and other receivables, excluding prepayments. They are initially recognised at fair value and 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 profit or loss.

<u>Determination of fair value</u>

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset 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.

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

Cash and cash equivalents

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

Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

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.

Biological assets

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost for processed marine products is calculated using the weighted average method and cost for other inventories is calculated using the first-in, first-out method.

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

Inventories (Cont'd)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for writedown of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occur.

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 tax payables.

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

Non-derivative financial liabilities (Cont'd)

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.

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.

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

Derivative financial instruments (Cont'd)

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

Determination of fair value

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

Trade and other payables

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

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, associates and joint ventures, 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.

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

Income taxes (Cont'd)

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.

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.

<u>The Group as lessee – operating lease</u>

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.

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

Leases (Cont'd)

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.

Related parties

A related party is defined as follows:

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

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

Related parties (Cont'd)

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

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

Impairment of non-financial assets

The carrying amounts of the Company's non-financial 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.

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.

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

Impairment of non-financial assets (Cont'd)

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.

Borrowing costs

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

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

Functional and presentation currency

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 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.

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

Conversion of foreign currencies

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 dates of the transactions. Currency translation differences resulting 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 reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

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

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of the 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 exchange fluctuation reserve.

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

Earnings per share

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

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer 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 aquacultural products (i.e. abalones) and processed marine products are 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.

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

Revenue recognition (Cont'd)

Interest income

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

Dividend income

Dividend income is recognised when the shareholders' rights to receive payment have been established.

Rental income

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

3 Revenue

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

The Group	2014 RMB'000	2013 RMB'000
Continuing operations:		
Sales of live marine products (Note 10)	**9,267**	33,113
Sales of processed marine products [1]	**–**	7,919
	9,267	41,032
Discontinued operations:		
Sales of processed marine products	**–**	–
Sales of food and beverage	**–**	–
	9,267	41,032

[1] *The sales of processed marine products arising from the sales of frozen abalones in Live Marine Products segment.*

4 Property, plant and equipment

The Group	Buildings and farm structures RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Vehicles RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost							
At 1 January 2013	855,213	3,393	178,985	2,824	3,281	72,223	1,115,919
Additions	–	–	32	205	441	13,947	14,625
Transfer	20,539	–	540	–	–	(21,079)	–
Disposals	(10,066)	–	(24,017)	–	(4)	–	(34,087)
Write-off	(98,318)	–	(31,878)	–	(2,797)	(844)	(133,837)
Transfer to asset held for sale (Note 12)	(17,724)	–	(24,238)	(695)	–	–	(42,657)
Exchange differences	–	(14)	(20)	(14)	–	–	(48)
At 31 December 2013	**749,644**	**3,379**	**99,404**	**2,320**	**921**	**64,247**	**919,915**
Additions	**–**	**–**	**84**	**–**	**393**	**–**	**477**
Transfer	**10,430**	**–**	**2,976**	**–**	**–**	**(13,406)**	**–**
Disposals	**(30,196)**	**–**	**(1,015)**	**–**	**(235)**	**(18,462)**	**(49,908)**
Write-off	**(1,407)**	**–**	**–**	**–**	**(488)**	**–**	**(1,895)**
Exchange differences	**–**	**(67)**	**(5)**	**(25)**	**–**	**–**	**(97)**
At 31 December 2014	**728,471**	**3,312**	**101,444**	**2,295**	**591**	**32,379**	**868,492**
Accumulated depreciation							
At 1 January 2013	216,227	1,771	83,423	1,596	1,123	–	304,140
Depreciation charge	60,203	80	18,092	248	71	–	78,694
Disposals	(3,566)	–	(23,007)	–	–	–	(26,573)
Write-off	(31,170)	–	(18,590)	–	(873)	–	(50,633)
Transfer to asset held for sale (Note 12)	(1,395)	–	(3,844)	(527)	–	–	(5,766)
Exchange differences	–	(14)	–	(14)	–	–	(28)
At 31 December 2013	**240,299**	**1,837**	**56,074**	**1,303**	**321**	**–**	**299,834**
Depreciation charge	**52,879**	**–**	**6,271**	**100**	**49**	**–**	**59,299**
Disposals	**(12,518)**	**–**	**(205)**	**–**	**(12)**	**–**	**(12,735)**
Write-off	**(115)**	**–**	**–**	**–**	**(184)**	**–**	**(299)**
Exchange differences	**–**	**(28)**	**(8)**	**9**	**–**	**–**	**(27)**
At 31 December 2014	**280,545**	**1,809**	**62,132**	**1,412**	**174**	**–**	**346,072**
Impairment							
At 1 January 2013	22,458	1,542	27,932	827	1,753	40,462	94,974
Impairment loss for the year	34,694	–	15,991	76	243	2,397	53,401
Disposals	–	–	(564)	–	–	–	(564)
Write-off	–	–	–	–	(1,396)	–	(1,396)
Transfer to asset held for sale (Note 12)	(16,329)	–	(20,394)	(168)	–	–	(36,891)
At 31 December 2013	**40,823**	**1,542**	**22,965**	**735**	**600**	**42,859**	**109,524**
Impairment loss for the year	**173,040**	**–**	**444**	**–**	**–**	**6,613**	**180,097**
Disposals	**(9,359)**	**–**	**(858)**	**–**	**–**	**(17,093)**	**(27,310)**
Write-off	**(1,292)**	**–**	**–**	**–**	**(304)**	**–**	**(1,596)**
Exchange differences	**–**	**(39)**	**5**	**–**	**–**	**–**	**(34)**
At 31 December 2014	**203,212**	**1,503**	**22,556**	**735**	**296**	**32,379**	**260,681**
Carrying amount							
At 31 December 2014	**244,714**	**–**	**16,756**	**148**	**121**	**–**	**261,739**
At 31 December 2013	468,522	–	20,365	282	–	21,388	510,557

4 Property, plant and equipment (Cont'd)

Impairment testing

2014

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

During the financial year ended 31 December 2014, the Group tested property, plant and equipment for impairment, and recognised an impairment charge of RMB180,097,000, being the excess of the carrying amount over the recoverable amount.

The recoverable amount was based on the CGU's fair value less costs to sell, as determined by an independent professional valuer based on the market value approach, which was higher than value-in-use. Majority of the net assets of the CGU relates to property, plant and equipment, prepaid leases and non-derivative financial instruments. The carrying amounts of the non-derivative financial instruments approximated their flair values. The fair values of the CGU's property, plant and equipment and prepaid leases are estimated based on an appraisal performed by a firm of professionally-qualified valuers. The significant inputs and assumptions are developed in close consultation with management.

As at 31 December 2014, the carrying amount of the Group's farm structures and office buildings constructed on land leased from third parties ("Collectively-owned Land") and prepaid leases amounted to RMB199,522,000 and RMB816,000, respectively.

In assessing the fair value of these farm structures and office buildings and the related prepaid leases, the valuer has made certain key assumptions as follows:

(1) the land use rights and the Group's farm structures and office buildings above Collectively-owned Land is freely transferable to any third party in the open market based on a legal opinion; and

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

It was assumed that the relevant regulatory documents required for the land transfer had been obtained. In fact, as at 31 December 2015, the Group had yet to enter into transfer contracts in writing with the individual owners of the land.

A 3% unfavourable change in the estimation of selling prices and replacement cost of plant and equipment would result in further impairment loss by RMB7,041,000.

2013

During the financial year ended 31 December 2013, the Group assessed the recoverable amount of property, plant and equipment related to the idle assets based on market value determined by an independent professional valuer based on the market value approach. The review resulted in an impairment loss of RMB53,401,000.

