



8<sup>th</sup> August 2014

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

Dear Sir,

## **Progress Update on the Haikou Free Trade Zone Project**

On 18<sup>th</sup> March 2014, Cell Aquaculture ("the Company") announced the execution of a Heads of Agreement ("HOA") with the Vendors, Noble Rate Limited, Tang Dashun and Beijing Properties (Holdings) Limited, to acquire 100% of the rights and title to two projects; one of these being, the Haikou Free Trade Zone Project on Hainan Island, China ("the Haikou Project").

On 10<sup>th</sup> June 2014, the Company announced the execution of formal Share Sale Agreements with each Vendor.

This announcement is to be read in conjunction with the Company announcements released on the 18<sup>th</sup> March 2014, 10<sup>th</sup> April 2014, 27<sup>th</sup> May 2014, 10<sup>th</sup> June 2014 and 26<sup>th</sup> June 2014.

### **THE HAIKOU PROJECT**

Haikou Peace Base Industry Development Co. Ltd ("HPB") is the legal and beneficial owner of the Haikou Project and is owned by entities legally and beneficially owned by the Vendors. HPB is responsible for the construction and operation of the Haikou Project.

The Haikou Project will contain the following buildings:

1. One commercial and administrative centre with a total built up area of approximately 6,080m<sup>2</sup>;
2. Three factory buildings of various sizes with a total built up area of approximately 17,887m<sup>2</sup>;
3. Four bonded warehouses of various sizes with a total built up area of approximately 41,115m<sup>2</sup>;  
and
4. One exhibition centre with a total built up area of approximately 22,083m<sup>2</sup>.

On the 18<sup>th</sup> July 2014, super typhoon Rammasun hit Hainan Island with maximum estimated sustained winds of 248 kph, according to the Joint Typhoon Warning Center. According to Xinhua News Agency, Rammasun was Hainan's most powerful storm in at least nine years and possibly since 1973.

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### **THE HAIKOU PROJECT (continued)**

Due to prevention measures put into place, HPB was able to minimise damage wreaked by Rammasun. However, direct damage that the Haikou Project suffered is as follows:

1. Some of the scaffolding and safety guard fences on the construction site were damaged;
2. Two of the four cranes on-site were slightly damaged; and
3. Parts of the on-site construction offices and living quarters were damaged.

Rammasun caused an electricity black-out and shut-down water supplies for approximately a week. Roads around the site were closed making it difficult to convey the materials to the site. HPB started the post-disaster construction right after the typhoon hit and the construction site fully recovered around 24<sup>th</sup> July 2014.

### **Progress of Construction**

#### *Commercial and Administrative Centre*

As at 7<sup>th</sup> August 2014, construction of the basement, first floor, second and third floors has been completed. The fourth floor of the Centre is currently undergoing construction.

#### *Factories*

As at 7<sup>th</sup> August 2014, the construction of the first and second floors has been completed for all three factories. The third floor of two warehouses is currently undergoing construction. The third floor of the third warehouse has been completed and the fourth floor is currently undergoing construction.

#### *Bonded Warehouses*

As at 7<sup>th</sup> August 2014, foundation inspection and piling inspection of all four warehouses has been completed. Three warehouses are currently undergoing bedding construction and ground beam construction. The fourth warehouse has completed the bedding construction and is currently undergoing the construction of its interlayer between the foundation and the first floor.

#### *Exhibition Centre*

As at 7<sup>th</sup> August 2014, construction of the basement has been 90% completed. The remainder of the basement and the first floor is currently undergoing construction.

The overall progress summary for the construction of each building structure is as follows:

Building	% Construction Completed
Commercial and Administrative Centre	58%
Factories	56%
Warehouses	56%
Exhibition Centre	48%



### Licenses, Permits and Approvals

As of the 7<sup>th</sup> August 2014, HPB had received the following licences, permits and approvals:

1. The *Planning Permit of Construction Engineering*;
2. The Land Use Certificate for the entire plot on which the project is situated;
3. Approval of the designs of all the warehouses and buildings by the Hainan Centre for Verification and Examination of Construction Drawing;
4. The Qualification license which allows for import and export services; and
5. The business license for the project with a special business scope of processing and selling of diamond, jewellery and gold.

### Lease Commitments

As at 7<sup>th</sup> August 2014, HPB has signed several lease agreements for the entire Commercial and Administrative Centre and for portions of the Factories, Bonded Warehouses and Exhibition Centre.

A summary of the approximate lease commitments is as follows:

Building	Approximate Total Built Up Area (m <sup>2</sup> )	Approximate Area of Lease Commitment Obtained (m <sup>2</sup> )	Approximate Area of Lease Under Negotiations (m <sup>2</sup> )	Approximate Area Vacant (m <sup>2</sup> )
Commercial and Administrative Space	6,080	6,080	-	-
Factory Space	17,887	12,887	5,000	-
Warehouses	41,115	20,000	-	21,115
Exhibition Centre	22,083	10,000	-	12,083
<b>Total</b>	<b>87,164</b>	<b>48,967</b>	<b>5,000</b>	<b>33,198</b>

### Moving Forward

HPB is committed to completing the construction of the Haikou Project with an expected date of November 2014.

A handwritten signature in black ink, appearing to read "Deborah Ho".

**Deborah Ho**  
**Company Secretary**

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