



Cell Aquaculture Limited

ACN 091 687 740

Prospectus

1. For an offer of up to 250,000,000 Shares at a price of \$0.20 each to raise up to \$50,000,000 (**Public Offer**), the Public Offer is subject to a Minimum Subscription requirement to raise at least \$45,000,000.
2. For an offer of 10,375,000 Shares to the Facilitators (**Facilitation Offer**).
3. For an offer of 207,500,000 Shares to the Vendors (**Vendor Offer**) for the acquisition of all the shares in Haikou Peace Base Industry Development Company Limited.

(Together, the **Offers**).

This is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

The Offers are subject to conditions – see **Section 1.3** for further information.

The Offers are not underwritten.

IMPORTANT NOTICE

This is an important document and investors should read the document in its entirety and are advised to consult with their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

Any investment in the Company under this Prospectus should be considered speculative in nature and prospective investors should be aware that they may lose some or all of their investment.



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IMPORTANT INFORMATION

The Prospectus is dated 20 November 2014 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the Shares offered pursuant to the Prospectus to be admitted for quotation on ASX.

Shares will not be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for Shares pursuant to the Offers must do so using the relevant Application Form attached to or accompanying this Prospectus. Before applying for Shares, potential investors should carefully read the Prospectus so that they can make an informed assessment of:

- the rights and liabilities attaching to the Shares;
- the assets and liabilities of the Company; and
- the Company's financial position and performance, profits and losses, and prospects.

Investors should carefully consider these factors in light of their own personal financial and taxation circumstances.

Any investments in the Company should be considered speculative. Please refer to **Section 0** for details relating to risk factors. Applicants should read this Prospectus in its entirety and persons considering applying for Shares pursuant to the Prospectus should obtain professional advice from an accountant, stockbroker, lawyer or other advisor before deciding whether or not to invest.

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company or the Directors in relation to the Offers.

This Prospectus contains forward looking statements which incorporate an element of uncertainty or risk, such as 'intents', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements are based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events, as at the date of this Prospectus, are expected to take place, but there is no guarantee that such will occur as anticipated or at all given that many of the events are outside the Company's control.

Accordingly, the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur. Further, the Company may not update or revise any forward looking statement if events subsequently occur or information subsequently becomes available that affects the original forward looking statement.

FOREIGN JURISDICTIONS

The offer of Shares made pursuant to this Prospectus is not made to persons or in places to which, or in which, it would not be lawful to make such an offer of Shares. No action has been taken to register the Offers under this Prospectus or otherwise permit the Offers to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia

may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws.

Hong Kong

In particular, the Shares have not been, and will not be registered under the Hong Kong Companies Ordinance and the Offers of Shares have not been authorised by the Securities and Future Commission of Hong Kong.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this document, you should obtain Independent professional advice.

The Shares have not been offered or sold and will not be offered or sold in Hong Kong by means of any document other than: (i) to “*professional investors*” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (**SFO**) and any rules made under that ordinance; or (ii) in other circumstances which do not result in the document being a “*prospectus*” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (**CO**) or which do not constitute an offer to the public within the meaning of that ordinance.

This document is only distributed in Hong Kong to professional investors as defined in the SFO and any rules made under that ordinance. This document has not been, and will not be, registered as a prospectus under the CO.

Further no person shall issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Shares which are, or are intended to be, disposed of only to persons outside Hong Kong or only to “*professional Investors*” as defined in the SFO and any rules made under that ordinance. This document and the information contained in it may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

CONDITIONAL OFFERS AND CONSOLIDATION

The Offers are conditional on the events described in **Section 1.3**. If these events do not occur, the Offers will not proceed and investors will be refunded their application monies without interest.

Unless otherwise indicated, all references to Shares of the Company as set out in this Prospectus are on the basis that the consolidation, for which Shareholders’ approval is being sought at the General Meeting on 10 December 2014, occurs.

Please refer to **Section 1.3** for further details on the conditions attaching to the Offers.

The Offers remain conditional on, amongst other things, completion taking place under the Share Sale and Purchase Agreement.

CHANGES IN ACTIVITIES AND SUSPENSION FROM TRADING

The Company is currently listed on ASX. In accordance with the Listing Rules, its Shares will be suspended from trading on ASX immediately prior to the General Meeting to be held on 10 December 2014. At the General Meeting, the Shareholders will be asked to approve the change

in the nature and scale of the Company's activities as a consequence of the Proposed Transaction. The Company's shares may not be reinstated to ASX. For further information see **Section 1.4**.

ELECTRONIC PROSPECTUS

In addition to issuing the Prospectus in printed form, a read-only version of the Prospectus is also available on the Company's website, www.cellaquaculture.com.au. Applications cannot be made online. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus. The Company reserves the right not to accept an Application Form if it has reason to believe that when that person was given access to the Application Form if it was not provided together with the Prospectus.

RISKS

Before deciding to invest in the Company, potential investors should read the entire Prospectus and in particular, in considering the prospects of the Company, potential investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Shares offered by this Prospectus should be considered speculative. Refer to **Section 0** for further details relating to risk factors.

EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of 7 days from the date of lodgment of the Prospectus with ASIC. This period may be extended by ASIC for a further period of 7 days.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds. Such examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, Application Forms received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Application Forms received during the Exposure Period will not be processed until the expiry of the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period.

MISCELLANEOUS

Photographs used in this Prospectus are for illustration purposes only and should not be interpreted to mean that the assets or items shown in them are owned by the Company.

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in **Section 9**.

A reference to '\$', 'AUD', 'dollar' and 'cents' is a reference to Australian currency unless otherwise stated. All references to 'USD' are references to United States of America currency. All references in this Prospectus to time relate to time in Perth, Western Australia.

The image presented on the cover of this Prospectus is an image of the Haikou Project taken on 6 November 2014.

CORPORATE DIRECTORY

Directors

Paul Price
KC Dennis Ong
Soo Tuck Yoon

Proposed Director

Siu Kin Wai

Company Secretary

Deborah Ho

Registered Office

C/- Trident Capital
Level 24, 44 St Georges Terrace
PERTH WA 6000

Share Registry

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
SUBIACO WA 6008
38 Station Street

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Corporate Advisor

Trident Capital
Level 24, 44 St Georges Terrace
PERTH WA 6000

Legal Advisor

Price Sierakowski Corporate
Level 24, 44 St Georges Terrace
PERTH WA 6000

ASX Code

CAQ

Website

www.cellaquaculture.com.au

KEY OFFER DETAILS

Key Financial Data Relating to the Offer

Offer price per Share	20 cents
Shares to be offered pursuant to the Public Offer	
• assuming Minimum Subscription	225,000,000
• assuming Full Subscription	250,000,000
Cash raised under the Public Offer (before expenses)	
• assuming Minimum Subscription	\$45,000,000
• assuming Full Subscription	\$50,000,000
Shares to be offered pursuant to the Facilitation Offer	10,375,000
Cash proceeds of the Facilitation Offer	Nil
Shares to be offered pursuant to the Vendor Offer	207,500,000
Cash proceeds of the Vendor Offer	Nil
Total number of Existing Shares on issue before the Offers	374,115,356
Total number of Shares on issue before the Offers (post-Consolidation)	187,057,678
Total number of Shares on issue following the Offers	
• assuming Minimum Subscription	629,932,678
• assuming Full Subscription	654,932,678

Indicative Timetable

Dates shown in the table below are indicative only and may be varied. The Company reserves the right to vary the Opening Date and the Closing Dates without prior notice, which may have a consequential effect on the other dates. **Applicants are therefore urged to lodge their Application Forms as soon as possible.**

Indicative Timetable	
General Meeting	10 December 2014
Lodgement of this Prospectus with ASIC	20 November 2014
Opening Date for the Offers	27 November 2014
Closing Date for the Offers	12 December 2014
Dispatch of Statements of Shareholding	19 December 2014
Expected date for Shares to commence trading on ASX	16 January 2015

CHAIRMAN'S LETTER

On behalf of the directors of Cell Aquaculture Limited (**Company**), I am pleased to present this Prospectus to you.

The Company will hold its General Meeting on 10 December 2014, at which time Shareholder approval will be sought of a number of resolutions to give effect to the acquisition of Haikou Peace Base Industry Development Company Limited (**Haikou Peace Base**). The resolutions will restructure the Company's issued capital, approve the acquisition of Haikou Peace Base from the Haikou Vendors, and the issue of 207,500,000 (post-Capital Consolidation) Shares to them, a change to the nature and scale of the Company, the payment by the issue of 10,375,000 (post-Consolidation) shares of facilitation fees to parties who introduced the acquisition to the Company, and the raising of up to \$50,000,000 by the issue of 250,000,000 shares at \$0.20 each via this Prospectus.

The Public Offer pursuant to this Prospectus is subject to the conditions set out in **Section 1.3**. The Vendor Offer and Facilitation Offer are not subject to any conditions.

The Company proposes to raise \$50,000,000 from the Public Offer. No funds will be raised from the Vendor Offer or the Facilitation Offer.

These funds will be used to:

- complete the acquisition of Haikou Peace Base by repaying the Vendor Loans of USD\$3,000,000;
- pay the construction contractors tasked with the construction and fit out of the Haikou Project;
- pay various costs associated with the Offers;
- implement the Company's operation and expenditure plans outlined in **Section 3**; and
- provide capital to enable identification, investigation and development of other investment opportunities.

Further information regarding the Company's business, the terms of the Offers and the acquisition of Haikou Peace Base are contained in **Section 4** of this Prospectus.

Details about the risks of an investment of this type are contained in **Section 0** of this Prospectus. Investors should obtain professional investment advice before deciding to invest. Please read this document carefully before making your investment decision.

It is recommended that you consider the terms of the Offers contained in this Prospectus. If you then choose to invest in the Company, I welcome you as a Shareholder.

Yours faithfully,



Paul Price
Chairman
Cell Aquaculture Limited
20 November 2014

INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered by this Prospectus. The Prospectus should be read and considered in its entirety. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends and the Directors cannot guarantee the future value of the Shares.

1. INTRODUCTION

Question	Response	More info.
Who is the Company and what does it do?	<p>Cell Aquaculture Limited (ACN 091 687 740) is an Australian incorporated company listed on ASX (Company).</p> <p>The Company is in the business of exploiting the “Hatch to Dispatch” aquaculture system trademarked as the EcoCell™ system of aquaculture production.</p>	Section 4
What is the Proposed Transaction?	<p>The Company intends to acquire legal and beneficial ownership of Haikou Peace Base by the acquisition of all the issued shares in Rayport Limited (BVI) from Beijing Properties (Holdings) Limited and Actual Winner Limited and Express Linker Limited (both from Tang Dashun).</p> <p>Haikou Peace Base is the owner of the 44,020m² property in the Haikou Integrated Free Trade Zone on Hainan Island, on which several multi-story buildings containing factories, warehouses, a commercial administration building and a retail complex with a total built up area of 87,165m² are being constructed. The estimated completion time for the construction is late December 2014 following which the various areas will be fitted out, prior to an opening of the complex in May 2015.</p>	Section 4
What is the Company's strategy?	<p>The Company's strategy is to focus on the completion of the construction and fit out of the Haikou Project, and the commercial leasing of the various tenancies in the Haikou Project.</p> <p>Following completion of the Proposed Transaction, the Company's strategic objective will be to manage the Haikou Project whilst looking for further commercial property opportunities in the Asian region.</p>	Section 4
What activity has the Group planned?	The Group plans to grow its business through the successful management of the completed Haikou Project and the assessment of other commercial property opportunities, as they are identified or	Section 4

	<p>presented. The Company does not intend to pursue any further opportunities associated with the previous aquaculture operations of the Company.</p>	
<p>Who are the Company's Directors?</p>	<p><u>Paul Price (Non-Executive Chairman)</u> <u>Soo Tuck Yoon (Non-Executive Director)</u> <u>KC Dennis Ong (Non-Executive Director)</u></p> <p>The Company intends to appoint the following Incoming Director as a director of the Company following completion of the Offers:</p> <p><u>Siu Kin Wai (Non-Executive Director)</u></p> <p>Information about the background and experience of each Director and of key management personnel is set out in Section 2.</p>	<p>Section 2</p>
<p>What is the business model?</p>	<p>The Company's business model has historically been the exploitation of the "Hatch to Dispatch" system of aquaculture production in Australia, at various sites in Asia, and the U.S.A.</p> <p>Following completion of the acquisition of Haikou Peace Base, the Company's primary focus will be on the Haikou Project, which is generally to:</p> <ul style="list-style-type: none"> • complete the construction and fit out of the various buildings comprising the Haikou Project; • identify tenants for the untenanted areas and manage the tenants already signed up; and • identify and assess new commercial property opportunities for the Company. 	<p>See Chairman's Letter and Section 4</p>
<p>What is the financial position of the Company?</p>	<p>The Company is currently listed on ASX and its financial history, including its 2014 annual report is available from its website (www.cellaquaculture.com.au).</p> <p>Haikou Peace Base was incorporated on 28 March 2013 and as at 31 May 2014, Haikou Peace Base has:</p> <ul style="list-style-type: none"> • cash balance of 16,893,632 (RMB) or \$3,154,386 (AUD); • total assets of 58,272,744 (RMB) or \$10,880,712 (AUD); • total liabilities of 1,400,633 (RMB) or \$261,527 (AUD); and • shareholders' equity of 56,872,110 (RMB) or \$10,619,185 (AUD). <p>The above financial information as at 31 May 2014 is based on the audited financial statements of</p>	<p>Section 5</p>