5 Prepaid leases

The Group	Land use rights RMB'000	Prepayment for lease of land RMB'000	Total RMB'000
At 1 January 2013	13,709	10,969	24,678
Impairment loss for the year	(897)#	(1,226)	(2,123)
Disposals	(6,750)	(12)	(6,762)
Amortisation for the year	(178)	(470)	(648)
At 31 December 2013	**5,884**	**9,261**	**15,145**
Impairment loss for the year	**(673)**	**(2,127)**	**(2,800)**
Disposals	**–**	**(3,343)**	**(3,343)**
Amortisation for the year	**(179)**	**(364)**	**(543)**
At 31 December 2014	**5,032**	**3,427**	**8,459**

The Group	2014 RMB'000	2013 RMB'000
Non-current portion	**8,045**	14,498
Current portion included as prepayments under current assets (Note 9)	**414**	647
Total	**8,459**	15,145

relates to discounted operations

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

During the financial year ended 31 December 2014, in connection with the test of impairment of the live marine products cash-generating unit (Note 4), the Group tested prepaid leases for impairment, and recognised an impairment charge of RMB2,800,000, being the excess of the carrying amount over the recoverable amount. Further details of the determination of the recoverable amount is set out in Note 4. A 3% unfavourable change in the estimation of selling prices of prepaid leases would result in further impairment loss by RMB254,000.

During the year ended 31 December 2013, the Processed Marine Products segment returned the land use right for certain pieces of land to local government. The Group recognised an impairment loss of RMB897,000 relating to land-use rights (prepaid leases) during the current year.

During the year ended 31 December 2013, there were idle assets in the Live Marine Products operating segment. Management engaged an independent professional valuer to assess the recoverable value of the prepaid lease payments based on the market value approach and recognised an impairment loss of RMB1,226,000 in the profit or loss of the Group for the year ended 31 December 2013.

6 Subsidiaries

The Company	**2014** **RMB'000**	2013 RMB'000
Unquoted equity shares, at cost	**1,405,042**	1,405,042
Less: Impairment loss		
At 1 January	**610,042**	13,975
Amount recognised during the year	**532,873**	596,067
At 31 December	**1,142,915**	610,042
	262,127	795,000

The subsidiaries are:

Name	**Country of incorporation/ principal place of business**	**Percentage of equity held** **2014** **%**	2013 %	**Principal activities**
Oceanus Aquaculture Group Pte. Ltd. [(a)]	Singapore	**100**	100	Investment holding
Oceanus Food Group Pte. Ltd. [(a)]	Singapore	**100**	100	Investment holding
Oceanus Food Group Limited [(b)]	Hong Kong	**100**	100	Investment holding
Subsidiary held through Oceanus Aquaculture Group Pte. Ltd.				
Oceanus (China) Aquaculture Co., Ltd [(b)]	People's Republic of China	**100**	100	Aquaculture production and abalone farming and sale of products

6 Subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Percentage of equity held 2014 %	2013 %	Principal activities
Subsidiary held through Oceanus Food Group Limited				
Zhangzhou Oceanus Food Co., Ltd (b)	People's Republic of China	**100**	100	Inactive
Subsidiary held through Oceanus Food Group Pte. Ltd.				
Oceanus (Shanghai) Restaurant Management Co., Ltd (b)	People's Republic of China	**100**	100	Inactive
Oceanus Food (Hong Kong) Company Limited (b)	Hong Kong	**100**	100	Inactive
Oceanus (Singapore) Restaurant Management Pte Ltd (a)	Singapore	**100**	100	Inactive
Oceanus (Hong Kong) Restaurant Management Company Limited (b)(d)	Hong Kong	**–**	100	Inactive
Oceanus (Taiwan) Restaurant Limited Company (b)	Taiwan	**100**	100	Inactive
Subsidiary held through Oceanus (Shanghai) Restaurant Management Co.,Ltd				
Shanghai Oceanus Wujiang Road Restaurant Co., Ltd (b)(c)	People's Republic of China	**100**	100	Inactive

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

6 Subsidiaries (Cont'd)

Impairment testing

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

During the financial year ended 31 December 2013, the Company tested investment in a subsidiary, which was attributable to the live marine products cash-generating unit (the "CGU"), for impairment and recognised an impairment loss of RMB596,067,000. The recoverable amount of investments was determined based on of value-in-use. The value-in-use calculation was a discounted cash flow model using cash flow projections based on the most recent financial budgets covering the five-year period ending 31 December 2018, a pre-tax discount rate of 13.31% and a terminal growth rate of 2.6% from 2018. The terminal growth rate used for the CGU did not exceed management's expectation of the long term average growth rate of the industry and country in which the cash-generating unit operates.

7 Inventories

The Group	**2014** **RMB'000**	2013 RMB'000
Inventories	**–**	–

During the year ended 31 December 2014, the Group recognised a reversal of write-down in value of inventories in respect of the inventory of the processed marine products amounting to RMB1,026,000 upon sales of these inventories. During the year ended 31 December 2013, the Group recognised an impairment loss on inventories of RMB1,175,000 to fully impair the inventory of the processed marine products.

8 Trade receivables

The Group	**2014** **RMB'000**	2013 RMB'000
Third parties	**65,652**	65,810
Less: Impairment loss	**(65,652)**	(65,805)
	–	5

8 Trade receivables (Cont'd)

The Group's credit period on sales of marine products is up to 60 days (2013 up to 60 days). No interest is charged on the outstanding balance.

At the reporting date, included in trade receivables were amounts of RMB62,362,000 (2013: RMB62,362,000) due from the Group's two major customers (2013: two major customers).

During the financial year ended 31 December 2013, the Group recognised an impairment loss of RMB1,016,000 on receivables related to sales of live marine products as the amounts were deemed to be uncollectible. During the current year, impairment loss amounting to RMB153,000 (2013: RMB4,413,000) was reversed upon receipts from the customers.

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

The Group	**2014** **RMB'000**	2013 RMB'000
Not past due and not impaired	**-**	-
Past due but not impaired		
60 to 120 days	**-**	-
121 to 365 days	**-**	5
Past due and impaired	**65,652**	65,805
	65,652	65,810
Impairment loss on doubtful trade receivables	**(65,652)**	(65,805)
	-	5

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

The Group	**2014** **RMB'000**	2013 RMB'000
At 1 January	**65,805**	69,202
Allowance made	**-**	1,016
Allowance reversed	**(153)**	(4,413)
At 31 December	**65,652**	65,805

Trade receivables are denominated in RMB.

Refer to Note 33 for foreign currency risk and credit risk exposed.

9 Other receivables

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Non-trade amounts due from subsidiaries	**–**	–	**1,050,143**	1,062,787
Less: Impairment loss	**–**	–	**(1,050,143)**	(1,062,787)
	–	–	**–**	–
Other receivables	**13,666**	3,500	**–**	–
Less: Impairment loss	**(13,666)**	(980)	**–**	–
	–	2,520	**–**	–
Amounts due from a key management	**99**	11,395	**–**	–
Deposits	**397**	448	**–**	–
Loans and receivables	**496**	14,363	**–**	–
Prepaid leases – current portion (Note 5)	**414**	647	**–**	–
Prepayments	**658**	2,031	**–**	–
Total	**1,568**	17,041	**–**	–

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

The Group	**2014** RMB'000	2013 RMB'000
Not past due and not impaired	**496**	14,363
Past due and impaired		
60 to 120 days	**–**	–
121 to 365 days	**9,050**	886
More than 365 days	**4,616**	94
	14,162	15,343
Impairment loss on doubtful other receivables	**(13,666)**	(980)
	496	14,363

Movement in allowance for doubtful receivables

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**980**	–	**1,062,787**	380,965
Allowance made	**12,686**	980	**24,873**	716,805
Allowance reversed	**–**	–	**(104)**	(9,796)
Allowance utilised	**–**	–	**–**	–
Exchange differences	**–**	–	**(37,413)**	(25,187)
At 31 December	**13,666**	980	**1,050,143**	1,062,787

10 Biological assets

(a) Reconciliation of carrying amount of biological assets:

The Group	**2014 RMB'000**	2013 RMB'000
At 1 January	**19,906**	60,448
Additions	**842**	4,826
Disposals	**(9,267)**	(33,113)
(Decrease)/Increase in fair value less costs to sell	**(11,440)**	45
Loss arising from mortality	**-**	(12,300)
At 31 December	**41**	19,906
Represented by:		
Adult abalones	**16**	353
Juvenile abalones	**25**	19,553
	41	19,906

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

(c) As at 31 December 2014, the carrying amount of the biological assets was RMB41,000. Management had considered the amount as immaterial and had not conducted a physical count of the biological assets.

