



18<sup>th</sup> March 2014

Company Announcements Office  
Australian Securities Exchange  
10<sup>th</sup> Floor  
20 Bond Street  
SYDNEY, NSW 2000.

Dear Sir,

## **Cell Aquaculture Limited Enters Heads of Agreement to Acquire Haikou Free Trade Zone Project and Roxy Casino in Cambodia.**

The Directors of Cell Aquaculture Limited ("**CAQ**" or the "**Company**") are pleased to announce that they have entered into a Heads of Agreement ("**HOA**") with the Vendors, Noble Rate Limited ("**NRL**"), Tang Dashun ("**TD**") and Beijing Properties (Holdings) Limited ("**BPH**"), to acquire 100% of all the rights and title to the Haikou Free Trade Zone project and the Roxy Casino in Bavet, Cambodia ("**Projects**").

### **About the Haikou Free Trade Zone Project**

The Haikou Free Trade Zone Project ("the Haikou Project") is located in the Haikou Integrated Free Trade Zone, within the Laocheng Economic Development Zone, Haikou Master Planning and is adjacent to Macun Port. The Haikou Integrated Free Trade Zone is located 15km from the Haikou Railway South Freight Station, 42km from Meilan International Airport and 30km from downtown Haikou, Hainan Island, China.

The Haikou Free Trade Zone is the fourth free trade zone approved in China, by the Central Government. It is the first and currently the only, free trade zone that allows tourist tour programs. The Central Government approval of the Haikou Free Trade Zone is at the highest level, and incorporates the following:

- i) Imported goods bonded storage;
- ii) Domestic goods get export tax rebate;
- iii) The zone is tax free;
- iv) Overseas trading from the zone is tax free;
- v) There are offshore banking policies in place;
- vi) Tourist retail shopping; and
- vii) Imported goods to the domestic market.

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ASX Code: CAQ



### **About the Haikou Free Trade Zone Project (continued)**

Hainan Island was announced an 'international tourism island' by the Central Government in January 2010. Special policies have been announced by the Central Government to assist Hainan Island to become a world-class international tourism destination. These policies have produced some immediate benefits with the island receiving 33 million visitors in 2013, 10 million more than Hong Kong.

The Haikou Project is the first and only shopping centre constructed in a free trade zone in China. It is contained on a 44,020m<sup>2</sup> property and will consist of several multi-storey buildings, containing factories, warehouses, a commercial/administration building and a retail complex. The overall built up areas of these buildings is approximately 79,211m<sup>2</sup> and is comprised of a Shopping Centre of approximately 17,941m<sup>2</sup>, Commercial and administrative space of 5,571m<sup>2</sup>, warehouses of 39,180m<sup>2</sup> and factory space of approximately 14,290m<sup>2</sup>.

It is intended that the lettable area of the property will be primarily tenanted by Diamond and Jewellery businesses, Jewellery manufacturing, loose diamond trading, Jewellery and loose diamond retailing, and bonded storage. Building of the project is targeted for completion in November 2014, with fit out of the interior spaces to then commence with a targeted date for opening of April 2015.

### **About the Roxy Casino in Cambodia**

The Roxy Casino ("the Casino") is located in Bavet City, Syay Rieng Province, Kingdom of Cambodia. It is 160km from Phnom Penh and 87km from Ho Chi Minh City. The Casino is located approximately 200m from the International Border Gate from Cambodia to South Vietnam. It sits on 2,700m<sup>2</sup> of land and has a built up area of 1,700m<sup>2</sup>.

The Casino license is a perpetual license which allows for all types of table games, slots and online gaming including sports betting. The main hall of the Casino can hold up to 25 gaming tables and up to 15 online tables. The Casino has 20 hotel rooms, administrative offices, a restaurant that can seat up to 50 people, and associated facilities.

The Casino is also currently undergoing renovation and refitting of gaming and surveillance equipment. The Casino currently has a set-up team on site and will be fully staffed when the Casino and its hotel is re-opened, with a target re-opening date in mid May 2014.

