海魁

Haikui Seafood AG

ENHANCING OUR PRESENCE

ANNUAL REPORT 2014

VISION

We aim at being an integrated seafood supplier, delivering value and quality products to meet the seafood consumption boom in China and all over the world.

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CORPORATE PROFILE

Haikui is an established international seafood company. We operate a streamlined supply chain including our own processing plants in China, an in-house product R&D department as well as warehousing facilities, while at the same time closely co-operating with raw seafood suppliers upstream. Haikui generates more than 90 per cent of its sales outside of China. We deliver white label products to customers abroad and serve the Chinese domestic market mainly under our own Haikui brand. The company was founded in 1993 under the name Fujian Dongshan Haikui Aquatic Products Co., Ltd.

Haikui sells seafood that has undergone primary processing, such as cleaning, cutting and peeling, as well as seafood that has undergone further processing, such as cooking, grilling, seasoning, drying and/or coating. Our product portfolio consists of more than 100 different products of frozen and canned seafood. These products are made from a broad range of fresh seafood, including prawn and crab as well as from various types of fish, shellfish and cephalopod.

Haikui has more than 80 suppliers of raw seafood, including both aquaculture farms and operators of fishing vessels. Haikui has entered into supply framework agreements with more than 60 of them. These framework agreements provide us with a strong sourcing base, giving us priority rights regarding the purchase of the raw seafood and the ability to purchase at a discount to prevailing market prices.

Our processing facilities are located in Dongshan Island, Zhangzhou, Fujian Province, PRC and currently have an aggregate annual output processing capacity of more than 34,000 tonnes.

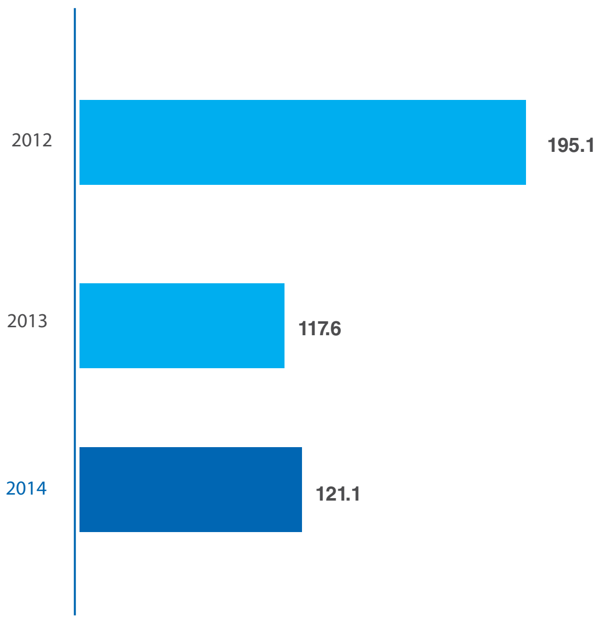
Haikui's customers are distributors, including large processing companies, based in the PRC and overseas, whereby most of the overseas customers are based in Asia, Europe and the United States.

KEY FINANCIALS

		2014	2013	Change in %
Revenue	EUR million	121.1	117.6	2.9
Gross profit	EUR million	19.8	21.2	(6.7)
Gross margin	%	16.3	18.0	(1.7) pp
EBIT	EUR million	13.9	15.9	(12.7)
EBIT margin	%	11.5	13.6	(2.1) pp
Net profit	EUR million	10.6	10.2	3.3
Profit for the year margin	%	8.7	8.7	–
Earnings per share	EUR	1.0	1.0	–

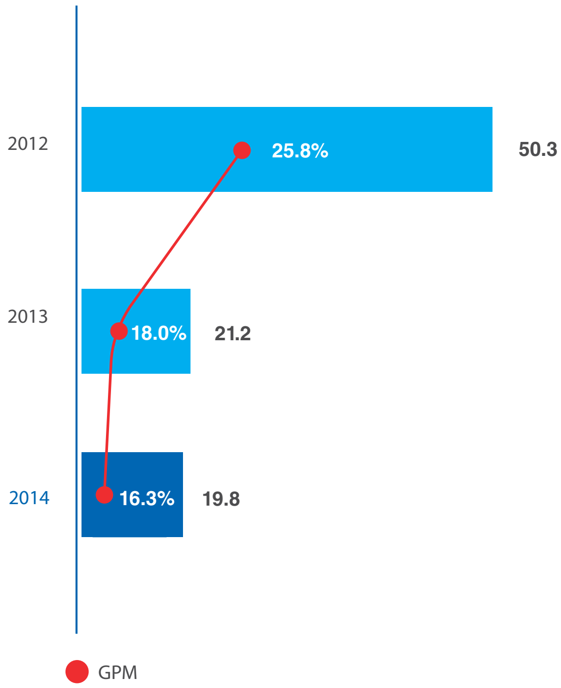
REVENUE

(in EUR million)

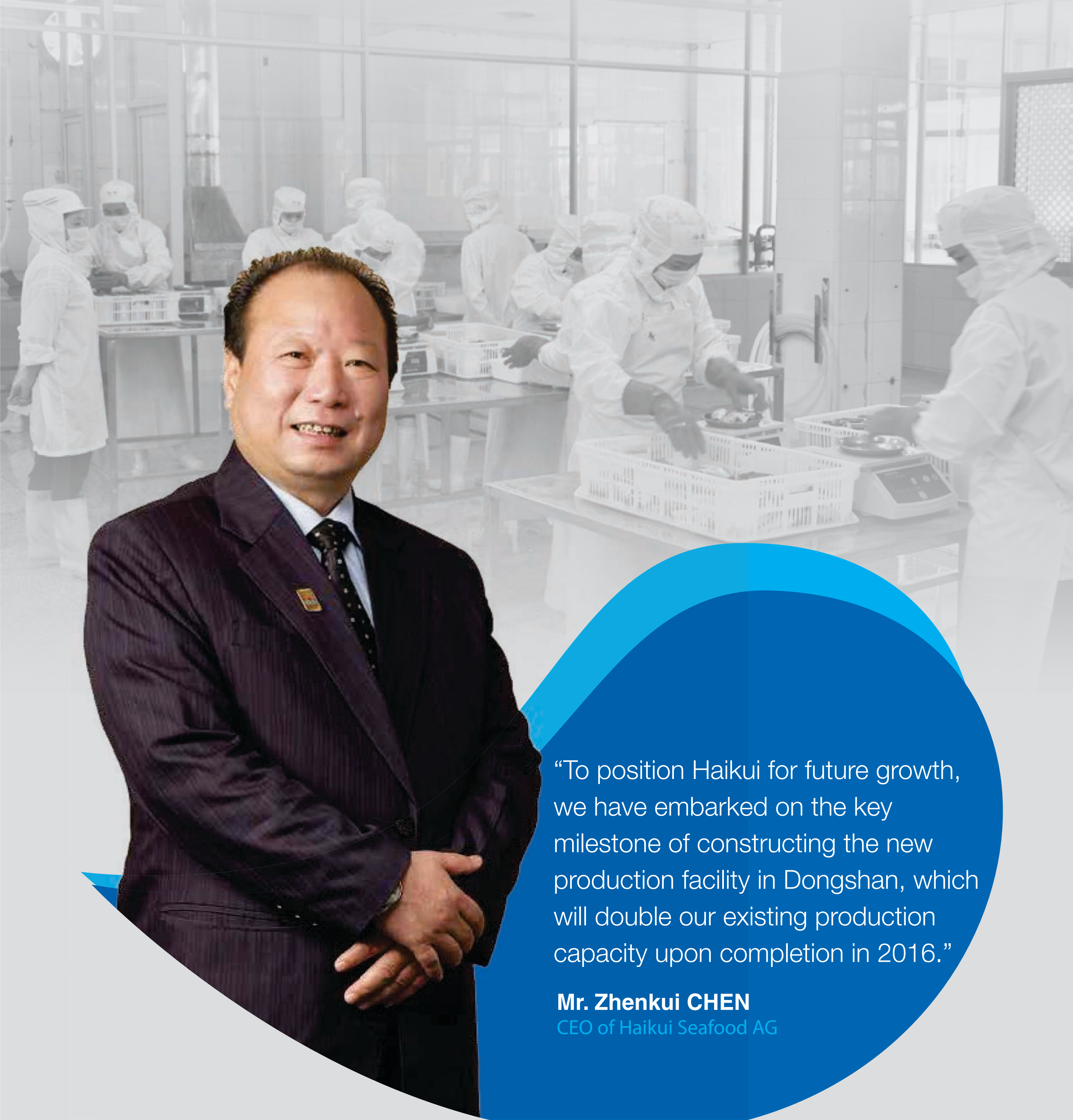


GROSS PROFIT

(in EUR million)



LETTER TO SHAREHOLDERS



"To position Haikui for future growth, we have embarked on the key milestone of constructing the new production facility in Dongshan, which will double our existing production capacity upon completion in 2016."

Mr. Zhenkui CHEN
CEO of Haikui Seafood AG

DEAR FELLOW SHAREHOLDERS,

2014 continued to be an extremely challenging year for Haikui and the entire seafood processing industry. Therefore, I am glad to report that we are back on a path of growth: We have reached our targeted EBIT margin and also recorded a very strong cash flow.

The anticipated recovery in the global economy in 2014 has turned out to be weaker than envisaged. Furthermore, seafood processors, particularly those from China, were faced with challenges impacting their profitability ranging from:

- the emergence of competitors, particularly those from other low-cost regions in Asia;
- the rising wages in China;
- a rising foreign exchange rate due to the strengthening of Chinese currency;
- the unwillingness of end consumers, especially those in Europe, to continue paying higher prices; and
- the on-going credit crunch in China which led to some processors lowering their selling prices in response to the harsh market realities and to generate cash for liquidity.

Considering the tougher than expected market conditions, and how they have weighed down on the overall performance and profitability for seafood processors, I am therefore particularly delighted to report the strong business development that we have had in the final quarter with revenue growing 75.9 percent year-on-year in RMB terms. This in turn enabled us to return to the growth path that we have set out to achieve in 2014, with full year revenue rising 2.0% and 2.9% year-on-year in RMB and EUR terms respectively. Although the growth in our full year revenue is marginally off the 5% market guidance, we managed to maintain a very attractive EBIT margin. At 11.5%, our EBIT margin has exceeded the 11.0% target threshold, an achievement in itself given the continued keen industry rivalry on top of the increasingly challenging business environment. Moreover, our EBIT in absolute terms is slightly above the latest guidance and even slightly exceeded market expectations.

In 2014, we generated operating cash flows of EUR 35.6 million and also drew down EUR 4.0 million under the long-term loan from the German development finance institution DEG (Deutsche Investitions- und Entwicklungsgesellschaft), a subsidiary of KfW (Kreditanstalt für Wiederaufbau). Hence, despite cash outflows from investing activities of EUR 4.1 million largely attributed to the new factory construction project, we were able to record a net cash inflow of EUR 35.1 million at the end of 2014. With our strong financial condition and resilient business model, we believe we are better positioned to deal with the market challenges in the near term while laying the foundations for our ambitious mid and long-term growth plans.

In this context, we set a very important milestone: We signed a contract with the local authorities of Dongshan in the last quarter of 2014 to relocate our current factory from the city centre to the Dongshan Marine Biotechnology Industrial Park within 6 months after the new factory has been constructed. We view this positively as it not only allows us to build a highly efficient seafood processing plant with modern and faster equipment on one site at very attractive terms, but also puts us in an excellent position to pursue our expansion goals.

With regards to the construction status of our new factory project, we have commenced foundation piling after levelling the ground and erecting perimeter walls around the site. Development works on the basic ancillary facilities such as lighting, piping, sewerage and access routes are also underway. The construction of our new factory is proceeding as planned. Barring unforeseen circumstances, completion is expected to take about 1.5 years with contributions from the new facility foreseen for 2016.

Looking ahead, we expect that several major forces would be driving the global economic development: soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade.

In particular, the sharp decline in oil prices since mid-2014 would support global activity and help offset some of the headwinds to growth in oil-importing developing economies. However, it would dampen growth prospects for oil-exporting countries, with significant regional repercussions. Declining oil prices aside, the slew of negative news recently from grim economic data from China, fresh fears over Greek debt woes, market worries over a potentially earlier United States interest rate hike, increasing risk of deflation (negative inflation) in Europe etc would also have wide-ranging ramnifications. With uncertainties remaining abound, the already difficult business environment could become even more challenging in 2015.

Against this backdrop, seafood processors may be forced to compete by lowering prices or increasing their prices only marginally to cover part of their production cost increasing. Regardless which pricing strategy is taken, the profitability of seafood processors would be eroded. Consequently, we expect our gross margin and EBIT margin to decline from 2014 levels. However, we do see growth opportunities ahead and expect to remain on a path of revenue growth. We would stay the course in implementing our business development strategy to capture business opportunities that arise from the changing market dynamics.

Finally, I wish to express my gratitude to our shareholders, business partners and customers for their unreserved support and confidence in the Company during this challenging period. I also wish to thank the management and staff of Haikui for their hard work and commitment to the success of the Company. I am confident that with a clear strategy and competent management team, coupled with the support from shareholders, business partners and other stakeholders, the Company is well positioned to establish a strong presence in the seafood processing market and to deliver a sustainable growth.

Sincerely yours,

Mr. Zhenkui CHEN
CEO of Haikui Seafood AG

MEMBERS OF THE MANAGEMENT BOARD

Zhenkui CHEN
Chief Executive Officer ("CEO")

Mr. Zhenkui CHEN is responsible for the overall management and corporate development of Haikui. He is Vice Chairman of the "All-China Federation of Industry & Commerce – Aquatic Industry", Chairman of the "Zhangzhou Aquatic Processing and Distribution Federation" and Chairman of "Fujian Dongshan Chamber of Commerce". He has received the "National Outstanding Young Entrepreneur" award by the Ministry of Agriculture of the PRC. He graduated from the National University of Defence Technology in 2001 with a Diploma in Law and holds the Senior Economist Certificate from the Fujian Provincial Department of Personnel since 1996. He has over 20 years of experience in the seafood industry.

Zhenping HUANG
Chief Operating Officer ("COO")

Mr. Zhenping HUANG is responsible for corporate administration and operations at Haikui. He started his career at Dongshan County No. 1 Construction Company in 1985 as a Project Manager and joined Haikui in 1997 as Deputy General Manager. He is an Executive Member of the "Dongshan County Chamber of Commerce" and the Vice President of the "Dongshan County Youth-Entrepreneur Association". He holds a Diploma in Industrial and Civil Architecture from the Fujian Institute of Architecture and obtained his Engineer Certificate from the Fujian Provincial Department of Personnel in 1998.

Mr. Alan GEY
Chief Financial Officer ("CFO")

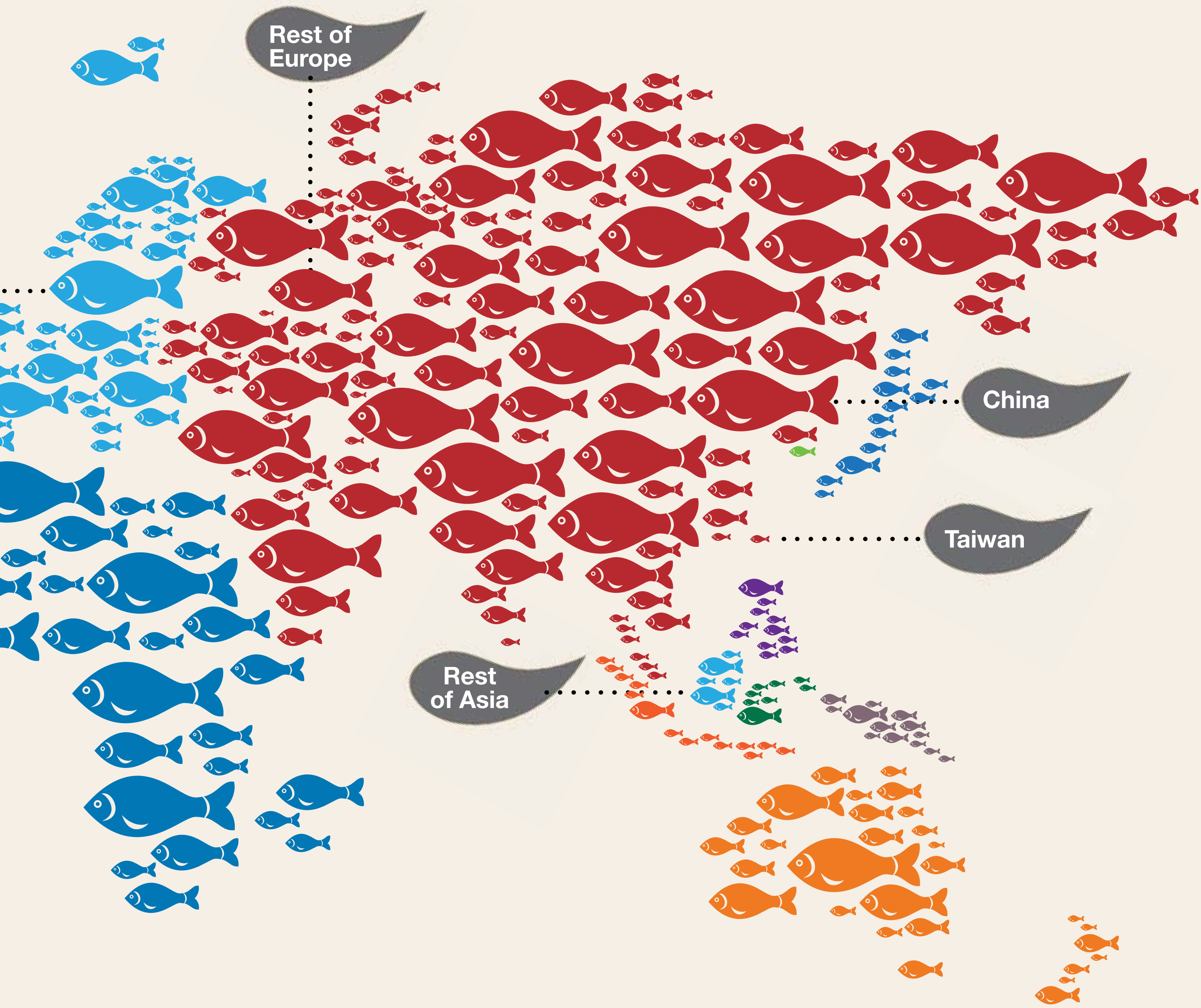
Mr. Alan GEY joined the Group in 2007 and is responsible for accounting, financial reporting, treasury, investor relations as well as corporate and financial compliance functions of the Group. He has over 15 years of accounting, finance, banking and general management experience from working in leading global companies across a wide spectrum of industries including the financial services sector. He holds a Bachelor of Business (Honours) majoring in banking and finance from Nanyang Technological University, Singapore and a Master of Business Administration from University of Melbourne, Australia. He is a member of the Association of Chartered Certified Accountants in the United Kingdom and the Institute of Singapore Chartered Accountants.

Mr. Edward LEE
Financial Controller

Prior to joining the Group in 2011, Mr. Edward Lee worked in major accounting firms such as Ernst & Young Singapore, involved in M&A transactions providing deal structuring, due diligence, working capital and related financing analysis, and Crowe Horwath First Trust LLP, involved in providing due diligence and audit services. He has over 10 years of experience in accounting, corporate finance and general management. He holds a Bachelor of Business majoring in banking and finance from Nanyang Technological University, Singapore. He is a Fellow of the Association of Chartered Certified Accountants and is also a non-practising member of the Institute of Singapore Chartered Accountants. Since January 1, 2015 he was appointed as a member of the Management Board of Haikui Seafood AG and is mainly responsible for the group consolidation, budgeting and risk management.

SEIZING NEW OPPORTUNITIES FOR EXPANSION

To propel our business to new heights, we constantly keep our eye on the horizon and seize new opportunities that arise. The relocation agreement with the Chinese authorities for our new processing facilities in Dongshan will put the Company in an excellent position to realise our expansion plans.


Rest of Europe
China
Taiwan
Rest of Asia

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of Haikui Seafood AG (the "Company") fulfilled its duties with due care as prescribed by law, the articles of association, rules of procedure and the German Corporate Governance Code in the financial year 2014.

All events of importance to the company were discussed in detail by the full Supervisory Board on the basis of reports and presentations by the Management Board. The Supervisory Board resolved upon matters put to its vote after careful examination and discussion. The Management Board reported to the Supervisory Board, both verbally and in writing, about the business development and the financial situation of the Company. The Supervisory Board was also in contact with the Management Board outside the regularly scheduled Supervisory Board meetings.

Members of the Supervisory Board

The members of the Company's Supervisory Board are Dr. Klaus VIETEN (Chairman), Dr. Rainer SIMON (Deputy Chairman) and Mr. Hock Eng CHAN. All three members were appointed by the general meeting of shareholders on 11 April 2012 for a three-year term ending after the general meeting of shareholders that approves (entlastet) the Supervisory Board members for the financial year 2014.

No changes occurred in the Supervisory Board of the Company in 2014.

Committees of the Supervisory Board

Since the Supervisory Board Comprises only three members, it has not established any committees.

Members of the Management Board

The members of the Company's Management Board are Mr. Zhenkui CHEN (Chairman), Mr. Zhenping HUANG, Mr. Alan GEY and Mr. Edward LEE. All members of the Management Board were appointed by the Supervisory Board on December 30, 2014 for a period until December 31, 2017. Mr. Edward LEE was appointed for the first time. Mr. LEE will be mainly responsible for Group consolidation, budgeting and risk management.

Cooperation between Supervisory Board and Management Board

In the financial year 2014, members of the Management Board attended the Supervisory Board meetings during which they intensely discussed the Company's situation, business development, the financial situation as well as fundamental questions regarding the corporate strategy. The members of the Supervisory Board prepared for upcoming resolutions by means of documents which they had previously been provided with by the Management Board. They discussed with the Management Board the measures and business proceedings to be decided upon. There was an intensive exchange with the Management Board regarding occurrences of special interest between the meetings as well.

Supervisory Board meetings/resolutions in the financial year 2014

The Supervisory Board discussed the business situation and the operational and strategic development of the Company and its areas of business in meetings, both face to face and by way of telephone conferences in 2014. In total, there were eight Supervisory Board Meetings in the financial year 2014. In addition, various resolutions were taken by way of written votes.

No Supervisory Board member participated in less than half of the meetings of the Supervisory Board in 2014.

Important matters in 2014

The Supervisory Board advised and monitored the Management Board. A major focus of the Supervisory Board's work was on strategy formulation and implementation, business planning and performance monitoring, corporate governance, risk management, and auditing.

The Supervisory Board convened a meeting on January 22, 2014 to discuss the Management Board's proposal to award ground levelling of the new factory project in China to the winning bidder following the close of a tendering process. Another meeting was held on January 30, 2014 for the Management Board to address the various follow-up questions raised by the Supervisory Board in the previous meeting. The resolution was passed on January, 30, 2014 through circulation.

During the meeting on March 14, 2014 which took place in Frankfurt, the Supervisory Board discussed with the Management Board the agenda for the Company's Annual General Meeting and the "Declaration of Compliance" which was subsequently adopted. The auditors were present to report the results of the audit, answer questions and provide supplementary information to the Supervisory Board. The Management Board and Supervisory Board discussed the main reasons behind the weaker results in 2013 compared to 2012 and business outlook for 2014.

In a meeting held on April 14, 2014, the Supervisory Board adopted the Company's annual financial statements and the consolidated financial statements, which the auditor provided with an unqualified auditor's opinion. Based on the final outcome of the Supervisory Board's own review of the annual financial statements and the consolidated financial statements, the Supervisory Board agreed to the auditor's results, declared that no objections needed to be raised and approved the Management Board's statements. The Supervisory Board also adopted its report to the shareholders during this meeting.

When the Supervisory Board met in Dongshan on May 15, 2014, it reviewed the Company's results in the first quarter of 2014, particularly how revenue and margins had developed compared with the budget. Also the market situation and how it may potentially develop in the foreseeable future was discussed. On the occasion of the meeting, the Supervisory Board toured the Company's production facilities and visited the site where the new factory would be constructed.

In the Supervisory Board's meeting in Frankfurt on June 26, 2014, the focus was on planning of the new factory and required capital expenditure following the local Chinese government's offer to bundle the relocation of the Company's existing factory with the new factory project. The Supervisory Board also discussed the Company's results for the month of May and how it tracked in relation to the budget. Preparations were also made for the 2014 Annual General Meeting.

On August 15, 2014, the Supervisory Board met in Singapore to review the Company's results for half year and to discuss the investment requirement and other financial impacts resulting from the new factory.