	<p>Haikou Peace Base. The audited financial accounts of Haikou Peace Base for the periods 31 December 2013 and 31 May 2014 are also available on the Company's website www.cellaquaculture.com.au and the ASX announcements platform www.asx.com.au.</p> <p>It should be noted that the business of Haikou Peace Base is not yet complete, in that construction of the various buildings won't be completed until late December 2014, and the fit out of the various commercial spaces not completed until May 2015. Although tenants have committed to 56% of the space available, some of them are on rent-free periods initially. Until all the space is leased out, and tenants are paying commercial fees, there is uncertainty in relation to the business of Haikou Peace Base in light of its limited financial history. Haikou Peace Base's audited accounts for the periods 31 December 2013 and 31 May 2014 have been supplied to the Independent Accountant.</p> <p>Further financial information regarding the Company and Haikou Peace Base is considered in the Investigating Accountant's Report in Section 5 of this Prospectus.</p>	
<p>What benefits will be paid to Directors?</p>	<p>The Directors will be paid remuneration as directors and/or executives of the Company following the Company being re-admitted to the Official List of ASX.</p> <ul style="list-style-type: none"> • As Non-Executive Chairman, Mr Paul Price will be paid \$6,000 per month inclusive of statutory superannuation. • As Non-Executive Director, Mr KC Dennis Ong will be paid \$4,000 per month inclusive of statutory superannuation. • As Non-Executive Director, Mr Soo Tuck Yoon will be paid \$4,000 per month inclusive of statutory superannuation. • As a Non-Executive Director, when appointed, Mr Siu Kin Wai will be paid \$4,000 per month. <p>For further information on the Directors' interests, please refer to Section 2.5.</p>	<p>Section 2.5</p>
<p>What fees and benefits are being paid to other persons?</p>	<p>The Company will pay various service providers who have assisted with the preparation of the documentation required to enable the Company to prepare this Prospectus. These persons include accountants, solicitors and corporate advisors.</p> <p>The Company has also agreed to issue Facilitation Shares to the Facilitators.</p>	<p>Section 7.4</p>

	Full details of the amounts paid, or to be paid are included at Section 7.4 .	
To what extent will the Company follow the corporate governance recommendations set by the ASX Corporate Governance Council?	A statement disclosing the extent to which the Company intends to follow the corporate governance recommendations set by the ASX Corporate Governance Council is included at Section 2.6.	Section 2.6
What important contracts have the Company and Haikou Peace Base entered into?	<p>The Company is party to the following material contracts:</p> <ul style="list-style-type: none"> • Mandate Agreements with Trident Capital; • Haikou Peace Base Share Sale and Purchase Agreement – Beijing Properties (Holdings) Limited; • Haikou Peace Base Share Sale and Purchase Agreement – Tang Dashun; • Variation and Restatement Deed – Haikou Peace Base Share Sale and Purchase Agreement – Beijing Properties (Holdings) Limited; • Variation and Restatement Deed – Haikou Peace Base Share Sale and Purchase Agreement – Tang Dashun; and • Deeds of access, indemnity and insurance. <p>The Haikou Vendors are parties to the following material contracts:</p> <ul style="list-style-type: none"> • the Vendor Loan Agreements; • Investment Agreement – Haikou Comprehensive Free Trade Zone Management Committee; • Construction Contract – Guangzhou City Construction Development Company Ltd; and • Lease Agreements – Factories A and C and Warehouse. <p>For information on Directors' interests in the material contracts, please refer to Section 7.1.</p>	Section 7.1
What is the effect of the Proposed Transaction and the Offers on the Company?	<p>The Proposed Transaction will provide the Company with cash and reserves with which to grow its business through the acquisition of the Haikou Project.</p> <p>The capital structure of the Company will be impacted by the number of Shares issued pursuant to the Offers. Existing Shareholders will hold 29.30% of the total Shares on issue if \$45,000,000 is raised under this Prospectus, and 28.18% if</p>	Sections 1 and 4

	<p>\$50,000,000 is raised under this Prospectus (assuming that they do not participate in the Public Offer). Accordingly, the issue of Shares under the Prospectus will have a significant dilutionary effect on the Company's existing Shareholders, including subscribers under the Prospectus.</p> <p>The future of the Company will be dependent on many things, some of which are outside of the control of the Company. Specifically in relation to the funds raised under the Prospectus, the future growth of the Company will be dependent on the Company's ability to complete and fully tenant the Haikou Project and successfully manage it as a commercial property.</p>	
Will the Company pay dividends?	The Company does not expect to pay dividends in the near future.	Section 1.13
Will the Shares be quoted?	An application will be made to the ASX for re-admission of the Company to the Official List of ASX and for official quotation of the Shares being offered pursuant to this Prospectus.	Section 1.4
Will any Shares be escrowed?	Subject to the Company being re-admitted to the Official List, a significant portion of the Shares on issue following completion of the Proposed Transaction will be classified by ASX as Restricted Securities and will be required to be held in escrow.	Section 1.9
When will I know if my Application was successful?	A holding statement confirming your allocation under the Offers will be sent to you if your Application is successful. Holding statements are expected to be issued on or about 15 December 2014.	Section 1.10
How can I obtain further advice?	<p>By speaking to your accountant, stockbroker or other professional adviser.</p> <p>If you require assistance or additional copies of this Prospectus, please contact the Company on +61 8 6211 5099.</p>	Section 1.15
Contact details	For further details, see the Corporate Directory at the beginning of this Prospectus.	Corporate Directory

2. THE OFFERS

Question	Response	More info.
What are the Offers?	<p>By this Prospectus, the Company is undertaking three conditional offers of Shares as follows:</p> <ul style="list-style-type: none"> Public Offer – an offer inviting the general public to apply for up to 250,000,000 Shares at an issue price of \$0.20 per Share to raise up to 	Sections 1.1 and 1.2

	<p>\$50,000,000 before expenses of the Public Offer. The Minimum Subscription to be raised under the Public Offer is \$45,000,000. The maximum amount that may be raised under the Public Offer (assuming Full Subscription) is \$50,000,000;</p> <ul style="list-style-type: none"> • Facilitation Offer – an offer of a total of 10,375,000 Shares to the Facilitators, made up as follows: <ul style="list-style-type: none"> ○ 2,075,000 Shares to Trident (and/or its nominee(s)) at a deemed issue price of \$0.20 each; ○ 2,075,000 Shares to Precise Network Limited (and/or its nominee(s)) at a deemed issue price of \$0.20 each; ○ 2,075,000 shares to Lih Jiun Wah at a deemed issue price of \$0.20 each; and ○ 4,150,000 shares to Ching Chung at a deemed issue price of \$0.20 each. • Vendor Offer – an offer of a total of 207,500,000 Shares to the Vendors at a deemed issue price of \$0.30 each, as consideration for the Company acquiring 100% of Haikou Peace Base. <p>The Offers are conditional upon the satisfaction of the conditions referred to in Section 1.3.</p>	
<p>How will funds raised under the Offers be used?</p>	<p>The funds raised by the Public Offer (before expenses) will be up to \$50 million (or \$45 million if the Minimum Subscription is achieved, before costs associated with the Offer), which the Company intends to use for:</p> <ul style="list-style-type: none"> • payment of the expenses of the Offers; • payment of Haikou builders; • repayment of the Vendor Loans; and • general working capital. <p>There are no funds being raised by the Facilitation Offer or the Vendor Offer.</p> <p>The Shares issued pursuant to the Vendor Offer and the Facilitation Offer are to be issued pursuant to the Share Sale Agreement. For further information, see Section 7.1.</p>	<p>Sections 1.7 and 7.6</p>
<p>What are the key dates of the Offers?</p>	<p>Lodgement of this Prospectus with ASIC: 20 November 2014</p> <p>Opening Date for Offers: 27 November 2014</p>	<p>Key Offer Details</p>

	<p>Closing Date for Offers: 12 December 2014</p> <p>Dispatch of Statements of Shareholding: 19 December 2014</p> <p>Expected date for Shares to commence trading on ASX: 16 January 2015</p> <p>The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without notice.</p>	
What is the Offer Price?	<p>The Public Offer Price is \$0.20 per Share.</p> <p>No price is payable to subscribe for Shares under the Vendor Offer or the Facilitation Offer.</p>	Section 1
What rights and liabilities are attached to the Shares being offered?	<p>All Shares issued under the Offers will rank equally with Existing Shares on issue on the terms set out in Section 7.2.</p> <p>A summary of the rights and liabilities attaching to the Shares is set out at Section 7.2.</p>	Section 1
Is the Public Offer underwritten?	<p>No, the Public Offer is not underwritten. However, the Company has reserved the right to pay a fee of up to 6% of the value of the Shares to the holders of an AFS (Australian Financial Services) licence in respect of Shares placed to their clients under the Public Offer.</p>	Section 1.1(e)
How do I apply for Shares under the Public Offer?	<p>All Application Forms must be completed in accordance with the instructions set out in the Application Form and must be accompanied by a cheque in Australian dollars for the full amount of the application being the number of Shares applied for multiplied by 20 cents per Share. Cheques must be made payable to "Cell Aquaculture Limited" and should be crossed "Not Negotiable".</p>	Sections 1.5 and 10
How do I apply for Shares under the Vendor Offer or the Facilitation Offer?	<p>All Application Forms must be completed in accordance with the instructions accompanying the Application Form.</p>	Sections 1.5, 11 and 12
Where do I send the Application Form?	<p>Applications Forms should be delivered to Cell Aquaculture Limited c/- Trident Capital, Level 24, 44 St Georges Tce, Perth, Western Australia 6000 or mailed to Cell Aquaculture Limited, c/- Trident Capital, PO Box Z5183, St Georges Terrace, PERTH WA 6000.</p> <p>Completed Application Forms (and cheques in the case of the Public Offer Application Form) must be received before 5.00 pm WST on the Closing Date.</p>	Sections 1.5

Can I speak to a representative about the Offers?	Questions relating to the Offers can be directed to the Company on +61 8 6211 5099.	Section 1.15
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3. KEY RISK FACTORS

Question	Response	More info.
What are the key risks of investing in Shares in the Company?	The list below is a summary of some of the key risks associated with investing in the Company. A more comprehensive list of risks is set out in Section 0 .	Section 0
	No Profit to Date The business to be acquired by the Company has not been operating. No assurances can be given that the business will achieve commercial viability.	Sections 6.1(f) and 7.7
	Unforeseen Expenditure Risk Although the Company is not aware of any unforeseen future expenditure, any unforeseen expenditure is likely to adversely affect the financial position of the Company.	Section 6.1(m)
	Insurance The Company endeavours to ensure that adequate insurance policies are in place at all times. However, there is a risk that insurance coverage will not be adequate and that the Company is not insured against all possible losses.	Section 6.2(b)
	Construction Risks The Haikou Project is subject to significant development and construction risks, which could have a material adverse impact on construction and opening timetables, costs and the ability to complete the Haikou Project. Substantial cost increases or construction delays could prevent or delay the opening of the Haikou Project.	Section 6.1(n)
	Exchange Rate and Repatriation Risks All of the Company's revenue will be derived from overseas markets and this will expose potential income of the Company to exchange rate risks. Also repatriation of funds out of China are governed by law in China which may adversely affect the Company's cash position. At this time the Company is not aware of any changes that will affect it.	Section 6.1(o)

	<p>Land Holding in China</p> <p>The Company will have land holding in Hainan Island subject to the current land holding laws applicable to China. New laws introduced may restrict the ownership and transfer of land, which may subsequently affect its value. The Company is currently unaware of any such action being considered now or in the future. Furthermore, there was possibly a procedural defect in the transfer of the land to HPB, which, if it occurred, is unlikely to have repercussions for HPB unless they were involved in a malicious conspiracy with the transferor in the land transfer transaction.</p>	<p>Section 6.1(p)</p>
	<p>Key Personnel</p> <p>The Company and Haikou Peace Base rely on a number of key employees and consultants. There is a risk that the Company may fail to attract, retain or develop key employees or consultants and this would have a negative effect upon the development of the Company. The loss of any of these individuals could have an adverse impact on the Company's business.</p>	<p>Section 6.1(q)</p>
	<p>Expansion</p> <p>The Company will be actively seeking opportunities for growth in its core business areas. While the efforts of the Company have the potential to generate substantial returns in the longer term, there can be no certainty that these returns will be forthcoming. Should the anticipated sales not reach the levels anticipated, then this could materially impact upon the Company's profitability.</p>	<p>Section 6.1(r)</p>
	<p>Future Capital Requirements</p> <p>The Company may be required to raise further working capital. While the Company has no reason to believe that it is going to be required to raise any further working capital in the longer term, there can be no assurance on the timing or the amount of any future working capital requirements nor indeed whether the Company will be able to raise any required amount and if so, at what price.</p>	<p>Section 6.1(h)</p>
	<p>Change in nature and scale of activities and conditionality of the Offers</p> <p>There is a risk that the Company may not be able to meet the requirements of ASX of re-complying with Chapters 1 and 2 of the Listing Rules for re-quotations on the ASX. If the conditions of the Offer are not satisfied or the Company does not receive</p>	<p>Section 6.1(a)</p>

	conditional approval for re-quotation on the ASX then the Company will not proceed with the Offer.	
	<p>Liquidity and dilution risk</p> <p>The issue of the Shares under both the Vendor Offer and the Facilitation Offer will have a dilutionary effect on Shareholders, including subscribers to the Public Offer.</p>	Section 6.2(d)
	<p>Contractors and contractual disputes</p> <p>The operations of the Company will require the involvement of a number of third parties, including builders, suppliers, contractors and customers. Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on the Company's operations and performance.</p>	Section 6.1(b)
	<p>Government policy changes and legal risk</p> <p>Government action or policy changes (in particular, by the government of the People's Republic of China) in relation to aspects such as tax free zones, import and export restrictions, and taxation may adversely affect the Company's operations and financial performance. Furthermore, the introduction of new legislation or amendments to existing legislation by governments, developments in the law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the financial performance of the Company and the valuation of its Shares.</p>	Section 6.2(a)

4. OFFER STATISTICS

Offer Price	\$0.20 per Share (for the Public Offer)	
	Minimum Subscription	Full Subscription
Number of Existing Shares currently on issue	374,115,356	374,115,356
Number of Shares on issue before the Offers (post-Consolidation)	187,057,678	187,057,678
Number of Shares offered pursuant to the Public Offer	225,000,000	250,000,000
Number of Shares offered pursuant to the Facilitation Offer	10,375,000	10,375,000

Number of Shares offered pursuant to the Vendor Offer	207,500,000	207,500,000
Total number of Shares on issue following the Offers *	629,932,678	654,932,678
Total proceeds from the Offers (before costs)	\$45,000,000	\$50,000,000

1. DETAILS OF THE OFFERS

1.1 THE PUBLIC OFFER

By this Prospectus, the Company invites applications for up to 250,000,000 Shares at a price of \$0.20 per Share to raise funds of up to \$50,000,000. The Minimum Subscription to be raised under the Public Offer is \$45,000,000.

