



15th October 2014

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

Dear Sir,

Progress Update on the Haikou Free Trade Zone Project

On 18th 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 10th June 2014, the Company announced the execution of formal Share Sale Agreements with each Vendor.

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 6,080m²;
2. Three factory buildings of various sizes with a total built up area of approximately 17,887m²;
3. Four bonded warehouses of various sizes with a total built up area of approximately 41,115m²;
and
4. One exhibition centre with a total built up area of approximately 22,083m².

On 16th September 2014, China was hit with the fifteenth typhoon of the year, known as typhoon Seagull. Typhoon Seagull caused an electricity black-out and shut-down water supplies for approximately a week.



THE HAIKOU PROJECT (continued)

Direct damage that the Haikou Project suffered from typhoon Seagull is as follows:

1. The safety guard nets surrounding the Exhibition Centre, the Commercial and Administrative Centre and all three factories, were destroyed;
2. The power controls of three cranes suffered from water damage; and
3. The basement of the Exhibition Centre, the basement of all three factories and the basement of all four warehouses were flooded.

The typhoon has caused a delay in the construction timetable for the Project.

Progress of Construction

Commercial and Administrative Centre

As at 13th October 2014, the main construction from the basement to the fifth floor has been completed. The main construction of the sixth floor is currently undergoing construction. The construction of interior walls for the first and second floors has been completed.

Factories

As at 13th October 2014, the main construction of all four floors has been completed for all three factories. The construction of interior walls from the first to third floors for all three factories has been completed. The construction of interior walls on the fourth floors of each factory is currently in progress.

Bonded Warehouses

As at 13th October 2014, foundation inspection, piling inspection, bedding construction and ground beam construction for all four warehouses has been completed. The construction of the interlayer under the first floors of three warehouses is still in progress. The construction of the interlayer under the first floor of the fourth warehouse has been completed and the warehouse is currently undergoing the main construction of the first floor.

Exhibition Centre

As at 13th October 2014, construction of the basement and first floor has been completed. The second 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	64%
Factories	66%
Warehouses	59%
Exhibition Centre	52%

Appendix A illustrates the construction progress of the Haikou Project.



Licenses, Permits and Approvals

As of the 13th October 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;
5. The business license for the project with a special business scope of processing and selling of diamond, jewellery and gold; and
6. Other regulatory permits obtained for the construction of the Project.

Lease Commitments

As at 13th October 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 ²)	Approximate Area of Lease Commitment Obtained (m ²)	Approximate Area of Lease Under Negotiations (m ²)	Approximate Area Vacant (m ²)
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
Total	87,164	48,967	5,000	33,198

Moving Forward

HPB is committed to completing the construction of the Haikou Project with an expected date of December 2014, with fit out of the interior spaces to then commence with a targeted date for opening of May 2015.

Deborah Ho (Company Secretary)

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APPENDIX A – Images of the Haikou Project



Image 1 - Full View of the Haikou Project (taken on 24/09/14)



Image 2 – Overhead View of the Haikou Project (taken on 24/09/14)



Image 3 – the Commercial and Administration Centre (taken on 24/09/14)



Image 4 - Factory A (taken on 24/09/14)



Image 5 - Factory B (taken on 24/09/14)



Image 6 - Factory C (taken on 24/09/14)



Image 7 – East Gate of the Exhibition Centre (taken on 24/09/14)



Image 8 - the Exhibition Centre (taken on 24/09/14)



Image 9 – Full View of the Exhibition Centre (taken on 24/09/14)