The Supervisory Board passed a resolution on October 6, 2014 for the Company to accept the final compensation terms offered by the local Chinese authorities in return for its agreement to relocate within 6 months after the new factory has been constructed.

In its meeting on November 20, 2014 in Frankfurt, the Supervisory Board focused on the business and financial development during 2014 and discussed the business and corporate strategy for 2015 with the Management Board. A discussion regarding the financial calendar and contemplated re-appointment of the Management Board members were also part of the agenda.

In a telephone conference held on December 30, 2014, the Supervisory Board dealt with the Company's budget for financial year 2015. Further, the Supervisory Board resolved to reappoint all three existing Management Board Members, Messrs. Zhenkui CHEN, Zhenping HUANG and Alan GEY, and to newly appoint Mr. Edward LEE to the Management Board for a period of three years until December 31, 2017.

Conflicts of Interest

The members of the Supervisory Board are obliged to disclose to the entire board any potential conflicts of interest and not to contribute to dealing with and/or taking part in the resolution of topics which could lead to a conflict of interest. The Chairman of the Company's Supervisory Board, Dr. Klaus VIETEN, as well as the deputy Chairman of the Supervisory Board, Dr. Rainer SIMON, are both independent of the Company or any of its major shareholders. Mr. Hock Eng CHAN is a managing partner of Zana Capital Pte. Ltd., a fund that manages, inter alia, Mega Bond International Limited, a substantial shareholder of the Company, which, according to the Company's current information, holds a shareholding of approximately 32.7 per cent in the Company. Mr. Hock Eng CHAN's position as a representative of an indirect shareholder may on occasions create potential conflicts of interest. Whenever such potential conflicts arise, Mr. Hock Eng CHAN would inform the Supervisory Board and abstain from voting on a resolution in which he has a potential conflict of interest. So far, in the opinion of the Supervisory Board, there has not been an occasion where a potential conflict of interest would have prevented Mr. Hock Eng CHAN to participate in a discussion or resolution of the Supervisory Board. Other than stated above, there were no indications of potential conflicts of interest in the financial year 2014.

Audit of the annual financial statements 2014

The individual financial statements of Haikui Seafood AG (together with its subsidiaries "Haikui" or "Haikui Group") were prepared according to the requirements of the German Commercial Code ("Handelsgesetzbuch") and Stock Corporation Act ("Aktiengesetz"). The consolidated financial statements of the Haikui Group were prepared according to the German Commercial Code and the International Financial Reporting Standards (IFRS) as adopted by the European Union. The combined management report of Haikui Seafood AG was prepared according to the German Commercial Code. Additionally, a subordination report (Abhängigkeitsbericht) on transactions with affiliated companies has been prepared in accordance with section 312 of the German Stock Corporation Act. According to the subordination report, Haikui Seafood AG received appropriate compensation for each transaction and measure listed in the subordination report during the reporting period ending December 31, 2014.

Haikui Seafood AG's auditor, CROWE HORWATH Deutschland GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, ("CROWE HORWATH") has audited the individual financial statements and the combined management report of the Company and the consolidated financial statements and the combined management report of the Haikui Group. The conduct of the audit is explained in the auditor's reports. The auditor found that Haikui has complied, as applicable, with the German Commercial Code, the German Stock Corporation Act and/or the International Financial Reporting Standards as adopted by the European Union, and issued an unqualified opinion on the individual financial statements and the combined management report of the Company and the consolidated financial statements and the combined management report of the Haikui Group. Furthermore, CROWE HORWATH has audited the subordination report and issued an unqualified opinion on it.

The individual financial statements and the combined management report of the Company, the consolidated financial statements and the combined management report of the Haikui Group, the subordination report, and the respective audit reports were distributed to all members of the Supervisory Board. The results of the audits were thoroughly discussed and examined in detail at the meetings of the Supervisory Board on March 18, 2015 and April 13, 2015. The auditor was present during the discussions and submitted a report on the key findings of the audit and was available to supply any supplementary information. The Supervisory Board monitored the independence of the auditor before and during the audit.

The Supervisory Board has examined the individual financial statements and the combined management report of the Company, the consolidated financial statements and the combined management report of the Haikui Group, as well as the subordination report. The Supervisory Board found no objections, thus the Supervisory Board concurs with the result of the audits. The Supervisory Board has approved the individual financial statements of the Company and the consolidated financial statements of the Haikui Group prepared by the Management Board. The individual financial statements of the Company and consolidated financial statements of Haikui Group were thus adopted ("festgestellt"). The Supervisory Board is in agreement with the combined management report and, in particular, with the assessment of the future development of the enterprise.

As no retained profits ("Bilanzgewinn") are disclosed in the Company's individual financial statements according to German Commercial Code, no proposal for the distribution of profits is made this year.

Acknowledgements

The Supervisory Board thanks the members of the Management Board and all employees for their personal contribution and cooperation in the financial year 2014.

On behalf of the Supervisory Board

Dr. Klaus VIETEN

Chairman of the Supervisory Board

Frankfurt, April 13, 2015

MEMBERS OF THE SUPERVISORY BOARD

Dr. Klaus VIETEN
Chairman

Dr. Klaus VIETEN was the Managing Director of Pickenpack – Hussmann & Hahn Seafood GmbH from 2003 to 2005, a company active in the production and distribution of deep frozen fish products. In addition, he was the Managing Director of Hussmann & Hahn GmbH & Co., which was merged with Pickenpack Tiefkühlgesellschaft mbH in 2003. Dr. Vieten was also the Managing Director and member of the Executive Board of FROSTA AG, a producer of frozen foods (1993 – 1998). He graduated with a Second State Examination degree in law in Bavaria in 1974 and a law PhD from Wuerzburg University in 1973. Currently, he is also a legal advisor to a Canadian and to a US based oil and gas exploration company.

Dr. Rainer SIMON
Deputy Chairman

Dr. Rainer SIMON studied Business Administration at the University of St. Gallen in Switzerland and graduated in 1976. He obtained his PhD from the University of St. Gallen in 1979. His professional career started at Continental AG, Hannover, Germany, where he worked from 1979 until 1990, first as a Marketing Manager in Lyndhurst NJ. USA, later as Vice President Marketing and Managing Director of Continental AG's subsidiary Vergolst GmbH. From 1991 until 1993, he was Managing Director of the Marketing and Sales division of Keiper-Recaro in Kaiserslautern, Germany. In 1993, he returned to Continental AG, where he was appointed Senior Vice President Europe Tires and Dealerships until 1995. From 1995 until March 2002, he was a member of the Management Board of Friedrich Grohe AG, Hemer, and from April 2002 until June 2004, he was a member of Grohe AG's Supervisory Board. From April 2002 until April 2005, he was President and CEO of Sanitec International AG in Hamburg and Sanitec Corporation, Helsinki, Finland. Since April 2005, he has been the owner and Managing Director of BirchCourt GmbH, a management and M&A consultancy. Since 2010, he is also Chairman of the Supervisory Board of Joyou AG.

Hock Eng CHAN
Member

Mr. Hock Eng CHAN is the Managing Partner of the private equity management company Zana Capital Pte, Ltd., responsible for managing its investments in the PRC. Zana Capital manages, inter alia, Mega Bond International Limited and Everswift Holdings Limited, two shareholders of the Company. He has more than 15 years of experience in business management and operations, and in the implementation and management of joint ventures and direct investments. He graduated with a Bachelor of Engineering (Electrical and Electronics) from the National University of Singapore in 1992.

STRENGTH IN NUMBERS

One of our competitive advantages is in our extensive offering of frozen products which includes a variety of fish species, prawn, crab and shellfish and cephalopod. Our diverse array of products allows us to strengthen our presence as an established international seafood company and we will continue to embark on our platform for growth.

HAIKUI SHARE

Haikui Share Performance

Haikui share price suffering from the negative sentiment towards Chinese listed companies

In 2014, the Haikui share weakened by 44.3% and was quoted at EUR 2.84 on December 30, 2014. Disappointing ad hoc news, released by Chinese companies listed in Germany in the course of the year, drove this negative performance. Some of them did not fulfill their publication duties while several others announced the disappearance of their management board members. The market sentiment in this benchmark peer group deteriorated significantly as investors' trust and confidence in Chinese companies was eroded.

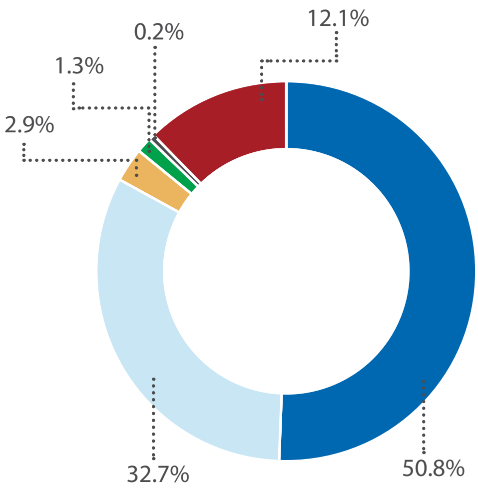
Despite its best efforts, Haikui's Management Board regrets to note that the Company could not counteract this negative sentiment. Neither the confirmation of the positive full-year results guidance in August and November nor the announcement of the successful signing of the relocation agreement and the construction start of the new factory could stop the strong downward trend of the share price.

In contrast, the benchmark indices DAX and SDAX developed positively, mainly driven by a very strong performance in the fourth quarter. In the period under review DAX increased by 2.7% and SDAX by 5.9%. Nevertheless, the German stock markets have been highly volatile mainly due to the remaining critical situation between Russia and the European Union arising from the conflict in Ukraine.

The negative development of Haikui share price finally came to a halt in February 2015. On March 5, the share closed at EUR 3.10, representing a market capitalisation of about EUR 31.9 million and an increase of 35% compared to the all time low of EUR 2.29 on February 4, 2015. The Management Board will continue to do its utmost best to seek a fair valuation of the Company at the stock market.

The current development of Haikui share is available at:
http://www.haikui-seafood.com/en/investor-relations/haikui-share/share-price/

Shareholder Structure *



*as of December 31, 2014

Basic data	
ISIN/WKN/Ticker	DE000A1JH3F9/A1JH3F/H8K
Trading segment	Prime Standard, Frankfurt Stock Exchange
Commencement of trading	May 15, 2012
Share capital	10,276,000 shares
Designated sponsor	BankM – representative of the biw Bank für Investments und Wertpapiere AG

Key share indicators 2014/15 (in EUR)	
Year-end price (Dec 30, 2014)	2.84
High (Feb 25, 2014)	5.74
Low (Dec 22, 2014)	2.80
Earnings per share	1.03
Market capitalisation in million EUR (as of March 5, 2015)	31.9

Analysts' recommendations

The analysts of BankM calculated a fair value of EUR 17.23 (previous: EUR 16.50) per share in their report of August 26, 2014. The previous "buy" recommendation was reiterated, which reflects the upside potential of Haikui share.

Following the disappearance of two Management Board members at another Chinese company and to rebuild trust within the German capital market, BankM released a note on November 12, 2014 to inform the market that they have suspended the valuation of the share of Haikui and two other Chinese companies listed in Germany until such time they have implemented additional internal compliance measures. BankM defined these measures in their latest report on Haikui's Q3 results published on December 2, 2014 and confirmed that the suspension of the valuation is not a result of any factual events at Haikui. The Management Board agreed to implement additional measures to further strengthen internal control.

All research reports can be downloaded under:
http://www.haikui-seafood.com/en/investor-relations/haikui-share/research/

Continuous and pro-active Investor Relations activities

Haikui is committed to actively engaging in and maintaining accessibility for its shareholders and potential investors to meet their information needs. In June 2014, Haikui successfully held its Annual General Meeting in Frankfurt during which all members of the Supervisory Board and Management Board were present to meet the company's shareholders. The CFO together with the Investor Relations team again took part in the German Equity Forum in Frankfurt in November. They conducted several 1-on-1 investor meetings and held Haikui's annual press and analysts' meeting.

To provide a continuous flow of information to the market, Haikui will continue its approach of publishing news on material events and developments, conducting individual talks and meetings with investors, organising telephone conferences as well as attending analysts' and investors' conferences.

All up-to-date capital market-related information are available at: http://www.haikui-seafood.com/en/investor-relations/

CORPORATE GOVERNANCE REPORT

In this section the Management Board and the Supervisory Board report on corporate governance at Haikui Seafood AG in accordance with Item 3.10 of the German Corporate Governance Code (the "Corporate Governance Code"). This report also includes the Corporate Governance Statement ("Erklärung zur Unternehmensführung") of the Company according to Sec. 289a of the German Commercial Code.

1. Shareholders and General Shareholders' meeting

The shareholders exercise their voting rights at the General Shareholders' Meeting ("GSM"). In accordance with the German Stock Corporation Act (AktG) an Annual GSM takes place within the first eight months of each fiscal year. Extraordinary GSMs may be convened if special circumstances so require. All shares are pari passu equal to one vote at the GSM.

Shareholders have the option of exercising their voting rights at the GSM in person, through a representative of their choice or through the Company's proxy representative. In the invitation to the GSM, there are particular explanations about the conditions of participation, voting rules (also for assignees) and shareholder rights.

The applicable reports and documents, including the annual report and agenda, which are legally required for the GSM, are from the convocation date onwards published under www.haikui-seafood.com. Subsequent to the GSM, the attendance and voting results are published there as well.

2. Management Board

2.1 Members

The members of the Management Board are appointed by the Supervisory Board. The Management Board of Haikui Seafood AG consisted in the financial year 2014 of three members: Mr. Zhenkui CHEN (CEO), Mr. Zhenping HUANG (COO), and Mr. Alan GEY (CFO). By Supervisory Board resolution dated December 30, 2014, Mr. Edward LEE was appointed as another member of the Management Board as of January 1, 2015. Mr. LEE will be mainly responsible for Group consolidation, budgeting and risk management.

2.2 Responsibilities

The Management Board is responsible for the strategic and executive management of the Company. The Management Board sets out the strategic goals, the business strategy and the Group's policy and organisation. This includes the management and investment policy, the personnel strategy, the engagement of key employees and the presentation of Haikui Group to the capital market and the public domain.

The Management Board is also responsible for the executive management of Haikui Group's business, such as negotiating key agreements, coordinating the daily operations as well as financial reporting, fund raising, investor relations and reporting to the Supervisory Board. The Company's key activities and financial performance are regularly monitored by the Management Board and duly reported to the Supervisory Board. In addition, the general management team meets on a regular basis to discuss and make fundamental decisions. The working relationship between the Management Board and Supervisory Board is described in the report of the Supervisory Board within the annual report.

2.3 Remuneration / Directors & Officers ("D&O") Insurance

Haikui Seafood AG presents the remuneration of the members of the Management Board individually in the remuneration report which is part of the management report, and tabulated below:

a. Benefits granted

Benefits granted (kEUR)	Zhenkui CHEN (CEO)				Zhenping HUANG (COO)				Alan GEY (CFO)			
	2013	2014	2014 (Min)	2014 (Max)	2013	2014	2014 (Min)	2014 (Max)	2013	2014	2014 (Min)	2014 (Max)
Fixed compensation	136	136	136	136	80	80	80	80	117	116	116	116
Fringe benefits	–	–	–	–	–	–	–	–	–	–	–	–
Total	136	136	136	136	80	80	80	80	117	116	116	116
One-year variable compensation	–	–	–	N.A.	–	–	–	N.A.	–	–	–	N.A.
Multi-year variable compensation	–	–	–	N.A.	–	–	–	N.A.	–	–	–	N.A.
Total	136	136	136	N.A.	80	80	80	N.A.	117	116	116	N.A.
Service cost	1	1	1	1	1	1	1	1	8	6	6	6
Total	137	137	137	N.A.	81	81	81	N.A.	125	122	122	N.A.

b. Allocation

Allocation (kEUR)	Zhenkui CHEN (CEO)		Zhenping HUANG (COO)		Alan GEY (CFO)	
	2013	2014	2013	2014	2013	2014
Fixed compensation	136	136	80	80	117	116
Fringe benefits	–	–	–	–	–	–
Total	136	136	80	80	117	116
One-year variable compensation	–	–	–	–	–	–
Multi-year variable compensation						
Variable bonus for 2012	90	0	36	0	36	–
No variable bonus for 2013	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total	226	136	116	80	153	116
Service cost	1	1	1	1	8	6
Total	227	137	117	81	161	122

The Company has entered into D&O insurance for its members of the Management Board in accordance with the statutory requirements of Sec. 93 Para. 2 Sentence 3 of the German Stock Corporation Act.

2.4. Potential Conflicts of Interest

The members of the Management Board are obliged to disclose potential conflicts of interest to the Supervisory Board. The Supervisory Board has to report on any potential conflicts of interest to the shareholders. Potential conflicts of interest may arise from the shareholdings of the Management Board members as set out further below in the section on Directors' Shareholdings and Directors' Dealings. However, in the financial year 2014 no actual conflict of interest occurred in the Management Board which would have prevented any of the Company's Management Board members from acting or voting in the Management Board.

3. Supervisory Board

3.1 Members

The Supervisory Board members are appointed by the GSM. The Supervisory Board of Haikui Seafood AG comprises three members: Dr. Klaus VIETEN (Chairman), Dr. Rainer SIMON (Deputy Chairman) and Mr. Hock Eng CHAN.

3.2 Responsibilities

The Supervisory Board is responsible for supervising and advising the Management Board as well as the election of the Management Board members, the determination of their remuneration as well as the review and approval of the annual financial statements of the Company. The Chairman of the Supervisory Board maintains frequent contact with the members of the Management Board to discuss issues of particular importance.

In particular, the Chairman of the Supervisory Board monitors the financial reporting process, as well as the effectiveness of the internal risk management system and internal control system, the effectiveness of the auditing process, and interviews key personnel in the finance department if required. Further details on the activities and on the cooperation between the Management Board and Supervisory Board can be found in the Report of the Supervisory Board.

3.3 Remuneration / D&O Insurance

Haikui Seafood AG presents the remuneration of the members of the Supervisory Board individually in the remuneration report which is part of the management report.

The Company has entered into D&O insurance for its members of the Supervisory Board, which does not contain deductibles.

3.4 Potential Conflicts of Interest

The members of the Supervisory Board are obliged to disclose potential conflicts of interest to the Supervisory Board. The Supervisory Board has to report on any potential conflicts of interest to the shareholders. Potential conflicts of interest may arise from the position of Mr. Hock Eng CHAN as managing partner of Zana Capital Pte. Ltd., a fund that manages, *inter alia*, Mega Bond International Limited, a substantial shareholder of the Company, as set out further below in the section on Directors' Shareholdings and Directors' Dealings. The Supervisory Board Report describes how these potential conflicts of interest will be dealt with by the Supervisory Board. In the financial year 2014 no actual conflict of interest occurred in the Supervisory Board which would have prevented any of the Company's Supervisory Board members from acting or voting in the Supervisory Board.

4. Statement on corporate governance according to § 289a of the German Commercial Code

Since its inception in 2002, the Corporate Governance Code has been used as a benchmark for good corporate governance. The cornerstones of Haikui Seafood AG's management philosophy such as responsibility, transparency and sustainability are in line with the Corporate Governance Code and help underpin the Company's business success. The Supervisory Board and Management Board are committed to following and supporting the goals and the spirit of the Corporate Governance Code.

4.1 Declaration of Compliance

The Management Board and the Supervisory Board on March 18, 2015 jointly adopted the Company's Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act. The Declaration of Compliance is made public in a separate section on Haikui Seafood AG's website: www.haikui-seafood.com/investor-relations/corporate-governance/entsprechenserklaerung/.

4.2 Practice of corporate governance at Haikui Group

(a) General

Beyond the mere compliance with applicable laws and regulations, as well as the Corporate Governance Code, Haikui Group's corporate governance is based on its internal rules and guidelines as well as its customary business practices. The Company has a written code of conduct and employee manuals/policies, which are communicated to all employees. All employees are required to comply with the Group's code of conduct when they join the Group. Departures from the Group's approved policies and procedures are prohibited and sanction will be imposed for non-compliance.

Haikui's management is consistently working on improving all aspects of its operations including occupational health and safety, sales and distribution and its conduct as a socially responsible corporate citizen. During the year, the Company has committed and deployed further resources towards risk management and corporate and social responsibility activities.

(b) Corporate Compliance

Compliance with the relevant statutory provisions for its operations and internal company policies is an essential part of Haikui Seafood AG's corporate governance. It is one of the key duties of all business areas to ensure compliance with the prevailing policies in the individual areas of responsibility. All business activities in China are carried out in strict compliance with Chinese laws and international conventions. Specific compliance requirements are laid out in Haikui Group's code of conduct and its employee manuals and policies.

(c). Risk Management

The Company's risk management policies are laid out in its risk management manual and described in detail in the risk management section which is part of the combined management report. They are designed in accordance with statutory provisions to detect significant risks early so that appropriate measures can be taken in order to minimize, diversify, transfer or avoid risks thus ensuring the continuity of the Group. The risk management process is supported through the controlling and auditing functions.

(d) Avoiding and dealing with potential conflicts of interest

The Management Board and Supervisory Board ensure that no board decisions are obstructed by potential conflicts of interest. Thus, according to Haikui's internal rules of procedure, the Management Board members and Supervisory Board members have to disclose any potential conflicts of interest immediately and, if necessary, have to abstain from voting on matters where they might have a potential conflict of interest. Further details on potential conflicts of interest and how they are being dealt with are described in the sections on the Management Board and the Supervisory Board in the Corporate Governance Report as well as in the Report of the Supervisory Board for the financial year 2014.

(e) Availability of the Company's internal rules

The Articles of Association ("Satzung") of Haikui Seafood AG as well as the Declaration of Compliance in accordance with Sec. 161 of the German Stock Corporation Act are available on its website under http://www.haikui-seafood.com/en/investor-relations/corporate-governance/articles-of-association/ and http://www.haikui-seafood.com/en/investor-relations/corporate-governance/declaration-of-compliance. Haikui's other internal rules and codes of conduct are not publicly available.

4.3 Cooperation between the Management Board and Supervisory Board

In accordance with the laws for German stock corporations, Haikui Seafood AG has a dual board structure consisting of the Management Board and Supervisory Board, each possessing its own competences. The Management Board is in charge of strategic leadership and operative management of the Company whereas the Supervisory Board is responsible for supervising and advising the Management Board. A member of the Management Board cannot be a Supervisory Board at the same time and vice versa.

The Management Board and the Supervisory Board work closely together in the interest of the Company. Their common goal is to ensure the sustainable creation of value. The internal rules of procedure of the Management Board and Supervisory Board, as well as the cooperation between the two boards, are laid out in detail in the Company's rules of procedure for the Supervisory Board and rules of procedure for the Management Board.

The Management Board continuously, timely and comprehensively informs the Supervisory Board on all matters which are relevant for Haikui Group. This information includes the intended business policy, the Group's profitability, the recent development of the business activities and the financial and economic status of the Company, business planning, the actual risk situation, compliance and the status of implementation of the risk management system. The Management Board must immediately inform the Chairman of the Supervisory Board on matters of major importance.

For certain business transactions and measures as more specifically set forth in the rules of procedure for the Management Board, the Management Board must obtain the Supervisory Board's prior approval.

5. Directors' shareholdings and Directors' Dealings

5.1 Directors' shareholdings

To the best knowledge of the Company[1], the members of the Company's Management Board and Supervisory Board have the following shareholdings in the Company:

Name	Function	Shares held via	Number of shares	Percentage
Zhenkui CHEN	Chief Executive Officer	Haida Holdings Pte. Ltd.	5,215,672	50.76
Zhenping HUANG	Chief Operating Officer	Praise Ocean International Limited	300,247	2.92
Alan GEY	Chief Financial Officer	Shares directly held	20,000	0.19
Dr. Klaus VIETEN	Chairman of the Supervisory Board	–	–	–
Dr. Rainer SIMON	Deputy Chairman of the Supervisory Board	–	–	–
Hock Eng CHAN[2]	Member of the Supervisory Board	–	–	–

5.2 Directors' dealings

Pursuant to Section 15a (1) of the German Securities Trading Act (WpHG), the trading of securities by certain parties, including Members of the Management Board or Supervisory Board, must be reported if the total sum of the transactions undertaken in any given calendar year equals or exceeds €5,000. Individuals who are closely related to these parties (e.g. spouses, registered partners and first-degree relatives) are also subject to this reporting requirement. Reportable securities transactions are published on the Haikui Seafood AG's website under http://www.haikui-seafood.com/en/investor-relations/corporate-governance/directors-dealings/.