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

As at 31 December 2013, management involved an independent appraiser to assess the valuation of biological assets and the estimated costs of sale of these assets. A market approach was adopted in the valuation which considered the recent market prices for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative and mortality rate. The valuation also included some inherent assumptions on the value of those comparable assets and other assumptions in relation to the current market conditions and economic environment. The mortality rate applied for sea-based abalones farming ranged from 15% to 30%.

11 Cash and bank balances

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank	**3,858**	5,449	**274**	3,119
Cash on hand	**107**	82	**–**	–
	3,965	5,531	**274**	3,119

As at 31 December 2014, the Group had cash and cash equivalents of RMB3,082,000 (2013: RMB214,000) 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.

12 Assets held for sale

The Group ceased production of the Processed Marine Products operating segment in connection with a change in strategy initiated during 2012 and the related property, plant and equipment were fully impaired during the financial year ended 31 December 2012. During the year ended 31 December 2013, the Group discontinued the Processed Marine Products operating segment and management entered into a sale and purchase agreement with a third party to sell its major assets comprising property, plant and equipment and land use right. Accordingly, these assets were classified as assets held-for-sale as at 31 December 2013 (Note 4). During the year ended 31 December 2014, the assets were disposed of a consideration of RMB24,200,000. As at 31 December 2014, an impairment loss has been recognised against RMB9,050,000 of the proceeds.

13 Share capital

	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
The Company	**Number of ordinary shares**		**RMB'000**	RMB'000
Issued and fully paid, with no par value				
At 1 January	**3,637,941,547**	2,555,300,903	**2,373,685**	2,202,268
Share issued pursuant to exercise of warrants	**–**	80,888,625	**–**	29,230
Shares issued pursuant to rights issue	**–**	1,001,752,019	**–**	142,187
At 31 December	**3,637,941,547**	3,637,941,547	**2,373,685**	2,373,685

13 Share capital (Cont'd)

The Company	**2014 S$'000**	2013 S$'000
Issued and fully paid share capital denominated in original currency:		
At 1 January	**466,936**	432,061
Rights issued during the year	**-**	29,051
Warrants issued during the year	**-**	5,824
At 31 December	**466,936**	466,936

S$ denotes Singapore dollars

During the financial year ended 31 December 2013, the Company issued the following shares:

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

b. The Company issued and allotted additional shares to the existing shareholders under a Rights Issue exercise on 8 July 2013. On 8 July 2013, the Company has issued and allocated 1,001,752,019 new ordinary shares in the issued and paid-up share capital of the Company (the "Rights Shares") at an issue price of S$0.029 for each Rights Share (the "Issue Price"), on the basis of thirty-eight (38) Rights Shares for every one hundred (100) ordinary shares (the "Shares") in the capital of the Company held by Entitled Shareholders of the Company:

   - S$23,786,685 (RMB116,422,000) received in cash are used for working capital and repayment of borrowings; and
   - S$5,264,124 (RMB25,765,000) has been offset against loan from investors.

During the financial year ended 31 December 2014, there were no issuances of new shares pursuant to exercises of warrants and/or rights issue.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

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.

14 Reserves

	The Group		The Company	
	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000	**At 31 December 2014 RMB'000**	At 31 December 2013 RMB'000
Capital reserve	**(1,137,504)**	(1,137,504)	**11,229**	11,229
Warrant reserve	**101,651**	101,651	**101,651**	101,651
Currency translation reserve	**49,191**	27,742	**19,506**	(712)
Statutory reserve	**39,262**	39,262	**–**	–
Accumulated losses	**(1,746,992)**	(1,347,408)	**(2,773,387)**	(2,114,644)
Total	**(2,694,392)**	(2,316,257)	**(2,641,001)**	(2,002,476)

The Company's capital reserve comprises the excess of the purchase consideration over the fair value of the shares issued for the purpose of the acquisition of the non-controlling interest in 2 subsidiaries and capitalisation of the loan from the non-controlling interest during the financial year ended 31 December 2012.

The Group's capital reserve comprises the following:

- the contribution from a related party, a company in which a previous director has interest amounting to RMB43,492,000 on transfer of assets and liabilities in 2005;
- waiver of debts from a related party, a company in which a previous director has interest amounting to RMB453,000 and RMB21,105,000 in 2006 and 2007 respectively;
- deemed contribution from a related party, a company in which a previous director has interest amounting to RMB1,989,000 on interest-free loan made in 2005; and set off by
- the Group's share of the excess of the purchase consideration over the net assets of the additional non-controlling interest acquired in 2012 amounting to RMB16,799,000.
- the Group's share of equity interests of RMB1,187,744,000 pursuant to the reverse takeover of the subsidiary, Oceanus China, which occurred in 2008.

Warrant reserve

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

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.

14 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.

15 Convertible loans

The Group and the Company	**At 31 December 2014 RMB'000**	At 31 December 2013 RMB'000
Current		
Convertible loans	**283,456**	–
Non-current		
Convertible loans	**–**	254,746

Liability and equity component

During the financial year ended 31 December 2012, the net proceeds received on the above loan have been split between a liability component and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group and the Company at the date of issuance are as follows:

The Group and the Company	**At 31 December 2014 RMB'000**	At 31 December 2013 RMB'000
Nominal value	**349,751**	349,751
Less issue costs	**(2,765)**	(2,765)
	346,986	346,986
Equity component	**(65,726)**	(65,726)
Deferred tax	**(13,610)**	(13,610)
Allocated to derivative	**(45,177)**	(45,177)
	222,473	222,473

15 Convertible loans (Cont'd)

Movement in liability component

The Group and the Company	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000
At beginning of year	**254,746**	254,312
Accretion of interest expenses	**59,161**	53,713
Interest paid/payable	**(19,829)**	(15,465)
Redemption of loans	**–**	(21,482)
Exchange differences	**(10,622)**	(16,332)
At end of year	**283,456**	254,746

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

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

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

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

15 Convertible loans (Cont'd)

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

The amount of the convertible loans classified as equity of RMB65,726,000 is net of attributable transaction costs of RMB725,000 and deferred tax liabilities recognised directly in equity in respect of the convertible loans of RMB13,610,000.

The Group's profit and operating cash flows were below the prescribed profit and operating cash flows target as mentioned in (c) above during the financial years ended 31 December 2012, 2013 and 2014. The Group recognised a fair value loss on the derivative related to redemption feature of the convertible loans was RMB25,418,000 (2013: RMB36,723,000) (Note 20).

Warrants outstanding

During the financial year ended 31 December 2013, the warrant holders exercised 80,888,625 warrants at S$0.072 each and the corresponding convertible loan liability of RMB29,230,000 was settled via the issuance of ordinary shares of the Company. There were no warrant exercises during the financial year ended 31 December 2014.