The Shares to be issued pursuant to the Public Offer are of the same class and will rank equally in all respects with the Existing Shares in the Company. A summary of the rights and liabilities attaching to Shares is set out in **Section 7.2** of the Prospectus.

- (a) **Who may apply:** The general investing public.
- (b) **Conditional offer:** The Public Offer is conditional as set out in **Section 1.3**.
- (c) **Minimum subscription:** The Minimum Subscription for the Public Offer is 225,000,000 Shares at an issue price of \$0.20 per Share to raise \$45,000,000. If the Minimum Subscription of the Public Offer has not been achieved within four (4) months after the date of this Prospectus, no Shares will be issued to applicants under the Public Offer and all Application Monies will be returned without interest in accordance with the Corporations Act.
- (d) **Full subscription:** The maximum amount that may be raised under the Public Offer (assuming Full Subscription) is \$50,000,000, being 250,000,000 Shares at an issue price of \$0.20.
- (e) **Not underwritten:** The Public Offer is not underwritten.
- (f) **How to apply:** Applications for Shares under the Public Offer can only be made on the Public Offer Application Form contained at the back of this Prospectus. The Public Offer Application Form should be completed in accordance with the instructions set out on the back of the form. Please refer to **Section 1.5** for payment and Public Offer Application Form lodgement details.
- (g) **Minimum application amount:** Applications under the Public Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 1,000 Shares (\$200). No brokerage, stamp duty or other costs are payable by applicants. Refer to **Section 1.5** below for payment and lodgement details.
- (h) **Issue of Shares and allocation policy:** The Directors will determine the allottees of all the Shares to be issued under the Public Offer in their sole discretion. The Directors reserve the right to reject any application or to issue a lesser number of Shares than that applied for. If the number of Shares allocated is less than that applied for, or no issue is made, the surplus Application Monies will be refunded without interest as soon as practicable after the Closing Date. Subject to ASX granting approval for quotation of the Shares, the issue of Shares will occur as soon as practicable after the Closing Date (subject to all conditions to the Public Offer being satisfied and ASX granting conditional approval to list the Company on the Official List). Statements of shareholding will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Shares. Applicants who sell the Shares before they receive their statement of shareholding will do so at their own risk.

- (i) **Application Monies held on trust:** The Application Monies for Shares to be issued pursuant to the Public Offer will be held on trust in a separate bank account until the Shares are issued. Applicants in the Public Offer whose Applications are not accepted, or who are issued a lesser dollar amount of Shares than the amount applied for, will be sent a refund (without interest) of all or part of their Application Monies as soon as practicable after the Closing Date. All interest earned on Application Monies (including those which do not result in allotment of Shares) will be retained by the Company.
- (j) **Closing Date:** 5.00pm (Perth time) on Friday, 12 December 2014 (unless the Public Offer is extended or closed early). The Company reserves the right to extend the Public Offer or close the Public Offer early without notice.

1.2 VENDOR OFFER AND FACILITATION OFFER

The Prospectus also includes the Vendor Offer and the Facilitation Offer.

The Shares to be issued pursuant to the Vendor Offer and the Facilitation Offer are of the same class and will rank equally in all respects with the Existing Shares in the Company. A summary of the rights and liabilities attaching to Shares is set out in **Section 7.2** of the Prospectus.

- (a) **Who may apply:** The Vendor Offer may only be accepted by the Haikou Vendors. The Facilitation Offer may only be accepted by the Facilitators.
- (b) **Conditional offer:** The Vendor Offer and the Facilitation Offer are both conditional as set out in **Section 1.3**.
- (c) **How to apply:** Applications for Shares under the Vendor Offer can only be made on the Vendor Offer Application Form contained at the back of this Prospectus. Applications for Shares under the Facilitation Offer can only be made on the Facilitation Offer Application Form contained at the back of this Prospectus. Both Application Forms should be completed in accordance with the instructions set out on the back of the forms. Please refer to **Section 1.5** for Application Form lodgement details.
- (d) **Issue of Shares:** Subject to ASX granting approval for quotation of the Shares, the issue of Shares will occur as soon as practicable after the Closing Date (subject to all conditions to the Vendor Offer and the Facilitation Offer (as the case may be) being satisfied and ASX granting conditional approval to list the Company on the Official List). Statements of shareholding will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Shares. Applicants who sell the Shares before they receive their statement of shareholding will do so at their own risk.
- (e) **Application monies:** No Application Monies are payable under the Vendor Offer or the Facilitation Offer.
- (f) **Closing Date:** 5.00pm (Perth time) on Friday, 12 December 2014 (unless the Vendor Offer or the Facilitation Offer (as the case may be) are extended or closed early). The Company reserves the right to extend the Vendor Offer and/or the Facilitation Offer or close the Vendor Offer and/or the Facilitation Offer early without notice.

1.3 CONDITIONAL OFFERS

The Offers under this Prospectus are conditional upon a number of events occurring as follows:

- (a) the Minimum Subscription under the Prospectus being achieved;
- (b) ASX providing the Company with a list of conditions which, when satisfied, will result in ASX reinstating the Shares to quotation on ASX upon satisfaction of Chapters 1 and 2 of the Listing Rules and such conditions being reasonably acceptable to the Company and the Founding Vendors; and
- (c) completion taking place under the Sale and Purchase Agreement. A summary of the Sale and Purchase Agreement and a description of the conditions precedent to completion under the Sale and Purchase Agreement is set out in **Section 7.1** of this Prospectus.

If the conditions above are not satisfied, the Offers will not proceed and investors will be refunded their Application Monies.

1.4 RE-COMPLIANCE WITH CHAPTERS 1 AND 2 OF THE LISTING RULES

At the General Meeting, the Company is seeking Shareholder approval for, amongst other things, a change in nature and scale of its activities. To give effect to these changes, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

Trading in the Company's Shares will be suspended from 10 December 2014 (the date of the General Meeting) and will not be reinstated until satisfaction of the conditions to the Offers and ASX approving the Company's re-compliance with Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements for re-quotation on the ASX. In the event the conditions to the Offers are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Offers and will repay all Application Monies received.

The Company will apply to ASX no later than seven (7) days from the date of this Prospectus for ASX to grant official quotation to the Shares issued pursuant to this Prospectus.

If the Shares are not admitted to quotation within three (3) months after the date of this Prospectus, no Shares will be issued. Application Monies will be refunded in full without interest in accordance with the Corporations Act.

Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant official quotation to the Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

1.5 PAYMENT AND LODGEMENT DETAILS

The details provided in this Section relate to the Application Form.

All Application Forms must be completed in accordance with the instructions accompanying the Application Form and the Public Offer Application Form must be accompanied by a cheque in Australian dollars for the full amount of the application being 20 cents per Share.

Cheques must be made payable to “Cell Aquaculture Limited” and should be crossed “Not Negotiable”. All Application Monies will be paid into a trust account.

Completed Application Forms and in the case of the Public Offer Application Form, cheques must be received by the Company before 5.00pm WST on the Closing Date.

Applicants are urged to lodge their Application Forms as soon as possible, as the Offer may close early without notice.

Delivered to:

Cell Aquaculture Limited
C/- Trident Capital
Level 24, 44 St Georges Terrace
PERTH WA 6000

Mailed to:

Cell Aquaculture Limited
C/- Trident Capital
PO Box Z5183, St Georges Terrace
PERTH WA 6000

An original, completed and lodged Application Form for Shares (together with a cheque for the Application Monies in the case of the Public Offer Application Form), constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in each Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors’ decision as to whether to treat such an application as valid and how to construe amend or complete the Application Form is final however an applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application Monies.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

1.6 PURPOSE OF THE OFFERS

The principal purpose of the Public Offer is to fund:

- (a) payment of the Haikou builder;
- (b) repayment of the Vendor Loans;
- (c) general working capital; and
- (d) expenses of the Offers.

The purpose of the Vendor Offer is to issue the consideration payable to the Haikou Vendors under the Sale and Purchase Agreement, being Shares. The purpose of the Facilitation Offer is to issue Shares to the Facilitators as consideration for facilitating the Proposed Transaction.

1.7 PROPOSED APPLICATION OF FUNDS RAISED

Funds raised from the Public Offer are intended to be applied as follows:

Proposed Application of funds raised				
	Minimum Subscription (\$45,000,000)		Full Subscription (\$50,000,000)	
	Amount (\$)	%	Amount (\$)	%
Expenses of the Offers	3,000,000	6.67	3,300,000	6.6
Payment of Haikou Builders	34,600,000	76.89	34,600,000	69.2
Corporate and administration	750,000	1.67	750,000	1.5
Vendor Loan repayments	3,400,000	7.55	3,400,000	6.8
Working capital	3,250,000	7.22	7,950,000	15.9
Total	45,000,000	100.0	50,000,000	100.0

The Directors are satisfied that upon completion of the Public Offer, the Company will have sufficient working capital to meet its stated objectives as outlined in **Section 1.6**.

The use of further equity funding or share placements will be considered by the Directors where it is appropriate to the Company's needs.

It is also possible that future acquisitions that may be contemplated may exceed the current or projected financial resources of the Company and it is expected that these acquisitions would be funded by project finance and/or equity issues (subject to shareholder approvals).

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

1.8 CAPITAL STRUCTURE

Set out in the table below is a summary of the capital structure of the Company before and after completion of the Offers under this Prospectus, on a post-Consolidation basis.

CAPITAL STRUCTURE				
	Minimum Subscription		Full Subscription	
	Number of Shares	%	Number of Shares	%
Shares on issue (being existing Shares on a post-Consolidation basis) ¹	187,057,678	29.69	187,057,678	28.56
Shares now offered pursuant to the Public Offer	225,000,000	35.72	250,000,000	38.17
Shares now offered pursuant to the Facilitation Offer	10,375,000	1.65	10,375,000	1.59
Shares now offered pursuant to the	207,500,000	32.94	207,500,000	31.68

Vendor Offer				
Total Shares on issue at the completion of the Offers	629,932,678	100	654,932,678	100

1. The Directors expect that a substantial portion of the Shares on issue following completion of the Offers will be subject to escrow (see **Section 1.9**).

1.9 RESTRICTED SECURITIES

Pursuant to the Listing Rules, securities issued to promoters, seed capitalists and vendors of classified assets may have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to 24 months and may not be transferred, assigned or otherwise disposed of during that period. At this stage it is expected that a total of 217,875,000 Shares on issue as at the completion of the Offers under this Prospectus are expected to be subject to the restricted securities provisions as follows:

- (a) 207,500,000 Shares issued to the Haikou Vendors who are related parties and promoters of the Haikou Project will be classified as restricted securities for a period of 24 months from the date of official quotation of the securities of the Company under paragraph 1 of Appendix 9B of the Listing Rules; and
- (b) 10,375,000 Shares to be issued to the Facilitators will be classified as restricted securities for a period of 24 months from the date of official quotation of the securities of the Company under paragraph 1 of Appendix 9B of the Listing Rules.

ASX may determine further escrow restrictions once the Company lodges its application for quotation of the Shares. The Company will announce to the ASX full details (number and duration) of the Shares required to be held in escrow prior to the Shares re-commencing trading on ASX.

1.10 CHESS AND ISSUER SPONSORSHIP

The Company will apply to ASX to participate in CHESS. The Company will operate an electronic CHESS sub-register and an electronic issue sponsored sub-register. These two sub-registers will make up the Company's register of shares. The Company will not issue certificates to shareholders. Rather, holding statements (similar to bank statements) will be dispatched to shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for shareholders who elect to hold shares on the CHESS sub-register) or by the Company's Share Registry (for shareholders who elect to hold their shares on the issuer sponsored sub-register). The statements will set out the number of Shares allotted under the Prospectus and provide details of a shareholder's Holder Identification Number (for shareholders who elect to hold shares on the CHESS sub register) or Shareholder Reference Number (for shareholders who elect to hold their shares on the issue sponsored sub-register). Updated holding statements will also be sent to each shareholder following the month in which the balance of their shareholding changes, and also as required by the Listing Rules or the Corporations Act.

1.11 RISKS

As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in **Section 0** of this Prospectus. The Shares on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

1.12 OVERSEAS INVESTORS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit a public offering of Shares in any jurisdiction outside Australia. It is the responsibility of non- Australian resident investors to obtain all necessary approvals for the issue to them of Shares offered pursuant to this Prospectus.

1.13 DIVIDENDS

The Company does not expect to pay dividends in the near future.

1.14 PRIVACY DISCLOSURE

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Shares, to provide facilities and services to shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Shares will not be processed. In accordance with privacy laws, information collected in relation to specific shareholders can be obtained by that shareholder through contacting the Company or the Share Registry.

1.15 ENQUIRIES

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional advisor without delay.

Questions relating to the Offer can be directed to the Company on (08) 6211 5099.