6. Accounting and Auditing

Haikui Seafood AG prepares its individual financial statements and the combined management report in accordance with the German generally accepted accounting principles and the statutory provisions of the German Commercial Code ("Handelsgesetzbuch/HGB") and supplementary provisions of the Articles of Association. The individual financial statements of Haikui Seafood AG are the sole basis for profit distributions.

The consolidated financial statements are prepared in accordance with the IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a Para. 1 German Commercial Code, and Sec. 50 of the Exchange Rules of the Frankfurt Stock Exchange. The interim financial reporting consisting of condensed interim consolidated financial statements (semi-annual and quarterly reports) in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to Interim Group Management Reports, are prepared in accordance with Sec. 37w, 37x Para. 3, 37y of the German Securities Trading Act ("Wertpapierhandelsgesetz/WpHG") and Sec. 51 of the Exchange Rules of the Frankfurt Stock Exchange.

1 Company's knowledge is based on voting rights notifications it has received after its IPO and based on information obtained from its board members during the preparations of the IPO and afterwards. The Company assumes no liability as to the correctness of shareholding information contained in the table as at the date of publication of the Annual Report.

2 Even though not directly or indirectly owning any shares in the Company, Mr. Hock Eng CHAN is a managing partner of Zana Capital Pte. Ltd., a fund that manages, inter alia, Mega Bond International Limited, a substantial shareholder of the Company which, according to the Company's current information, holds a shareholding of approximately 32.7 per cent.

The individual financial statements and consolidated financial statements are prepared by the Management Board and audited by an independent auditor appointed by the Annual GSM. For the financial year 2014, CROWE HORWATH Deutschland GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, ("CROWE HORWATH"), was appointed as auditor by the Annual GSM on June 27, 2014. Thereafter, the auditor was engaged by the Chairman of the Supervisory Board on behalf of Haikui Seafood AG. The Supervisory Board has agreed with the independent auditor that the Chairman of the Supervisory Board would be informed immediately of any grounds for disqualification or impartiality occurring during the audit, unless such grounds are eliminated immediately, and that the independent auditor would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the independent auditor would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the Declaration of Compliance issued by the Management Board and Supervisory Board pursuant to Sec. 161 of the German Stock Corporation Act.

The Supervisory Board examines and approves the individual financial statements and the combined management report, as well as the consolidated financial statements. The independent auditor takes part in the Supervisory Board's deliberations on the individual financial statements, combined management report and the consolidated financial statements and reports on the essential results of its audit.

7. Transparency

Shareholders and other interested parties can obtain information about Haikui Seafood AG's financial position and business development through financial reports (business and interim reports), analyst and press interviews, press releases and/or ad hoc announcements and through attending the GSM. Current information is permanently available and may be obtained from the Company's webpage (www.haikui-seafood.com), providing all relevant information both in German and English. Apart from extensive information about the Haikui Seafood Group and the Company share, the webpage contains the Company's financial calendar providing an overview about all important events.

Management Report
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COMBINED MANAGEMENT REPORT

1. Fundamental information about Haikui Seafood Group

1.1 Group structure and business operations

Haikui Seafood Group (the "Group") is a seafood processing company with operating facilities in China, which produces and sells processed frozen and canned seafood for the Chinese market and for international markets. The Group's products are made from a broad range of raw seafood, including prawn and crab and various types of fish and other species such as shellfish and cephalopod.

The Group sources its raw materials from local fisheries and aquaculture farms that are located near the production facilities on Dongshan Island, which has been a seafood processing area for a long time due to its high quality seafood supplies. The close proximity allows raw materials to reach our factories faster thus ensuring the freshness of the raw materials. The raw materials are then processed into frozen and canned seafood products. Those two product lines also represent the operating segments according to IFRS 8. The current production process is labour intensive and the use of machineries in the production is limited. As Dongshan Island has been traditionally a fishing village, the Group has access to a large pool of skilled local workforce. The products are then packaged in our facilities and sold under third-party brands or under the company's own "Haikui" brand to our customers at competitive prices.

Haikui Seafood AG ("Haikui" or "Company") is a public listed company under German law. The Company is registered with the Commercial Register of Hamburg, Germany under HRB 117277. The Company has been listed on the Prime Standard of the Frankfurt Stock Exchange since May 15, 2012.

Haikui is the ultimate holding company of the Group. The intermediate holding company, Haikui Seafood Pte Ltd is a directly owned subsidiary of Haikui located in Singapore, which is in turn the holding company for Fujian Dongshan Haikui Aquatic Products Group Co. Ltd. ("Fujian Haikui"), located in Fujian Province, People of Republic of China, which carries out the main operational business of the Group. Fujian Haikui directly owns three legal entities also located in Fujian Province, People of Republic of China, of which

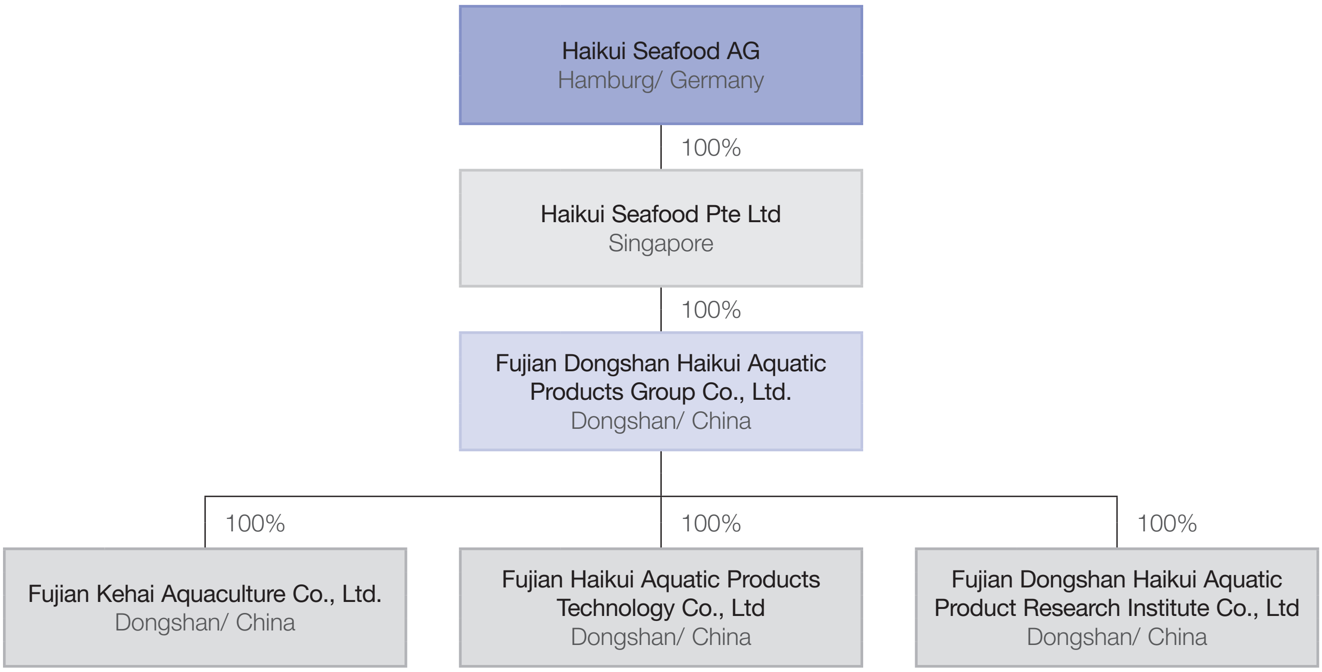
- Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd.

carries out operational business.

- Fujian Kehai Aquaculture Co., Ltd
- Fujian Haikui Aquatic Products Technology Co., Ltd

so far have no operational businesses.

Haikui Seafood Group Structure



1.3 Internal management system

The Management Board recognises the importance of sound internal controls and risk management. The Management Board understands that managing risks enables Haikui to control risks that may prevent them from achieving their strategic objectives while allowing identification of emerging opportunities. Besides being a key pillar to good corporate governance, risk management applies to all the Group's decision-making activities, including strategic corporate planning, budgeting, policy development, project development and management.

The Group's internal risk management system has been established to communicate clear ownership and accountabilities for risk management.

The Group's operations and management are based in China and the management team is actively involved in the daily operations of the currently operating entities in China. Market and competition are observed and managed through close working relationships with our customers and suppliers. The management also observes risk indicators in the economic and socio-political environment. Risks are assessed on their probability of materialisation and their impact to the business.

The Management Board and managers of the business segments meets on a regular basis to discuss developments of the markets and of the competition and its influence on the Group's business based on the key financial indicators, with the primary focus on revenue, gross profit margin and profit from operation ("EBIT") margin. As soon as negative developments are recognised, they are reported and appropriate measures are taken.

The Supervisory Board and the Management Board serve as an oversight body, governing the overall risk appetite, risk profile and risk process undertaken to manage risk to the appropriate level. The Supervisory Board and the Management Board meet on a regular basis and the Supervisory Board is updated about the Group's development via monthly reporting. Ultimately, Haikui's Supervisory Board will provide further guidance, where necessary, to ensure the overall robustness of risk management in the Group.

1.4 Research and Development ("R&D")

It is the Group's intention to further strengthen its product development capabilities in order to develop new products and further improve the quality of the Group's products, which the Management Board believes is essential in order to adapt to changing consumer preferences.

The Group's product development activities focus on formulating new seasoning, developing new recipes and improving the quality of the seafood products.

The Group also collaborates with other research institutions to conduct research on improving the aquaculture cultivating techniques and procedures to assist aquaculture farmers under the supply framework agreements in their farming techniques.

The Group develops and markets a number of new products each year. The product development team interacts regularly with the sales team to evaluate market developments and consumer preferences and with the processing team to analyse the required manufacturing process before new products are brought to the marketplace.

During the financial year 2014, the R&D department focused its research on the use of by-products generated during the current production. One of the results is a product based on the extraction of fish protein and collagen from the by-products generated from the production of canned fish. The R&D is on-going to better refine the fish protein and collagen extracted and to increase production efficiency and output in the extraction process. Besides fish protein, the R&D department also conducted research on the production of seasonings and sauces using by-products such as abalone sauce, crab seasonings and prawn seasonings.

As at December 31, 2014, the R&D department had 19 employees (December 31, 2013: 21 employees). For the financial year 2014 the R&D expenses (including R&D personnel cost) were approximately kEUR 98 (2013: kEUR 90).

2. Macroeconomic environment

2.1 Overall economic environment

The global economy continued to expand at only a moderate estimated pace of 2.6 per cent in 2014. This was lower than the modest projections made by many institutional forecasters, including the forecast of 2.9 per cent according to the World Economic Situation and Prospects as of mid-2014 published by the United Nations.

Recovery was hampered by some new challenges, including a number of unexpected shocks, such as the heightened geopolitical conflicts in different parts of the world. Most economies have seen a shift in gross domestic product (GDP) growth to a noticeably lower path compared to pre-crisis levels, raising the spectre of longer-term mediocre economic growth. In the developed economies, although some improvements are forecast for 2015 and 2016, significant downside risks persist, especially in the euro area and Japan.

Growth rates in developing countries and economies in transition have become more divergent during 2014, with a sharp deceleration in a number of large emerging economies, particularly in Latin America and the Commonwealth of Independent States. A number of these economies have encountered various country-specific challenges, including structural imbalances and geopolitical tensions. In the outlook period, the global economy is expected to expand at a slightly faster but still only moderate pace, with world gross product projected to grow by 3.1 and 3.3 per cent in 2015 and 2016, respectively according to the latest World Economic Situation and Prospects 2015 published by the United Nations.

East Asia remains the world's fastest-growing region, with GDP growth estimated at 6.1 per cent in 2014. In the outlook period, the region is projected to see stable growth of 6.1 per cent in 2015 and 6.0 per cent in 2016. China's transition to more moderate growth is expected to be partly offset by higher growth in other economies, where investment and exports will likely strengthen as activity in developed countries improves. Household consumption is expected to remain strong in most economies, supported by mild inflation, robust labour markets and generally low real interest rates, even as monetary conditions will likely become less accommodative, in line with the normalization of monetary policy in the United States. Fiscal policy is expected to remain mildly supportive of growth and most countries have sufficient space to provide additional stimulus, if necessary. The key downside risks for East Asia are related to the upcoming tightening of global liquidity conditions, which could result in weaker growth of domestic consumption and investment, and to a sharper-than-expected slowdown of the Chinese economy.

Trade growth has been sluggish in the past few years, due mainly to the slow and uneven recovery in major developed countries and the moderate growth in developing countries. World trade is estimated to have expanded by 3.4 per cent in 2014, still well below pre-crisis trends. In the forecast period, trade growth is expected to pick up moderately along with improvement in global output, with the volume of world imports of goods and services projected to grow by 4.7 per cent in 2015 and 5.0 per cent in 2016. However, this projection is subject to various risks, including the possible disruptive effects on trade flows of any increase in geopolitical tensions in some sub-regions.

East Asia experienced relatively moderate export growth in 2014, albeit with significant divergence among countries. Amid strong demand for electrical and electronic goods, manufactures exporters, such as Malaysia, the Philippines and Vietnam, continued to perform significantly better than commodity exporters like Indonesia. Exports increased moderately in China, the Republic of Korea, Singapore and Taiwan, but were virtually flat in Thailand and contracted slightly in Indonesia. In Indonesia, the decline can be attributed not only to weak international commodity prices, but also to new regulations banning unprocessed mineral shipments. In Thailand, the stagnation mainly reflects the impact of the political turmoil in the first half of 2014 and a shift in global demand away from hard discs. Overall, the region is estimated to have seen 4.0 per cent growth in exports in 2014. This will improve in the forecast period to 4.8 per cent in 2015 and 5.4 per cent in 2016 as global demand picks up. This pace is, however, still well below pre-crisis trends. Import growth has been slightly weaker, at only 3.5 per cent in 2014, although a gradual recovery to 4.9 per cent in 2015 and 5.5 per cent in 2016 is expected.

2.2 Sector-specific environment

2.2.1 Global seafood industry

Fisheries and aquaculture make crucial contributions to the world's wellbeing and prosperity. In the last five decades, world fish food supply has outpaced global population growth, and today fish constitutes an important source of nutritious food and animal protein for much of the world's population. In addition, the sector provides livelihoods and income, both directly and indirectly, for a significant share of the world's population.

Fish and fishery products are among the most traded food commodities worldwide, with trade volumes and values reaching new highs and are expected to carry on rising, with developing countries continuing to account for the bulk of world exports. While capture fisheries production remains stable, aquaculture production keeps on expanding. Aquaculture continues to boost overall fish supply, pushing quotations down from earlier levels. Fish consumption per capita keeps growing with aquaculture in the process of overtaking capture fisheries as the main source of supply for direct human consumption.

According to the Food Outlook Report published by Food and Agriculture Organisation of the United Nations, global markets for most foodstuffs are characterised by abundant supplies and less uncertainty than in recent years, a situation reflected in FAO's Food Price Index falling to a four year low. Major exceptions are markets for animal-based products, which are expected to sustain a 1 trillion dollar world food import bill for the fifth year in succession.

Despite the weak economic recovery, firm import demand boosted the volumes and values of international trade in 2014. After reaching record highs in March, price levels weakened during the second and third quarters due to softening consumer demand in many European markets and in Japan, and an improving supply situation for shrimp and salmon. Prices remained above 2013 levels for most species and products.

The overall supply of fishery products continued to rise in 2014, with annual growth estimated 1.9 percent over 2013. Aquaculture remained the major contributor, with production moving quickly and steadily in the direction of surpassing wild fisheries. According to the latest edition of FAO's The State of World Fisheries and Aquaculture (SOFIA), fish farming holds tremendous potential for responding to the surging demand for food that is taking place due to global population growth.

Furthermore, aquaculture's expansion can contribute to food and nutrition security as fish helps to improve the diets of many people and can provide viable livelihood opportunities. Yet, despite aquaculture's tremendous potential, investments in research and new technology will be vital to sustain growth as competition for space and scarce water resources put growing pressure on ability to increase in yields. The forecast for aquaculture production for 2014 is 73.9 million tonnes, up by 4.9 percent compared with 2013, while capture fisheries has been more or less stagnant at around 90 million tonnes for years.

2.2.2 Seafood industry in China

The seafood industry is an important component of the agriculture sector in China. In particular, the Fujian provincial government intends to modernise the agriculture sector to achieve higher food self-sufficiency. Efforts are also made to strengthen cooperation in the agriculture sector between Fujian and Taiwan such as the further opening of the Taiwanese market for processed seafood from Fujian.

To increase food self-sufficiency and protect the marine environment, the Chinese government actively encourages the cultivation of aquatic products. The expansion of the aquaculture area in both coastal seawater and freshwater has contributed greatly to seafood production growth while capture fishing is anticipated to remain fairly stable over the next few years. Yield increases triggered by technological advances are also projected to enhance production.

From the demand perspective, the Chinese market has sustained high gross domestic product and disposable income growth rates, resulting in consumption boom. Urbanisation, rising incomes and increased health awareness are expected to drive higher demand for healthier convenience foods such as the Company's frozen and canned seafood products.

From the distribution perspective, improved marketing systems, network and distribution infrastructure, and processing technologies including cold storage transportation also facilitate distribution to all parts of China (in particular the inner part of China) which were previously not so accessible.

The seafood processing industry in China is expected to continue growing due to strong government commitment and support, higher seafood production, and growing consumption demand. Policy initiatives and investments in aquaculture in China are likely to promote the continued growth of the seafood processing industry through larger supply, not only to meet the Chinese demand, but also to support the growing international export market. The future of the seafood processing industry in China looks bright.

The Group has deployed various strategies (e.g. promotional activities, working with new domestic distributors) to build up its brand name to penetrate the Chinese market, targeting the middle income consumer segment. However, many Chinese consumers prefer live and fresh seafood compared to processed seafood. Therefore the Group will require time for consumer taste and preference to change towards processed seafood and for the Group to build up its reputation for quality products in the end consumer market before the Group can see growth in its domestic market.

2.2.3 Business environment affecting the Group

The Chinese market for processed seafood is characterised by large processing capacities and a very fragmented industry landscape. China has more than 10,000 seafood processing facilities, of which majority of the seafood processing facilities are concentrated in Zhejiang, Shandong, Fujian, and Guangdong provinces. Due to the favourable conditions and the support of the Chinese government, more competitors have recently entered the market and increased the number and size of processing facilities in the Fujian province leading to a keener competition for raw materials and labour force.

Given the extremely challenging business environment for 2014, the Management Board is pleased to report that the Group remained profitable under such challenging circumstances.

Revenue of the Group increased by approximately kEUR 3,455 or 2.9% from kEUR 117,638 for 2013 to kEUR 121,093 for 2014 despite the keener market competition, tight supply of raw materials and weaker than expected global economic conditions.

Raw material has risen due to the tight raw material situation and stronger demand from other seafood processors. Hence, gross margin declined by approximately 1.7 percentage points from 18.0% for 2013 to 16.3% for 2014.

The Group believes there are approximately nine major seafood processors in China that directly compete with Fujian Haikui in both the Chinese and overseas markets. They are involved in processing of a wide spectrum of seafood products. The Group believes that its product range is not entirely comparable to that of its competitors because some of the seafood processors specialise solely in the processing of canned seafood while others are involved exclusively in the processing of frozen seafood and in certain cases only process a narrow range of seafood products (e.g. tilapia and prawn).

The Group believes it is competitively positioned in its operating environment due to its established market reputation as a manufacturer of high quality seafood products, its wide product range supported by international quality accreditation and its strategic location with strong accessibility to diverse and sustainable marine resources.

3. Summary on business development and performance

3.1 Business development and performance

In 2014, Fujian Haikui signed a new agreement regarding the relocation of its existing seafood processing facilities to the new Dongshan Marine Biotechnology Industrial Park (the “Relocation Agreement”). Based on the Relocation Agreement signed with the local authorities, Fujian Haikui will acquire land use rights of 200 mu (approximately 13 hectares) for the construction of the new seafood processing factory. This agreement superseded the agreement signed on December 23, 2013 which secured land use rights of 1,000 mu (approximately 66 ha) at Dongshan Marine Biotechnology Industrial Park to construct the new seafood processing factory. The construction of the new seafood processing factory will partially be financed by a bank loan, which was granted in 2013 by DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Köln (“DEG”) at the amount of USD 25.0 million. Fujian Haikui received the first disbursement of this loan amounting to USD 5.0 million (approximately kEUR 4,022) on November 12, 2014.

For the financial year 2014, the Group’s revenue increased by approximately kEUR 3,455 or 2.9% compared to 2013 which is lower than the latest full year guidance expecting sales growth at the lower end of the 5% - 10% range mainly due to lower orders from the domestic market and loss of sales to Russia as a result of the sudden depreciation of the Russian Ruble in November 2014.

EBIT margin for the financial year 2014 was 11.5% which is slightly above the latest full year guidance expecting EBIT margin at the lower end of the 11% - 13% range. EBIT decreased by approximately kEUR 2,023 or 12.7% from kEUR 15,940 in 2013 to kEUR 13,917 in 2014. The decrease in EBIT and EBIT margin was mainly due to the lower gross margin arising from higher raw material costs and higher direct labour costs per unit of production which could not be fully passed on to the market, and partially offset by lower distribution expenses.

For the financial year 2014, the Group continued to generate positive cash flow and maintained a strong balance sheet as at December 31, 2014.

3.2 Significant seasonal factors

The Group’s revenue and results of operations have fluctuated in the past due to fluctuations in demand based on seasonality and shortages in the supply of seafood from capture fishing in the period in which fishing is restricted.

On the supply side of raw seafood from capture fishing, in Dongshan region fishing is restricted from May 1 to August 1 of every year due to governmental regulations to allow the marine species to reproduce. As a result, raw seafood from capture fishing is generally higher in the second half of the year.

On the demand side, sales are generally higher in the second half of the year. This is mainly due to more purchases made for various festivities and holidays such as the Christmas, New Year and Chinese New Year.

4. Net assets, financial position and results of operations of the Group

4.1 Financial key performance indicators

The most important financial key performance indicators that are also used for the internal management of the Group are revenue, gross profit margin and EBIT margin. The financial key performance indicators and significant changes compared with the previous year are presented and discussed in the following paragraphs.

4.2 Results of operations

The table below shows the consolidated income statement for the financial year 2014 compared to the consolidated income statement for the financial year 2013.

All amounts referring to the consolidated financial statements were prepared according to IFRS as adopted by the EU.

kEUR	2014	2013	Change in %
Revenue	121,093	117,638	2.9
Cost of sales	(101,300)	(96,418)	5.1
Gross profit	19,793	21,220	(6.7)
Other income	389	810	(52.0)
Distribution expenses	(1,338)	(1,826)	(26.7)
Administrative expenses	(4,860)	(4,065)	19.6
Other operating expenses	(67)	(199)	(66.3)
Profit from operations ("EBIT")	13,917	15,940	(12.7)
Finance income	453	585	(22.6)
Finance expenses	(281)	(1,870)	(85.0)
Profit before income tax	14,089	14,655	(3.9)
Income tax	(3,519)	(4,423)	(20.4)
Profit for the year	10,570	10,232	3.3

4.2.1 Revenue

Revenue increased by approximately kEUR 3,455 or 2.9% from kEUR 117,638 in 2013 to kEUR 121,093 in 2014. The increase in revenue was mainly due to higher selling price partially offset by lower sales volume resulting from keen competition and a weaker global economy. 96.4% of the total revenue came from international sales generated outside of the domestic market China (2013: 89.4%).

The RMB/EUR average exchange rate in 2014 has slightly increased compared to 2013. Measured in RMB, the functional currency of Fujian Haikui, revenue increased by approximately kRMB 19,489 or 2.0% from kRMB 968,217 in 2013 to kRMB 987,706 in 2014. The overall increase in average selling price accounted for kRMB 266,861 or 27.6% of the total revenue increase which was offset by a decrease in average volume representing a revenue decrease of kRMB 247,372 or 25.5% of the total revenue increase.

Revenue is generated from the sale of seafood products made from various marine species into frozen and canned products which are sold overseas and domestically. For domestic sales, the Company receives most of its customer orders directly from PRC distributors for domestic sales. In terms of international sales, the Company receives most of its customer orders through buying agents who receive orders directly from international distributor customers seeking seafood products.

The Group does not enter into long-term supply agreements with its customers due to the volatility in raw material prices and uncertainty in the availability of raw materials to meet orders.

Sales are usually made based on orders received from the respective customers or buying agents, which will then be executed by the Group by delivering the products to the respective customer generally within four to six weeks from the order date.