As part of the terms of the warrants agreement, the Company issued additional warrants of 124,356,291 to the existing warrant holders pursuant to the anti-dilutive clause in the agreement.

As at 31 December 2014, the number of unexercised warrants is 1,018,565,587 with an exercise price of S$0.063 (2013: 1,018,565,587 at S$0.063).

16 Deferred tax liabilities

The Group and The Company	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000
At beginning of year	**6,041**	11,753
Recognised in profit or loss (Note 25)	**(4,054)**	(5,075)
Exchange differences	**(43)**	(637)
At end of year	**1,944**	6,041

16 Deferred tax liabilities (Cont'd)

The balance comprises tax on the following temporary differences:

The Company	Convertible loans RMB'000	Total RMB'000
At 1 January 2013	11,753	11,753
Recognised in profit or loss	(5,075)	(5,075)
Exchange differences	(637)	(637)
At 31 December 2013	**6,041**	**6,041**
Recognised in profit or loss	**(4,054)**	**(4,054)**
Exchange differences	**(43)**	**(43)**
At 31 December 2014	**1,944**	**1,944**

The Group	Convertible loans RMB'000	Total RMB'000
At 1 January 2013	11,753	11,753
Recognised in profit or loss (Note 25)	(5,075)	(5,075)
Exchange differences on translation	(637)	(637)
At 31 December 2013	**6,041**	**6,041**
Recognised in profit or loss (Note 25)	**(4,054)**	**(4,054)**
Exchange differences on translation	**(43)**	**(43)**
At 31 December 2014	**1,944**	**1,944**

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

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Unutilised tax losses	**482,006**	388,577	**-**	-
Deductible temporary differences	**53,356**	13,881	**-**	-
	535,362	402,458	**-**	-

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

16 Deferred tax liabilities (Cont'd)

The unrecognised tax losses will expire as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Year 2018	**336,874**	336,874
Year 2019	**51,703**	51,703
Year 2020	**93,429**	–
	482,006	388,577

17 Trade payables

	2014	2013
The Group	**RMB'000**	RMB'000
Third parties	**15,176**	16,347

The average credit period on purchase of goods ranges from 0 to 30 days (2013 – 0 to 30 days). No interest is charged on the trade payables. The trade payables are denominated in RMB.

18 Other payables

	The Group		The Company	
	At 31 December 2014	At 31 December 2013	**At 31 December 2014**	At 31 December 2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts due to subsidiaries	**–**	–	**977**	1,012
Interest payable	**42,624**	23,692	**42,624**	23,666
Accrued expenses	**21,551**	19,094	**11,943**	3,307
Accrued staff costs	**17,459**	15,419	**2,293**	1,615
Payable for acquisition of property, plant and equipment	**794**	3,232	**–**	–
Advances from customers	**1,532**	8,935	**–**	–
Rental deposit	**–**	330	**–**	–
Other tax payables	**7,948**	3,228	**6,847**	2,425
	91,908	73,930	**64,684**	32,025

18 Other payables (Cont'd)

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

The other payables are denominated in the respective functional currencies of the Group entities.

At 31 December 2013, included in advances from customers was an amount of RMB7,250,000 in respect of advanced payments received from a third party related to the sale of property, plant and equipment and land use rights of the Processed Marine Products operating segment (Note 4).

19 Loans and borrowings

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-Current				
Shareholders (unsecured)[a]	**7,479**	–	**7,479**	–
Current				
Shareholders (unsecured)[b]	**-**	7,232	**-**	7,232
Third parties				
– unsecured/secured[c]	**24,907**	1,000	**24,907**	–
– unsecured[d]	**4,149**	3,784	**4,149**	3,784
	29,056	12,016	**29,056**	11,016

(a) *The loans granted by shareholders bear interest at 8% per annum, and are unsecured and repayable by 31 October 2019.*

(b) *As at 31 December 2013, the loans granted by shareholders bore interest of 8% per annum, and were unsecured and repayable by 31 December 2013.*

(c) *As at 31 December 2013, the 3 month short term loan due to a third party bore interest at 1.5% per month, and was secured by inventory with a carrying value of RMB1,175,000 (Note 7) (before impairment) and repayable by 8 February 2014. The loan was fully repaid during the financial year ended 31 December 2014.*

As at 31 December 2014, the loan granted by third party bears interest at 6% per annum and is unsecured.

(d) *The loan granted by a third party is unsecured, interest-free and repayable on demand.*

Please refer to Note 33 for further details on interest rate risk and liquidity risk.

20 Derivative liabilities

The Group and The Company	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000
Current		
Derivative liabilities	**143,098**	–
Non-current		
Derivative liabilities	**–**	123,082

In 2012, the Company repaid the convertible loan (2009) and entered into a new agreement with the warrant holders and granted them the redemption premium right at a certain prescribed interest rate (Note 15).

Management appointed a valuer to assess the fair value of the redemption premium right and recognised a derivative liability of RMB45,177,000 at inception date.

As at 31 December 2014, management assessed the fair value of the derivative liabilities at RMB143,098,000 and recognised a loss of RMB25,418,000 (2013: RMB36,723,000) in the consolidated income statement (Note 15).

Please refer to Note 33 for further details on interest rate risk and liquidity risk.

21 Other operating income

The Group	Continuing operations 2014 RMB'000	Continuing operations 2013 RMB'000	Discontinued operations 2014 RMB'000	Discontinued operations 2013 RMB'000	Total 2014 RMB'000	Total 2013 RMB'000
Rental income	**224**	913	**–**	–	**224**	913
Interest income	**16**	6	**2**	–	**18**	6
Government grants	**–**	–	**20**	–	**20**	–
Scrap sales	**120**	249	**–**	5	**120**	254
Gain on disposal of prepaid leases	**–**	6,839	**6,722**	897	**6,722**	7,736
Gain on disposal of property, plant and equipment	**1,711**	–	**17,478**	–	**19,189**	–
Reversal of impairment loss on receivables	**153**	–	**–**	4,413	**153**	4,413
Sundry income	**403**	588	**423**	94	**826**	682
	2,627	8,595	**24,645**	5,409	**27,272**	14,004

22 Other operating expenses

The Group	Continuing operations 2014 RMB'000	Continuing operations 2013 RMB'000	Discontinued operations 2014 RMB'000	Discontinued operations 2013 RMB'000	Total 2014 RMB'000	Total 2013 RMB'000
Professional fees	**12,589**	5,920	**268**	810	**12,857**	6,730
Operating lease expenses	**1,898**	2,575	**–**	–	**1,898**	2,575
Freight expenses	**427**	1,481	**–**	–	**427**	1,481
Insurance expenses	**87**	90	**–**	–	**87**	90
Repairs and maintenance expenses	**284**	1,516	**–**	–	**284**	1,516
Travelling expenses	**1,724**	1,511	**–**	16	**1,724**	1,527
Foreign exchange loss/(gain), net	**642**	22,105	**(116)**	(5,341)	**526**	16,764
Loss on disposal of property, plant and equipment	**4,302**	1,723	**–**	–	**4,302**	1,723
Amortisation of prepaid leases	**543**	648	**–**	–	**543**	648
Impairment loss on trade receivables	**–**	1,016	**–**	–	**–**	1,016
Impairment loss on other receivables	**641**	886	**13,025**	94	**13,666**	980
(Reversal of)/Write-down in value of inventories, net	**–**	–	**(1,026)**	1,175	**(1,026)**	1,175
Rights issue expenses	**–**	4,555	**–**	–	**–**	4,555
Annual Report fees	**267**	357	**–**	–	**267**	357
Representative services fees	**121**	79	**–**	–	**121**	79
Consumables	**2,078**	5,474	**–**	–	**2,078**	5,474
Annual listing and related fees	**306**	387	**–**	–	**306**	387
Other tax expenses	**–**	–	**1,742**	530	**1,742**	530
Inspection	**–**	–	**–**	362	**–**	362
Others	**4,721**	5,635	**197**	123	**4,918**	5,758
	30,630	55,958	**14,090**	(2,231)	**44,720**	53,727