Questions relating to the completion of the Application Forms can be directed to the Share Registry on +618 9389 8033.

2. DIRECTORS AND SENIOR MANAGEMENT

The Directors of the Company collectively have significant experience in the corporate sectors. Brief summaries of the Directors and Advisors profiles are set out below.

2.1 COMPOSITION OF THE BOARD OF DIRECTORS FOLLOWING RE-ADMISSION

Following re-admission of the Company to the Official List, the Board of the Company is to be made up of:

- Paul Price as Non-Executive Chairman;
- KC Dennis Ong as Non-Executive Director;
- Soo Tuck Yoon as Non-Executive Director; and
- Siu Kin Wai as Non-Executive Director.

2.2 EXISTING DIRECTOR PROFILES

Paul Price (Non-Executive Chairman)

Paul is a founding director of the Perth law firm, Price Sierakowski Corporate. Paul is a lawyer with in excess of 30 years of experience. He practices in the corporate and commercial areas and advises national and international clients on capital raising and structuring issues, Corporations Act and ASX Listing Rules compliance and governance issues. Paul has previously served as a director and non-executive chairman of a number of ASX listed companies. Paul is a director of Windimurra Vanadium Limited and Oz Brewing Limited.

Soo Tuck Yoon (Richard Soo) (Non-Executive Director)

Richard is a Malaysian national and has a Bachelor of Arts Degree from the National University of Malaysia.

Richard is currently a director of Leisurematics Sdn Bhd and also director of Sinomines (Hong Kong) Limited. Richard has 34 years of experience working in the areas of hospitality, gaming, trading and mining, including as:

- a General Manager of Best Western Inntown in Los Angeles, USA;
- General Manager of Harbin Roxy Entertainment Co., Ltd in China;
- General Director of Lao Cai International Hotel JVC in Vietnam; and
- a consultant and project manager to numerous project 'start-ups' in Indonesia, Cambodia and China.

KC Dennis Ong (Non-Executive Director)

KC is a Director of Trident Management Services. He is an alumni from Deakin University, Victoria, holding a Bachelor of Commerce degree, and is a Certified Practising Accountant. KC has over 25 years of diverse experience in financial management and business advisory

to corporations in Australia and South-East Asia. KC is a director of Windimurra Vanadium Limited, Reclaim Industries Limited and My ATM Holdings Limited.

2.3 INCOMING DIRECTOR PROFILE

On completion of the Proposed Transaction, Kin Wai (Michael) Siu is to be appointed as a director of the Company.

Siu Kin Wai (Michael)

Mr Siu is the Executive Director, Chief Financial Officer and Company Secretary of Beijing Properties (Holdings) Limited (SEHK stock code: 925) and the Chief Financial Officer of Genvon Group Limited (SEHK stock code: 2389).

Mr Siu graduated from the City University of Hong Kong with a Bachelor's Degree in Accounting and is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Mr Siu has extensive experience in financial management and the corporate advisory and assurances areas.

Mr Siu is also an independent non-executive director of Agritrade Resources Limited (SEHK stock code: 1131).

2.4 SENIOR MANAGEMENT TEAM

Mr Zhang Baojun

Chairman of HPB

Mr Zhang graduated from the Chinese Department of Anqing Normal University with two diplomas in art and laws.

Mr Zhang has 30 years' experience in the media and press area, having previously been employed by Anqing Educational TV Station, The World of Economy and Trade, Hainan Development and Hainan Economic Daily as a reporter, president assistant and director during the period from 1984 to 1999.

From 1999 to March, 2013, Mr Zhang served as the chairman and general manager of Hainan Light Times Science and Technology Co., Ltd.

Mr Zhang joined HPB in March 2013 and serves as the company's executive chairman. He also holds the following social positions: he is the vice chairman of the Hainan Provincial Exhibition Association; a member of the Hainan Provincial Architecture and Planning and a member of the Hainan Provincial Electronic Information Expert Committee.

Mr Yu Renke

Chief Executive Officer of HPB

Mr Yu graduated from Shanghai Jiaotong University Mechanical and Electrical College with a major in Automobile Engineering and Design.

Mr Yu has over 18 Year Sales & Marketing Experience, having previously been employed by LG Electric Group, New Corp., Sun TV Media Group, Shanghai International F1 Circuit,

variously as group product manager, business development director, sales & marketing director, vice president and deputy general manager.

Mr Yu also has in excess of 6 years real estate development experience, having been employed by VXL Capital (HKEX 727), as a project manager, and Huaxi Group (Shenzhen Exchange 000936), as a project general manager.

Mr Wuhao

Chief Financial Officer and Vice General Manager of HPB

Mr Wu has been working in the area of financial and accounting for over 18 years, since graduation from the Accounting department of Harbin University of Commerce in 1995. His work experience includes 10 years in Sanya Green Island Trade Development Co., Ltd from 1995 to 2005 as an accountant and Chief Financial Officer and 8 years in Sanya Pendu Co., Ltd as the company's general manager.

Mr Wu joined HPB in March 2013 and is in charge of the company's financial management.

2.5 INTERESTS AND BENEFITS OF DIRECTORS

(a) Directors' Interests

Other than as set out below or elsewhere in this Prospectus none of the Directors has or has had, within 2 years before lodgment of this Prospectus with ASIC:

- any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers; and
- no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director, either to induce him or her to become, or to qualify them as a Director, or otherwise, for services rendered by him or her in connection with the formation or promotion of the Company or the Offers.

A summary of the Directors' interests in the securities of the Company are set out below.

Directors and their Associates	Shares held in Company	% of total Shares held	Shares issued pursuant to Facilitation Offer	Shares issued under Public Offer	Relevant Interest after Offers – Minimum Subscription⁴	Relevant Interest after Offers – Maximum Subscription⁵
Paul Price	3,337,500 ^{1,2}	1.78%	2,075,000 ³	NIL	0.86%	0.83%
KC Ong	1,487,500	0.79%	NIL	NIL	0.23%	0.23%
Soo Tuck Yoon	1,000,000	0.54%	NIL	NIL	0.16%	0.15%
Siu Kin Wai	5,000,000 ⁶	2.67%	NIL	NIL	0.79%	0.76%
Total	10,825,000	5.78%	2,075,000	NIL	2.04%	1.97%

Notes:

1. Comprising 200,000 held by his son Joshua Price, 1,487,500 held by Milwal Pty Ltd (a company Mr Price is a director and shareholder of) and 1,650,000 held by Trident Capital Pty Ltd (a company Mr Price is a director and shareholder of).
2. All shares on a post Capital Consolidation basis.
3. To be issued to Trident Capital, a company Mr Price is a director and shareholder of.
4. Assumes the Minimum Subscription is reached and there is a total of 629,932,678 Shares on issue at completion of the Offers.
5. Assumes the Maximum Subscription is reached and there is a total of 654,932,678 Shares on issue at completion of the Offers.
6. Being 5,000,000 shares held by his wife Kristina Liu.

(b) Shareholding qualifications

Directors are not required to hold any Shares under the Constitution.

(c) Directors' security holdings

Other than as set out in this **Section 2.5**, or elsewhere in the Prospectus, the Directors do not have any relevant interests in the securities of the Company as at the date of this Prospectus.

(d) Directors' remuneration

The Constitution provides that the Company may pay to the Directors a maximum total amount of directors' fees (excluding salaries and other employee benefits) as determined by the Company from time to time in general meeting. The current aggregate directors' fees for all Directors is a maximum of \$200,000 per annum to be apportioned among the Directors in such a manner as they determine.

Other than as set out in this **Section 2.5** or elsewhere in this Prospectus, the Directors have not received any financial benefit from the Company in the last 12 months.

The Board has approved directors' fees of \$6,000 per month for the Chairman and \$4,000 per month for each other Director for their services.

(e) Agreements with Directors

At the General Meeting, the Company is seeking Shareholder approval for the issue of 2,075,000 Shares to Trident Capital. Paul Price has an indirect interest in Shares to be issued to Trident Capital as he is a director and shareholder of Trident Capital.

Trident Capital will be entitled to a 6% fee for any funds raised directly by Trident Capital in the Public Offer. Paul Price has an indirect interest in the fees paid to Trident Capital as he is a director and shareholder of Trident Capital.

2.6 CORPORATE GOVERNANCE

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out in this **Section 3**. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

In accordance with ASX Listing Rule 1.1 Condition 13, the corporate governance statement set out in this **Section 3** discloses the extent to which the Company intends to follow the recommendations as at the date of reinstatement of the Company's securities to quotation on ASX. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.cellaquaculture.com.au, under the section marked "Corporate Governance":

- (a) Board Charter;
- (b) Board Performance Evaluation Policy;
- (c) Code of Conduct;
- (d) Audit Committee Charter;
- (e) Remuneration and Nomination Committee Charter;
- (f) Security Trading Policy;
- (g) Continuous Disclosure Policy;
- (h) Shareholder Communication and Investor Relations Policy;
- (i) Risk Committee Charter;
- (j) Risk Management Policy; and
- (k) Diversity Policy.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

- (a) setting and reviewing strategic direction and planning;

- (b) reviewing financial and operational performance;
- (c) identifying principal risks and reviewing risk management strategies; and
- (d) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Chief Executive Officer and the management team. The management team, led by the Chief Executive Officer is accountable to the Board.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.

The checks which are undertaken, and the information provided to shareholders, are set out in the Company's Remuneration and Nomination Committee Charter.

Recommendation 1.3

The Company has a written agreement with each of Mr Price (Non-Executive Chairman), Mr Ong and Mr Soo and the Incoming Director and senior executives setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- (a) ensuring a good flow of information between the Board, its committees, and Directors;
- (b) monitoring policies and procedures of the Board;
- (c) advising the Board through the Chairman of corporate governance policies; and
- (d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

Recommendation 1.5

The Company has a Diversity Policy, the purpose of which is:

- (a) to outline the Company's commitment to creating a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management; and
- (b) to provide a process for the Board to determine measurable objectives and procedures which the Company will implement and report against to achieve its diversity goals.

The Board intends to set measurable objectives for achieving diversity, specifically including gender diversity, which will be disclosed in the Company's corporate governance statement for the financial year ended 30 June 2015, and will review the effectiveness and relevance of these measurable objectives on an annual basis.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation will be disclosed by the Company in each corporate governance statement.

Recommendation 1.6

The Chief Executive Officer will be responsible for evaluating the performance of the Company's senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

The Chair will be responsible for evaluating the performance of the Company's Chief Executive Officer in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

The Company will report on whether an evaluation of its Chief Executive Officer and senior executives has taken place in the relevant reporting period in each of its corporate governance statements.

Recommendation 1.7

The Chair will be responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board performance evaluation policy.

This policy is to ensure:

- (a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;
- (b) the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and
- (c) committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.

This policy will be reviewed annually.

The Company will report on whether an evaluation of the Board, its committees and individual directors has taken place in the relevant reporting period, and whether the process was in accordance with the process disclosed, in each of its corporate governance statements.

Principle 2: Structure the board to add value

Recommendation 2.1

Due to the size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board.

The duties of the full Board in its capacity as a nomination committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

When the Board meets as a remuneration and nomination committee is carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration and Nomination Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of a Nomination Committee and is disclosed on the Company's website.

Recommendation 2.2

The mix of skills and diversity which the Board is looking to achieve in its composition is:

- (a) a broad range of business experience; and
- (b) technical expertise and skills required to discharge duties.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations.

Currently the Board is structured as follows:

- (a) Paul Price (Chairman);
- (b) KC Dennis Ong (Non-Executive Director); and
- (c) Soo Tuck Yoon (Non-Executive Director).

Following the Company's reinstatement to the Official List Mr Siu Kin Wai, a not independent director, will be appointed to the Board. The Chairman is a director and shareholder of Trident Capital Pty Ltd, which is a shareholder of the Company and a provider of material professional services, and accordingly, is also not independent.

Messrs Price, Ong and Soo have been directors of the Company since 2 May 2013.

Recommendation 2.4

Currently, the Board considers that membership weighted towards technical expertise is appropriate at this stage of the Company's operations. Accordingly, the Board does not have any independent directors.

Recommendation 2.5

As noted above, Mr Price is not an independent Chairman. Mr Price is considered to be the most appropriate person to Chair the Board because of his public company experience.

Recommendation 2.6

It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

Principle 3: Act ethically and responsibly

Recommendation 3.1

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (**Code**), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is disclosed on the Company's website.

The Code applies to all Directors, employees, contractors and officers of the Company.

The Code will be formally reviewed by the Board each year.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

Due to the size of the Board, the Company does not have a separate Audit Committee. The roles and responsibilities of an audit committee are undertaken by the Board.

The full Board in its capacity as the audit committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The duties of the full Board in its capacity as the audit committee are set out in the Company's Audit Committee Charter which is available on the Company's website.

When the Board meets as an audit committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the

engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website.

Recommendation 4.2

Before the Board approves the Company financial statements for each financial period it will receive from the Chief Executive Officer and the Chief Financial Officer or equivalent a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and if he cannot, he is to arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company will write to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair will allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair will also allow a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company is committed to:

- (a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- (b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and
- (c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Disclosure Policy, which is disclosed on the Company's website. The Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and

addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

The Company Secretary manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments. This policy will be reviewed by the Board annually.

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.cellaquaculture.com.au. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:

- (a) relevant announcements made to the market via ASX;
- (b) media releases;
- (c) investment updates;
- (d) Company presentations and media briefings;
- (e) copies of press releases and announcements for the preceding three years; and
- (f) copies of annual and half yearly reports including financial statements for the preceding three years.

Recommendation 6.2

The Company has a Shareholder Communication and Investor Relations Policy which aims to ensure that Shareholders are informed of all major developments of the Company. The policy is disclosed on the Company's website.