4.2.2 Cost of sales

Cost of sales consists of costs for the purchase of materials, direct labour costs and manufacturing overheads. Cost of sales increased by approximately kEUR 4,882 or 5.1% from kEUR 96,418 in 2013 to kEUR 101,300 in 2014.

The following table shows a breakdown of cost of sales for the period under review and as a percentage of total cost of sales for each category:

	2014		2013	
	kEUR	%	kEUR	%
Direct material	93,165	92.0	88,384	91.7
Direct labour	4,432	4.4	4,542	4.7
Manufacturing overheads	3,703	3.6	3,492	3.6
Cost of sales	101,300	100.0	96,418	100.0

Direct materials primarily include raw materials as well as semi-finished products and finished products for which the processing was outsourced to third parties. Cost of materials forms the largest component of our cost. Direct labour costs include salaries and other staff-related costs of manufacturing. Direct labour costs are dependent on the number of processing staff employed and wage levels which, in turn, are influenced by the availability of labour in the market with the required skill sets. Manufacturing overheads include mainly utility charges, depreciation charges of property, plant and equipment, consumables and supplies and other factory related costs.

The increase of cost of sales was primarily due to higher cost for direct material. Besides, the cost of sales development was influenced by higher direct labour cost per unit of production.

4.2.3 Gross profit and gross profit margin

Gross profit decreased by approximately kEUR 1,427 or 6.7% from kEUR 21,220 in 2013 to kEUR 19,793 in 2014 and gross profit margin decreased by approximately 1.7 percentage points from 18.0% in 2013 to 16.3% in 2014.

Measured in RMB, which is the functional currency of Fujian Haikui, gross profit decreased by approximately 7.6% in the reporting period compared to 2013.

The decline of the gross margin in 2014 was mainly due to due to higher raw material costs and higher direct labour cost per unit of production that could not be fully passed on to the market.

4.2.4 Other income

Other income comprises mainly of sale of scrap materials resulted from processing and government grants which are awarded by the Chinese government for research and development assistance. In 2013, the Group was additionally awarded for achieving to become a listed company in Germany.

Other income decreased by approximately kEUR 421 or 52.0% from kEUR 810 in 2013 to kEUR 389 in 2014 mainly due to lower government grants received in 2014.

4.2.5 Distribution expenses

Distribution expenses comprise mainly freight charges, inspection expenses and other sales-related expenses (sales taxes, advertising and promotion expenses and wages).

Distribution expenses decreased by approximately kEUR 488 or 26.7% from kEUR 1,826 in 2013 to kEUR 1,338 in 2014 mainly due to lower other sales tax in 2014 compared to 2013.

4.2.6 Administrative expenses

Administrative expenses comprise mainly salary and other staff-related expenses relating to the management, administrative and support personnel, expenses for research and development, depreciation charges for property, plant and equipment, and other administrative expenses such as non-sales related taxes, travelling and entertainment expenses incurred by management and expenses of office supplies.

Administrative expenses increased by approximately kEUR 795 or 19.6% from kEUR 4,065 in 2013 to kEUR 4,860 in 2014 mainly due to higher staff welfare expenses.

4.2.7 Other operating expenses

Other operating expenses comprise mainly of donations. Other operating expenses decreased by approximately kEUR 132 or 66.3% from kEUR 199 in 2013 to kEUR 67 in 2014 mainly due to higher amounts donated to charitable organisations in China in 2013.

4.2.8 Profit from operations ("EBIT")

EBIT decreased by approximately kEUR 2,023 or 12.7% from kEUR 15,940 in 2013 to kEUR 13,917 in 2014 while EBIT margin decreased by approximately 2.1 percentage points from 13.6% in 2013 to 11.5% in 2014.

The decrease in EBIT and EBIT margin was mainly due to lower gross margin arising from higher raw material costs and higher direct labour costs cost per unit of production which could not be fully passed on to the market. Additionally administrative expenses increased. This effect has been partially offset by lower distribution expenses.

4.2.9 Finance income

Finance income comprises bank interest income and the amortisation of unearned interest.

Finance income decreased by approximately kEUR 132 or 22.6% from kEUR 585 in 2013 to kEUR 453 in 2014 mainly due to higher amortisation of unearned interest from interest free long term advances made to suppliers under the framework agreements in 2013.

4.2.10 Finance expenses

Finance expenses comprise interest expenses for other borrowings, foreign exchange losses, bank charges and interest from discounting long term advances made to supplier under the framework agreements.

Finance expenses decreased by approximately kEUR 1,589 or 85.0% from kEUR 1,870 in 2013 to kEUR 281 in 2014 mainly due to foreign exchange losses recognised from the RMB strengthening against the USD in 2013 and due to the discounting of long term interest free advances made to suppliers under the framework agreements agreed in 2013.

4.2.11 Income tax

Income tax decreased by approximately kEUR 904 or 20.4% from kEUR 4,423 in 2013 to kEUR 3,519 in 2014. At the Group level, this represents an effective tax rate of 25.0% and 30.2% for 2014 and 2013 respectively. The decrease was mainly due to taxable income in 2013 which was significantly higher compared to 2014 because of higher non tax deductible expenses.

There is no taxable income for Haikui Seafood AG for the period under review. Haikui Seafood Pte Ltd was subject to an income tax rate of 17% for the financial period ending 2014. Fujian Haikui was subject to income tax rate of 25% for the financial period ending 2014.

Income tax also includes a deferred income tax gain of kEUR 83 for 2014 respectively relating to future deductible differences that mainly arose from Fujian Haikui's acquisition of a seafood business in December 2010.

4.2.12 Profit for the year

The profit for the year increased by approximately kEUR 338 or 3.3% from kEUR 10,232 in 2013 to kEUR 10,570 in 2014 and net profit margin remain the same as 8.7% for 2013 and 2014.

The increase in net profit was mainly due to lower income taxes and lower finance expenses in 2014.

4.2.13 Other comprehensive income

Other comprehensive income consists of exchange differences on the translation of the subsidiaries' financial statements denominated in RMB and SGD into EUR. Due to the strengthening of the RMB against the EUR of approximately 12.5% (closing rate as at December 31, 2014: RMB/EUR 0.1337; closing rate as at December 31, 2013: RMB/EUR 0.1188), an amount of kEUR 20,597 reflecting the exchange gain on the translation of the subsidiaries' financial statements has been recognised in the Group's other comprehensive income for 2014.

4.2.14 Operating segments development

The Group's two segments revenue and gross profit developed as follows:

kEUR	2014	2013	Change in %
Frozen products			
Revenue	94,544	94,817	(0.3)
Gross profit	16,161	18,082	(10.6)
Gross margin %	17.1	19.1	(2.0) pp
Canned products			
Revenue	26,549	22,821	16.3
Gross profit	3,632	3,138	15.7
Gross margin %	13.7	13.8	(0.1) pp

Frozen products

Frozen products which are made from a variety of marine species, such as fish, crab, prawn and others, continue to be the main revenue driver for the Company, accounting for approximately 78.1% and 80.6% of 2014 and 2013 revenue respectively.

Revenue for frozen products decreased by approximately kEUR 273 or 0.3% from kEUR 94,817 in 2013 to kEUR 94,544 in 2014. The decrease in revenue was mainly due to lower sales volume in 2014 compared to 2013 as a result of keen competition.

Measured in RMB, the functional currency of Fujian Haikui, revenue for frozen products decreased by approximately kRMB 9,230 or 1.2% from kRMB 780,390 in 2013 to kRMB 771,160 in 2014. The overall decrease in frozen products volume resulted in a decrease of revenue approximately kRMB 189,385 or 24.3% offset by the increase in selling price which resulted in an increase of revenue by approximately kRMB 180,155 or 23.1%.

Gross margin for frozen products decreased by approximately 2.0 percentage points from 19.1% in 2013 to 17.1% in 2014 was mainly due to higher raw material costs and higher direct labour cost per unit of production which could not be fully passed on to the market.

Canned products

Canned products are made mainly from fish and abalone. Canned products accounted for approximately 21.9% and 19.4% of 2014 and 2013 revenue respectively.

Revenue for canned products increased by approximately kEUR 3,728 or 16.3% from kEUR 22,821 in 2013 to kEUR 26,549 in 2014. Measured in RMB, the functional currency of Fujian Haikui, revenue for canned products increased by approximately kRMB 28,720 or 15.3% from kRMB 187,826 in 2013 to kRMB 216,546 in 2014. The overall increase in average selling price resulted in an increase of revenue by approximately kRMB 81,943 or 43.6% offset by the decrease in canned products volume which resulted in a decrease of revenue by approximately kRMB 53,244 or 28.3%.

Gross margin for canned products decreased by approximately 0.1 percentage points from 13.8% in 2013 to 13.7% in 2014 mainly due to higher raw material costs and higher direct labour costs per unit of production which could not be fully passed on to the market.

4.3 Financial position

4.3.1 Principles and objectives of financial management

Haikui strives to maximise the financial interest of its stakeholders through sound and efficient financial management involving the necessary financial and liquidity planning. This is especially essential to Haikui as working capital is an integral part of its business.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, interest risk and liquidity risk. The Management Board reviews and agrees policies for managing each of these risks on a regular basis. It is the Group's policy not to trade in derivative contracts.

4.3.2 Capital structure

The Management Board reviews the capital structure on an annual basis. As part of this review, the Management Board considers the cost of capital and the risks associated with each class of capital. The Management Board will balance the Group's overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

The share capital of Haikui Seafood AG amounts to EUR 10,276,000 and is divided into 10,276,000 no par value bearer shares with a notional value of EUR 1.00 each. There was no issuance of new shares, shares splits or shares consolidation for the financial year ending December 31, 2014.

The Company does not have any share based compensation program.

The total borrowings as at December 31, 2014 refer to loans granted by the World Bank and Deutsche Investitions- und Entwicklungsgesellschaft mbH ("DEG").

Borrowings granted by World Bank amounted to approximately kEUR 1,988 (31 December 2013: kEUR 2,006) and bear floating interest rates ranging from 0.59% to 0.66% (December 31, 2013 0.77% to 0.98%) per annum. The borrowings were granted on July 31, 1998 and are repayable as follows:

- Tranche A – over 15 years in equal instalments of USD 105,309 per annum commencing July 31, 2003; and
- Tranche B – over 13 years in equal instalments of USD 199,564 per annum commencing July 31, 2005.

Full repayment is scheduled to be completed by July 31, 2018.

On December 23, 2013, the Company secured a USD 25.0 million (approximately kEUR 18,158) long-term loan from DEG to finance the planned seafood processing factory (also see 3.1). The loan will be disbursed based on the progress of the construction.

The first tranche of DEG loan amounting to USD 5.0 million (approximately kEUR 4,022) has been disbursed on November 12, 2014. Interest will be paid on the disbursed amount of the loan at an aggregate floating interest rate of the six months LIBOR rate plus a 4% margin per annum. Beginning March 15, 2016, USD 2.5 million will be repaid every six month. Full repayment is scheduled to be completed by September 15, 2020. As at December 31, 2014 the DEG loan amounted to approximately kEUR 3,566, net of financing costs.

The debt to equity ratio as at December 31, 2014 was 3.0 (December 31, 2013: 1.3).[1]

4.3.3 Capital expenditures

The table below shows the cash flows from capital expenditure for 2014 compared to the capital expenditure for 2013:

kEUR	2014	2013	Change in %
Construction of new factory	12,858	–	n.m.
Purchase of (other) plant and equipment	71	325	(78.2)
Prepayment for the land use rights	1,285	9,356	(86.3)
Total	**14,214**	**9,681**	**46.8**

On December 23, 2013 Fujian Haikui secured land use rights of 1,000 mu (approximately 66 ha) at Dongshan Marine Biotechnology Industrial Park to construct the new seafood processing factory. The purchase price amounts up to RMB 110,000/mu and should have been paid in two instalments. kRMB 77,000 were paid in 2013. Subsequently, Fujian Haikui signed an agreement regarding the relocation of its existing seafood processing facilities to the new Dongshan Marine Biotechnology Industrial Park ("Relocation Agreement") on October 16, 2014. The Relocation Agreement superseded the agreement signed on December 23, 2013. The kRMB 77,000 (approximately kEUR 9,895) paid in 2013 was refunded to Fujian Haikui on October 16, 2014.

1 Debt to equity ratio = borrowings/total equity * 100

Based on the Relocation Agreement signed with the local authorities, Fujian Haikui will acquire land use rights of 200 mu (approximately 13 hectares) for the construction of the new seafood processing factory. The purchase price amounts up to RMB 106,000/mu (approximately EUR 13,568/mu) and will be paid in two instalments. A deposit of kRMB 2,000 (approximately kEUR 256) and 1st instalment of kRMB 10,000 (approximately kEUR 1,285) was paid after contract signing in 2014.

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

kEUR	2014	2013
Contracted and not provided for in the financial statements		
Capital expenditure	21,343	911
Lease prepayments for the land use right	1,230	3,920

4.3.4 Liquidity

The table below shows the cash flows for the financial year 2014 compared to the cash flows for the financial year 2013:

kEUR	2014	2013	Change in %
Operating cash flow before working capital changes	15,193	17,546	(13.4)
Cash inflows from operating activities	35,642	11,374	>100.0
Cash outflows from investing activities	(4,129)	(9,499)	(56.5)
Cash inflows/(outflows) from financing activities	3,622	(546)	n.m.
Net increase in cash and cash equivalents	**35,135**	**1,329**	**>100.0**
Effects of currency translation	8,737	(453)	n.m.
Cash and cash equivalents at the beginning of the year	49,814	48,938	1.8
Cash and cash equivalents at the end of the year	**93,686**	**49,814**	**88.1**

Overall cash and cash equivalents increased by approximately kEUR 43,872 or 88.1% from kEUR 49,814 as at December 31, 2013 to kEUR 93,686 as at December 31, 2014.

The increase was mainly due to cash flow generated from operations and disbursement of DEG loan partially offset by cash outflow from investing activity associated with capacity expansion in line with the Company's strategy. In addition, the currency translation effects on cash and cash equivalents amounted to kEUR 8,737 (2013: kEUR (453)). The Company was able to meet all its payment obligations.

Operating cash flow increased by approximately kEUR 24,268 from kEUR 11,374 in 2013 to kEUR 35,642 in 2014 mainly due to decreased cash outflow from working capital partially offset by a lower profit before income tax generated in 2014 compare to 2013.

Cash outflow from investing activities decreased by approximately kEUR 5,370 or 56.5% from kEUR 9,499 in 2013 to kEUR 4,129 in 2014 mainly due to repayment of advances for land use rights.

Cash flow from financing activities increased from cash outflow kEUR 546 in 2013 by approximately kEUR 4,168 to a cash inflow kEUR 3,622 in 2014 mainly due to disbursement of DEG loan in 2014.

4.3.5 Net assets

The following table shows the consolidated statement of financial position as at December 31, 2014 compared to the consolidated statement of financial position as at December 31, 2013:

kEUR	Dec 31, 2014	Dec 31, 2013	Change in %
Non-current assets	33,062	27,679	19.4
Current assets	163,291	131,888	23.8
Total assets	**196,353**	**159,567**	**23.1**
Non-current liabilities	5,249	1,735	>100.0
Current liabilities	4,539	2,434	86.5
Total liabilities	**9,788**	**4,169**	**>100.0**
Total equity	186,565	155,398	20.1
Total liabilities and equity	**196,353**	**159,567**	**23.1**

The Group's total equity as of December 31, 2014 increased by approximately kEUR 31,167 or 20.1% from kEUR 155,398 as at December 31, 2013 to kEUR 186,565 as at December 31, 2014 primarily due to profits generated during the financial year and exchange differences on translating foreign operations amounting to kEUR 20,597 which is reflected in the increase of the currency translation reserve from kEUR 11,557 as at December 31, 2013 to kEUR 32,154 as at December 31, 2014.

4.3.5.1 Non-current assets

Non-current assets consist of property, plant and equipment, lease prepayments for land use rights, prepayments for land use rights, long-term advances to suppliers, deferred tax assets and goodwill. Non-current assets increased by approximately kEUR 5,383 or 19.4% from kEUR 27,679 as at December 31, 2013 to kEUR 33,062 as at December 31, 2014 mainly due to increase cost incurred for the construction of the new factory and additional plant and equipment (approximately kEUR 13,887) offset by the decrease of prepayments for land use rights due to the change of agreements and the corresponding refund of prepayments (kEUR 9,895) and new prepayment (kEUR 1,285) in October 2014.

4.3.5.2 Current assets

Inventories comprise raw materials, packaging materials and other consumables (including seasoning ingredients such as tomato sauce, oil, sugar and salt, as well as items such as disposable gloves and masks). Inventories decreased by approximately kEUR 9,418 or 21.6% from kEUR 43,576 as at December 31, 2013 to kEUR 34,158 as at December 31, 2014 mainly due to selling of more finished goods at year end.

Trade receivables comprise claims against customers for outstanding payments and other receivables such as claims for value added tax ("VAT") rebates. The maximum credit period on sales of goods was 100 days in 2014 (2013: 100 days). Trade and other receivables decreased by approximately kEUR 2,989 or 10.0% from kEUR 29,853 as at December 31, 2013 to kEUR 26,864 as at December 31, 2014 mainly due to faster collection during the year end.

Other current assets comprise current prepayments, short term advances paid to suppliers, and deposits. Other current assets decreased by approximately kEUR 62 or 0.7% from kEUR 8,645 as at December 31, 2013 to kEUR 8,583 as at December 31, 2014. The decrease was mainly due to collection of short term advances from raw material suppliers partially offset by the increase in deposits paid to local authorities in conjunction with the relocation agreement.

Cash and cash equivalents comprise cash on hand and cash deposited in banks. Cash and cash equivalents increased by approximately kEUR 43,872 or 88.1% from kEUR 49,814 as at December 31, 2013 to kEUR 93,686 as at December 31, 2014. A more detailed discussion on "Cash and cash equivalents" could be found in 4.3.4 "Liquidity" of this report.

4.3.5.3 Non-current liabilities

Non-current liabilities comprise of the borrowings received from World Bank and DEG, which are denominated in USD. The World Bank loans are administered by the local PRC government under the World Bank's program to support aquaculture activities.

Non-current liabilities increased by approximately kEUR 3,514 from kEUR 1,735 as at December 31, 2013 to kEUR 5,249 as at December 31, 204. This was mainly due to disbursement of the DEG loan at the amount USD 5.0 million partially offset by the principle repayments made to World Bank during the financial year. The debt-to-equity ratio as at December 31, 2014 was 3.0 (December 31, 2013: 1.3).

4.3.5.4 Current liabilities

Income tax liabilities relate to provisions for income taxes for the financial year 2014. As at December 31, 2014, the income tax liabilities amounted to kEUR 953 (December 31, 2013: kEUR 464).

As at December 31, 2014 financial liabilities comprise of the current portion of other borrowings received from the World Bank. Financial liabilities increased by approximately kEUR 34 or 12.5% from kEUR 271 as at December 31, 2013 to kEUR 305 as at December 31, 2014 mainly due to translation exchange differences.

Trade payables comprise mainly outstanding amounts due to suppliers of raw materials and outsourced products. As at December 31, 2014, the trade payables increased by approximately kEUR 581 from kEUR 15 as at December 31, 2013 to kEUR 596 as at December 31, 2014.

Other current liabilities comprise accruals (including provisions for audit fees, tax agent fees), payables due to directors and related parties as well as liabilities from returned goods. As at December 31, 2014, other current liabilities amounted to kEUR 2,685 (December 31, 2013: kEUR 1,684). The increase mainly relates to liabilities arising from returned goods.

4.3.5.5 Equity

Total equity increased by approximately kEUR 31,167 or 20.1% from kEUR 155,398 as at December 31, 2013 to kEUR 186,565 as at December 31, 2014 mainly due to the increase in retained earnings and currency translation reserve. The equity to total assets ratio however decreased from 97.4% as at December 31, 2013 to 95.0% as at December 31, 2014 as total assets increased by approximately kEUR 36,786 or 23.1% mainly due to the increase in property, plant and equipment and cash and cash equivalents.

The currency translation reserve shown in equity amounted to kEUR 32,154 (December 31, 2013: kEUR 11,557) representing 17.2% (December 31, 2013: 7.4%) of the Group's net equity. The increase in currency translation reserves was due to the strengthening of the RMB against the EUR of approximately 12.5% (closing rate as at December 31, 2014: RMB/EUR 0.1337; closing rate as at December 31, 2013: RMB/EUR 0.1188).

4.4 Non-financial key performance indicators

4.4.1 Supply and sourcing aspects

The raw seafood is sourced from regional suppliers located close to Fujian Haikui's processing facilities in Dongshan Island, China. The raw seafood used in Fujian Haikui's products originates both from capture fishing and aquaculture. As at December 31, 2014, Fujian Haikui has entered into framework agreements for the supply of raw seafood with 67 suppliers (2013: 76). These framework agreements provide Haikui with a strong supply base, including priority rights regarding the purchase of the raw seafood and price discounts.

4.4.2 Human resources

The Group employed an average of 1,568 employees, including 666 permanent workers and 902 temporary contract workers for 2014 compared to an average of 1,722 employees, including 650 permanent workers and 1,072 temporary contract workers for 2013. There are no employees for Haikui Seafood AG.

Number of employees	2014	2013
Administration (incl. Finance and Accounting)	116	112
Sales and procurement	90	69
Research and development	25	21
Production and quality assurance	435	448
Total permanent employees	666	650
Temporary contract workers	902	1,072
Total employees and temporary contract workers	1,568	1,722

The Group continues to strengthen its management and administration through further hires of qualified employees.

The total number of employees decreased by 154 employees from 1,722 employees for 2013 to 1,568 employees for 2014 mainly due to the lower production volume in 2014.

4.4.3 Customer relationships

The Group sells its products to both international and domestic distributors. The Company does not enter into long term supply agreement with its customers. Sales are usually made based on orders received from the respective customers or buying agents, which will then be executed by Fujian Haikui by delivering the products to the respective customer.

International sales are usually made to international distributors of processed seafood, which may also include food processing companies which purchase primary processed seafood products from Fujian Haikui and sell it after further processing. For the financial year 2014, international sales accounted for 96.4% of the Group's total revenue (2013: 89.4%).

Orders for sales to international distributors are typically made by buying agents on behalf of international distributors. The buying agents receive commission payments from the international distributors. In a typical transaction, a buying agent contacts a number of seafood processing companies such as Fujian Haikui and places orders for certain products on behalf of the international distributors based on prices, availability and the quality of products offered. Even though Fujian Haikui delivers its products directly to the international distributors, there is often no established customer relationship between Fujian Haikui and the international distributors and the international distributors can choose from a range of potential seafood companies to purchase the products they need. Based on the order received through a buying agent, Fujian Haikui will produce and dispatch the ordered goods to the distributor, which will also be responsible for paying Fujian Haikui's invoice directly to Fujian Haikui.

Domestic sales are usually made to Chinese distributors, which for the most part re-sell the products under the Haikui brand, either directly to supermarkets, to other retail chains, or to other distributors further down the distribution chain. For the financial year 2014, domestic sales accounted for 3.6% of the Group's total revenue (2013: 10.6%).

4.4.4 Environmental aspects

The Chinese government has imposed a number of restrictions in certain months on certain methods of capture fishing in the waters surrounding China to ensure sustainable aquatic resources. For example, from May 1 to August 1 of each year capture fishing is almost entirely prohibited. These restrictions severely limit the Group's ability to source raw seafood from capture fishing during these periods, essentially requiring Fujian Haikui to rely on supplies of raw seafood from aquaculture resources and inventory on hand during these periods. Besides this, the Group employs a large number of temporary contract workers so as to manage cost during the fishing restriction period.

5 Net assets, financial position and results of operations of Haikui Seafood AG

The following discussion compares the development in the financial year 2014 with the figures from the financial year 2013.

The amounts referring to the financial statements of Haikui Seafood AG were prepared in accordance with the German Commercial Code ("HGB").

5.1 Results of operations

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013	Change in %
Other income	17	99	(82.8)
Administrative expenses	(689)	(773)	(10.9)
Profit from operations (EBIT) = Profit before income tax/ profit for the year	**(672)**	**(674)**	**(0.3)**

Other income comprises mainly the reversal of over accrued Annual General Meeting ("AGM") expenses.

Administrative expenses comprise mainly professional fees and Supervisory Board fees. The decrease in administrative expenses by approximately kEUR 84 or 10.9% from kEUR 773 in 2013 to kEUR 689 in 2014 was mainly due to lower professional expenses incurred in 2014.