23 Finance costs

The Group	Continuing operations 2014 RMB'000	Continuing operations 2013 RMB'000	Discontinued operations 2014 RMB'000	Discontinued operations 2013 RMB'000	Total 2014 RMB'000	Total 2013 RMB'000
Interest on bank loans	**–**	–	**–**	403	**–**	403
Interest on convertible loan:						
– Coupon rate of 5% (2013: 5%)	**19,829**	15,465	**–**	–	**19,829**	15,465
– Notional interest	**39,332**	38,248	**–**	–	**39,332**	38,248
Withholding tax on interest on convertible loan	**4,690**	1,655	**–**	–	**4,690**	1,655
Loans from shareholders	**647**	100	**–**	–	**647**	100
Loan from third party	**1,072**	1,046	**–**	–	**1,072**	1,046
Others	**486**	–	**–**	–	**486**	–
	66,056	56,514	**–**	403	**66,056**	56,917

24 Loss before taxation

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

The Group	Continuing operations 2014 RMB'000	Continuing operations 2013 RMB'000	Discontinued operations 2014 RMB'000	Discontinued operations 2013 RMB'000	Total 2014 RMB'000	Total 2013 RMB'000
Depreciation of property, plant and equipment	**59,299**	78,694	**–**	–	**59,299**	78,694
Amortisation of land use rights And prepaid leases	**543**	648	**–**	–	**543**	648
Audit fee						
– auditors of the Company	**1,488**	2,217	**251**	255	**1,739**	2,472
	1,488	2,217	**251**	255	**1,739**	2,472
Non-audit fees						
– auditors of the Company	**–**	–	**–**	–	**–**	–
– other auditors	**–**	–	**–**	–	**–**	–
	–	–	**–**	–	**–**	–
Employee benefit expenses:						
– Directors' salary of the company	**2,039**	2,076	**–**	–	**2,039**	2,076
– Directors' salary of the subsidiaries	**–**	1,533	**–**	–	**–**	1,533
– Salary of employees other than directors	**14,595**	28,924	**90**	327	**14,685**	29,251
– Defined contribution plans included in staff costs	**2,146**	3,603	**–**	–	**2,146**	3,603
– Other staff welfare	**2,026**	2,694	**–**	–	**2,026**	2,694
	20,806	38,830	**90**	327	**20,896**	39,157
Directors' fees	**695**	813	**–**	–	**695**	813

25 Income tax expense

The Group	2014 RMB'000	2013 RMB'000
Current tax expense		
Continuing operations:		
– Current year	**–**	–
– Adjustment for prior years	**48**	(12,791)
	48	(12,791)
Discontinued operations:		
– Current year	**–**	–
	–	–
Deferred tax expense		
Origination and reversal of temporary differences (Note 16)	**(4,054)**	(5,075)
	(4,006)	(17,866)

Reconciliation of effective tax rate

The Group	2014 RMB'000	2013 RMB'000
Loss before taxation:		
Continuing operations	**(414,055)**	(468,384)
Discontinued operations	**10,465**	5,856
	(403,590)	(462,528)
Tax at statutory rate of 25% (2013 – 25%)	**(100,897)**	(115,632)
Tax effect on non-deductible expenses	**66,823**	105,595
Effect of different tax rates of group entities operating in other jurisdictions	**63,246**	70,546
Tax effect of deductible temporary differences and unused tax loss not recognised as deferred tax assets	**(33,226)**	(65,584)
Adjustment for prior years	**48**	(12,791)
	(4,006)	(17,866)

25 Income tax expense (Cont'd)

Allocated to:

The Group	2014 RMB'000	2013 RMB'000
Continuing operations	**(4,006)**	(17,866)
Discontinued operations	**–**	–
	(4,006)	(17,866)

26 Other comprehensive income for the year, net of tax

Disclosure of tax effect relating to each component of other comprehensive income:	2014 Before tax RMB'000	2014 Tax expense RMB'000	2014 Net of tax RMB'000	2013 Before tax RMB'000	2013 Tax expense RMB'000	2013 Net of tax RMB'000
Currency translation differences	**21,449**	**–**	**21,449**	40,224	–	40,224

27 Loss per share

From continuing and discontinued operations

The Group	2014 RMB'000	2013 RMB'000
Basic loss per share is based on:		
Loss after taxation attributable to owners of the Company	**(399,584)**	(444,662)

27 Loss per share (Cont'd)

The Group	**2014**	2013
	Number of shares	
Weighted average number of shares for the purpose of		
Basic earnings per share	**3,637,941,547**	2,555,300,903
– Bonus element of rights issue	**-**	872,853,184
– Share issued pursuant to exercise of warrants	**-**	62,051,548
– Shares issued pursuant to rights issue	**-**	480,292,064
	3,637,941,547	3,970,497,699
Loss per share (fen):		
– basic	**(10.98)**	(11.20)
– diluted	**(10.98)**	(11.20)

From continuing operations

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

The Group	**2014** **RMB'000**	2013 RMB'000
Basic loss per share is based on:		
Loss after taxation attributable to owners of the Company	**(410,049)**	(450,518)
Loss per share (fen):		
– basic	**(11.27)**	(11.35)
– diluted	**(11.27)**	(11.35)

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

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is 0.29 fen per share (2013: loss per share 0.15 fen per share) based on the profit for the year from discontinued operations of RMB10,465,000 (2013: profit of RMB5,856,000) and the denominators detailed above used in the computation of both basic and diluted loss per share from continuing and discontinued operations.

28 Related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties:

The Group	2014 RMB'000	2013 RMB'000
Balances		
Advances to a subsidiary through key management of the Group[1]	**99**	11,395

(1) During the financial year ended 31 December 2014, Oceanus Aquaculture Group Pte. Ltd. transferred an amount of RMB2,479,852 (2013: RMB13,160,854) to its subsidiary, Oceanus (China) Aquaculture Co., Ltd ("Oceanus (China)") through a key management personnel of Oceanus (China) for the purpose of managing the operating cash flows of Oceanus (China). As at 31 December 2014, an amount of RMB13,775,706 (2013: RMB1,766,000) has been received by Oceanus (China).

29 Key management personnel compensations

The Group	2014 RMB'000	2013 RMB'000
Short-term benefits	**5,395**	7,315
Post-employment benefits	**176**	128
	5,571	7,443

30 Operating lease commitments (non-cancellable)

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

The Group as the lessee

The Group	2014 RMB'000	2013 RMB'000
Not later than one year	**2,387**	3,345
Later than one year and not later than five years	**293**	1,994
Later than five years	**210**	229
Total	**2,890**	5,568

Operating lease payments represent rentals payable by the Group for certain property, plant and equipment, office premises and land use rights for live marine products and investment holding segments.

30 Operating lease commitments (non-cancellable) (Cont'd)

The Group as the lessor

At the end of the reporting period, the Group had the following rental income receivable under non-cancellable operating leases with a term of more than 1 year:

The Group	2014 RMB'000	2013 RMB'000
Not later than one year	–	448
Later than one year and not later than five years	–	635
Later than five years	–	–
Total	–	1,083

31 Discontinued operations

During the financial year ended 31 December 2011, the Group ceased the operations of restaurant outlets except for the two remaining restaurant outlets in Singapore which were wound up during the financial year ended 31 December 2012. During the financial year ended 31 December 2012, the Group ceased production of the Processed Marine Products operating segment in connection with change in strategy initiated during 2012. During the financial year ended 31 December 2013, the management entered into a sale and purchase agreement with a third party to sell its major assets property, plant and equipment and land use right, and the transaction was completed in February 2014.