Information is communicated to Shareholders via:

- (a) reports to Shareholders;
- (b) ASX announcements;
- (c) annual general meetings; and
- (d) the Company website.

This Shareholder Communication and Investor Relations policy will be formally reviewed by the Board each year. While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact details (via the website) for Shareholders to make their enquiries.

Recommendation 6.3

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals.

However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

Principle 7: Recognise and manage risk

Recommendation 7.1

Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.

When the Board meets as a risk committee is carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Risk Committee Charter which describes the role, composition, functions and responsibilities of the Risk Committee and is disclosed on the Company's website.

The Board has adopted a Risk Management Policy, which is disclosed on the Company's website. Under the policy, responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

The risk management system covers:

- (a) operational risk;
- (b) financial reporting;
- (c) compliance / regulations; and
- (d) system / IT process risk.

A risk management model is also being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

Recommendation 7.2

The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

Arrangements put in place by the Board to monitor risk management include, but are not limited to:

- (a) monthly reporting to the Board in respect of operations and the financial position of the Company; and
- (b) quarterly rolling forecasts prepared;

Recommendation 7.3

The Company does not have, and does not intend to establish, an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4

Given the speculative nature of the Company's business, it will be subject to general risks and certain specific risks. These are outlined in detail in **Section 0**.

The Company will identify those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclose how it intends to manage those risks in each of its corporate governance statements.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

Due to the size of the Board, the Company does not have a separate remuneration committee. The roles and responsibilities of a remuneration committee are currently undertaken by the Board.

The duties of the full board in its capacity as a remuneration committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website

When the Board meets as a remuneration committee it carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website.

Recommendation 8.2

Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Recommendation 8.3

The Company's Security Trading Policy includes a statement on the Company's policy on prohibiting participants in the Company's Performance Rights Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Performance Rights Plan.

Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

- (a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
- (b) trading in the Company's securities which is not subject to the Company's trading policy; and
- (c) the procedures for obtaining written clearance for trading in exceptional circumstances.

The Company's Security Trading Policy is available on the Company's website.

2.7 Information on the Haikou Vendors

(a) Beijing Properties (Holdings) Limited

Beijing Properties (Holdings) Limited (BPHL) is a company listed on the Stock Exchange of Hong Kong Limited (SEHK stock code: 0925), which is ultimately beneficially held by the Beijing Enterprises Group Company Limited (the **BE Group**). BE Group is a state owned enterprise wholly held by the State-owned Assets Supervision and Administration Commission of the People's Government of the Beijing Municipality. The BE Group is also the ultimate beneficiary of Beijing Enterprises Holdings Limited, Beijing Enterprises Water Group Limited and Beijing Development (Hong Kong) Limited, all of which are companies listed on the SEHK.

BPHL is a holding company mainly engaged in investment, development and operation of logistics centers in major cities of Mainland China such as Beijing, Shanghai and Tianjin. Currently, BPHL's business of logistics centers is classified into two major categories:

- (i) e-commerce and inland port operation, which is in co-operation with customs and in joint venture with Mitsui and Mitsubishi, the two business giants of Japan; and

- (ii) cold storage and food chain logistics, which is in co-operation with major players of seafood, meat and agricultural products in Mainland China.

BPHL is also the single largest shareholder of another Hong Kong listed company which is engaged in development and operation of commercial properties in Mainland China.

As at 23 October 2014 BHPL had 498 shareholders, 6,750,587,849 shares on issue, and a market capitalisation of HK\$4,725,411,494.

(b) Tang Dashun

Tang Dashun is a citizen of New Zealand. Mr. Tang started his education in Hainan Island of Mainland China. From 2001 to 2006, he studied in New Zealand and then he returned to Mainland China to assist in the family business. He had been executive director of a property project and a tourist agent company and the general manager of a logistics company in Hainan. Mr. Tang is an experienced businessman especially in Hainan where he has extensive connection with the government and the commercial circle due to his family's long term investments in Hainan.

3. INDUSTRY OVERVIEW

3.1 Introduction

The Haikou Integrated Free Trade Zone, which HPB is located within, enjoys the highest level of Central Government approvals, and is the only free trade zone that allows tourist tour programs. With 80,000 square metres of commercial space to lease out, HPB has targeted tenants and potential tenants who will be able to exploit the approvals granted and in so doing create a healthy, competitive commercial atmosphere for the space available.

HPB, working closely with external consultants familiar with the Chinese market, have decided to focus the tenant mix of the project in the diamond jewellery and luxury cars markets.

3.2 Overview and Trend of the Diamond Jewellery Market in China

In 2013, global demand for diamond jewellery reportedly reached a record high of US \$79 billion.

China ranks amongst the world's top five largest diamond jewellery markets with an annual growth rate of 12% between 2008 and 2013.

Although the US has continuously held the largest diamond jewellery market in the world, China is predicted to still offer a tremendous growth opportunity for the industry. This is largely driven by the growing appetite for diamonds in China which is mainly attributable to the Chinese bridal target market.

There has been a 30% increase in the number of diamond jewellery retailers in China between 2010 and 2013. The retailers in China range from prominent jewellery brands from Hong Kong to foreign diamond dealers.

3.3 Overview and Trend of the Luxury Vehicle Market in China

During the first six months of 2014, luxury car sales in China experienced a drastic increase in the same period of the prior year. 73% of the Chinese premium vehicle market is comprised of several German automotive luxury brands. For the first time ever, the five top German car manufacturers sold more than two million cars in China in a six months period and claimed a market share of more than 20% of the world's largest passenger vehicle market. According to several projections, China is expected to account for 20 % of the global luxury products consumption in 2015.

In addition to the increasing rate of car owners in China and the increasing interest in premium brands, China's State Council has approved the Haikou Integrated Free Trade Zone as an Automobile Import Port in August 2014.

3.4 Competitive Landscape

Free Trade Zones in China are categorized by their functions, and preferential policies as granted by the Central Government of China. The 5 categories as follows are ranked from the most basic to the highest level of all free trade zones:

- (a) Export Processing Zone ("EPZ");
- (b) Bonded Logistics Centre;

- (c) Bonded Port Area;
- (d) Free Trade Zone; and
- (e) Integrated Free Trade Zone (“IFTZ”).

Notable trade zones within China are as below.

China (Shanghai) Pilot Free Trade Zone

The China (Shanghai) Pilot Free Trade Zone (“SFTZ”) was the first of several free trade zones that were used as a pilot project by the Central Government of China to implement a number of economic policy changes such as new reforms on customs, tax and licensing. The SFTZ was approved by the Shanghai state council and opened in late September 2013. Since SFTZ’s opening and in its first year of operations, approximately 12,000 firms have been established and foreign trades reached 747.5 billion yuan (US \$121.7 billion).

Panyu Free Trade Zone

The Panyu Free Trade Zone (“PFTZ”) in Guangzhou is at the lowest classification level of all free trade zones and is also known as an Export Processing Zone (“EPZ”). An EPZ is characterised as a bonded warehouse whereby companies are limited to only processing goods and then reexporting the finished products directly to where the raw materials originally came from. In the PFTZ most of the raw materials come from Hong Kong and therefore, the finished products is required to be shipped directly back to Hong Kong. In the event that these companies wish to sell the finished product in Mainland China, as most of them do, they incur twice the logistic and insurance costs and have to go through the additional export procedures and quotas, and pay all relevant taxes to sell the finished goods in Mainland China. There are more than 400 such processing and finishing factories in the PFTZ employing more than 150,000 craftsmen and processing about US\$50 million in finished products annually.

PFTZ has attracted several diamond and jewellery processing companies which have formed a target market as potential tenants of the Haikou Project. This is because of the disadvantage to businesses of operating within an EPZ, with the companies incurring twice the logistics and insurance costs, additional administrative loads as they work through all the necessary export procedures and quotas and then pay all relevant duties and taxes to sell back into mainland China or any other country. Most of this duplication of time and expense will be eliminated if the companies move their operations to the Haikou Free Trade Zone. In addition, the companies will be able to sell direct from the Haikou Free Trade Zone. One of the further advantages of the Haikou Integrated Free Trade Zone is the expansion of foreign trading channels and greater opportunities for sales.

Companies operating from the Haikou Free Trade Zone are able to sell their products to Mainland China without incurring extra logistic and insurance costs, and will operate under a more favourable tax regime.

Hainan Duty Free Stores

Hainan Province currently has two established duty free stores; one being the Haikou Meilan Airport Duty Free Store and the other being the Sanya Downtown Duty Free Store. In 2013, revenues from duty free sales on Hainan Island reached approximately RMB 23 billion which represented a year on year growth of 11.3%.

In September 2014, a third duty free store, the Sanya Haitang Bay International Shopping Mall was opened in Sanya. This is the world's largest duty free shopping centre. On its opening day, the shopping centre attracted approximately 30,000 people and recorded sales of approximately RMB 37 million.

The other duty free stores on the Hainan Island will be restricted by the Central Government from the sale of duty free diamond jewellery, with the aim of establishing the Haikou Free Trade Zone as a diamond jewellery centre on Hainan Island.

3.5 Trends and Key Drivers

The Haikou Project is located within the Haikou Integrated Free Trade Zone, which is within the Laocheng Economic Development Zone, Haikou Master Planning and is adjacent to Macun Port.

The Haikou Integrated 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. HPB is planning to work closely with the Haikou Free Trade Zone Management Authorities to provide and assist tenants with their applications and processing of all necessary permits and licenses as required by the Chinese Central Government. In addition to this, HPB also intends to work with the Hainan free trade zone management authorities and Hainan's Tourism Bureau to hold exhibitions and trade shows to ensure a steady stream of visitors to the Haikou Integrated Free Trade Zone. With over 30 million visitors to Hainan Island in 2013, HPB is targeting to eventually receive at least 5,000 visitors a day when the project is in full operation.

HPB is the only operator in the Haikou Free Trade Zone that is licensed to receive tourist group and individuals within the Zone.

Companies importing luxury vehicles for sale in China are required to pay custom and duties estimated between 70-120 % of the cost of the car. In accordance with the special approvals granted to HPB, parallel importations of vehicles are possible for local car dealers. The car dealers will be subject to the duty free and deferred tax importation regime whereby they will not be required to pay any taxes. The buyer also benefits as it is estimated they will save approximately 20% off the retail price of the vehicle in comparison with purchase prices outside of the Haikou Integrated Free Trade Zone.

Other advantages that The Haikou Integrated Free Trade Zone experiences are the exclusive tax as below:

- (a) Income tax return deductions for staff;
- (b) Benefits to tax policies for companies;
- (c) Benefits for local financing; and
- (d) Reduced restrictions in relation to off-shore financing services.

4. COMPANY AND PROJECT OVERVIEW

4.1 BACKGROUND

(a) History

The Company was incorporated on 7 March 2000 and issued a prospectus seeking to raise between \$5,000,000 (minimum subscription) and \$7,000,000 (maximum subscription) by way of an initial public offering of its Shares (**IPO**) on 22 April 2005 for the purpose of listing on the ASX.

The Company was admitted to the ASX on 20 July 2005 with 118,716,606 shares and 21,385,500 options on issue, having raised \$5,201,000.

After listing the Company continued efforts to grow and develop its aquaculture operations in various parts of the world in an effort to achieve profitable levels.

On 1 October 2012, the securities of the Company were suspended from official quotation on the Official list of the ASX at the request of the Company after it was clear it was unable to raise further capital at that time.

On 19 November 2012, the directors of the Company appointed Christopher Williamson and David Hurt as the administrators of the Company (**Administrators**) pursuant to section 436A of the Corporations Act.

By resolution at a meeting of Creditors on 15 February 2013 held under section 439A of the Corporations Act, the Creditors resolved, pursuant to section 439C of the Corporations Act, that the Company enter into a Deed of Company Arrangement to approve a Recapitalisation Proposal. On or about 26 February 2013, the Company, the Administrators and Trident Capital executed the DOCA and the Administrators became the administrators of the DOCA (**Deed Administrators**). The DOCA was wholly effectuated on the 2 May 2013. The Recapitalisation Proposal was completed and the Company reinstated to trading on the ASX on 20 September 2013.

As a result of the appointment of Administrators, the Company's operations were suspended in October 2012 with the exception of continuation of the construction contract in Malaysia.

Following its re-listing the Company has reviewed the aquaculture operations as well as all potential business opportunities presented to identify those that will maximise a return to the Company's shareholders.

(b) Acquisition of the Haikou Project

On 18 March 2014 the Company announced it had entered into a Heads of Agreement with the Haikou Vendors to acquire 100% of the Haikou Project. The Company and the Haikou Vendors entered into formal documentation, Share Sale and Purchase Agreements, on 10 June 2014.

(c) General Meeting 2014

The Company issued a Notice of General Meeting to convene a meeting of Shareholders on or about 6 November 2014. At the General Meeting to be held on

10 December 2014 the Shareholders are asked to consider and, if thought appropriate, pass resolutions in respect of the following matters:

- (i) consolidation of capital – the consolidation of the Existing Shares on a 1 for 2 basis;
- (ii) a change in nature and scale of the Company's activities;
- (iii) the issue of 415,000,000 pre-Capital Consolidation Shares (207,500,000 post-capital consolidation) in the Company to the Haikou Vendors, as consideration for the acquisition of 100% of the Haikou Project;
- (iv) the approval of the issue of Facilitation Shares, 10,375,000 New Shares to the parties who introduced the acquisition of the Haikou Project to the Company;
- (v) the change in the Company's name to CAQ Holdings Limited; and
- (vi) the issue of Shares under the Public Offer – the issue of up to 250,000,000 Shares at an issue price of \$0.20 each to raise up to \$50,000,000.

The resolutions will be considered by Shareholders at the General Meeting on 10 December 2014.

(d) Overview of the Haikou 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.