5.2 Liquidity

The cash available as at December 31, 2014 amounts to kEUR 15. Movements in liquid funds can be analysed as follows:

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013	Change in %
Loss before tax	(672)	(674)	(0.3)
(Decrease)/increase in other payables and accruals	(37)	19	n.m.
Cash outflows from operating activities	(709)	(655)	8.2
Increase /(decrease) in payables due to subsidiary	715	587	21.8
Cash flows from financing activities	715	587	21.8
Increase / (Decrease) in cash and cash equivalents	6	(68)	n.m.
Cash and cash equivalents at the beginning of the year	9	77	(88.3)
Cash and cash equivalents at the end of the year	15	9	66.7

5.3 Net assets

kEUR	Dec 31, 2014	Dec 31, 2013	Change in %
Investment in subsidiary	10,000	10,000	n.m.
Cash and bank balances	15	9	66.7
Total assets	10,015	10,009	0.1
Other payables and accruals	304	341	(10.9)
Payables due to subsidiary	1,456	741	96.5
Total current liabilities	1,760	1,082	62.7
Total equity	8,255	8,927	(7.5)
Total liabilities and equity	10,015	10,009	0.1

The statement of financial position of Haikui Seafood AG shows a net equity of kEUR 8,255 as at December 31, 2014 (2013: kEUR 8,927).

The investment in subsidiary amounts to kEUR 10,000 (2013: kEUR 10,000) and refers to the investment in Haikui Seafood Pte Ltd.

Other payables and accruals comprise mainly of accruals made for costs relating to the preparation and audit of the annual financial statements and the consolidated financial statements as well as costs in respect of the AGM for the financial year 2014. Other payables and accruals decreased by approximately kEUR 37 or 10.9% from kEUR 341 in 2013 to kEUR 304 in 2014 mainly due to faster payment to professional services.

Payables due to subsidiary relate to Haikui Seafood Pte Ltd. The liabilities arise from short-term advances, which are granted for the purpose of financing the operations of Haikui Seafood AG. Payables due to subsidiary increased by approximately kEUR 715 or 96.5% from kEUR 741 in 2013 to kEUR 1,456 in 2014.

6 Report on post-balance sheet date events

As of January 1, 2015 Mr Edward Lee has been appointed by the Supervisory Board as a member of the Management Board.

Other than that, there were no significant events that took place subsequent to the reporting period as at the date of this report.

7 Report on expected developments

The following statements on the future development and performance of the Group and the key underlying assumptions concerning market and industry developments are based on assessments which the Group considers realistic on the basis of the information currently available. They nevertheless involve a degree of uncertainty and an unavoidable risk that forecast developments may not actually occur, either in the general pattern or to the extent anticipated.

7.1 Future business environment

According the OECD-FAO Agricultural Outlook 2014-2023 published by Organisation for Economic Cooperation and Development, the world fisheries are expected to be 17% higher by 2023. The growth will be primarily driven by gains in aquaculture output, which is projected to reach 49% of total fishery production in 2023. However, growth in aquaculture production is anticipated to slow down to 2.5% p.a., dampened by higher costs during the outlook period, which compares to 5.6% p.a. for the previous decade.

Competition in the seafood industry is expected to intensify with many new market entrants and with existing players in the industry with upgraded facilities and expanded capacities. The Chinese government's focus to grow the seafood industry coupled with strong growth in demand and growing profit levels has attracted new entrants to the industry. Rising per capita incomes have also created new markets for high quality products.

With the increasing purchasing power of the Chinese middle class and rising health awareness, the demand for seafood products is expected to continue growing. More importantly, as lifestyles become more hectic, the demand for convenience food such as processed seafood is expected to be stronger compared to fresh seafood. The Group believes this phenomenon is not confined to China alone but could be similarly observed in other countries as well.

The main challenge of the seafood industry is balancing future demand and supply sustainability. It will be important to maintain biodiversity and the ecosystem while meeting the growing future demand. Therefore Fujian Haikui will be playing its part as a responsible seafood processor through responsible sourcing and investing in research and development to increase the yield of its raw materials.

7.2 Future development of Haikui Seafood Group

The Group's future growth is driven by the pursuit of its growth strategy, which comprise of geographical expansion and capacity expansion.

To position the Group for future growth and remain competitive, Fujian Haikui has started the construction of new production facilities on Dongshan Island in 2014. The new factory will be equipped with advanced equipment to automate and streamline certain processing steps and is expected to increase its current production capacity and efficiency substantially. Construction is targeted for completion during mid of 2016 and contribution from the new factory is expected in 2016. Hence, no contribution is expected from the planned investments in 2015. However, this may be affected if delays and complications are encountered during the construction and financing process.

The Group intends to leverage on its export accreditation and reputation in the export market to secure new customers and strengthen its relationship with existing customers to remain competitive in this competitive environment.

The Group also intends to hire more qualified R&D personnel and invest more into R&D in 2015. The R&D department will focus on the extraction of chemical compounds from the by-products which will be produced in the new factory when it is ready in 2016.

The outlook for 2015 takes into account the on-going competitive environment amidst a weak global economy, the more stringent inspection taken by the Chinese authorities to inspect the end product quality of Chinese seafood exporters, the tight supply of certain raw materials and rising direct labour costs.

Based on these assumptions, management expects revenue in RMB terms for 2015 to increase by around 5% compared with 2014. Given the tough market conditions and the expected increase in production cost, gross margin is expected to be slightly lower compared to the prior year with an EBIT margin in the range of 8% to 10%. While we expect that revenue in RMB terms for frozen products to increase by around 10% mainly driven by better expected harvest of aquaculture products such as shrimps and tilapias, gross margin is expected to slightly lower mainly due to competitive market environment which makes it difficult to transfer the increase in cost of production.

Revenue for canned products is expected to decrease by around 5% mainly due to decrease in sales of canned abalone products while gross margin is expected to remain comparable to 2014. The expected decrease in canned abalone sales is mainly due to lower expected availability of raw materials which leads to higher raw material cost.

The outlook of 2015 takes into account events known at this time that could influence the business development of the Group. However, political and economic uncertainties over which the Group has no influence could result in the actual outcome that may differ from the forecasts.

7.3 Future development of Haikui Seafood AG

As Haikui Seafood AG is a holding company for Haikui Seafood Group with its main operations and business in the PRC, the future development of the Company is highly dependent on the world economy and expectations and perspectives of the operations in PRC as discussed above. Without considering potential dividend payments from its subsidiary, Haikui Seafood AG expects to incur losses comparable to the prior year, resulting mainly from administrative expenses incurred as a listed entity and expects cash flow to finance by advances from its subsidiary or from future fund raising.

8 Report on opportunities and risks

8.1 Report on opportunities

The Group essentially derives its opportunity management from the goals and strategies of the business segments and ensures an appropriate relationship between opportunity and risk. Direct responsibility for the early and regular identification, analysis and management of opportunities rests with the Management Board. The Group occupies itself intensively with analyses of the market and competition, relevant cost drivers and critical success factors, including those in the political environment in which the Group operates. In decision-making, the Management Board relies on an opportunity-oriented approach but does not neglect risks. The Management Board believes the Chinese seafood processing industry in general and that the Group is well position to enjoy reasonable growth rates in the future. The Group considers the following factors as key success drivers:

8.1.1 Opportunities arising from the business development strategy of the Group

The market for seafood products has grown significantly over the years and the Group expects this growth to continue in the foreseeable future. In order to take advantage of this growth, it intends to:

- Increase production efficiency and capacity
- Expand product portfolio offering
- Further penetration of overseas market

Increase production efficiency and capacity

The Group intends to increase its production capacity through the construction of a new factory on Dongshan Island with advanced equipment and automation to better streamline certain processing steps. Apart from addressing potential capacity constraint, the new factory equipped with modern machinery will help to increase productivity and efficiency. This is expected to increase the revenue and lower cost of sales.

On October 16, 2014 Fujian Haikui signed an agreement regarding the relocation of its existing seafood processing facilities to the new Dongshan Marine Biotechnology Industrial Park (“Relocation Agreement”). Based on the Relocation Agreement with the local authorities, Fujian Haikui will acquire land use rights of 200 mu (approximately 13 hectares) for the construction of the new seafood processing factory. The purchase price amounts up to RMB 106,000/mu (approximately EUR 13,568/mu) and will be paid in two instalments. A deposit of kRMB 2,000 (approximately kEUR 256) and 1st installment of kRMB 10,000 (approximately kEUR 1,285) was paid after contract signing in 2014.

Fujian Haikui will receive a compensation payment for the existing factory based on market values as determined by a mutually agreed independent valuation firm. Further land use rights of 800 mu (approximately 52 hectares) at the same location will be reserved for Fujian Haikui for future expansion opportunities.

This agreement superseded the agreement signed on December 23, 2013 to secure land use rights of 1,000 mu (approximately 66 ha) at Dongshan Marine Biotechnology Industrial Park to construct the new seafood processing factory.

Expand product portfolio offering

The Group intends to continue developing new products to meet the increasing demand for seafood products. Through its subsidiary, Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd, the Group has conducted research on the extraction of chemical compounds from marine processing by-products. It is envisaged that the extraction of such chemical compounds shall be eventually produced and distributed by Fujian Haikui Aquatic Products Technology Co., Ltd for use as food supplements. Management expects that the successful development and marketing of these products will increase its profitability.

In the mid- to long-term, the Group also plans to invest in the research and development of aqua-farming technologies and cultivation of fries (such as baby shrimps, tilapias etc.) to better control the quality of the raw materials. It is envisaged that these activities shall be eventually carried out by its subsidiary, Fujian Kehai Aquaculture Co., Ltd.

Further penetration of overseas market

The Group intends to continue strengthening its presence in the United States and European markets and attracting new customers through participations in trade fairs and leveraging on its export accreditations. Furthermore, it intends to enhance its presence in Taiwan by benefiting from the close proximity between Taiwan and Dongshan, and the warming political relationship between China and Taiwan, enhancing the prospects of increasing revenue and gross profit.

8.1.2 Opportunities arising from the economic development in China and the Dongshan Region

The growth of an urbanisation professional middle class in rapidly urbanising areas will trigger higher consumption demand for convenience food products such as processed seafood. Increasing living standards and disposable income supported by further growth in China's GDP as well as rising health awareness will lead to changing consumer patterns and an increase in the demand for seafood from producers with stringent quality management systems and high safety standards such as Fujian Haikui.

With improved relations between China and Taiwan and its close proximity to Fujian Haikui's location, Taiwan represents another growing market for its products. Hence, the Company believes demand for its products will continue to be strong, going forward.

Upon completion of the Dongshan Economic and Technological Development Zone that will enable deep-sea fishing vessels to dock at the harbour, the supply of seafood will increase, which is important to the growth of the Group's business. Additionally, the zone will offer Fujian Haikui greater variety of marine species that are not available from coastal waters, enhancing the prospects of increasing revenue and gross profit.

8.2 Report on risks

8.2.1 Risk management system

Taking opportunities and being able to recognise risks, analyse them and reduce them with appropriate strategies are important elements of the Group's operating activities. The Group defines risks as the possible occurrence of internal and external events, which may adversely affect the achievement of short-term or strategic goals. Systematic risk management is an on-going task for the Management Board and for the management of each field of responsibility. However, even an appropriate and functioning risk management system cannot guarantee any absolute certainty. Haikui Seafood AG has established a risk management system pursuant to Section 91 of the German Stock Corporation Act, which should also operate as Haikui Seafood AG's early risk warning system, which comprises the following issues.

The management of the Company is based in Dongshan Island and is actively involved in its daily operations. Market risk and competition are observed and managed through close working relationships with our customers and suppliers. The management also observes risk indicators in the economic and socio-political environment. Risks are assessed on their probability of materialisation and their impact to our business.

In 2014, the Management Board had further developed Group-wide principles and rules of behavior as well as guidelines for systematic and effective risk management.

The risk management system consists of the following elements:

- a Group-specific handbook on risk management,
- persons responsible for risk management,
- risk map with risk assessment, and
- regular risk reporting.

Risk management is structured in a way that allows early detection, analysis and control for communication to the Supervisory Board by the Management Board. If a risk can be reliably held in check by effective and appropriate measures, the focus of consideration will be on the residual risk. The Supervisory Board will be briefed by the Management Board on a regular and timely basis. In accordance with a Group-wide rule, transactions and measures of particular importance and scope require the approval of the Management Board and, in special cases, of the Supervisory Board, too.

8.2.2 Risks

8.2.2.1 Demand risks

The Group's continuing growth and success depends in part on the popularity of its products. A failure to adapt to market trends or changes in consumer preferences might quickly lead to loss of market share to competitors. In addition, the sale of processed seafood products depends on the economic conditions, disposable income and consumer confidence in the countries in which the Group's product are being sold, all of which can affect discretionary consumer spending in these countries. If the Group is unable to adapt its product portfolio to market demands, or if the demand decreases due to general economic conditions, the Group's business, financial condition and results of operations could be materially adversely affected.

In addition, during the year under review, the Group sold large quantities of its products to a limited number of major customers. The largest five customers of the Group accounted for 83.5% of our revenues in 2014 and 37.6% in 2013.

As the Group does not enter into any long-term supply agreements with its customers but delivers its products based on purchase orders from its customers, there can be no assurance that the major customers of the Group will not change or that certain major customers will not cease placing purchase orders in the future. In addition, in terms of export sales to countries outside of Asia, the Group mainly distributes its products through buying agents which contact the Group after receiving orders from international seafood distributors. In a typical transaction, a buying agent contacts a number of seafood processing companies and fills the orders of its international distributor customers based on price, availability and quality of products offered. Even though the Group delivers its products directly to these international seafood distributors, there is no established customer relationship between the Group and the international seafood distributors and these distributors can choose from a range of potential seafood processing companies to purchase the products they need.

As a result, the Group's relationship with its customers directly and with its international customers through buying agents largely depends on its ability to constantly meet customer requirements, including in particular, price competitiveness, short turnaround times for product deliveries, and consistent quality of its products. If the Group is unable to meet such requirements in the future, even for short periods of time, its customers and buying agents with which it cooperates could reduce their purchases from the Group or cease to purchase from the Group completely. If the Group is unable to replace any or all of these sales, its business, financial condition and results of operations could be materially adversely affected.

8.2.2.2 Supply risks

The Group's business depends on the supply of fresh and quality raw seafood from suppliers for its processing and any disruptions or restrictions leading to a shortage in the supply or deterioration in the quality of raw seafood will adversely affect its business, financial condition and results of operations.

Governmental regulations and policies restricting capture fishing may adversely affect the Group's business, financial condition and results of operations. The shortage in the supply of or increase in the demand for raw seafood may lead to an increase in prices of raw seafood. Any increase in prices of raw seafood sourced from third parties which cannot be passed on to the Group's customers could reduce the Group's operating profit and in turn materially adversely affect its business, financial condition and results of operations.

8.2.2.3 Environmental risks

The outbreak of disease or widespread contamination in any of the Group's raw materials due to fishing restrictions, pollution at the aquaculture farms, and/or capture fishing areas may have an adverse impact on the supply of raw materials available for the Group's processing. Such contamination may also be caused by unforeseen catastrophes like nuclear incidents, leakages at oil rigs, or the sinking of transport ships carrying environmentally hazardous materials. The reduction in the supply of raw materials for the Group's products would result in the Group having to seek other, possibly more costly, supplies of raw materials which also may not readily be available. In addition, any outbreak of disease or widespread contamination of the Group's raw materials may lead to a loss in customer confidence and reduce the demand for the Group's products. If the Group is not able to compensate for these effects, its business, financial condition and results of operations could materially adversely be affected.

8.2.2.4 Health and hygiene compliance risks

The Group's ability to export products to certain markets is subject to Fujian Haikui's renewing and/or maintaining the necessary certifications, such as the Hazard Analysis and Critical Control Points ('HACCP') certification and the European Union Registered Exporter of Seafood Products which are certifications for the export of fishery and aquaculture products to the United States and to the European Union. The HACCP certification is required to be renewed annually, compliance with the requirements for the certification as a European Union Registered Exporter of Seafood Products will be randomly checked. The renewal of these certifications is subject to the approval of the accreditation organisations upon re-examination of the Group's qualifications.

In addition the Group's products are also subject to regular quality inspections carried out by China Inspection and Quarantine services ("CIQ") and the Administration of Quality Supervision, Inspection and Quarantine of the PRC ("AQSIQ"). These inspections cover food preparation, production and processing operations, as well as health checks of the employees.

In the event that the Group fails to meet the required health and hygiene standards set forth by the CIQ and the AQSIQ, and renew and/or maintain these certifications, it may result in a loss of customers as a result of the inability of the Group to sell products in certain jurisdictions and the decline in consumer confidence in its products, thereby causing a material adverse effect on the Group's business, financial condition and results of operations.

8.2.2.5 Foreign currency risks

The consolidated financial statements of the Group are prepared in Euro, while Fujian Haikui's functional currency is RMB. RMB, the official currency in the PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions. A weakening or devaluation of the RMB against the Euro could therefore have a significant adverse effect on the currency translation and the Group's equity. As the value of the RMB is currently controlled by the PRC government, it is also possible that the foreign exchange policy of the Chinese government could have a significant adverse impact on currency exchange rates, e.g. between the RMB and the Euro or the RMB and the USD. Therefore, we believe that currency fluctuations could have a significant adverse impact on the Group's consolidated financial statements.

Furthermore the Group has transactional currency exposures arising from sales in USD. For the financial year ended December 31, 2014, approximately kEUR 116,746 (2013: kEUR 105,211) of the Group's sales were denominated in USD.

The Group has also bank balances, trade receivables and loans denominated in USD and accordingly, the Group's consolidated financial statements can be affected by movements in the USD exchange rates.

The Group has not entered into any derivative instruments for hedging or trading purposes.

8.2.2.6 Credit risks

The carrying amounts of cash and bank balances, trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheet are not impaired due to its good collection track record.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

8.2.2.7 Insufficient financing capabilities

The cash and cash equivalents as at December 31, 2014 may not be sufficient to finance the Group's planned capacity expansion and additional working capital requirements. In order to finance its growth strategy, the Group may have to raise additional capital in the future through debt or equity offerings. Taking into account the ongoing European debt crisis, the volatile capital markets situation, and the rather deteriorating conditions under which banks may be willing to grant loans to companies in the European Union and possibly also in China, the Group cannot be certain that suitable financing will be available on acceptable terms.

8.2.2.8 Construction project management

As the Group has started the construction on the new production facilities in 2014, the Group's risks have been expanded to the fact that it may not have the sufficient manpower or experience to oversee the construction of the new factory resulting in construction delays and cost overrun. Besides this, there may be risk of unfair selection of vendors for the construction which may result in higher cost and/or poor construction quality affecting the Group's business, its financial position and operational result adversely.

8.2.2.9 Risks specific to Haikui Seafood AG

Haikui Seafood AG is a holding company without any operating business of its own. Haikui Seafood AG's assets are mainly located in China. Accordingly, it faces risks related to the political, social and legal environment of the PRC. Those risks include inherent uncertainties and inconsistencies in the country's legal system including national taxation laws, a potential destabilisation of the political and/or economic system and PRC regulations pertaining to loans and capital investments by offshore parent companies delaying or preventing Haikui Seafood Group from using proceeds generated outside the PRC for investments in the PRC.

Current PRC regulations permit the payment of dividends only out of accumulated profits determined in accordance with Chinese accounting standards and regulations. In addition, a subsidiary of a foreign company, if it constitutes a foreign-invested entity under PRC law, is required to set aside at least 10% of its after-tax profits each year to fund a statutory reserve fund until such reserves in aggregate reach 50% of its registered capital. Furthermore, foreign-invested entities may be required to set aside a portion of their after-tax profits to fund an employee welfare fund in an amount which lies within the discretion of the subsidiary's board. These reserves are not distributable as cash dividends.

Under PRC foreign exchange rules and regulations, payments of current account items, including profit distributions and operating-related expenditures, may be made in foreign without prior approval but are subject to procedural requirements. Strict foreign exchange controls continue to apply to capital account transactions. These transactions must be approved by and/or registered with the State Administration of Foreign Exchange ("SAFE") or its local counterparts, and repayment of loan principal, distribution of return on direct capital investment and investments in negotiable instruments are also subject to restrictions.

Should the PRC subsidiary of Haikui Seafood AG be, or become, restricted and/or legally prohibited from and/or unable to pay dividends or other distributions outside of China, this could have material adverse effects on Haikui Seafood AG's financial condition.

8.2.3 Assessment of overall risk situation

The main potential risks to the future development of the Group are posed in particular by risks arising from the availability of raw materials and working capital. Taking into account all the circumstances of which the Group is aware, there is no group- or industry-specific risk that could individually or in conjunction with other risks have a lasting and material adverse influence on the net assets, financial position and results of operations of the Group. Future opportunities have not been considered in assessing the overall risk. In terms of organisation, all the conditions for being able to recognise possible opportunities and risks in good time have been fulfilled.

9 Internal control and risk management system relevant for the consolidated financial reporting process (Section 315 Para. 2 No. 5 of the German Commercial Code – HGB)

The Group accounting-related internal control systems comprise the objectives, measures and methods used to ensure appropriate accounting. The internal controls are reviewed regularly and are continuously refined to ensure timely, uniform and accurate accounting for all business processes and transactions. It aims to ensure that the consolidated financial statements of the Group are prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, as well as the regulations under commercial law as set forth in Section 315 Para. 2 No. 5 of the German Commercial Code – HGB.

Finance department manages the process of the Group's accounting and management reporting. Laws, accounting standards and other pronunciations are continuously analysed as to whether and to what extent they are relevant and how they impact on financial reporting. Finance department also ensures that these requirements are complied with consistently throughout the Group and that the consolidated financial statements as well as the quarterly interim financial information are prepared and audited or reviewed according to the published financial calendar. To achieve these aims, finance department is supported by external advisors.

The internal controls are integrated in the accounting process. The accounting related internal control systems comprised of both preventive and detective controls which includes, segregation of duties and dual checking principle in order to ensure high quality accounting relating internal control systems.

The consolidated financial statements as well as the quarterly interim financial information also have to be approved by the Management Board.

10 Remuneration report

10.1 Management Board remuneration

According to section 87, para. 1, and section 107, para. 3, sentence 3 of the German Stock Corporation Act, the Supervisory Board is responsible for determining the Management Board's remuneration. The remuneration for the Company's Management Board is based both on the size and the area of activity, as well as on the financial status of Haikui Seafood AG. The remuneration for the Management Board contains a non-performance based component for a period of 13 months a year and a financial performance bonus components based on net profit targets.

The Management Board members received the following remuneration for the financial year 2014:

kEUR		Fixed	Bonus	Defined contribution pension plans	Total
Mr. Zhenkui CHEN	2014	123	13	1	137
	2013	123	13	1	137
Mr. Zhenping HUANG	2014	72	8	1	81
	2013	72	8	1	81
Mr. Alan GEY	2014	107	9	6	122
	2013	108	9	8	125
Total	2014	302	30	8	340
	2013	303	30	10	343

10.2 Supervisory Board remuneration

Remuneration of the Supervisory Board shall be set at the AGM and regulated in the Articles of Association of Haikui Seafood AG. In accordance with the Articles of Association, the General Shareholders Meeting of the Company has determined the annual gross compensation for each ordinary member of the Supervisory Board to be EUR 30,000 per annum, EUR 45,000 per annum for the Deputy Chairman and EUR 60,000 per annum for the Chairman of the Supervisory Board. If a person is a member of the Supervisory Board for only part of a financial year, compensation is determined for a proportionate period of time. In addition to their base salary, members of the Supervisory Board whose place of residence is Europe shall be granted a remuneration of EUR 1,500 for attending meetings of the Supervisory Board in Europe, and a remuneration of EUR 4,000 for attending Supervisory Board meetings outside Europe. In addition to the base salary, members of the Supervisory Board whose place of residence is Asia shall be granted a remuneration of EUR 1,500 for attending meetings of the Supervisory Board in Asia, and a remuneration of EUR 4,000 for attending Supervisory Board meetings outside Asia. The members of the Supervisory Board are entitled to the reimbursement from the Company of any expenses necessary and reasonable for the performance of their duties. Furthermore, they are entitled to the reimbursement of any VAT to be paid as a consequence of their activities in the capacity of Supervisory Board members.

The Supervisory Board members received the following remuneration for the financial year 2014:

kEUR	2014	2013
Dr. Klaus VIETEN (Chairman of Supervisory Board)	72.5	72.5
Dr. Rainer SIMON (Deputy Chairman of Supervisory Board)	57.5	57.5
Mr. Hock Eng CHAN	45.0	45.0
Total	175.0	175.0

11 Statement and report pursuant to Section 315 Para. 4 of the German Commercial Code (HGB)

11.1 Subscribed capital

The share capital of Haikui Seafood AG amounts to EUR 10,276,000 and is divided into 10,276,000 no par value bearer shares with a notional value of EUR 1.00 each.