Consequently, the Processed Marine Products segment and food and beverage segment were classified as discontinued operations according to FRS 105.

The results of the Processed Marine Products segment and food and beverage business for the year are as follows:

The Group	2014 RMB'000	2013 RMB'000
Other operating income	24,645	5,409
Electricity, fuel and water	–	(157)
Staff costs	(90)	(327)
Impairment loss on prepaid leases	–	(897)
Other operating expenses	(14,090)	2,231
Finance costs	–	(403)
Profit before income tax	10,465	5,856
Income tax	–	–
Profit for the year	10,465	5,856

31 Discontinued operations (Cont'd)

During the financial year ended 31 December 2014, the Processed Marine Products segment and food and beverage business contributed a cash outflow of RMB7,555,000 (2013: cash inflow of RMB1,581,000) to the Group's net operating cash flows; a cash inflow of RMB7,900,000 (2013: cash inflow of RMB7,647,000) in respect of the Group's net investing activities and a net cash outflow of RMB Nil (2013: cash outflow of RMB9,852,000) in financing activities.

32 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
Investment holding	Investment holding

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

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

During the financial year ended 31 December 2013, the management entered into a sale and purchase agreement with a third party to sell its major assets property, plant and equipment and land use right, and the transaction was completed in February 2014.

Segment information about the Group's continuing operation is presented below. Segment information about the Group's discontinued operations is presented in Note 31 to the financial statements.

32 Business and geographical segments (Cont'd)

	Live marine products		Investment holding		Total continuing operations		Discontinued		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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	**9,267**	41,032	**-**	-	**9,267**	41,032	**-**	-	**9,267**	41,032
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Total	**9,267**	41,032	**-**	-	**9,267**	41,032	**-**	-	**9,267**	41,032
(Loss)/Gain arising from changes in fair value less costs to sell biological assets	**(11,440)**	45	**-**	-	**(11,440)**	45	**-**	-	**(11,440)**	45
Result										
Segment result	**(282,483)**	(252,361)	**(40,098)**	(122,786)	**(322,581)**	(375,147)	**10,465**	6,259	**(312,116)**	(368,888)
Fair value loss on derivative liabilities					**(25,418)**	(36,723)	**-**	-	**(25,418)**	(36,723)
Finance costs					**(66,056)**	(56,514)	**-**	(403)	**(66,056)**	(56,917)
Loss before taxation					**(414,055)**	(468,384)	**10,465**	5,856	**(403,590)**	(462,528)
Income tax					**4,006**	17,866	**-**	-	**4,006**	17,866
Loss for the year					**(410,049)**	(450,518)	**10,465**	5,856	**(399,584)**	(444,662)

32 Business and geographical segments (Cont'd)

	Live marine products		Investment holding		Total continuing operations		Discontinued		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Other information										
Loss arising from mortality – biological assets	**-**	12,300	**-**	-	**-**	12,300	**-**	-	**-**	12,300
Acquisition of property, plant and equipment	**477**	14,625	**-**	-	**477**	14,625	**-**	-	**477**	14,625
Depreciation of property, plant and equipment	**59,299**	78,556	**-**	138	**59,299**	78,694	**-**	-	**59,299**	78,694
Loss/(Gain) on disposal of property, plant and equipment	**4,302**	1,723	**-**	-	**4,302**	1,723	**(17,478)**	-	**(13,176)**	1,723
Write-off of property, plant and equipment	**-**	81,808	**-**	-	**-**	81,808	**-**	-	**-**	81,808
Impairment loss on property, plant and equipment	**180,097**	53,401	**-**	-	**180,097**	53,401	**-**	-	**180,097**	53,401
Amortisation of prepaid leases	**543**	648	**-**	-	**543**	648	**-**	-	**543**	648
Impairment loss on prepaid leases	**2,800**	1,226	**-**	-	**2,800**	1,226	**-**	897	**2,800**	2,123
Loss/(Gain) on disposal of prepaid leases	**-**	(6,839)	**-**	-	**-**	(6,839)	**(6,722)**	(897)	**(6,722)**	(7,736)
Impairment loss on other receivables	**641**	-	**-**	886	**641**	886	**13,025**	94	**13,666**	980
Impairment loss/(Reversal of impairment loss) on trade receivables	**(153)**	1,016	**-**	-	**(153)**	1,016	**-**	(4,413)	**(153)**	(3,397)
(Reversal of)/Write-down in value of inventories, net	**-**	-	**-**	-	**-**	-	**(1,026)**	1,175	**(1,026)**	1,175

32 Business and geographical segments (Cont'd)

	Live marine products		Investment holding		Inter-segment eliminations		Total continuing operations		Discontinued		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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	(224)	(913)	-	-	-	-	(224)	(913)	-	-	(224)	(913)
Interest income	(16)	(6)	-	-	-	-	(16)	(6)	(2)	-	(18)	(6)
Sundry income	(398)	(588)	(5)	-	-	-	(403)	(588)	(423)	(94)	(826)	(682)

Segment assets and liabilities

	Live marine products		Investment holding		Inter-segment eliminations		Total continuing operations		Discontinued		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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	278,921	549,603	572,078	1,478,555	(576,129)	(1,466,950)	274,870	561,208	488	6,330	275,358	567,538
Segment liabilities	645,973	646,220	1,126,687	993,201	(1,735,459)	(1,665,518)	37,201	(26,097)	93,831	141,322	131,032	115,225
Unallocated liabilities											465,033	384,885
Consolidated total liabilities											596,065	510,110

32 Business and geographical segments (Cont'd)

Geographical segments

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

Revenue

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

Segment results

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

Segment assets

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

Segment liabilities

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

Information about major customers

Information on revenue from sales of live marine products and processed marine products to the Group's two largest customers during the financial year ended 31 December 2014 and 31 December 2013 are as follows:

The Group	**2014** **RMB'000**	2013 RMB'000
Customer A	**1,925**	7,614
Customer B	**1,899**	6,307
	3,824	13,921

The Group's revenue is generated from China.

33 Financial risk management objectives

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

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

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

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

The Group	2014 RMB'000	2013 RMB'000
Loans and receivables at amortised cost *		
Trade receivables	–	5
Other receivables	496	14,363
Cash and bank balances	3,965	5,531
	4,461	19,899

The Group	2014 RMB'000	2013 RMB'000
Financial liabilities at amortised cost **		
Trade payables	15,176	16,347
Other payables	82,428	61,767
Loans and borrowings	36,535	12,016
Convertible loans	283,456	254,746
	417,595	344,876

* *excludes prepayments and prepaid leases*

** *excludes advance from customers and other tax payables*

The Group	2014 RMB'000	2013 RMB'000
Fair value through profit or loss		
Derivative liabilities	143,098	123,082

33 Financial risk management objectives (Cont'd)

The Company	2014 RMB'000	2013 RMB'000
Loans and receivables at amortised cost		
Cash and bank balances	**274**	3,119
Financial liabilities at amortised cost		
Other payables	**57,837**	29,600
Loans and borrowings	**36,535**	11,016
Convertible loans	**283,456**	254,746
	377,828	295,362
Fair value through profit or loss		
Derivative liabilities	**143,098**	123,082