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 44,020m² 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 87,165m² and is comprised of an exhibition centre with a total built up area of 22,083m², commercial and administrative centre with a total built up area of 6,080m², four bonded warehouses of various sizes with an aggregated built up area of 41,115m² and three factory buildings of various sizes with a total built up area of 17,887m².

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 late December 2014, with fit out of the interior spaces to then commence with a targeted date for opening of late May 2015.

(e) Existing Activities

Following the completion of the Company's successful capital raising and the quotation of the Company's shares on 20 September 2013, the Directors embarked upon a review of the Company's various subsidiaries and international projects. The outcome of that review was that the Directors decided not to make any further investments in the subsidiaries, and where possible to divest them, whilst at the same time seeking other opportunities.

The Existing Directors and the Proposed Director have not made a decision on the Company's remaining aquaculture asset, the 'Hatch to Dispatch' aquaculture system trademarked as the EcoCell™ system of aquaculture production, in the event that Resolutions 1 to 7 (inclusive) of the Notice of General Meeting are approved at the General Meeting and if the events the subject of those Resolutions occur and the Proposed Transaction is completed (which may or may not occur).

The Company may seek to sell or otherwise dispose of the 'Hatch to Dispatch' aquaculture asset but no decision has yet been made to that effect, and whether there would be prospective buyers for the system, or its value, if any, has not been ascertained.

4.2 BUSINESS MODEL AND FUTURE OPERATIONS

As HPB's revenue model will be principally focused on the leasing and management of the commercial property in the Haikou Integrated Free Trade Zone, HPB intends to attract companies that are currently operating in the Panyu Free Trade Zone, which are limited by the regulations applied to export processing zones. One of the main attractions for these companies is that they will have the opportunity to distribute and sell their products to Mainland China. In 2013, Mainland China accounted for approximately 41.2% of the global jewellery consumption. It was reported that annual jewellery sales in China for 2013 was 25.8% higher than the previous year. Other duty free stores on Hainan Island are prohibited from selling diamond jewellery products by the Chinese government as this is to be the main attraction of the Haikou Integrated Free Trade Zone.

HPB have currently signed lease agreements and received expressions of interests for the entire Commercial and Administrative Centre and for portions of the Factories, Bonded Warehouses and Exhibition Centre.

In terms of luxury vehicles, HPB have gathered expressions of interests from a few popular German automotive brands to operate within the Haikou Integrated Free Trade Zone.

(a) Other Revenue

As of April 2014, China had a total population of 1,362,000,000 of which 53% are in urban areas. Of the total population, there are 618,000,000 internet users which equates to a 45% penetration rate. Of the total population, there are 1,240,000,000 active mobile subscriptions which equates to a 91% penetration rate in China and assumes that at least 81% of the rural population have active mobile subscription. As such, creating and maintaining a strong online presence is significant for operations within China.

In addition to leasing revenue, HPB is also intending to source more income by way of assisting the tenants to market their products. HPB has been granted an e-commerce license and is currently developing marketing strategies such as creating a website to provide a marketing channel for the tenants' products and to provide accessibility for online customers to browse the products available at the Haikou Integrated Free Trade Zone. There are currently two diamond jewellery tenants who have committed to setting up operations and are projected to provide over 50,000 different designs of jewellery at a 40% discounted retail price. To assist sales, HPB is also currently in negotiations with major duty free franchises to market the tenants' products in airports and airlines worldwide. For all services and marketing channels provided to the tenants, HPB intends to receive service fees and profit sharing from all sales out of the Haikou Integrated Free Trade Zone.

(b) Opportunities

In addition to the experience, expertise and intellectual property that Cell Aquaculture has resulting from the historic business, the following factors have been identified as characteristics of other existing successful property businesses. Successful competitors may exhibit a number or all of these characteristics. These include:

- (i) having a good relationship with government agencies;
- (ii) having a good relationship with customers whether retail or institutional;
- (iii) to position itself as a premium product with the powerful Chinese retail chain;
- (iv) having a strong brand and strategy; and
- (v) having world class benchmarks.

The Company will consider these factors when making decisions on its future operations.

(c) Financial Plan

The Company's revenue model will be principally focused on the leasing and management of the commercial property in Haikou. There is also expected to be further revenues from commissions on sales/commissions of sales from exhibitions/trade shows and online sales facilitated by HPB.

The Company's new capital raising will provide sufficient capital for it to complete the construction and fit out of the Haikou Project buildings, the repayment of the Vendor

Loans for it to achieve its business plans. New management skills will ensure strict investment and expenditure hurdles are adopted by the Company for its future business plans.

4.3 INVESTMENT OPPORTUNITIES

A portion of the Company's assets will be comprised of cash. As such, disclosure is required regarding the expertise of the current Directors and more specifically, how this level of expertise will assist the Company in making investment decisions.

The Directors have a broad range of commercial and public company experience. The Directors also have broad experience in project development, finance and corporate transactions for various listed and non-listed entities, which will be relevant to the assessment of potential projects for the Company. The Directors consider that their contacts and relevant experience will provide assistance in attracting and securing new projects for investment and acquisition.

The Directors are committed to the highest standards of corporate governance and they will make themselves readily available to meet the requirements of the Company and its operations going forward. The Board will ensure that they devote sufficient time, attention and skill to the duties of this position and the Company's business.

Investment strategies may be adopted as and when suitable opportunities are identified by the Board. The Company may be subject to additional risks in the future relating to these investments that cannot be identified as at the date of this Prospectus.



5. INVESTIGATING ACCOUNTANT'S REPORT



CELL AQUACULTURE LIMITED
Investigating Accountant's Report

19 November 2014

19 November 2014

The Directors
Cell Aquaculture Limited
Level 24, 44 St Georges Terrace
Perth WA 6000

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

We have been engaged by Cell Aquaculture Limited ('Cell Aquaculture' or 'the Company') to prepare this Investigating Accountant's Report ('Report') on the historical financial information and pro forma historical financial information of Cell Aquaculture for inclusion in the Prospectus. Broadly, the Prospectus will offer up to 250 million New Shares at an issue price of \$0.20 each to raise up to \$50 million before costs ('the Offer'). The Offer is subject to a minimum subscription level of 225 million New Shares to raise \$45 million before costs.

Shareholders will vote on 10 December 2014 on the consolidation of the Company's share capital on a 1 for 2 basis, with any fractional entitlements being rounded up to the nearest whole share ('Capital Consolidation'). All references to share on issue in our Report are on a post Capital Consolidation basis.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

2. Scope

Historical financial information

You have requested BDO to review the following historical financial information included in the Prospectus:

- The Statement of Financial Performance of Cell Aquaculture for the year ended 30 June 2014;
- The Statement of Financial Position for Cell Aquaculture as at 30 June 2014;
- The Statement of Changes in Equity for Cell Aquaculture for the year ended 30 June 2014;

- The Statement of Financial Position for Actual Winner Limited for the period ended 30 June 2014;
- The Statement of Financial Position for Express Linker Limited for the period ended 30 June 2014;
- The Statement of Financial Position of Haikou Peace Base Industry Development Company Limited for the period ended 31 May 2014;
- The Statement of Financial Position of Rayport Limited for the period ended 30 June 2014; and
- The Statement of Financial Position of Peace Base Holdings Limited for the period ended 30 June 2014.

(collectively the 'historical financial information').

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Cell Aquaculture's adopted accounting policies. The historical financial information for Cell Aquaculture has been extracted from the financial report for the year ended 30 June 2014, which was audited by BDO Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit (WA) Pty Ltd issued a modified opinion on the financial report.

The historical financial information for Actual Winner Limited, Express Linker Limited, Rayport Limited and Peace Base Holdings Limited has been audited by BDO Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards. The historical financial information for Haikou Peace Base Industry Development Company Limited has been audited by BDO Guangdong in accordance with the Australian Auditing Standards.

The historical financial information is presented in the Appendices to this report in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma historical financial information

You have requested BDO to review the pro forma historical statement of financial position as at 30 June 2014 for Cell Aquaculture referred to as the 'pro forma historical financial information'

The pro forma historical financial information has been derived from the historical financial information of Cell Aquaculture, after adjusting for the effects of any subsequent events described in section 7 and the pro forma adjustments described in section 8. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 7 and section 8, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position.

3. Background

Cell Aquaculture Limited was incorporated on 7 March 2000 and obtained official admittance to the ASX on 20 July 2005. The Company's primary operations are focused on the vertically integrated production of premium quality seafood.

On 1 October 2012 Cell Aquaculture was suspended from official quotation on the ASX. On 19 November 2012, David Ashley Norman Hurt and Christopher Michael Williamson were appointed

voluntary administrators of the Company. On 15 February 2013, the Company's creditors resolved that Cell Aquaculture enter into a Deed of Company Arrangement ('DOCA'). The DOCA was terminated on 2 May 2013. On 18 June 2013, the Company held a general meeting and received shareholder approval for the recapitalisation of the Company which resulted in the following:

- Consolidation of Capital - the consolidation of the existing Shares on a 1 for 10 basis;
- Reduction of capital - the capital reduction of the Company by applying an amount of accumulated losses against share capital which is considered permanently lost; and
- Issue of shares under a Sophisticated Investor Offer and a Public Offer.

On 18 March 2014, the Company announced that it had entered into a Heads of Agreement with the Vendors, 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 in Hainan Island, China ('Haikou Project') ('the Transaction').

In order to acquire the Haikou project the Company will be acquiring the following entities which will be 100% controlled by Cell Aquaculture following completion of the Transaction:

- Actual Winner Limited ('AWL');
- Express Linker Limited ('ELL');
- Haikou Peace Base Industry Development Company Limited ('HPB');
- Peace Base Holdings Limited ('PBH'); and
- Rayport Limited ('RL').

The Haikou Project 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. It is the first and only shopping centre constructed in a free trade zone in China. It is contained on a 44,020 m² property and will consist of several multi-story buildings, containing factories, warehouses, a commercial/administration building and a retail complex. Building for the project is targeted for completion in December 2014, with fit out of the interior spaces to then commence with a targeted date for opening of May 2015.

On 10 June 2014, the Company announced the execution of formal Share Sale Agreements with each Vendor to acquire 100% of the Haikou Project. Total consideration will be satisfied by the issue of 207,500,000 fully paid ordinary shares (following the Capital Consolidation) in the Company. The apportionment of the share consideration to each of the Vendors will be as follows:

TD - 124,500,000 fully paid ordinary shares; and

BPH - 83,000,000 fully paid ordinary shares.

The Company also announced on 8 October 2014 that it had agreed to vary the Share Sale Agreement with BPH and agreed that loans provided by the Vendors to the Haikou Project since 1 June 2014, and totalling approximately US\$3 million ('Vendor Loans'), would be repaid to the Haikou Vendors, at completion from the proceeds of the Capital Raising. All other outstanding amounts (i.e. debts and liabilities) in the entities being acquired under the Share Sale Agreement, up to 30 May 2014 will be extinguished by the Vendors, prior to completion of the Transaction.

4. Director's responsibility

The directors of Cell Aquaculture are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such

internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

5. Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

6. Conclusion

Historical financial information

A qualified opinion was issued in relation to the historical financial information as at 30 June 2014 for Cell Aquaculture on the basis that the Company was unable to access all of the financial information of one of its subsidiaries Cell Aqua Malaysia Sdn Bhd for the period 1 July 2013 to 4 November 2013. Attention was drawn to the gain on deconsolidation of Cell Aqua Malaysia Sdn Bhd of \$1,181,150 recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2014. The auditor's were unable to obtain appropriate audit evidence to satisfy themselves as to completeness and existence of this amount. Consequently they were unable to determine whether any adjustments were necessary to the statement of financial position as at 30 June 2014 and the statement of profit or loss and other comprehensive income for the year ended 30 June 2014.

Based on our review, which was not an audit, with the exception of the matters described in the preceding paragraph, nothing has come to our attention which would cause us to believe the historical financial information as set out in the Appendices to this report does not present fairly, in all material aspects, the financial performance for the year ended 30 June 2014 or the financial position as at 30 June 2014 in accordance with the stated basis of preparation as described in section 2.

Pro-forma historical financial information

As at 30 June 2014, a qualified opinion was issued on the basis that the Company was unable to access all of the financial information of one of its subsidiaries Cell Aqua Malaysia Sdn Bhd for the period 1 July 2013 to 4 November 2013. Therefore, a qualified opinion would also be issued to the Company for the pro-forma historical financial information as at 30 June 2014.

Based on our review, which is not an audit, with the exception of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the pro forma historical financial information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 2.

7. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred or are due to occur subsequent to the period ended 30 June 2014 with shareholders to vote on the following at the Company's general meeting on 10 December 2014:

- Our pro-forma statement of financial position assumes that Shareholders will approve a Capital Consolidation on a 1 for 2 basis, with any fractional entitlements being rounded up to the nearest whole share;
- Our pro-forma statement of financial position assumes that Shareholders will approve the Transaction in which Cell Aquaculture acquires 100% of all the rights and title to the Haikou Project with consideration being satisfied in the form of 207,500,000 million shares issued to the Haikou Vendors;
- Our pro-forma statement of financial position assumes that Shareholders will approve the issue of 8,300,000 million shares to the Company's advisors in consideration for services performed in relation to the Transaction. These shares have a deemed issue price of \$0.20 each; and
- Our pro-forma statement of financial position assumes that Shareholders will approve the issue of 2,075,000 million shares to Trident Capital Pty Ltd ('Trident') in consideration for services performed in relation to the Transaction. These shares have a deemed issue price of \$0.20 each.

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

8. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro-forma statement of financial position post issue is shown in Appendix 2. This has been prepared based on the financial statements as at 30 June 2014, the subsequent events set out in section 7, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 225,000,000 Shares at an offer price of \$0.20 each to raise \$45 million before costs based on the minimum subscription or the issue of 250,000,000 Shares at an offer price of \$0.20 each to raise \$50 million before costs based on the maximum subscription, pursuant to the Prospectus;
- Costs of the Offer are estimated to be \$2.7 million based on the minimum subscription and \$3 million based on the maximum subscription, which are to be offset against the contributed equity; and
- The Company has agreed to repay the US\$3 million in Vendor Loans with funds raised under the Offer.