### **Heads of Agreement**

On the 17<sup>th</sup> of March 2014, CAQ and the Vendors executed a HOA that subject to satisfaction of a number of conditions precedent, will result in CAQ acquiring 100% ownership of the Projects for \$83,000,000 to be satisfied by the issue of 553,333,333 fully paid ordinary shares in the Company at an issue price of \$0.15 per share. The apportionment of the Purchase Price between the Roxy Casino and Haikou Project, and between each Vendor, will be determined prior to the completion of the transaction.

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### Heads of Agreement (continued)

The HOA is subject to a number of conditions as follows:

- i) CAQ and the Vendors conducting and being satisfied with due diligence;
- ii) Regulatory approvals and final documentation;
- iii) Assignment or novation of all relevant business contracts and intellectual property rights;
- iv) CAQ being satisfied with a Valuation of the Projects which is to be prepared by an independent valuer; and
- v) CAQ and the Vendors unanimously agreeing to execute the Share Sale Agreement.

### Due Diligence and Risk Factors

The Company will undertake a due diligence process in relation to the acquisition of both projects. Whilst this process is undertaken to identify or eliminate material risks in relation to the Projects, it should be noted that following completion of the Share Sale Agreement, CAQ will be subject to the usual risks associated with property investment companies.

### Re-compliance With Chapters 1 And 2 of the ASX Listing Rules

In the event that the ASX makes a determination that CAQ is required to re-comply with Chapters 1 and 2, the Company will be required to complete a number of elements determined by the ASX Listing Rules summarised but not limited to the following.

CAQ would be required to call a meeting of shareholders, at which the shareholders will be asked to vote on the proposal to acquire the Projects. If the shareholders approve the transaction to acquire these projects, the Company's shares will be suspended from trading on the ASX until the requirements of Chapters 1 and 2 of the ASX Listing Rules have been satisfied.

### Proposed Timetable for Reconciliation

	Date*
Execution of Share Sale Agreement	7 April 2014
Despatch of Notice of Meeting	5 May 2014
Meeting of Shareholders to Approve Acquisition	5 June 2014
Results announced and suspension of Company's Shares from trading on ASX	5 June 2014
Lodgement of Disclosure Document	6 June 2014
Closure of Disclosure Document	30 June 2014
Satisfaction of all Requirements of Chapters 1 & 2	4 July 2014
Reinstatement to Trading	9 July 2014

\*The above dates are indicative only and are subject to change. The Company will keep shareholders updated on the timing of the implementation of the transaction as it progresses.

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### Indicative Capital Structure after Completion of the Transaction

In the event that the ASX makes a determination that CAQ is to re-comply with Chapters 1 and 2, the Company may need to reconstruct its capital structure as it will require a capital raising at \$0.20 per share.

The table below reflects the indicative capital structure based on the following assumptions:

1. The final capital structure without reconstruction;
2. The final capital structure based on a share price of \$0.10 immediately prior to the issuance of the Notice of Meeting. The reconstruction ratio is one share for every two held; and
3. The final capital structure based on a share price of \$0.15 immediately prior to the issuance of the Notice of Meeting. The reconstruction ratio is two shares for every three held.

	1. Number of Shares (No Reconstruction)	2. Number of Shares (Reconstruction: 1 share for every 2 shares held)	3. Number of Shares (Reconstruction: 2 shares for every 3 shares held)
Current Issued Capital	374,115,356	187,057,678	249,410,237
Consideration shares to be issued to the Vendors <sup>(i)</sup>	553,333,333	276,666,666	368,888,888
<b>Total Issued Shares after Completion of the Transaction<sup>(ii)</sup></b>	<b>927,448,689</b>	<b>463,724,344</b>	<b>618,299,125</b>

(i) Please refer to page 2 under 'Heads of Agreement'.

(ii) The above table and total issued shares after completion of the transaction is indicative only and are subject to change.

**Deborah Ho**  
Company Secretary

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