33.1 Credit risk

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

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

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

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

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

33 Financial risk management objectives (Cont'd)

33.1 Credit risk (Cont'd)

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

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

33.2 Liquidity risk

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

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

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

The Group	Carrying amount RMB'000	Contractual cash flows RMB'000	Less than 1 year RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2014					
Non-derivative financial liabilities					
Trade and other payables	105,552	105,552	105,552	-	-
Convertible loans	283,456	328,236	328,236	-	-
Borrowings	36,535	42,116	31,785	10,331	-
Derivative financial liabilities					
Derivative liabilities	143,098	344,377	344,377	-	-
	568,641	820,281	809,950	10,331	-

33 Financial risk management objectives (Cont'd)

33.2 Liquidity risk (Cont'd)

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
At 31 December 2013					
Non-derivative financial liabilities					
Trade and other payables	81,342	81,342	81,342	–	–
Convertible loans	254,746	357,529	31,625	325,904	
Borrowings	12,016	12,647	12,647	–	–
Derivative financial liabilities					
Derivative liabilities	123,082	356,061	–	356,061	–
	471,186	805,579	125,614	681,965	–

The Company	Carrying amount RMB'000	Contractual cash flows RMB'000	Less than 1 year RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2014					
Non-derivative financial liabilities					
Trade and other payables	**64,684**	**64,684**	**64,684**	**–**	**–**
Convertible loans	**283,456**	**283,456**	**283,456**	**–**	**–**
Borrowings	**36,535**	**42,116**	**31,785**	**10,331**	**–**
Derivative financial liabilities					
Derivative liabilities	**143,098**	**344,377**	**344,377**	**–**	**–**
	527,773	**734,633**	**724,302**	**10,331**	**–**
At 31 December 2013					
Non-derivative financial liabilities					
Trade and other payables	32,025	32,025	32,025	–	–
Convertible loans	254,746	357,529	31,625	325,904	–
Borrowings	11,016	11,601	11,601	–	–
Derivative financial liabilities					
Derivative liabilities	123,082	356,061	–	356,061	–
	420,869	757,216	75,251	681,965	–

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

33 Financial risk management objectives (Cont'd)

33.3 Interest rate risk

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

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

33.4 Foreign Currency Risk

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

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

33.5 Market price risk

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

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

33.6 Fair values

Definition of fair value

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

Fair value measurement of financial instruments

Financial assets and financial 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.

33 Financial risk management objectives (Cont'd)

33.6 Fair values (Cont'd)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
The Group				
31 December 2014				
Non-financial assets:				
Biological assets	**–**	**–**	**41**	**41**
Financial liabilities:				
Derivative financial liabilities	**–**	**143,098**	**–**	**143,098**
31 December 2013				
Non-financial assets:				
Biological assets	–	–	19,906	19,906
Financial liabilities:				
Derivative financial liabilities	–	123,082	–	123,082
The Company				
31 December 2014				
Financial liabilities:				
Derivative financial liabilities	**–**	**143,098**	**–**	**143,098**
31 December 2013				
Financial liabilities:				
Derivative financial liabilities	–	123,082	–	123,082

Fair value measurement of financial instruments

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

Other financial assets and liabilities

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

33 Financial risk management objectives (Cont'd)

33.6 Fair values (Cont'd)

Fair value measurement of non-financial instruments

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

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
2014 Management had measured the carrying amount of the biological assets as at 31 December 2014 based on internal estimations using recent market prices for similar assets. Hence, mortality rate is not presented for the year ended 31 December 2014. @	– Estimated market prices: – RMB0.29 – RMB2.05 (2013: RMB0.28 – RMB2.12) – Mortality rate (2013: 15%-30%) @	The estimated fair value would increase (decrease) if: – Estimated market prices was higher (lower); – Mortality rate was lower (higher).
2013 A market approach was adopted in the valuation which considered the recent market prices for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative and mortality rate.		

33 Financial risk management objectives (Cont'd)

33.6 Fair values (Cont'd)

Level 3 fair value measurements

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

	Biological assets	
	2014	2013
The Group	**RMB'000**	RMB'000
At 1 January	**19,906**	60,448
Additions	**842**	4,826
Disposals	**(9,267)**	(33,113)
(Decrease)/Increase in fair value less costs to sell	**(11,440)**	45
Loss arising from mortality	**–**	(12,300)
At 31 December	**41**	19,906

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

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

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

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

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

34 Capital management (Cont'd)

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Total borrowings	**319,991**	266,762	**319,991**	265,762
Less: Cash and cash equivalents	**(3,965)**	(5,531)	**(274)**	(3,119)
Net debt	**316,026**	261,231	**319,717**	262,643
Total equity	**(320,707)**	57,428	**(267,316)**	371,209
Net debt to total equity ratio (times)	#	4.55	#	0.71

 # Not presented due to deficit in total equity

35 Subsequent events

Restructuring

On 27 March 2015, the Company received approval in-principle from the SGX-ST for the listing of and quotation for the OKGL Warrant Shares, the Restructuring Warrant Shares, the Financing Shareholders Warran Shares, the Accrued Interest Shares and the Prospective Interest Shares on the Mainboard of the SGX-ST, subject to the approval of the Company's shareholders, the approval of the relevant authorities, and the fulfilment of the SGX-ST listing criteria.

The OKGL Warrant Shares involves issue of up to 2,307,692,308 non-listed warrants to a third party, each exercisable into one at an exercise price of S$0.013 per shares in respect of the provision of a loan for an aggregate principal amount of S$30,000,000 by that third party. On 2 September 2015, the Company issued 600,00,000 warrants to OKGL for a cash consideration of S$7,800,000. Each warrant carries the right to subscribe for one new ordinary share in the share capital of the Company at the exercise price of S$0.013 per share. On 26 October 2015, the Company issued 107,692,308 warrants to OKGL for a cash consideration of S$1,400,000. Each warrant carries the right to subscribe for one new ordinary share in the share capital of the Company at the exercise price of S$0.013 per share. Other than the S$9,200,000 set out above, OKGL has failed to provide any further funding to the Company in accordance with the S$30,000,000 loan agreement.

The Restructuring Warrant Shares comprise issue of up to 2,971,069,187 non-listed warrants, each exercisable into one at an exercise price of S$0.02167 per shares to cancel the convertible loans and the payment by the Company of the accrued interest as of 30 June 2014 under the convertible loans, being an aggregate amount of S$7,017,652.81, to be satisfied in cash of S$3,508,826.40, and in shares amounting to S$3,508,826.40 by the issuance of 269,909,723 Accrued Interest Shares at an issue price of S$0.013 per Accrued Interest Share.

35 Subsequent events (Cont'd)

Restructuring (Cont'd)

The Financing Shareholders Warrant relates to issue of up to 192,307,693 non-listed warrants to two individuals, each exercisable into one at an exercise price of S$0.013 per shares as settlement of loans for an aggregate principal amount of S$2,500,000 owed to these two individuals.

There have been ongoing discussions with existing warrant holders involving a substantial write-off or conversion of debt into equity to enable new investors to extend funds to the Company.

Seizure of farm by a creditor

On 14 March 2016, the firm (the "Creditor") which was providing security protection services at an abalone farm of Oceanus (China) Aquaculture Co., Ltd, a subsidiary, located in Gulei, Zhangzhou, Fujian Province, PRC, had informed management that they had taken over possession of the farm.

This incident arose from slow payment by the subsidiary and the subsidiary's dispute with the Creditor on the computation of the security protection services fees based on level of services provided.

The Creditor had allegedly claimed that the outstanding sum owed by the subsidiary for the security services rendered was RMB1.48M as at 31 December 2014 and RMB5.9M as at 29 February 2016.

The subsidiary does not accept that the Creditor has a legitimate legal claim.

The subsidiary had recognised RMB223,000 in other payables for the security protection services based on its records of the actual level of the services rendered.