11.2 Restrictions regarding voting rights and the right to transfer shares

Each share represents one vote. There are no restrictions on any shares and according to the Articles of Association there are also no restrictions on voting rights for shares of the Company. The Management Board is not aware of any agreements between shareholders, which provide for restrictions on voting rights or the transfer of the shares.

11.3 Direct or indirect participation in shares with more than 10% of the voting rights

Under the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), any investor whose shareholding reaches, exceeds or falls below specified voting rights thresholds as a result of purchase, sale or any other transactions is required to notify the Company and German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin).

As at December 31, 2014, the following shareholders hold more than 10% of shares in Haikui Seafood AG:

Haida Holdings Pte Ltd, Singapore, Singapore, (indirectly held by Mr. Chen Zhenkui) informed us pursuant to § 21 Section 1a WpHG that its shares of voting rights in the Company exceeded the 25%, 30% and 50% thresholds on May 21, 2012, and held 50.2 % (5,156,588 voting rights) as of this date. Due to further transactions in 2014, Haida Holdings Pte Ltd holds 50.8% (5,215,672 voting rights) as of December 31, 2014.

Megabond International Limited, Tortola, British Virgin Islands, has informed us pursuant to § 21 Section 1a WpHG that its shares of voting rights in the Company exceeded the 25% and 30% thresholds on May 21, 2012, and held 34.1 % (3,504,752 voting rights) as of this date.

11.4 Shares with special rights

There are no shares with special control powers.

11.5 Voting rights of employees

Employees, who are shareholders of Haikui Seafood AG, exercise their voting rights on their own discretion or by an authorised person. There is no voting right control of employees, who are shareholders, existing.

11.6 Appointment and dismissal of Management Board members

According to Section 8 of the Articles of Association, the Management Board of Haikui Seafood AG consists of one or more persons. The Supervisory Board determines the number of members of the Management Board and may appoint one Management Board member as Chairman and another as Deputy Chairman. The Management Board of Haikui Seafood AG consists of three members as at December 31, 2014.

The Supervisory Board elects the Management Board members in accordance with Section 84 of the German Stock Corporation Act (AktG) for a term not exceeding five years. Any extension of the term requires a Supervisory Board decision and cannot be decided earlier than a year before the end of the current contract period. In special cases, the district court can appoint a replacement for a member of the Management Board at the request of any person who has legitimate interest (for example other board members) (Section 85 AktG). Such an appointment will be terminated immediately when, for example, the Supervisory Board appointed the member of the Management Board.

By Supervisory Board resolution dated December 30, 2014, upon expiry of the current term of office of the Management Board of Haikui Seafood AG on May 14, 2015, the term of office of the current Management Board Members shall be extended with effect as of May 15, 2015 until December 31, 2017.

By Supervisory Board resolutioned dated December 30, 2014, Mr. Edward LEE was appointed as another member of the Management Board as of January 1, 2015, for a term of 3 years.

The dismissal of members of the Management Board can only be for important reasons (Section 84 paragraph 3 sentences 1 and 3 AktG). Important reasons are for example, general neglect of duties, inability to properly exercise the duties or the loss of confidence by the AGM.

The Articles of Association of the Company can be changed by the AGM and the changes will take effect once they are registered with the Commercial Register (Handelsregister). If the AGM decides to change the Company's statutes according to Section 179 and 133 AktG, a majority of 75% of the cast votes cast is required. According to the Section 18 paragraph 3 of the Articles of Association, the Supervisory Board is entitled to amend the Articles of Association, provided that such amendments affect only the wording.

11.7 Authority of Management Board to issue shares

Pursuant to the Articles of Association dated July, 2013, the Management Board is authorised to increase the share capital of the Company with the consent of the Supervisory Board until October 1, 2015, one or several times by up to a total of EUR 5,000,000, issuing up to a total of 5,000,000 new no par value bearer shares, each representing EUR 1.00 of the share capital, in consideration of contributions in cash or in kind. In each case ordinary shares and/or non-voting preference shares may be issued. The Management Board is, however, authorised to exclude the shareholders' subscription rights, with the approval of the Supervisory Board, in certain cases, in particular:

- if a capital increase of the share capital is carried out to enable the Company to acquire companies, parts of companies or participations in companies or to acquire other contributions in kind;
- for equal fractional amounts;
- for granting shares to employees and the members of the Management Board of the Company or affiliated companies in connection with employees´ participation programmes;
- if shares are issued in consideration of contributions in cash at an issue price which is not significantly lower than the market price and the new shares issued excluding subscription rights do not exceed the computed proportion of 10% of the share capital being EUR 1,000,000. In order to compute the 10% portion section 186 paragraph 3 Sentence 4 Stock Corporation Act (AktG) needs to be applied;
- for the submission of shares of the Company or of certificates representing shares in the Company at domestic and foreign stock exchanges at which the shares of the Company or the certificates representing shares in the Company are admitted for trading by then;
- to grant subscription rights to the holders of convertible bonds, convertible participation rights or option rights to an extent they will be entitled to in case of execution of their conversion right or option right respectively;

The Management Board is authorised, with the approval of the Supervisory Board, to determine the rights to, and the details and the conditions of the capital increase out of the authorised capital and the issuing of new shares.

With the issuance of 276,000 shares on May 15, 2012, an unused authorised capital of 4,724,000 shares is remaining as at December 31, 2014.

11.8 Change of control provisions

There are no agreements with Haikui Seafood AG which are subject to the condition of a change of control due to takeover offer.

11.9 Agreement on compensation in the event of a takeover offer

There are no agreements between the members of the Management Board or employees of Haikui Seafood AG, which provide for compensation in the event of a change of control due to a takeover offer.

12 Subordination report

The Management Board of Haikui Seafood AG has prepared a report on the relations of the Company to affiliated enterprises pursuant to Section 312 Para 1 Sentence 1 of the Stock Corporations Act. The Management Board of Haikui Seafood AG declares as follows:

"The Management Board of Haikui Seafood AG, Hamburg, declares that pursuant to Section 312, par. 3 AktG for the transactions listed in the report on relations with affiliated companies in the period ending December 31, 2014 (acts pursuant to Section 311 et seq. AktG were neither undertaken nor refrained from), in accordance with the conditions known to the Board of Directors at the time the respective transaction was undertaken, the Company either received adequate compensation during the relevant fiscal period or, where compensation did not occur during the relevant fiscal period, an entitlement for an adequate compensation was granted in accordance with Section 311 par. 2 sentence 2 AktG at the end of the fiscal year."

13 Statement on corporate governance

The Statement on Corporate Governance (Erklärung zur Unternehmensführung) according to Section 289a of the German Commercial Code (HGB) has been published on Haikui's website (www.haikui-seafood.com/investor-relations/corporate-governance/erklaerung-zur-unternehmensfuehrung).

The Management Board

Frankfurt, April 10, 2015

Zhenkui CHEN   Zhenping HUANG   Alan GEY   Edward LEE

Consolidated Financial Statements
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2014

kEUR	Note	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Revenue	3	121,093	117,638
Cost of sales		(101,300)	(96,418)
Gross profit		19,793	21,220
Other income	4	389	810
Distribution expenses		(1,338)	(1,826)
Administrative expenses		(4,860)	(4,065)
Other operating expenses	5	(67)	(199)
Profit from operations		13,917	15,940
Financial income	6	453	585
Financial expenses	7	(281)	(1,870)
Profit before income tax		14,089	14,655
Income tax	10	(3,519)	(4,423)
Profit for the year		10,570	10,232
Other comprehensive income for the year that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on foreign currency translation	25	20,597	(1,503)
Total comprehensive income for the year		31,167	8,729
Profit for the year attributable to			
- owners of the parent		10,570	10,232
Total comprehensive income for the year attributable to			
- owners of the parent		31,167	8,729
Basic and diluted earnings per share (in Euro)	11	1.03	1.00

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31, 2014

kEUR	Note	Dec 31, 2014	Dec 31, 2013
Assets			
Non-current assets			
Intangible assets	12	833	740
Lease prepayments for land use rights	14	1,515	1,391
Property, plant and equipment	15	26,097	12,210
Other non-current assets	16	4,271	13,112
Deferred tax assets	10	346	226
Total non-current assets		33,062	27,679
Current assets			
Inventories	17	34,158	43,576
Trade and other receivables	18	26,864	29,853
Other current assets	19	8,583	8,645
Cash and cash equivalents	20	93,686	49,814
Total current assets		163,291	131,888
Total assets		196,353	159,567
Equity and liabilities			
Equity			
Share capital	21	10,276	10,276
Legal reserves	22	3,448	5,830
Capital reserve	23	5,595	2,164
Other reserves	24	705	705
Currency translation reserve	25	32,154	11,557
Retained earnings		134,387	124,866
Total equity		186,565	155,398
Non-current liabilities			
Financial liabilities	26	5,249	1,735
Current liabilities			
Income tax liabilities		953	464
Financial liabilities	26	305	271
Trade payables		596	15
Other current liabilities	27	2,685	1,684
Total current liabilities		4,539	2,434
Total liabilities		9,788	4,169
Total equity and liabilities		196,353	159,567

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2014

		Attributable to equity holders of the Parent						
kEUR	Note	Share capital	Legal reserves	Capital reserve	Other reserves	Currency translation reserve	Retained earnings	Total
Balance as at Jan 1, 2013		10,276	5,830	2,164	705	13,060	114,634	146,669
Total comprehensive income for the period		–	–	–	–	(1,503)	10,232	8,729
Balance at Dec 31, 2013 and Jan 1, 2014		10,276	5,830	2,164	705	11,557	124,866	155,398
Total comprehensive income for the year		–	–	–	–	20,597	10,570	31,167
Transfer	22/23	–	(2,382)	3,431	–	–	(1,049)	–
Balance at Dec 31, 2014		10,276	3,448	5,595	705	32,154	134,387	186,565

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2014

kEUR	Note	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Operating activities			
Profit before income tax		14,089	14,655
Adjustments for non-cash expenses / (income)			
Expenses on land-use rights	8	46	41
Depreciation of property, plant and equipment	8	1,614	1,596
Interest expense	7	11	14
Inventories write off		–	947
Interest income	6	(190)	(182)
Other non-cash expenses/ (income)		(377)	475
Operating cash flows before working capital changes		15,193	17,546
Inventories		13,648	(6,979)
Trade and other receivables		6,212	13,458
Other assets		2,413	(3,750)
Trade payables		532	(1,134)
Other current liabilities		767	169
Income taxes paid		(3,123)	(7,936)
Cash inflows from operating activities		35,642	11,374
Investing activities			
Acquisition of property, plant and equipment	15	(12,929)	(325)
Interest income received	6	190	182
Repayment of advance for land use rights	16	9,895	–
Payment for advances for land use rights	16	(1,285)	(9,356)
Cash outflows from investing activities		(4,129)	(9,499)
Financing activities			
Repayment of borrowings	26	(244)	(233)
Interest and other finance expenses paid		(156)	(313)
Proceeds from borrowings	26	4,022	–
Cash inflows/(outflows) from financing activities		3,622	(546)
Net increase in cash and cash equivalents		35,135	1,329
Effects on cash and cash equivalents from currency translation		8,737	(453)
Cash and cash equivalents at the beginning of the year		49,814	48,938
Cash and cash equivalents at the end of the year	20	93,686	49,814

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

1. CORPORATE INFORMATION

The parent company of the Group, Haikui Seafood AG (hereinafter referred to as “the Company”) is a stock corporation organised under the laws of the Federal Republic of Germany. The Company is entered in the commercial register of the district court of Hamburg under No. HRB 117277. The Company’s registered office is located at Norton Rose Fulbright LLP, Taunustor 1 (Taunus Turm), 60310 Frankfurt am Main, Germany. The principal activity of the Company is that of an investment holding.

The shares of the Company have been admitted to trading on the Prime Standard of the Frankfurt Stock Exchange. On May 15, 2012, the Company issued 276,000 shares of nominal EUR 1.00 per share for an initial share price of EUR 10.00 per share.

The Company holds all shares of Haikui Seafood Pte. Ltd., Singapre. The operating business of the Group is carried out by Fujian Dongshan Haikui Aquatic Products Group Co., Ltd., Dongshan, People’s Republic of China (“Fujian Haikui”), a 100% subsidiary of Haikui Seafood Pte. Ltd., Singapore.

On July 1, 2013 Fujian Dongshan Haikui Aquatic Products Group Co., Ltd. incorporated the following three wholly owned subsidiaries, which are also situated in Dongshan, People’s Republic of China:

- Fujian Kehai Aquaculture Co., Ltd.
- Fujian Haikui Aquatic Products Technology Co., Ltd.
- Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd.

The principal activities of the subsidiaries are disclosed in Note 28 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) of the International Accounting Standards Board (“IASB”), London, the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) as endorsed by the European Union (“EU”) and in effect as at closing date. Furthermore, the additional requirements of Section 315a of the German Commercial Code (“Handelsgesetzbuch” or “HGB”) have been considered.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

These consolidated financial statements have been drawn up in Euros (“EUR”). All values are rounded to the nearest thousands (“EUR’000” or “kEUR”) unless otherwise indicated.

The preparation of the consolidated financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the relevant period. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity are disclosed in this Note.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Adoption of new and revised standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations which became effective in 2014:

IAS 19	Employee Contributions (Amendments to IAS 19); effective July 1, 2014
IAS 27 (2011)	Separate Financial Statements; effective January 1, 2014 for preparers in the European Union
IAS 28 (2011)	Investments in Associates and Joint Ventures; effective January 1, 2014 for preparers in the European Union
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32); effective January 1, 2014 for preparers in the European Union
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36); effective January 1, 2014
IAS 39	Novation of Derivates and Continuation of Hedge Accouting; effective January 1, 2014
IFRS 10, IFRS 12, IAS 27	Investment Entities (Amendments) effective January 1, 2014 for preparers in the European Union
IFRS 10, IFRS 11, IFRS 12	Transition Guidance (Amendments) effective January 1, 2014 for preparers in the European Union
IFRS 10	Consolidated Financial Statements effective January 1, 2014 for preparers in the European Union
IFRS 11	Joint Arrangements effective January 1, 2014 for preparers in the European Union
IFRS 12	Disclosure of Interests in Other Entities effective January 1, 2014 for preparers in the European Union
IFRIC 21	Levies, effective January 1, 2014 (for preparers in the European Union: June 17, 2014)
Annual Improvements	Cycle 2010-2012; effective July 1, 2014
Annual Improvements	Cycle 2011-2013; effective July 1, 2014

Not all of these standards and amendments impact the Group's consolidated financial statements. If a standard or amendment affects the Group, it is described together with the impact below:

IFRS 10 *(Consolidated Financial Statements)* replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. IFRS did not have any impact on the Group.

IFRS 12 *(Disclosure of Interest in Other Entities)* includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but the standard does not have an impact on the Group's financial position and performance.

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 *(Impairment of Assets)* regarding measurement of the recoverable amount of impaired assets. The amendments resulted from the IASB's decision in December 2010 to require additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Adoption of new and revised standards and interpretations (cont´d)

Annual Improvements Cycle 2010-2012

These improvements do not have an impact on the Group, but include:

IFRS 2 Definition of vesting condition
This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

IFRS 3 Accounting for contingent considerations in a business combination
This improvement clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

IFRS 8 Reconciliation of the total of the reportable segments' assets to the entity's assets
This improvement clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

IFRS 8 Aggregation of operating Segments
It also requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments.

IFRS 13 Short term receivables and payables
This improvement clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

IAS 7 Interest paid that is capitalised
This amendment proposes to clarify that the classification of payments of interest that is capitalised shall follow the same classification as the underlying asset into which those payments were capitalised. This modification also covers the classification of payments of interest that have been capitalised into the cost of operating assets (such as inventory), which should be classified as part of an entity's cash flows from operating activities.

IAS 16 / IAS 38 Revaluation method – proportionate restatement of accumulated depreciation
This improvement clarifies that when an item of property, plant and equipment or intangible assets are revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

IAS 24 Key management personnel
This improvement clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Annual Improvements Cycle 2011-2013

These improvements do not have an impact on the Group, but include:

IFRS 1 Meaning of effective IFRSs
This improvement clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.

IFRS 3 Scope exceptions for joint ventures
This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 Scope of paragraph 52 (portfolio exception)
This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Adoption of new and revised standards and interpretations (cont´d)

IAS 40 Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property
This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

Standards and amendments issued but not yet effective

Standards and amendments issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and amendments issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and amendments when they become effective.

<u>Standards not yet effective:</u>

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016. These amendments are not expected to have any impact to the Group.

IFRS 14 Regulatory Deferral Account
This standard is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after January 1, 2016. This standard is not expected to have any impact to the Group.

IFRS 15 Revenue from Contracts with Customers
This standard was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 9 Financial Instruments - On November 12, 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduced new requirements for classifying and measuring financial assets that had to be applied starting January 1, 2013, with early adoption permitted. On October 28, 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities, and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities (the Basis for Conclusions was also restructured, and IFRIC 9 and the 2009 version of IFRS 9 were withdrawn). On December 16, 2011, the IASB issued Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7), which amended the effective date of IFRS 9 to annual periods beginning on or after January 1, 2015, and modified the relief from restating comparative periods and the associated disclosures in IFRS 7. On November 19, 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) amending IFRS 9 to include the new general hedge accounting model, allow early adoption of the treatment of fair value changes due to own credit on liabilities designated at fair value through profit or loss and remove the January 1, 2015 effective date. On July 24, 2014, the IASB issued the final version of IFRS 9 incorporating a new expected loss impairment model and introducing limited amendments to the classification and measurement requirements for financial assets. This version supersedes all previous versions and is mandatorily effective for periods beginning on or after January 1, 2018 with early adoption permitted (subject to local endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before February 1, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Standards and amendments issued but not yet effective (cont'd)

Amendments not yet effective:

IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

IAS 16 and IAS 41 Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

IFRS 10, IFRS 12 and IAS 28 Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
The Amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after January 1, 2016. The amendment is not expected to have any impact to the Group.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be effective from annual periods commencing on or after January 1, 2016. These amendments are not expected to have any impact on the Group's consolidated financial statements.

IAS 1 Disclosure Initiative
The IASB completed the first step in its Disclosure Initiative with the publication of Disclosure Initiative (Amendments to IAS 1). The narrow-focus amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendments respond to overly prescriptive interpretations of the wording in IAS 1. The amendments relate to materiality, order of the notes, subtotals, accounting policies and disaggregation. They are effective for annual periods beginning on or after January 1, 2016.

IAS 27 Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016. These amendments will not have any impact on the Group's consolidated financial statements.

Annual Improvements Cycle 2012-2014 makes amendments to the following standards:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal
IFRS 7	Financial Instruments: Disclosures – Servicing contracts
IFRS 1	Applicability of the amendments of IFRS 7 to condensed interim financial statements
IAS 19	Employee Benefits – Discount rate: regional market issue
IAS 34	Interim Financial Reporting – Disclosure of information 'elsewhere in the interim financial report'

These improvements are effective for annual periods beginning on or after January 1, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting period and dates as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances. All intra-group balances, transactions, income and expenses and gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method under IFRS 3 (revised 2008). The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (if any) in the acquiree.

Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

There were no business combinations in 2013 and 2014.

Foreign currency translation

Functional and presentation currency

The functional currency of the Haikui Seafood Pte. Ltd., Singapore, has been decided to be Singapore dollars ("SGD"). As Haikui Seafood Pte. Ltd. has been purchasing and selling products in United States Dollar ("USD") starting in August 2013, the USD should have been chosen as the functional currency. Since management has stopped these purchases and sales at the beginning of March 2014 and further considering that the effects of the change of the functional currency are immaterial to the consolidated financial statements, management decided to keep SGD as the functional currency of Haikui Seafood Pte. Ltd in accordance with IAS 8.8.

The functional currency of Fujian Dongshan Haikui Aquatic Products Group Co. Ltd., PRC, Fujian Kehai Aquaculture Co., Ltd., PRC, Fujian Dongshan Haikui Aquatic Products Technology Co., Ltd, PRC, as well as Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd. ,PRC, have been decided to be Chinese Renminbi Yuan ("RMB"). The RMB reflects the economic substance of the underlying events and circumstances relevant to Fujian Dongshan Haikui Aquatic Products Group Co. Ltd. and its subsidiaries.

The functional currency of Haikui Seafood AG is the Euro.

The presentation currency of the Group is EUR, being the presentation currency of its German domiciled legal parent and holding company, and therefore the financial information has been translated using the following rates:

	RMB/EUR		SGD/EUR	
	Closing Rate	Average Rate	Closing Rate	Average Rate
Dec 31, 2014	0.1337	0.1226	0.6215	0.5944
Dec 31, 2013	0.1188	0.1215	0.5725	0.6019

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation (cont'd)

Translation of the subsidiaries' financial statements

For the purpose of presenting the consolidated financial statements of the Group, the results and financial position of the subsidiaries in Singapore and China are translated into Euro, being the presentation currency of the consolidated financial statements, using the following procedures:

- Assets and liabilities are translated at the closing rate at balance sheet date;
- Income and expenses are translated at the average exchange rate for the period, which approximates the exchange rates at the dates of transactions; and
- Share capital and legal, capital and other reserves are translated at historical rates.

All resulting exchange differences are recognised in a currency translation reserve.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate of exchange at the reporting date.

Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit and loss for the period.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

As of December 31, 2014 and December 31, 2013, the Group did not have any intangible assets with indefinite useful lives.

Lease prepayments for land use rights

Payments for land use rights are accounted for under IAS 17 "Leases" as operating leases. The amounts paid for the right to use the land over the period agreed upon are classified as prepayments to the lessor and expensed during the period over which the land use rights are expected to be economically usable by the Group, which is 50 years. Prepayments to be expensed in the forthcoming twelve month period are disclosed in "other receivable" under current assets with the remaining prepayments being disclosed in a separate line item under non-current assets.

The amount expensed in respect of lease prepayments for land use rights are included under cost of sales and administrative expenses, depending on the nature of their use.

Prepayments for land use rights for which the commencement of the operating lease takes place only after the balance sheet date are disclosed in non-current assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the assets, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit and loss for the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year. No internally generated intangible assets have been recognised in the consolidated financial statements as of December 31, 2014 and December 31, 2013.

Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of the asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. In addition, cost also includes borrowing costs for long-term construction projects, if the recognition criteria are met (see below). Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. Property, plant and equipment acquired in a business combination are initially recorded at their fair values as at acquisition date.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Construction in progress includes all costs of construction and other direct costs. No depreciation is provided on construction in progress until such time as it is completed and ready for use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when complete and ready to use.

Property, plant and equipment are depreciated using the straight-line method, less estimated residual value over their estimated useful lives. The estimated useful lives have been taken as follows:

	Estimated useful lives (Years)
Buildings on leasehold land	10 - 20
Plant and machinery	10
Office equipment	3 - 5
Motor vehicles	5
Furniture and fitting	5

The estimated useful life and depreciation method are reviewed and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of non-financial assets and cash generating units

The Group assesses at each reporting date whether there is an indication that an asset or a cash-generating-unit ("CGU") may be impaired. If any indication exists, or when annual impairment testing for an asset or a CGU is specifically required by IAS 36, the Group estimates the asset's or the CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use of an asset or a CGU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on the detailed budgets and forecast calculations approved by the supervisory board of Haikui Seafood AG. These budgets and forecast calculations generally cover a period of three years. For the periods beyond, a long-term growth rate is calculated and applied to project future cash flows after the third year.

For assets or CGU's (excluding CGU's covering a goodwill), an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset (or CGU) in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

As of December 31, 2014 and 2013, no impairment losses and/or reversals have occurred.

For the Group's recognised Goodwill, the following specific characteristics for impairment testing apply:

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates, using the value in use approach. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial assets

Financial assets within the scope of IAS 39 are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or have been transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit and loss of the period.

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. As of December 31, 2014 and December 31, 2013, the Group did not have any financial assets in the category financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

<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 receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as trade and other receivables, other current assets and cash and cash equivalents on the statement of financial position.

At subsequent reporting dates, loan and receivables are measured at amortised cost using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

The Group assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired and recognises the impairment loss when such evidence exists.

An impairment loss for financial assets carried at amortised cost is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit and loss.

As of December 31, 2014 and 2013, no impairment of financial assets was recognised

Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials comprise purchase cost accounted for on a weighted average basis. Finished goods comprise cost of materials, direct labour and an attributable proportion of manufacturing overheads.