9. Disclosures

BDO Corporate Finance (WA) Pty Ltd is the corporate advisory arm of BDO in Perth. Without modifying our conclusions, we draw attention to the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Neither BDO Corporate Finance (WA) Pty Ltd nor BDO, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent to the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read "Adam Myers". The signature is written in a cursive, flowing style.

Adam Myers

Director

APPENDIX 1

CELL AQUACULTURE LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited for the year ended 30-Jun-14 \$
Revenue from continuing operations	50,814
Expenses:	
Legal expenses	(114,212)
Consultancy expenses	(142,000)
Employee benefits expense	(4,466)
Insurance expenses	(5,815)
Occupancy costs	(18,000)
Professional costs	(202,478)
Travel costs	(65,997)
Other expenses	(75,718)
Administration expense	(8,234)
Due diligence expense	(125,840)
Loss from continuing operations before income tax	(711,946)
Income tax benefit	-
Loss after income tax for the year	(711,946)
Net gain on disposal and deconsolidation of subsidiaries	110,039
Loss after income tax for the year	(601,907)
Other comprehensive income:	
Exchange differences on foreign currency translation	50,313
Total comprehensive loss for the year	(551,594)

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5. Past performance is not a guide to future performance.

APPENDIX 2
CELL AQUACULTURE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Audited as at	Subsequent	Pro forma adjustments		Pro forma after Offer	
		30-Jun-14	events	\$45 million	\$50 million	\$45 million	\$50 million
	Notes	\$	\$	\$	\$	\$	\$
CURRENT ASSETS							
Cash and cash equivalents	2	1,127,403	2,418,811	39,196,146	43,896,146	42,742,360	47,442,360
Trade and other receivables	3	112,413	29,644	-	-	142,057	142,057
Other assets	4	-	1,559,513	-	-	1,559,513	1,559,513
TOTAL CURRENT ASSETS		1,239,816	4,007,968	39,196,146	43,896,146	44,443,930	49,143,930
NON CURRENT ASSETS							
Intangible assets	5	-	5,194,560	-	-	5,194,560	5,194,560
Property, plant & equipment	6	-	35,635,285	-	-	35,635,285	35,635,285
TOTAL NON CURRENT ASSETS		-	40,829,845	-	-	40,829,845	40,829,845
TOTAL ASSETS		1,239,816	44,837,813	39,196,146	43,896,146	85,273,775	89,973,775
CURRENT LIABILITIES							
Trade and other payables	7	141,986	233,959	-	-	375,945	375,945
Borrowings	8	-	3,103,854	(3,103,854)	(3,103,854)	-	-
TOTAL CURRENT LIABILITES		141,986	3,337,813	(3,103,854)	(3,103,854)	375,945	375,945
TOTAL LIABILITIES		141,986	3,337,813	(3,103,854)	(3,103,854)	375,945	375,945
NET ASSETS/(LIABILITES)		1,097,830	41,500,000	42,300,000	47,000,000	84,897,830	89,597,830
EQUITY							
Contributed equity	9	2,855,431	43,575,000	42,300,000	47,000,000	88,730,431	93,430,431
Accumulated losses	10	(1,757,601)	(2,075,000)	-	-	(3,832,601)	(3,832,601)
TOTAL EQUITY		1,097,830	41,500,000	42,300,000	47,000,000	84,897,830	89,597,830

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5.

APPENDIX 3
CELL AQUACULTURE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Audited for the					
		period ended	Subsequent	Pro forma adjustments		Pro forma after Offer	
		30-Jun-14	Events	\$45 million	\$50 million	\$45 million	\$50 million
		\$	\$	\$	\$	\$	\$
Balance as at 1 July 2013		(1,206,007)	-	-	-	(1,206,007)	(1,206,007)
<i>Comprehensive income for the period</i>							
Profit/(Loss) for the period	10	(551,594)	(2,075,000)	-	-	(2,626,594)	(2,626,594)
Total comprehensive income for the period		(551,594)	(2,075,000)	-	-	(2,626,594)	(2,626,594)
<i>Transactions with equity holders in their capacity as equity holders</i>							
Contributed equity, net of transaction costs	9	2,855,431	43,575,000	42,300,000	47,000,000	88,730,431	93,430,431
Total transactions with equity holders		2,855,431	43,575,000	42,300,000	47,000,000	88,730,431	93,430,431
Balance		1,097,830	41,500,000	42,300,000	47,000,000	84,897,830	89,597,830

The above consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5.

APPENDIX 4
CELL AQUACULTURE LIMITED
NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

a) Basis of preparation of historical financial information

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

b) Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

c) Reporting Basis and Conventions

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

d) Principles of consolidation

Subsidiaries

The historical financial information incorporates the assets and liabilities of all subsidiaries of Cell Aquaculture Limited as at 30 June 2014, and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit and loss.

e) Asset acquisition

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination, that

at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Cell Aquaculture Limited and its Australian controlled entity have implemented the tax consolidation legislation.

g) Cash and Cash Equivalents

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

h) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

i) Revenue Recognition

Revenue is measured at the fair value of the gross consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects 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 borrowing cost.

l) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

m) Property, plant and equipment

Property, plant and equipment are brought to account at cost or at independent or Directors' valuation, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal.

The gain or loss on disposal of all fixed assets, including revalued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the Statement of Profit or Loss and Other Comprehensive Income. Any realised revaluation increment relating to the disposed asset which is included in the revaluation reserve is transferred to retained earnings.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings on leasehold land	25%
Plant and equipment	5% - 40%

n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

o) Impairment of assets

Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at each reporting period.

p) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

q) Contributed equity

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

r) Investments and other financial assets

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

s) Foreign currency translation

The historical financial information is presented in Australian dollars, which is Cell Aquaculture Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

t) Employee Benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are

measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Share-based payments

The Company provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Binomial option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired; and (ii) the number of options that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted the cancelled and new award are treated as if they were a modification of the original award.

u) Accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Valuation of share based payment transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

Options

The fair value of options issued is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Taxation

The Company is subject to income taxes in Australia. Significant judgement is required when determining the Company's provision for income taxes. The Company estimates its tax liabilities based on the Company's understanding of the tax law.

	Audited 30-Jun-14	Pro-forma after Offer	
		\$45 million	\$50 million
NOTE 2. CASH AND CASH EQUIVALENTS	\$	\$	\$
Cash and cash equivalents	1,127,403	42,742,360	47,442,360
<i>Adjustments to arise at the pro-forma balance:</i>			
Audited balance of CAQ at 30-Jun-14		1,127,403	1,127,403
<i>Subsequent events:</i>			
Acquisition of HPB		2,393,341	2,393,341
Acquisition of PBH		25,470	25,470
		2,418,811	2,418,811
<i>Pro-forma adjustments:</i>			
Proceeds from shares issued under this Prospectus		45,000,000	50,000,000
Capital raising costs		(2,700,000)	(3,000,000)
Repayment of Vendor Loans		(3,103,854)	(3,103,854)
		39,196,146	43,896,146
Pro-forma Balance		42,742,360	47,442,360

	Audited 30-Jun-14	Pro-forma after Offer
NOTE 3. TRADE AND OTHER RECEIVABLES	\$	\$
Trade and other receivables	112,413	142,057
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of CAQ at 30-Jun-14		112,413
<i>Subsequent events:</i>		
Acquisition of HPB		29,644
		29,644
Pro-forma Balance		142,057

	Audited 30-Jun-14	Pro-forma after Offer
	\$	\$
NOTE 4. OTHER ASSETS		
Other assets	-	1,559,513
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of CAQ at 30-Jun-14		-
<i>Subsequent events:</i>		
Acquisition of HPB		1,559,513
		<u>1,559,513</u>
Pro-forma Balance		<u>1,559,513</u>

	Audited 30-Jun-14	Pro-forma after Offer
	\$	\$
NOTE 5. INTANGIBLE ASSETS		
Intangible assets	-	5,194,560
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of CAQ at 30-Jun-14		-
<i>Subsequent events:</i>		
Acquisition of HPB		2,437,327
Acquisition of PBH		2,757,233
		<u>5,194,560</u>
Pro-forma Balance		<u>5,194,560</u>

	Audited 30-Jun-14	Pro-forma after Offer
	\$	\$
NOTE 6. PROPERTY, PLANT & EQUIPMENT		
Property, plant & equipment	-	35,635,285
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of CAQ at 30-Jun-14		-
<i>Subsequent events:</i>		
Acquisition of HPB		6,405,284
Property, plant & equipment acquired on Acquisition (Refer Note 11)		29,230,001
		<u>35,635,285</u>
Pro-forma Balance		<u>35,635,285</u>

	Audited 30-Jun-14	Pro-forma after Offer
	\$	\$
NOTE 7. TRADE & OTHER PAYABLES		
Trade & other payables	141,986	375,945
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of CAQ at 30-Jun-14		141,986
<i>Subsequent events:</i>		
Acquisition of HPB		233,002
Acquisition of PBH		957
		<u>233,959</u>
Pro-forma Balance		<u>375,945</u>

	Audited 30-Jun-14	Pro-forma after Offer
	\$	\$
NOTE 8. BORROWINGS		
Borrowings	-	-
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of CAQ at 30-Jun-14		-
<i>Subsequent events:</i>		
Acquisition of HPB		3,100,450
Acquisition of RL		3,404
		<u>3,103,854</u>
<i>Pro-forma adjustments:</i>		
Repayment of Vendor Loans		(3,103,854)
		<u>(3,103,854)</u>
Pro-forma Balance		<u>-</u>

		Audited	Pro-forma after Offer	
		30-Jun-14	\$45 million	\$50 million
NOTE 9. CONTRIBUTED EQUITY		\$	\$	\$
Contributed equity		2,855,431	88,730,431	93,430,431
<i>Adjustments to arise at the pro-forma balance:</i>				
	Number of	Number of		
	shares (min)	shares (max)	\$	\$
Fully paid ordinary share capital prior to Capital Consolidation	374,115,356	374,115,356	2,855,431	2,855,431
Fully paid ordinary share capital following Capital Consolidation (2 for 1 basis)	187,057,678	187,057,678	2,855,431	2,855,431
<i>Subsequent events:</i>				
Acquisition of AWL	-	-	3,186,495	3,186,495
Acquisition of ELL	-	-	3,188,863	3,188,863
Acquisition of HPB	-	-	10,601,400	10,601,400
Acquisition of RL	-	-	1	1
Acquisition of PBH	-	-	7,127,233	7,127,233
Elimination adjustment on Acquisition	-	-	(24,103,992)	(24,103,992)
Shares issued as consideration for Acquisition (Refer Note 11)	207,500,000	207,500,000	41,500,000	41,500,000
Shares issued to the Company's advisers for transaction services performed	8,300,000	8,300,000	1,660,000	1,660,000
Shares issued to Trident for transaction services performed	2,075,000	2,075,000	415,000	415,000
	217,875,000	217,875,000	43,575,000	43,575,000
<i>Pro-forma adjustments:</i>				
Proceeds from shares issued under this Prospectus	225,000,000	250,000,000	45,000,000	50,000,000
Capital raising costs	-	-	(2,700,000)	(3,000,000)
	225,000,000	250,000,000	42,300,000	47,000,000
Pro-forma Balance	629,932,678	654,932,678	88,730,431	93,430,431

	Audited	Pro-forma
	30-Jun-14	after Offer
NOTE 10. ACCUMULATED LOSSES	\$	\$
Accumulated losses	(1,757,601)	(3,832,601)
<i>Adjustments to arise at the pro-forma balance:</i>		
Audited balance of CAQ at 30-Jun-14		(1,757,601)
<i>Subsequent events:</i>		
Acquisition of AWL		(10,165)
Acquisition of ELL		(12,532)
Acquisition of HPB		(848,106)
Acquisition of RL		(6,659)
Acquisition of PBH		(512,383)
Elimination adjustment on Acquisition		1,389,845
Shares issued to the Company's advisers for transaction services performed		(1,660,000)
Shares issued to Trident for transaction services performed		(415,000)
		(2,075,000)
Pro-forma Balance		(3,832,601)

NOTE 11: ASSET ACQUISITION

A summary of the acquisition details with respect to the acquisition of the Haikou Project as included in our report is set out below. These details have been determined for the purposes of the pro-forma adjustments as at 30 June 2014 however will require re-determination as at the successful acquisition date which may result in changes to the values as disclosed below.