The directors are of the opinion that there is no merit in the claim made by the Creditor, and accordingly, no provision has been made in the financial statements in respect thereof.

On 5 April 2016, the subsidiary regained control and physical possession of the farm and resumed regular farm operations.

Placement on the Watch-List

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

35 Subsequent events (Cont'd)

Joint Venture

On 8 January 2015, the Company has entered into a Memorandum of Understanding (MOU) with a non-related corporation in relation to the setting up a joint venture company based in the People's Republic of China for the distribution of Shrimp in the PRC. The legally bound agreement for the proposed joint venture establishment has not been entered until the date of the audit report.

Distributorship Agreement

On 19 May 2015, the Company has entered into a distributorship agreement with a non-related corporation for the distribution of canned and dried abalones (the "Products"). Pursuant to the distributorship agreement, the non-related corporation shall grant the Company the exclusive right to sell, distribute and manage its products and customers in all countries outside Australia. It is also intended that the non-related corporation will be the exclusive distributor of the Products, which shall sell under the Company's brand, "Oceanus", within Australia.

STATISTICS OF SHAREHOLDINGS

Issued and fully paid-up capital	:	S$479,976,766
Number of shares	:	4,566,852,832
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury shares

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	67	0.75	2,184	0.00
100 – 1,000	223	2.52	169,481	0.00
1,001 – 10,000	1,601	18.08	12,683,515	0.28
10,001 – 1,000,000	6,588	74.39	979,134,824	21.44
1,000,001 AND ABOVE	377	4.26	3,574,862,828	78.28
TOTAL	**8,856**	**100.00**	**4,566,852,832**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 31 May 2016)

Size of Shareholdings	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
NG CHER YEW	156,312,539	3.42	100,000,000	2.19

Note:

112,971,876 shares in which Dr Ng Cher Yew has a direct interest are registered in the name of HL Bank Nominees (Singapore) Pte Ltd.

FREE FLOAT

Based on the information provided to the Company as at 31 May 2016, approximately 90.55% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

Statistics of Shareholdings
As at 31 May 2016

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	484,433,970	10.61
2	UOB KAY HIAN PRIVATE LIMITED	369,282,332	8.09
3	THOMAS CHAN HO LAM	214,482,947	4.70
4	KEE POIR MOK	175,234,975	3.84
5	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	164,693,954	3.61
6	DBS NOMINEES (PRIVATE) LIMITED	145,566,090	3.19
7	XU SHUN CHENG @PERMAN YADI	125,487,423	2.75
8	HL BANK NOMINEES (SINGAPORE) PTE LTD	114,213,876	2.50
9	NG CHUEN GUAN	98,861,000	2.16
10	OCBC SECURITIES PRIVATE LIMITED	83,010,216	1.82
11	TAN CHAI HONG OR TAN KAY SIM	62,376,900	1.37
12	RAFFLES NOMINEES (PTE) LIMITED	55,138,893	1.21
13	TAN CHAI HONG OR TEO HOCK WAH	48,216,000	1.06
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	46,289,567	1.01
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	44,728,263	0.98
16	NG CHER YEW	43,340,663	0.95
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	40,392,178	0.88
18	PHILLIP SECURITIES PTE LTD	35,156,123	0.77
19	TAN KIM POH	32,500,000	0.71
20	TAN WANG CHEOW	29,919,000	0.66
	TOTAL	**2,413,324,370**	**52.87**

ANNUAL GENERAL MEETING

Notice of Annual General Meeting

oceanus GROUP

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Oceanus Group Limited (the "**Company**") will be held at me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at The Grassroots Club, Auditorium (Level 2), 190 Ang Mo Kio Ave 8, Singapore 568046 on Thursday, 30 June 2016 at 2.00 p.m., for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014, together with the Directors' Statements. **(Resolution 1)**

2. To re-elect Mr Stephen Lee, being a Director who retires pursuant to Article 107 of the Articles of Association of the Company. **[see Explanatory Note 1]** **(Resolution 2)**

3. To re-elect Mr Yeo Kan Yen, Alvin, being a Director who retires pursuant to Article 107 of the Articles of Association of the Company. **[see Explanatory Note 2]** **(Resolution 3)**

4. To re-elect Mr Jason Aleksander Kardachi, being a Director who retires pursuant to Article 117 of the Articles of Association of the Company. **[see Explanatory Note 3]** **(Resolution 4)**

5. To re-elect Mr Wong Ann Chai, being a Director who retires pursuant to Article 117 of the Articles of Association of the Company. **[see Explanatory Note 4]** **(Resolution 5)**

6. To approve the payment of Directors' fees of S$300,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears. [2014: S$280,000] **(Resolution 6)**

7. To re-appoint Messrs Foo Kon Tan LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

As Special Business:

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

8. **SHARE ISSUE MANDATE**

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

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

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

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

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

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

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

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

(ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

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

(d) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier. **[See Explanatory Note 5]** **(Resolution 8)**

9. To transact any other business that may properly be transacted at an Annual General Meeting.

By Order of the Board

Peter Koh Heng Kang
Executive Director and Chief Executive Director

Singapore, 15 June 2016

Explanatory Notes

(1) **Resolution 2** – Mr Stephen Lee, when re-elected, will remain as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company. He is a Non-Executive Director of the Company.

(2) **Resolution 3** – Mr Yeo Kan Yen, Alvin, when re-elected, will remain as the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee of the Company. He is the Lead Independent Director of the Company.

(3) **Resolution 4** – Mr Jason Aleksander Kardachi, when re-elected, will remain as a member of the Nominating Committee and the Remuneration Committee of the Company. He is a Non-Executive Director of the Company.

(4) **Resolution 5** – Mr Wong Ann Chai, when re-elected, will remain as the Chairman of the Nominating Committee and the Remuneration Committee of the Company. He is an Independent Director of the Company.

(5) **Resolution 8** – if passed, will empower the Directors of the Company, effective until (i) the conclusion of the next Annual General Meeting of the Company, or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of issued share capital of the Company (excluding treasury shares), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this Resolution is passed, after adjusting for:–

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

(b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 9, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

Notes:

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

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

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

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

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

Personal data privacy

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

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OCEANUS GROUP LIMITED

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

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

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15th June 2016.

PROXY FORM – ANNUAL GENERAL MEETING

I/We, ____________________ (name) of ____________________

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at The Grassroots Club, Auditorium (Level 2), 190 Ang Mo Kio Ave 8, Singapore 568046 on Thursday, 30 June 2016 at 2.00 p.m. and at any adjournment thereof.

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

	ORDINARY BUSINESS	For	Against
Resolution 1	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014, together with the Directors' Statements.		
Resolution 2	To re-elect Mr Stephen Lee, being a Director who retires by rotation pursuant to Article 107 of the Articles of Association of the Company.		
Resolution 3	To re-elect Mr Yeo Kan Yen, Alvin, being a Director who retires pursuant to Article 107 of the Articles of Association of the Company.		
Resolution 4	To re-elect Mr Jason Aleksander Kardachi, being a Director who retires pursuant to Article 117 of the Articles of Association of the Company.		
Resolution 5	To re-elect Mr Wong Ann Chai, being a Director who retires pursuant to Article 117 of the Articles of Association of the Company.		
Resolution 6	To approve the payment of Directors' fees of S$300,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears. [2014: S$280,000]		
Resolution 7	To re-appoint Messrs Foo Kon Tan LLP as Auditors and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
	Ordinary Resolution:		
Resolution 8	To approve and adopt Share Issue Mandate		

Date this ________ day of ________________ 2016

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

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

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

NOTES:

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

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

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

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

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

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

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

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

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

General:

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

OCEANUS GROUP LIMITED

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