Net realisable value is the estimated selling price, less estimated costs of processing and costs to be incurred for selling and distribution.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and in banks and are recognised at amortised cost.

For the purpose of the consolidated statement of cash flow, cash and cash equivalent comprises cash on hand and in banks. Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Financial liabilities

Financial liabilities within the scope of IAS 39 are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit and loss, transaction costs that are directly attributable to the issue of the financial liability. Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities (cont'd)

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition. As of December 31, 2014 and December 31, 2013, the Group did not have any financial liabilities in the category financial liabilities at fair value through profit or loss.

Borrowings

Borrowings are initially recorded at fair value, net of transaction costs incurred and subsequently accounted for at amortised costs using the effective interest method. Borrowings which are due to be settled within twelve months after the balance sheet date are included in other current liabilities 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 balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current liabilities in the statement of financial position.

Provisions

A provision is recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed and recognised in profit and loss of the period. Where the effect of the time value of money is material, the provision is discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financial cost.

Contingent liabilities

Contingent liabilities are possible obligations to third parties or present obligations where the probability of an outflow of resources is remote or the amount cannot be determined reliably. Contingent liabilities are not recognised.

Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. The following specific recognition criteria must be met before revenue is recognised:

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an expense item, it is recognised in the profit or loss over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in the statement of financial position as deferred income and are credited to the profit or loss on a straight line basis over the expected lives of the related assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Dividends

Dividends are recognised when the shareholder's right to receive the payment is established. Interim dividends are recorded in the period in which they are declared payable. Final dividends are recorded in the period in which the dividends are approved by the shareholders.

Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing cost commences when the activities to prepare the asset for its intended use or sale are in process and the expenditure or borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carry amount of the asset exceeds its recoverable amount, an impairment loss is recorded. As of December 31, 2014, borrowing costs which were directly attributable to the construction of the new production facility were capitalised under "Construction in progress" in the line item "Property, plant and equipment" in the amount of kEUR 14 (December 31, 2013: kEUR 0).

Other borrowing costs are expensed in the period in which they are incurred. Other borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest method.

Employee benefits

Retirement benefits

The Group participates in the following national schemes as defined by the laws of these countries.

<u>Singapore</u>

The subsidiary, incorporated in Singapore makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension scheme.

<u>People's Republic of China ("PRC")</u>

The subsidiary, incorporated and operating in the PRC, is required to provide certain retirement plan contribution to their employees under existing PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in profit and loss as and when they are incurred.

<u>Germany</u>

The Company, incorporated in Germany, does not have any employees.

Current and deferred income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in the countries where the entities operate by the balance sheet date.

<u>Deferred tax</u>

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Current and deferred income tax (cont'd)

Deferred tax (cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Value-added-tax ("VAT")

The Group's sales of goods in the PRC are subject to VAT at the applicable tax rate of 17% for PRC domestic sales. Input tax on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Trade and other receivables" or "Trade payables" in the statement of financial position. The Group's export sales are not subject to VAT.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision makers of the Company regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Further disclosures are provided in Note 32.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Significant judgements and sources of estimation uncertainty

Estimates and assumptions concerning the future are made in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities and income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Resulting accounting estimates will, by definition, seldom equal the related actual results.

The key assumptions concerning the future and other key sources of estimation uncertainty that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Accounting for business combinations

For acquisition accounting purposes, all identifiable assets and liabilities acquired in a business combination are recognised at fair value as of the date of acquisition. Significant estimates are used to calculate the fair value of these assets and liabilities as of the date of acquisition. Estimates are furthermore used to determine the useful life of the acquired assets.

(ii) Impairment of trade receivables

Trade receivables are recorded at the amounts invoiced to the customers. The allowance for doubtful receivables is the Group's best estimate of the amount of probable credit losses in the Group's existing accounts receivable. Management uses judgment to determine the allowance for doubtful receivables which is supported by historical repayment records of the customers. Management of the Group reviews its allowance for doubtful receivables at least on a monthly basis. Only after all means of collection have been exhausted and the collection of the amounts is deemed to be remote, account balances are charged off against the allowance. Actual results may vary from the judgements made. As at December 31, 2014 and December 31, 2013 no valuation allowances were recorded.

(iii) Useful lives of depreciable assets

The useful lives of depreciable assets are reviewed at each reporting date. The useful life of the Group's property, plant and equipment is estimated to be within 3 to 20 years. The carrying amounts are analysed in Note 15. Changes in the physical condition, expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised.

(iv) Net realisable values of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of processing and selling expenses. These estimates are based on current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. Management reassesses the estimations at end of each financial year. As at December 31, 2014, inventories at the amount of kEUR nil (2013: kEUR 947) were written off.

(v) Contingent liability for donation agreements

Contingent liabilities are not recognised as liabilities because they are either possible obligations, as it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits or they are present obligations that arise from past events but are not recognised because an outflow of resources embodying economic benefits is not probable or the amount cannot measured reliably.

We have committed to voluntarily donate RMB 1.1 million per annum (approximately kEUR 120 per annum) from 2012 for a period of 20 years, to two charitable organisations in the PRC. As the donations made to the charitable organisation are made on a voluntary basis and the decision to make the annual donations is at the sole discretion of the subsidiary each year it has yet to be confirmed whether the donations will be made each year, these donations were judged to be presented as contingent liabilities at the maximum possible outflow of resources at the amount of kEUR 2,380 as at December 31, 2014 (2013: kEUR 2,115).

3. REVENUE

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Frozen products	94,544	94,818
Canned products	26,549	22,820
	121,093	117,638

4. OTHER INCOME

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Government grant	234	590
Sale of scrap	138	112
Other income	17	108
	389	810

Government grants received were mainly incentives received by Fujian Haikui for research and development assistance. In 2013, grants were additionally awarded for achieving listed status in Germany. There are no unfulfilled conditions or contingencies attached to these grants.

5. OTHER OPERATING EXPENSES

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Donations	64	199
Others	3	–
	67	199

6. FINANCE INCOME

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Bank interest income	190	182
Amortisation of unearned interest	263	403
	453	585

7. FINANCE EXPENSES

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Interest expenses – borrowings	11	14
Foreign exchange losses	260	1,064
Interest from discounting long term advances	–	752
Bank charges	10	40
	281	1,870

8. ADDITIONAL DISCLOSURES ON THE NATURE OF EXPENSES

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Depreciation of property, plant and equipment	1,614	1,595
Expenses on land-use rights	46	41
Operating lease expenses	21	20
Personnel expenses (see Note 9)	6,647	6,511
Research and development expenses (excluding personnel expenses)	12	25

9. PERSONNEL EXPENSES

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Wages, salaries and bonuses*	5,780	5,767
Pension expenses (defined contribution) **	320	336
Other personnel expenses	547	408
	6,647	6,511

* This includes the amount shown as Management Board remuneration (see Note 36).

** Thereof for key management personnel kEUR 11 (2013: kEUR 12).

10. INCOME TAX

Major components of income tax expenses for the year were:

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Current income tax		
Current income tax charge	3,602	4,354
Deferred tax		
Relating to origination and reversal of temporary differences	(83)	69
	3,519	4,423

Deferred tax relates to the following:

kEUR	Consolidated statement of financial position	
	Dec 31, 2014	Dec 31, 2013
Deferred tax asset / (-liability):		
Land use rights	70	64
Property plant and equipment	276	236
Deferred finance expenses	–	(74)
Deferred tax asset / (liability)	346	226

10. INCOME TAX (cont'd)

kEUR	Consolidated statement of comprehensive income	
	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Income tax expenses/ (income)		
Land use rights	2	2
Property plant and equipment	(9)	(7)
Deferred finance expenses	(76)	74
Income tax (income)/ expenses	(83)	69

No income taxes have been charged directly to the other comprehensive income.

A reconciliation of the actual tax expenses and the products of accounting profit multiplied by the statutory tax rate are as follows:

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Profit before income tax	14.089	14,655
Tax expenses based on weighted average tax rate of 24.7% (2013: 24.5%)	3,480	3,590
Effect of tax losses not carried forward	106	235
Differences in the tax rates to Singapore	6	(17)
Differences in the tax rates to Germany	(51)	(66)
Differences in the tax rates to China	45	76
Tax effect of expenses not deductible	207	723
Tax effect of income exempt from tax	(200)	(23)
Others	(74)	(95)
Actual tax expenses as presented in the consolidated statement of comprehensive income	3,519	4,423

The effective tax rate amounts to 25.0% in 2014 and 30.2% in 2013.

At December 31, 2014 and December 31, 2013, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries. The Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised, aggregate to kEUR 2,877 (2013: kEUR 2,364).

No dividend has been declared for 2014.

Haikui Seafood AG (parent)

In Germany, the Company is subject to corporate income tax at a rate of 15% plus a 5.5% solidarity surcharge (Solidaritätszuschlag) thereon (in total 15.825%). In addition, the Company is subject to trade tax (Gewerbesteuer) with their income from permanent establishments in Germany subject to certain adjustments for trade tax purposes, the trade taxable income (Gewerbeertrag). As at December 31, 2014, the effective trade tax for Hamburg is 16.45% of the trade taxable income (Gewerbeertrag).

Dividend income that the Company receives from corporations domiciled outside Germany such as Haikui Singapore is generally exempt from corporate income tax. However, 5% of the tax exempt dividend income is deemed to be a non-deductible business expense for corporate income tax purposes, and as a result is subject to corporate income tax (plus solidarity surcharge).

10. INCOME TAX (cont'd)

Dividend income of the Company derived from its shares in Haikui Singapore will be subject to trade tax. However, such dividend income of the Company will be exempt from trade tax but for 5%, if specific preconditions are fulfilled (Section 9 No. 7 of the Trade Tax Act).

As the Company did not have assessable profits for the accounting period ended December 31, 2014, no German corporate income or trade taxe have been provided for.

As of December 31, 2014, the Group has tax losses carried forward at the amount of approximately kEUR 4,081 (2013: kEUR 3,520), which arose in Germany.

Although the management assumes that the Company will generate future taxable profits through dividend and interest income in order to be able to fully utilise these tax losses, no deferred tax assets has been provided for the tax losses carried forward as the timing of the utilisation is uncertain and the taxable profits through dividends are limited to 5% of the tax exempt dividend income. Furthermore, tax losses carry forward will be forfeited completely in the event that more than 50% of the share capital, participation rights or voting rights of the Company are directly or indirectly transferred within 5 years to one acquirer or a related person hereto or a group of acquirers with the same interest or any comparable circumstances of the case. If more than 25% and up to 50% are transferred the tax losses carry forward will be forfeited proportionally.

Haikui Seafood Pte Ltd., Singapore

Haikui Seafood Pte. Ltd. has no taxable income for the financial period ended December 31, 2014. The statutory income tax rate applicable to the Company was 17% for the period ended December 31, 2014.

The Group has no tax losses carried forward as of December 31, 2014 and December 31, 2013 which arose in Singapore. Pursuant to Singapore tax laws, the accumulated tax losses do not expire, provided that there is no substantial change in the shareholdings and/or there is no change in the principal activities of the Company. They may not be used to offset taxable income elsewhere in the Group.

There is no capital gain taxes imposed on Haikui Seafood Pte. Ltd. on gains realised from the disposal of investment under the Singapore tax regime.

Fujian Dongshan Haikui Aquatic Products Group Ltd., Dongshan/PRC

On March 12, 2007, the subsidiary, Fujian Haikui was converted into a foreign investment enterprise ("FIE"), for which - starting from fiscal year 2012 - the applicable tax rate is 25%.

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the financial year.

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Profit for the financial year attributable to equity holder of the parent	10,570	10,232
Weighted average number of issued and outstanding no par shares (in thousands)	10,276	10,276
Basic and diluted earnings per share (in Euro)	1.03	1.00

12. INTANGIBLE ASSETS

kEUR	Goodwill
Cost	
As at December 31, 2012 and January 1, 2013	746
Translation differences	(6)
As at December 31, 2013 and January 1, 2014	740
Translation differences	93
As at December 31, 2014	833
Net carrying value	
As at December 31, 2012	746
As at December 31, 2013	740
As at December 31, 2014	833

13. IMPAIRMENT TESTING OF GOODWILL

The recognised goodwill results from a business combination in 2010/2011 and comprises the value of expected synergies arising from the acquisition as well as intangible assets that do not qualify for separate recognition such as employee knowhow. Goodwill is allocated entirely to the 'frozen product' segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

In accordance with IAS 36 Impairment of Assets, the carrying values of the group's goodwill on acquisition as at December 31, 2014 and December 31, 2013 were assessed for impairment as of year end.

Carrying value	Goodwill EUR'000	Basis on which recoverable values are determined	Terminal growth rate (%)	Pre-tax discount rate (%)
December 31, 2014	833	Value in use	0	9.6
December 31, 2013	740	Value in use	3	16.2

Goodwill is allocated for impairment testing to the cash generating unit (CGU) "frozen grilled seafood products" which belong to the frozen seafood segment. The CGU is a sub segment one step below the segment.

In 2013, the aggregation of assets to identify the CGU "frozen grilled seafood products" has been changed as parts of the assets which were used to produce frozen grilled seafood products until 2012 are used in 2013 and onwards to produce other frozen seafood products.

A three year cash flow forecast was prepared by the Management Board and approved by the Supervisory Board.

The value-in use calculation applies a discounted cash flow model using cash flow projections based on financial budgets and most recent forecasts approved by management. The discount rate applied to the cash flow projections is derived from the cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU (i.e. weighted average cost of capital "WACC"). The terminal growth rate used does not exceed the long term average growth rate of the respective industry and country in which the CGU operates.

A reasonable change to the assumptions used by the management to determine the impairment required, particularly the gross margin, discount rate and terminal growth rate, would not significantly affect the results.

No impairment loss was required for the financial period ended December 31, 2014 for the goodwill assessed as their recoverable values were in excess of their carrying values.

14. LEASE PREPAYMENTS FOR LAND USE RIGHTS

kEUR	Land use rights
As at January 1, 2013	1,484
Expensed for the year	(41)
Translation differences	(12)
As at December 31, 2013 and January 1, 2014	1,431
Expensed for the year	(46)
Translation differences	175
As at December 31, 2014	1,560
Balance as at December 31, 2013	
Thereof current	40
Thereof non-current	1,391
Balance as at December 31, 2014	
Thereof current	45
Thereof non-current	1,515

As at December 31, 2014, certain land use rights with a net carrying value of approximately kEUR 434 (December 31, 2013: kEUR 397) have been pledged as security for the Group's other borrowings as disclosed in Note 26.

Land use rights are charged to the profit or loss on a straight-line basis lease period. Amortisation of lease prepayments is included in "cost of sales".

Lease prepayments for land use rights (kEUR 1,560, 2013: kEUR 1,431) and the respective land are paid and situated in the PRC and can only be transferred to Chinese companies or Chinese citizen and are not allowed to be sold to foreigners.

15. PROPERTY, PLANT AND EQUIPMENT

kEUR	Buildings on leasehold land	Plant and machinery	Office equipment	Motor vehicles	Furniture and fittings	Construction in progress	Total
Cost							
As at January 1, 2013	11,618	6,408	181	919	69	–	19,195
Additions	38	169	17	99	1	–	324
Translation differences	(97)	(58)	(1)	(9)	(1)	–	(166)
As at December 31, 2013 and January 1, 2014	11,559	6,519	197	1,009	69	–	19,353
Additions	–	73	13	–	–	12,858	12,944
Translation differences	1,449	824	25	126	9	1,165	3,598
As at December 31, 2014	13,008	7,416	235	1,135	78	14,023	35,895
Accumulated depreciation							
As at January 1, 2013	2,343	2,799	97	328	62	–	5,629
Depreciation charge	594	783	23	190	5	–	1,595
Translation differences	(33)	(40)	(1)	(7)	–	–	(81)
As at December 31, 2013 and January 1, 2014	2,904	3,542	119	511	67	–	7,143
Depreciation charge	599	797	23	193	2	–	1,614
Translation differences	419	515	17	82	8	–	1,041
As at December 31, 2014	3,922	4,854	159	786	77	–	9,798
Net carrying value							
As at December 31, 2012	9,275	3,609	84	591	7	–	13,566
As at December 31, 2013	8,655	2,977	78	498	2	–	12,210
As at December 31, 2014	9,086	2,562	76	349	1	14,023	26,097

All property, plant and equipment held by the Group are located in the PRC. As at December 31, 2014, certain buildings on leasehold land with a net carrying value of approximately kEUR 226 (December 31, 2013: kEUR 252) has been pledged as security for the Group's other borrowings (Note 26).

As of December 31, 2014, borrowing costs which were directly attributable to the construction of our new production facility were capitalized under "Construction in progress" in the amount of kEUR 14 (December 31, 2013: kEUR 0).

Buildings on leasehold land (kEUR 9,086; kEUR 8,655), plants and machinery (kEUR 2,562, 2013: kEUR 2,977) and construction in progress (kEUR 14,023; 2013: kEUR 0) are situated in the PRC and can only be transferred to Chinese companies or Chinese citizen and are not allowed to be sold to foreigners. For restrictions on cash and bank balances please refer to the disclosure in Note 20.

16. OTHER NON-CURRENT ASSETS

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Long term advances to raw material suppliers	2,934	3,964
Prepayment for land use rights	1,337	9,148
	4,271	13,112

Long term advances are paid to raw material suppliers under the framework supply agreements.

On December 23, 2013 Fujian Haikui secured land use rights of 1,000 mu (approximately 66 ha) at Dongshan Marine Biotechnology Industrial Park to construct the new seafood processing factory. The purchase price amounted up to RMB 110,000/mu (approximately EUR 13,189/mu) and should have been paid in two instalments. kRMB 77,000 (approximately kEUR 9,148) were paid in 2013.

On October 16, 2014 Fujian Haikui signed an agreement regarding the relocation of its existing seafood processing facilities to the new Dongshan Marine Biotechnology Industrial Park ("Relocation Agreement"). The Relocation Agreement superseded the agreement signed on December 23, 2013. The amount of kRMB 77,000 (approximately kEUR 9,895) paid in 2013 was refunded to Fujian Haikui on October 16, 2014. Based on the Relocation Agreement signed with the local authorities, Fujian Haikui will now acquire land use rights of 200 mu (approximately 13 hectares) for the construction of the new seafood processing factory. The purchase price amounts to RMB 106,000/mu (approximately EUR 13,568/mu) and will be paid in two instalments. A deposit of kRMB 2,000 (approximately kEUR 256) and 1st instalment of kRMB 10,000 (approximately kEUR 1,285) were paid after contract signing.

17. INVENTORIES

	Consolidated statement of financial position	
kEUR	Dec 31, 2014	Dec 31, 2013
Seafood supplies	18,055	16,241
Processed seafood	15,989	27,192
Packaging materials and other consumables	114	143
	34,158	43,576

The cost of inventories recognised as expense and included in "cost of sales" amounted to kEUR 93,165 (2013: kEUR 88,384). Thereof, kEUR 0 (2013: kEUR 947) refer to inventories written off.

18. TRADE AND OTHER RECEIVABLES

kEUR	Dec 31, 2014	Dec 31, 2013
Trade receivables	20,957	18,942
Value-added tax receivables	5,907	10,911
	26,864	29,853

The value-added tax receivables relate to value added tax refundable from the PRC taxation authority.

19. OTHER CURRENT ASSETS

kEUR	Dec 31, 2014	Dec 31, 2013
Deferred finance expenses	–	293
Prepayments and deposits	2,866	2,281
Lease prepayment for land use rights	45	40
Other receivables	5,672	6,031
	8,583	8,645

Other receivables mainly comprise short term advances paid to raw material suppliers under the framework supply agreements.

Deferred finance expenses relate to transaction costs which were incurred for a loan granted by Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG). Further disclosures are provided in Note 26.

20. CASH AND CASH EQUIVALENTS

As at December 31, 2014 and December 31, 2013, the Group had cash and bank balances denominated in Chinese Renminbi ("RMB") amounting to kRMB 693,741 (kEUR 92,754) and kRMB 408,744 (kEUR 48,558) respectively. The RMB is not freely convertible into foreign currencies. Under the People's Republic of China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

21. SHARE CAPITAL

Subscribed Capital

Haikui Seafood AG was formed with a subscribed capital of EUR 10,000,000.00 provided by means of the non-cash contribution of all the shares of Haikui Seafood Pte Ltd. All the shares have equal rights pertaining to voting and dividends.

In 2012, the shares of the Company have been admitted to trading on the Prime Standard of the Frankfurt Stock Exchange. On May 11, 2012, the increase of the subscribed capital was registered in the commercial register of the local court of Hamburg. On May 15, these 276,000 shares were initially traded on the Frankfurt Stock Exchange at an initial share price of EUR 10,00 per share. The subscribed capital therefore amounts to EUR 10,276,000 as of December 31, 2014 and December 31, 2013 and is divided into 10,276,000 bearer shares without nominal value (nil-par shares), with a proportional amount of the subscribed capital of EUR 1.00 each. The subscribed capital is fully paid in.

Authorised Capital

Pursuant to the Articles of Association dated May 10, 2012, the Management Board is authorised to increase the share capital of the Company with the consent of the Supervisory Board until October 1, 2015, one or several times by up to a total of EUR 5,000,000, issuing up to a total of 5,000,000 new no par value bearer shares, each representing EUR 1.00 of the share capital, in consideration of contributions in cash or in kind. In each case ordinary shares and/or non-voting preference shares may be issued. The Management Board is, however, authorised to exclude the shareholders' subscription rights, with the approval of the Supervisory Board, in certain cases, in particular:

- if a capital increase of the share is carried out to enable the Company to acquire companies, parts of companies or participations in companies or to acquire other contributions in kind;
- for fractional amounts;
- for granting shares to employees and the members of the Management Board of the Company, or affiliated companies in connection with employees´ participation programs;
- if shares are issued in consideration of contributions in cash at an issue price which is not significantly lower than the market price and the new shares issued excluding the subscription rights do not exceed the computed proportion of 10% of the share capital, being EUR 1,000,000. In order to compute the 10% portion, section 186 paragraph 3 Sentence 4 Stock Corporation Act needs to be applied;

21. SHARE CAPITAL (cont'd)

Authorised Capital (cont'd)

- for the submission of shares of the Company or of certificates representing shares in the Company at domestic and foreign stock exchanges at which the shares of the Company or the certificates representing shares in the Company are admitted for trading by then;

- to grant subscription rights to the holders of convertible bonds, convertible participation rights or option rights to an extent they would be entitled to in case of execution of their conversion right or option right respectively.

The Management Board is authorised, with the approval of the Supervisory Board, to determine the rights to, and the details and the conditions of the capital increase out of the authorised capital and the issuing of new shares.

With the issuance of 276,000 shares on May 15, 2012, an unused authorised capital of 4,724,000 shares is remaining as at December 31, 2014.

22. LEGAL RESERVES

The Company

The Company is required to transfer 5% of the profit after tax as reported in its German statutory financial statements to statutory reserves (section 150 paragraph 2 of the German Stock Corporation Act), until this reserve together with the capital reserve attain at least 10% of the share capital. Under certain circumstances this reserve may be used to make up losses incurred or be converted into paid up capital, as long as the reserves amount to at least 10% of the share capital. Due to losses, the statutory reserve of Haikui Seafood AG amounts to EUR Nil as at December 31, 2014 and December 31, 2013.

Fujian Haikui

The subsidiary, Fujian Haikui, was converted to a wholly foreign-owned enterprise ("WFOE") in November 2007. In accordance with the Foreign Enterprise Law of the PRC, the subsidiary, Fujian Haikui, a WFOE must make contributions to a legal reserves. At least 10% of the net profit for the year as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the legal reserves. If the cumulative total of the legal reserves reaches 50% of an enterprise's registered capital, the enterprise will not be required to make any further contribution.

The legal reserves may be used to offset accumulated losses or increase the registered capital of the company, subject to approval from relevant PRC authorities and is not available for dividend distribution to the shareholders. The PRC enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made good. The legal reserve of Fujian Haikui developed as follows:

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
At the beginning of the year	5,830	5,830
Transfer to capital reserves[1]	(3,431)	–
Transfer from retained earnings[2]	1,049	–
At the end of the year	3,448	5,830

1 The transfer from legal reserves to capital reserves results from an increase in registered capital for Fujian Haikui in 2014.

2 10% of the net profit for the year as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the legal reserves. As the registered capital of Fujian Haikui has been increased in 2014 by kRMB 28,000 (kEUR 3,431), kEUR 1,049 had to be allocated to the legal reserve to reachs 50% of Fujian Haikui"s registered capital.

23. CAPITAL RESERVE

The capital reserve developed as follows:

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
At the beginning of the year	2,164	2,164
Transfer from legal reserve	3,431	–
At the end of the year	5,595	2,164

The capital reserve is non-distributable.

24. OTHER RESERVES

The merger reserve arises from the difference between the purchase consideration paid and the nominal value of the shares of the subsidiary acquired under the predecessor accounting method.

25. CURRENCY TRANSLATION RESERVE

The currency translation reserve represents the foreign currency translation differences arising from the translation of the subsidiaries financial statements from their respective functional currencies to the presentation currency EUR.

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
At the beginning of the year	11,557	13,060
Net currency translation difference for the year recognised in other comprehensive income	20,597	(1,503)
At the end of the year	32,154	11,557

The net currency translation differences recognised in other comprehensive income in 2014 had an income tax effect of nil.

26. FINANCIAL LIABILITIES

The financial liabilities comprise the following:

kEUR	Dec 31, 2014	Dec 31, 2013
Financial liabilities (non-current)		
Borrowings	5,249	1,735
Financial liabilities (current)		
Borrowings	305	271

Borrowings comprise the following:

Current		
Secured	305	271
	305	271
Non-current		
Secured	5,249	1,735
	5,249	1,735
Total	5,554	2,006

26. FINANCIAL LIABILITIES (cont'd)

World Bank loan

As at December 31, 2014, borrowings granted on July 31, 1998 by the world bank bear floating interest rates ranging from 0.59% to 0.66% (December 31, 2013: 0.77% to 0.98%) per annum. They are repayable as follows:

(i) Tranche A – over 15 years in equal instalments of USD105,309 per annum commencing July 31, 2003; and

(ii) Tranche B – over 13 years in equal instalments of USD199,564 per annum commencing July 31, 2005.

Full repayment is scheduled to be completed by July 31, 2018.

Other borrowings are secured by certain land use rights and buildings on leasehold land of the Group as disclosed in Note 14 and Note 15 respectively.

DEG loan

On December 23, 2013, our subsidiary Fujian Haikui secured an USD 25.0 million (approximately kEUR 18,158) loan from Deutsche Investitions- und Entwicklungsgesellschaft mbH ("DEG") to finance the planned seafood processing factory. The loan will be disbursed based on the progress of the construction of the planned seafood processing factory.The first disbursement amounting to USD 5.0 million (approximately kEUR 4,022) has been disbursed on November 12, 2014. The remaining disbursements of USD 20 million (approximately kEUR 16,452) are expected in 2015. Beginning from March 15, 2016, USD 2.5 million will be repaid every six month. Full repayment is scheduled to be completed by September 15, 2020.

Transaction costs at the amount of kUSD 243 (approximately kEUR 200) as well as a floating rate of 6 months USD Libor rate plus 4% (being 4.36% for the respective period in 2014) per annum were considered when calculating the effective interest rate. The effective interest rate used for the valuation of the loan was calculated to be 5.44%.

The bank borrowings are secured by a first ranking pledge of shareholdings in Haikui Seafood AG granted by Haida Holdings Pte. Ltd. in a value of at least 150 % of the outstanding loan amount (based on the stock exchange price). Furthermore, Haikui Seafood AG has granted an intra group suretyship ("Bürgschaft") towards DEG. The surety's obligation depends on the current status of the secured obligations, the suretyship thus covers all present and future ancillary claims such as interest, expenses and costs of any type. As of December 31, 2014 the amount covered by the suretyship amounted to kUSD 5,279 (approximately kEUR 3,566) (2013: kEUR 0). Mr. Chen Zhenkui, member of the management board, has guaranteed the due and punctual fulfilment and performance of Fujian Haikui.

27. OTHER CURRENT LIABILITIES

kEUR	Dec 31, 2014	Dec 31, 2013
Employee related accruals	943	761
Other accruals	315	229
Other payables	1,117	546
Payables due to supervisory board members	44	48
Payables due to related party	266	100
	2,685	1,684

28. INVESTMENT IN SUBSIDIARIES

The Company has the following subsidiaries, which also form part of these consolidated financial statements:

Name of companies	Principal activities	Country of incorporation	Effective equity interest held as at Dec 31, 2014 %	Effective equity interest held as at Dec 31, 2013 %
Held by the Company:				
Haikui Seafood Pte. Ltd.	Investment holding	Singapore	100	100
Held by Haikui Seafood Pte. Ltd:				
Fujian Dongshan Haikui Aquatic Products Group Co., Ltd. (福建省东山县海魁水产集团有限公司)	Production and distribution of frozen and canned seafood products	PRC	100	100
Held by Fujian Dongshan Haikui Aquatic Products Group Co., Ltd.:				
Fujian Kehai Aquaculture Co., Ltd (福建省海魁水产科技有限公司)	Cultivation of aquatic products	PRC	100	100
Fujian Haikui Aquatic Products Technology Co., Ltd (福建科海养殖有限公司)	Production and distribution of seafood products	PRC	100	100
Fujian Dongshan Haikui Aquatic Product Research Institute Co., Ltd (福建东山海魁水产研究所有限公司)	Research and development of seafood products and aquaculture techniques	PRC	100	100

29. CONTINGENT LIABILITIES

The Chinese subsidiary Fujian Dongshan Haikui Aquatic Products Group Co., Ltd. has signed an agreement in which it commits to voluntarily donate RMB 1.1 million per annum (approximately kEUR 120 per annum) from 2012 for a period of 20 years, to two charitable organisations in the PRC. The donations to the charitable organisation are made on a voluntary basis and the decision to make the annual donations is at the sole discretion of the subsidiary each year. The contingent liability in total amounts to kEUR 2,380 as at December 31, 2014 (2013: kEUR 2,115).

30. COMMITMENTS

a) Non-cancellable operating lease commitments

As at balance sheet date, the Group leased office space under a non-cancellable operating lease agreement. The lease has a term of one year, escalation clauses and a renewal right. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

kEUR	Dec 31, 2014	Dec 31, 2013
Future minimum lease payments		
- not later than 1 year	16	18

30. COMMITMENTS (cont'd)

b) Capital and other financial commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

kEUR	Dec 31, 2014	Dec 31, 2013
Contracted and not provided for in the financial statements		
– capital expenditures for property, plant and equipment	21,343	911
– capital expenditures for prepayments for land use right	1,230	3,920

31. RELATED PARTY INFORMATION

The ultimate parent
Haida Holdings Pte. Ltd. is the ultimate parent located in Singapore and owns 50.8% (2013: 50.2%) of the ordinary shares in the Company.

Entity with significant influence over the Group
As at December 31, 2014 Mega Bond International Limited owns 32.7% of the ordinary shares in the Company (2013: 32.7%).

Transactions between the Company and its subsidiaries (see Note 28) have been eliminated on consolidation and are not disclosed in this note. In addition to the transactions and balances detailed elsewhere in this report, the Group had the following transactions and balances with related parties as disclosed below:

kEUR	Dec 31, 2014	Dec 31, 2013
Purchase of Services		
Related parties (non-trade)	836	73
Other current assets		
Prepayment to related parties (non-trade)	8	7
Other current liabilities		
Payables due to supervisory board members	44	48
Payables due to other related parties	266	100

The balances due to/ from related parties are unsecured, interest-free and repayable on demand.

There were no transactions with Haida Holdings Pte. Ltd. or with Mega Bond International Limited Ltd. in 2014.

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Compensation of key management personnel (inclusive of the supervisory board members)		
Salaries and bonuses	576	584
Defined contribution pension scheme	9	12
	585	596
Comprise amounts paid to:		
- Supervisory board members and Management of the Company	560	570
- Other key management personnel	25	26
	585	596

32. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group that makes strategic decisions.

In identifying the operating segments, the Chief Executive Officer generally follows the Group's product categories

- Frozen products
- Canned products

Segment performance is evaluated based on gross profit (or loss) and is measured consistently with operating profit or loss in the consolidated financial statements. Although amortisation and depreciation is included in the gross profit measure for each segment, the related assets are not allocated to the segment for management reporting purposes.

The Group's non-current assets other than financial instruments and deferred tax assets are all located in the PRC.

During 2014, there were no inter-segment transfers.

kEUR	Frozen products	Canned products	Total
Financial period ended December 31, 2014			
Revenues from external customers	94,544	26,549	121,093
Gross profit	16,161	3,632	19,793
Other income			389
Distribution expenses			(1,338)
Administrative expense			(4,860)
Other operating expense			(67)
Profit from operations			13,917
Financial income			453
Financial expenses			(281)
Profit before income tax			14,089
Amortisation, depreciation and expenses on land use rights	1,296	364	1,660
Financial period ended December 31, 2013			
Revenues from external customers	94,817	22,821	117,638
Gross profit	18,082	3,138	21,220
Other income			810
Distribution expenses			(1,826)
Administrative expense			(4,065)
Other operating expense			(199)
Profit from operations			15,940
Financial income			585
Financial expenses			(1,870)
Profit before income tax			14,655
Amortisation, depreciation and expenses on land use rights	1,319	317	1,636

32. SEGMENT INFORMATION (cont'd)

The Group's revenues from external customers are divided into the following countries/geographical areas:

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
People's Republic of China ("PRC")	4,346	12,428
Taiwan	75,829	30,856
Hong Kong	2,412	10,783
Rest of Asia	6,961	26,183
Germany	1,106	2,472
Rest of Europe	12,488	19,011
United States of America	10,137	9,023
Others	7,814	6,882
	121,093	117,638

The revenues from external customers are attributed to the countries/geographical areas by destination of shipment.

The Group's gross profit is divided into the following countries/geographical areas:

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
People's Republic of China ("PRC")	459	2,285
Taiwan	12,953	6,046
Hong Kong	479	2,398
Rest of Asia	1,171	5,408
Germany	288	489
Rest of Europe	1,474	2,581
United States of America	1,869	1,681
Others	1,100	1,279
Inventories written off	–	(947)
	19,793	21,220
Other income	389	810
Distribution expenses	(1,338)	(1,826)
Administrative expense	(4,860)	(4,065)
Other operating expense	(67)	(199)
Profit from operations	**13,917**	**15,940**
Finance expense, net	172	(1,285)
Profit before income tax	**14,089**	**14,655**

Rest of Asia includes mainly Malaysia, Thailand, Vietnam and Sri Lanka.

Rest of Europe includes mainly Spain, Italy, United Kingdom, France, Belgium and The Netherlands.

Others include mainly Russia, Dominican Republic and Mexico.

32. SEGMENT INFORMATION (cont'd)

In 2014, two external customers accounted each for more than 10% of the Group's total revenue as follows:

kEUR	% of total revenues	Frozen products	Canned products	Total
Customer 1	51.3	47,335	14,781	62,116
Customer 2	20.1	21,377	2,924	24,301

In 2013, the Group generated 10.7% of its total revenue from only one external customer. These revenues amounted to kEUR 10,514 for the frozen segment and kEUR 2,098 for the canned segment.

33. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

kEUR	Dec 31, 2014	Dec 31, 2013
Financial assets		
Loans and receivables (including cash and cash equivalents balances)	123,253	78,754
Financial liabilities		
Liabilities excluding income tax liabilities (measured at amortised costs)	8,835	3,705

Financial risk management objectives and policies

Haikui strives to maximise the financial interest of its stakeholders through sound and efficient financial management involving the necessary financial and liquidity planning.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Management Board reviewed and informally defined policies for managing each of these risks regularly.

The Group has formalised and improved Group-wide policies, principles and guidelines for systematic and effective risk management. The Management Board has defined Group-wide principles and rules of behaviour as well as guidelines for systematic and effective risk management.

It is the Group's policy not to trade in derivative contracts.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As defined by IFRS 7, foreign exchange risks arise on account of financial instruments being denominated in a currency that is not the functional currency and being of monetary rate; differences resulting from the translation of financial statements into the group's presentation currency are not taken into consideration. The Group has transactional currency exposures arising from sales in USD. During the period ended December 31, 2014, approximately kEUR 116,747 (2013: kEUR 105,210) of the Group's sales were denominated in USD.

The Group has bank balances, trade receivables and loans denominated in USD and accordingly, the Group's statement of financial position can be affected by movements in the USD exchange rates.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in the PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions. The Group has not entered into any derivative instruments for hedging or trading purposes. The Group's currency exposure is as follows:

kEUR	United States Dollar	Chinese Renminbi	Euros	Singapore Dollar	Total
December 31, 2014					
Financial assets					
Other non-current assets	–	2,934	–	–	2,934
Trade receivables	20,770	187	–	–	20,957
Other current assets	–	5,672	–	4	5,676
Cash and cash equivalents	874	92,754	15	43	93,686
	21,644	101,547	15	47	123,253
Financial liabilities					
Trade payables	–	(596)	–	–	(596)
Other payables and accruals	(635)	(1,267)	(260)	(213)	(2,375)
Borrowings	(5,554)	–	–	–	(5,554)
Due to related parties	–	(266)	–	–	(266)
Due to supervisory board members	–	–	(44)	–	(44)
	(6,189)	(2,129)	(304)	(213)	(8,835)
Net financial assets/ (liabilities)	15,455	99,418	(289)	(166)	114,418
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	–	(99,418)	289	166	(98,963)
Net foreign currency exposure	15,455	–	–	–	15,455
December 31, 2013					
Financial assets					
Other non-current assets	–	3,964	–	–	3,964
Trade receivables	18,895	47	–	–	18.942
Other current assets		6,031		3	6,034
Cash and cash equivalents	1,165	48,558	9	82	49,814
	20,060	58,600	9	85	78,754
Financial liabilities					
Trade payables	–	(15)	–	–	(15)
Other payables and accruals	–	(1,070)	(293)	(173)	(1,536)
Borrowings	(2,006)	–	–	–	(2,006)
Due to related parties		(100)	–	–	(100)
Due to supervisory board members	–	–	(48)	–	(48)
	(2,006)	(1,185)	(341)	(173)	(3,705)
Net financial assets/ (liabilities)	18,054	57,415	(332)	(88)	75,049
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	–	(57,415)	332	88	(56,995)
Net foreign currency exposure	18,054	–	–	–	18,054

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax and net equity to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

kEUR	Profit for the year 2014	Profit for the year 2013
USD/RMB		
- strengthened 10%	1,555	1,165
- weakened 10%	(1,555)	(1,165)

kEUR	Equity 2014	Equity 2013
USD/RMB		
- strengthened 10%	1,555	1,165
- weakened 10%	(1,555)	(1,165)

kEUR	Profit for the year 2014	Profit for the year 2013
USD/SGD		
- strengthened 10%	–*	640
- weakened 10%	–*	(640)

kEUR	Equity 2014	Equity 2013
USD/SGD		
- strengthened 10%	–*	640
- weakened 10%	–*	(640)

* In 2014, the group's exposure to foreign-currency changes other than the USD to RMB was deemed to be not material.

(ii) Interest rate risk

The Group obtains additional financing through short-term bank loans and other borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at December 31, 2014 and December 31, 2013 there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk:

kEUR	As at Dec 31, 2014	As at Dec 31, 2013
Within one year		
Floating rate:		
Borrowings	305	271
Within 2 to 5 years		
Floating rate:		
Borrowings	5,249	1,735

Interest in financial instruments subject to floating interest rates is re-priced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

Interest risk sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates.

If the interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended December 31, 2014 would (decrease) / increase by approximately kEUR (11) / +13 (2013: kEUR (21) / +20). The Group's equity as of December 31, 2014 would (decrease) / increase by approximately kEUR (11) / +13 (2013: kEUR (21) / +20), accordingly. This is mainly attributable to the Group's exposure to interest rates on its variable rates borrowings.

(b) Credit risk

The Group's major classes of financial assets are bank deposits and trade receivables.

The carrying amounts of cash and bank balances, trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the statement of financial position are not impaired due to its good collection track record.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Chief Executive Officer based on on-going credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management.

The Group's trade receivables comprise 12 debtors (2013: 38 debtors) that individually represented 0.1% to 72.3% (2013: 0.1% to 39.7%) of trade receivables.

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

The maximum credit period granted on sales of goods is 100 days (2013: 100 days). No interest is charged on the trade receivables on the outstanding balance.

The age analysis of trade receivables (excluding VAT receivables) is as follows:

kEUR	Dec 31, 2014	Dec 31, 2013
Not past due and not impaired (Note 18)	20,957	18,942

The Group has not experienced any default in payment from its receivables for the financial year ended December 31, 2014 and December 31, 2013.

(c) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail the contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management objectives and policies (cont'd)

	On demand or within 1 year			Within 2 to 5 years			After 5 years			Total		
kEUR	Interest	Repayment	Total	Interest	Repayment	Total	Interest	Repayment	Total	Interest	Repayment	Total
December 31, 2014												
Trade payables	–	596	596	–	–	–	–	–	–	–	596	596
Other payables and accruals	–	2,375	2,375	–	–	–	–	–	–	–	2,375	2,375
Due to related party	–	266	266	–	–	–	–	–	–	–	266	266
Due to supervisory board members	–	44	44	–	–	–	–	–	–	–	44	44
Borrowings	12	305	317	24	5,249	5,273	–	–	–	36	5,554	5,590
Total	12	3,586	3,598	24	5,249	5,273	–	–	–	36	8,835	8,871
December 31, 2013												
Trade payables	–	15	15	–	–	–	–	–	–	–	15	15
Other payables and accruals	–	1,536	1,536	–	–	–	–	–	–	–	1,536	1,536
Due to related party	–	100	100	–	–	–	–	–	–	–	100	100
Due to supervisory board members	–	48	48	–	–	–	–	–	–	–	48	48
Borrowings	20	271	291	53	1,735	1,788	–	–	–	73	2,006	2,079
Total	20	1,970	1,990	53	1,735	1,788	–	–	–	73	3,705	3,778

Fair values of financial instruments

Fair value hierarchy

The Group classifies fair value measurement using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3 - Techniques which use inputs for the assets or liability that have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2014 and December 31, 2013, the Group held no assets within the scope of IAS 39, which are recorded at fair value.

33. FINANCIAL RISK MANAGEMENT (cont'd)

Fair values of financial instruments (cont'd)

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are presented in the financial statements:

kEUR	As at Dec 31, 2014 Carrying amount	As at Dec 31, 2014 Fair Value	As at Dec 31, 2013 Carrying amount	As at Dec 31, 2013 Fair value
Financial assets measured at amortised cost (loans and receivables):				
Other non-current assets	2,934	2,940	3,964	3,964
Trade receivables	20,957	20,957	18,942	18,942
Cash and cash equivalents	93,686	93,686	49,814	49,814
Other current assets	5,676	5,676	6,034	6,034
Total	123,253	123,259	78,754	78,754
Financial liabilities measured at amortised cost				
Trade payables	596	596	15	15
Other payables and accruals	2,375	2,375	1,536	1,536
Borrowings	5,554	5,554	2,006	2,006
Due to related parties	266	266	100	100
Due to supervisory board members	44	44	48	48
Total	8,835	8,835	3,705	3,705

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The carrying amounts of trade and other receivables, cash and cash equivalents, other current assets and liabilities, and other borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Long-term receivables are evaluated by the Group based on parameters such as interest rates and individual creditworthiness of the recipient. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2014, the carrying amounts of such long term receivables, net of allowances, were not materially different from their calculated fair values (Level 2, DCF method).

The carrying amounts of the secured bank loans and other borrowings approximate their fair values (Level 2, DCF method) due to their variable interest rates.

There have been no transfers between Level 1 and Level 2 during the period.

The interest rates used to discount estimated cash flows, where applicable, are based on the following:

kEUR	Dec 31, 2014 %	Dec 31, 2013 %
Financial assets		
Other non-current assets	6.00	6.15

34. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 26, cash and bank balances disclosed in Note 20, and equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in the consolidated statement of comprehensive income.

The Management Board reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Board will balance the Group's overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

35. MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The following individuals were members of the Management Board in 2014:

Mr. Zhenkui CHEN (Chairman, Chief Executive Officer)	Occupation:	Businessman
Mr. Zhenping HUANG(Deputy Chairman, Chief Operating Officer)	Occupation:	Businessman
Mr. Alan GEY (Chief Financial Officer)	Occupation:	Businessman

As of January 1, 2015, Mr. Edward LEE was appointed as an additional member of the Management Board.

The following individuals were members of the Supervisory Board:

Dr. Klaus VIETEN (Chairman)	Occupation:	Businessman
Dr. Rainer SIMON (Deputy Chairman)	Occupation:	Businessman
Mr. Hock Eng CHAN	Occupation:	Businessman

36. REMUNERATION REPORT

Total remuneration granted to the members of the Management Board

The total remuneration granted to the members of the Management Board pursuant to Sec. 285 No. 9a German Commercial Code amounted to kEUR 340 (2013: kEUR 343).

Total remuneration granted to members of the Supervisory Board

The total remuneration granted to the members of the Supervisory Board pursuant to Sec. 285 No. 9a German Commercial Code amounted to kEUR 175 (2013: kEUR 175).

Further information in the remuneration report is part of the Combined Management Report. An additional description of the information reported in the remuneration report has been therefore omitted.

37. NUMBER OF EMPLOYEES

The Group employed an average of 1,568 employees, including 666 permanent workers and 902 temporary contract workers for 2014 compared to an average of 1,722, including 650 permanent workers and 1,072 temporary contract workers for 2013. There are no employees for Haikui Seafood AG.

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Number of employees		
Administration (incl. Finance and Accounting)	116	112
Sales and procurement	90	69
Research and development	25	21
Production and quality assurance	435	448
Total permanent employees	666	650
Temporary contract workers	902	1,072
Total employees and temporary contract workers	1,568	1,722

38. TOTAL REMUNERATION OF THE GROUP AUDITOR

CROWE HORWATH Deutschland GmbH was appointed as the auditor of Haikui Seafood AG for the financial year 2014. The total remuneration of the group auditor for the financial year ended 2014 is disclosed below:

kEUR	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013
Audit services	79	90
Other certification services	60	60
Tax services	6	8
Other services	4	4
	149	162

39. EVENTS AFTER THE REPORTING PERIOD

As of January 1, 2015 Mr Edward Lee has been appointed by the Supervisory Board as a member of the Management Board.

Other than that, there were no significant events that took place subsequent to the reporting period as at the date of this report.

40. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Management Board and the Supervisory Board on March 18, 2015 jointly adopted the Company's Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (AktG). The Declaration of Compliance is made public on Haikui Seafood AG's website (http://www.haikui-seafood.com/en/investor-relations/corporate-governance/declaration-of-compliance.)

41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ended December 31, 2014 were approved and authorised for issuance by the Management Board on April 10, 2015.

The Management Board

Frankfurt, April 10, 2015

Zhenkui CHEN	Zhenping HUANG	Alan GEY	Edward LEE

RESPONSIBILITY REPORT

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of Haikui Seafood Group and that the group management report, which has been combined with the management report of Haikui Seafood AG, gives a true and fair view of the business development including the result and situation of the Group and also describes the significant opportunities and risks relating to the anticipated development of the Group for the remaining fiscal year.

The Management Board

Frankfurt, April 10, 2015

Zhenkui CHEN Zhenping HUANG Alan GEY Edward LEE

AUDITORS'S REPORT

We have audited the consolidated financial statements prepared by Haikui Seafood AG, Hamburg, comprising the statements of financial position, comprehensive income, changes in equity and cash flow and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of Haikui Seafood AG, for the financial year from January 01, 2014 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. [paragraph] 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, April 10, 2015

CROWE HORWATH Deutschland GmbH

Wirtschaftsprüfungsgesellschaft

Michael Jetter	Cornelia Schütze
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

FINANCIAL CALENDAR

Date*	Event
15 April 2015	Publication of annual report 2014
29 May 2015	Interim report on the 1st quarter 2015
29 May 2015	Annual General Meeting
20 August 2015	Interim report on the 1st half-year 2015
24 November 2015	Interim report on the 3rd quarter 2015
24-25 November 2015	German Equity Forum in Frankfurt am Main

* All dates are provisional and may be subject to change.

IMPRINT
HAIKUI

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Cautionary note regarding forward-looking statement

This document contains forward-looking statements, which are based on the current estimates and assumptions by the corporate management of Haikui Seafood AG. Forward-looking statements are characterised by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations would turn out to be accurate. Future performance and the results actually achieved by Haikui Seafood AG and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Haikui Seafood AG's control and cannot be accurately estimated in advance, such as the future economic environment or the actions of competitors and others involved in the marketplace. Haikui Seafood AG neither undertakes nor plans to update any forward-looking statements.

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