Details of the net assets acquired, purchase consideration and notional fair value attributable to the property, plant & equipment acquired are as follows:

	Fair value
	\$
Trade and other receivables	29,644
Other assets	1,559,513
Intangibles	5,194,560
Property, plant & equipment	6,405,284
Trade and other payables	(233,959)
Borrowings	(3,103,854)
Net identifiable assets acquired under the acquisition	<u>9,851,188</u>
Purchase consideration comprises:	
207,500,000 fully paid ordinary shares in the Company valued at \$0.20 per share	41,500,000
Cash acquired	(2,418,811)
	<u>39,081,189</u>
Fair value attributable to property, plant & equipment on acquisition	<u>29,230,001</u>

NOTE 12: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 13: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

APPENDIX 5
CELL AQUACULTURE LIMITED
CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

	Audited for the year ended 30-Jun-13 \$	Audited for the year ended 30-Jun-12 \$
Revenue from continuing operations	1,889,150	499,001
Foreign currency gain/(loss)	17,073	19,433
Gain on derivative financial instrument	-	545,236
Expenses:		
Raw materials and consumables used	(1,642,578)	(447,385)
Legal expenses	(93,811)	(52,866)
Marketing expenses	(40,875)	(20,656)
Communication expenses	(10,294)	(17,209)
Consultancy expenses	(403,298)	(974,591)
Employee benefits expense	(15,134)	(333,146)
Insurance expenses	-	(33,896)
Occupancy costs	(37,079)	(127,212)
Professional costs	(167,847)	(272,385)
Travel costs	(13,629)	(51,663)
Depreciation and administration expense	-	(31,276)
Finance costs	(50,061)	(21,984)
Interest expenses	-	(566,233)
R&D expenses	-	(95,000)
Other expenses	(180,435)	(170,014)
Administration expenses	(114,614)	-
Due diligence expense	-	-
Provision for impairment of receivable	40,565	(380,595)
Provision for impairment of buildings	-	(416,000)
Provision for impairment of property, plant & equipment	-	(323,411)
Provision for impairment of inventories	(527,311)	(257,173)
Provision for impairment of biological assets	-	(10,621)
Default fee	-	(64,706)
Gain on Deed of Company Arrangement	1,085,726	-
Loss before income tax for the year	(264,452)	(3,604,352)
Income tax benefit/(expense)	-	104,477
Loss after income tax for the year	(264,452)	(3,499,875)
Net gain on disposal and deconsolidation of subsidiaries	-	-
Loss for the year	(264,452)	(3,499,875)
Other comprehensive income:		
Exchange differences on foreign currency translation	36,103	12,130
Total comprehensive loss for the year	(228,349)	(3,487,745)

	Audited as at 30-Jun-13 \$	Audited as at 30-Jun-12 \$
CURRENT ASSETS		
Cash and cash equivalents	394,443	29,674
Trade and other receivables	239,010	-
TOTAL CURRENT ASSETS	633,453	29,674
TOTAL ASSETS	633,453	29,674
CURRENT LIABILITIES		
Trade and other payables	2,210,709	663,148
Borrowings	-	721,607
TOTAL CURRENT LIABILITES	2,210,709	1,384,755
TOTAL LIABILITIES	2,210,709	1,384,755
NET ASSETS/(LIABILITES)	(1,577,256)	(1,355,081)
EQUITY		
Contributed equity	86,416	19,138,441
Reserves	(50,313)	734,299
Accumulated losses	(1,155,692)	(20,789,514)
Capital and Reserves attributable to the owners of Cell Aquaculture	(1,119,589)	(916,774)
Non-controlling interest	(457,667)	(438,307)
TOTAL EQUITY	(1,577,256)	(1,355,081)

6. RISK FACTORS

There are numerous risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with the Company's business.

This section identifies areas the Directors regard as major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending applicants should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to subscribe for securities pursuant to this Prospectus.

Investors should be aware that there are risks associated with any share investment. The value of the Shares may be above or below the issue price under this Prospectus. The securities allotted under this Prospectus carry no guarantee in respect of profitability, dividends or return of capital.

The Shares offered under this Prospectus should be regarded as speculative and investors should be aware that they may lose some or all of their investment. Investors should consider whether the securities offered under this Prospectus are a suitable investment having regard to their own individual investment objectives, financial circumstances and the risk factors set out below. This list is not exhaustive and, if in any doubt, investors should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

6.1 SPECIFIC RISKS

(a) Reinstatement to ASX's Official List

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rule. This Prospectus is issued to assist the Company to re-comply with these requirements. The Company's securities will be suspended from the commencement of trade on the day of the General Meeting. It is anticipated that the Company's securities will remain suspended until completion of the Proposed Acquisition, Offer and Consolidation, re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from quotation.

(b) Contract Risks

The Company may enter into agreements and undertakings with third parties from time to time. If the Company is unable to satisfy the conditions of these agreements and undertakings, or if it defaults on its obligations under these agreements and undertakings, the Company's interest in their subject matter may be jeopardised. Further, if the third parties default on their obligations under the agreements and undertakings, the Company may be adversely affected.

(c) Construction Quality and Customer Numbers

The quality of the finished construction and fit out will be critical to acceptance of the Company's offering. The Company will closely manage completion of the construction of the Haikou Project and its fit out. There however can be no assurance that the final finished product will be acceptable to potential customers.

Furthermore, the Haikou Project is not within walking or close transportation distance of major tourist or population centres. Arrangements have been made to ensure tour buses on Hainan Island, where possible, stop at the Haikou Project. There can however be no assurance that tourists will purchase items at the Haikou Project making it commercially viable to tenants.

(d) Competition

There is no assurance that the Company will be able to compete effectively with existing and new competitors in the future. Increased competition in the industry may reduce sales and selling prices and profit margins and may adversely affect its operating results. The Company will need to sustain and develop its sales and management to ensure it maintains its competitive edge in the market. There is also the risk that a competitor could market new products in a way that creates extensive competition for the Company. This may adversely affect its sales and decrease its current revenues. These adverse effects could impact on the profitability of the Company.

(e) Dependence on Key Personnel

The success of the Company will to an extent depend on the Directors' and key consultants' ability to successfully manage the Company's performance and exploit new opportunities. The loss of service of the Directors and key consultants could have an adverse effect on the proposed operations of the Company.

(f) Uncertainty and Future Profitability

The Company has no revenue at present. It is not possible to evaluate the Company's future prospects based on past performance. The past performance should not impact on the future opportunities of the Company.

While the Directors have confidence in the future revenue-earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

(g) Acquisition

The Company may also review and consider other business opportunities. Consequently, this strategy may result in the Company making acquisitions of, or significant investments in, complementary or alternative companies or assets. Any such transactions would be accompanied by the risks inherent in making acquisitions of companies and assets. For example, there may be liabilities in connection with such acquisitions which are not identified in the Company's due diligence or the acquisitions may not prove to be successful. Further, risks associated with such acquisitions will also arise from the Company's ability to execute the acquisition and then to correctly manage the business operations and growth strategies moving forward. In addition, any acquisition may be subject to all or any Shareholder and regulatory approvals.

(h) Future Capital Needs

Further funding of projects may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance.

(i) Payment Obligations and Other Work Commitments

Under the terms of contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment obligations and other work commitments. Failure to meet these work commitments or if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties could result in dilution of forfeiture of the interest held by the Company.

(j) Approvals

Approvals may be required for the Company's future operations. Delays in obtaining such approvals can result in the delay or modification to anticipated development.

Obtaining necessary permits and approvals can be a time consuming process and there is a risk that the Company may not obtain such permits on acceptable terms, in a timely manner or at all.

(k) Operating Risks Associated with Operating in a Foreign Country

The Company's operations in the future are subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability, and changes of law affecting foreign ownership, government participation, taxation, working conditions, rate of exchange, exchange control, licensing, export duties, repatriation of income or return of capital, environmental protection, safety, and labour relations, as well as government control over properties, or government regulations that require the employment of local staff or contractors, or require other benefits to be provided to local residents.

Any future material adverse changes in government legislation, regulation or policies in the People's Republic of China or Australia may affect the viability of the Company and its operations.

(l) Foreign Exchange

The Company's operations will be on Hainan Island, in the People's Republic of China.

In the future the Company's revenues, cash inflows, other expenses, capital expenditure, and commitments will be denominated in foreign currencies.

To comply with Australian reporting requirements the income, expenditure and cash flows of the Company will need to be accounted for in Australian dollars. This will result in the income, expenditure, and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian dollar, as determined in international markets.

(m) Unforeseen Expenditure Risk

Although the Company is not aware of any unforeseen future expenditure, any unforeseen expenditure is likely to adversely affect the financial position of the Company.

(n) Constructions Risks

The Haikou Project is subject to significant development and construction risks, which could have a material adverse impact on construction and opening timetables, costs and the ability to complete the Haikou Project. Substantial cost increases or construction delays could prevent or delay the opening of the Haikou Project.

(o) Repatriation Risks

All of the Company's revenue will be derived in China. Repatriation of funds out of China are governed by law in China which may adversely affect the Company's cash position. At this time the Company is not aware of any changes that will affect it.

(p) Land Holding in China

The Company will have land holding in Hainan Island subject to the current land holding laws applicable to China. New laws introduced may restrict the ownership and transfer of land, which may subsequently affect its value. The Company is currently unaware of any such action being considered now or in the future. Furthermore, there was a possible procedural defect in the transfer of the land to HPB, which, if it occurred, is unlikely to have repercussions for HPB unless they were involved in a malicious conspiracy with the transferor in the land transfer transaction. This issue has been raised with the Haikou Integrated Free Trade Zone Administrative Committee who have advised the Company that "HPB has obtained the Certificate of State-owned Land Use Right of the People's Republic of China" and it "is totally legal".

(q) Key Personnel

The Company relies on a number of key employees and consultants. There is a risk that the Company may fail to attract, retain or develop key employees or consultants and this would have a negative effect upon the development of the Company. The loss of any of these individuals could have an adverse impact on the Company's business.

(r) Expansion

The Company will be actively seeking opportunities for growth in its core business areas. While the efforts of the Company have the potential to generate substantial returns in the longer term, there can be no certainty that these returns will be forthcoming. Should the anticipated sales not reach the levels anticipated, then this could materially impact upon the Company's profitability.

6.2 GENERAL RISKS

(a) Economic and Government Risks

The future viability of the Company is also dependent on a number of other factors which may affect the performance of all industries, including, but not limited to, the following:

- general economic conditions in Australia and its major trading partners;
- changes in Government policies, taxation and other laws;
- the strength of the equity and share markets in Australia and throughout the world;
- movement in, or outlook on, exchange rates, interest rates and inflation rates;
- natural disasters, social upheaval or war in Australia or overseas; and
- other factors beyond the control of the Company.

(b) Insurance Risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(c) Share Market

A number of factors affect the performance of share market investments that could also affect the price at which the Shares trade on the ASX. The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. These factors may materially affect the market price of the Company's securities regardless of the Company's operational performance.

Share market conditions are affected by many factors including but not limited to the following:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- change in Government macro fiscal policies;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- terrorism or other hostilities; and

- other factors beyond the control of the Company.

(d) Liquidity

There is no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few buyers or sellers of Shares on the ASX at any particular time.

(e) Investments in the Company

The Shares to be issued pursuant to this Prospectus should be considered speculative. They do not carry any guarantee as to the payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the price which was paid by the investor for the Shares.

Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

7. ADDITIONAL INFORMATION

7.1 SUMMARY OF MATERIAL CONTRACTS

Set out below is a summary of the material contracts to which the Company is a party that may be material in terms of the Offers, for the operation of the business of the Company, or otherwise may be relevant to a potential investor in the Company.

The whole of the provisions of the agreements are not repeated in this Prospectus and any intending Applicant who wishes to gain a full knowledge of the content of the material contracts should inspect the same at the registered office of the Company.

(a) Share Sale and Purchase Agreements – Haikou Project

On 10 June 2014 the Company and each of the Haikou Vendors executed Share Sale and Purchase Agreements for the acquisition of 100% of the Haikou Project, by the Company. The key terms of the Share Sale and Purchase Agreements are:

- (i) the Purchaser satisfactorily completing legal and accounting due diligence;
- (ii) the Vendors being satisfied with their due diligence of the Purchaser;
- (iii) the Company obtaining all necessary Shareholder or regulatory approvals in accordance with the requirements of the Corporations Act and the Listing Rules;
- (iv) the Purchaser not receiving an alternative proposal which an independent expert determines to be superior to the proposed transactions for the Shareholders of the Company;
- (v) no material adverse change in the assets being acquired by the Company;
- (vi) Beijing Properties (Holdings) Limited obtaining any necessary authorisations, consents or approvals, including the approval of its shareholders; and
- (vii) the Vendors procuring that all debts and liabilities of all the entities being acquired, directly and indirectly, are fully repaid and discharged, including all debts and liabilities associated with the Haikou Project.

The Company must use all reasonable endeavours to procure the satisfaction of conditions (i), (iii) and (iv) above.

The Share Sale and Purchase Agreements may be terminated in the following circumstances:

- (i) by any party where a condition has not been satisfied or waived, or where the other party has given notice that a condition cannot be satisfied, by 10 December 2014;
- (ii) by any party prior to completion of the agreements, in circumstances where the other party fails to comply with its material obligations under the agreement, or commits a material breach of its warranties prior to completion under the agreement, and the breach is not remedied within 5 business days

of the non-defaulting parties notice of the breach being given to the defaulting party.

The Company is acquiring 100% of the legal and beneficial ownership of the issued capital of HPB, the owner of the Haikou Project, by the acquisition of all the issued shares in Actual Winner Limited and Express Linker Limited from Tang Dashun, and all the issued shares in Rayport Limited from Beijing Properties (Holdings) Limited.

The Company will issue 207,500,000 post-Consolidation (415,000,000 pre-Consolidation) Shares (at a deemed price of \$0.30) in total to Tang Dashun and Beijing Properties (Holdings) Limited.

The Haikou Vendors have agreed that the New Shares issued to them at Completion will be subject to voluntary escrow for 12 months from their date of issue.

At completion of the agreements, the Company has agreed to issue New Shares to the Haikou Vendors.

The Share Sale and Purchase Agreements contain additional provisions, including warranties and indemnities in respect of the status of the Haikou Project and the companies being acquired, which are considered standard for agreements of this kind.

(b) Amending and Restatement Deeds

By Deeds dated 7 October 2014, the Share Sale and Purchase Agreements were varied by the parties agreeing that Vendor Loans of USD\$3 million advanced since 1 June 2014 would be repaid by the Company, at Completion. All other debts and liabilities of all the entities being acquired, directly and indirectly, are to be fully repaid and discharged by the Vendors, prior to Completion.

(c) Investment Agreement

By agreement dated 7 March 2013 one of the shareholders of Hong Kong Peace Base Holdings Ltd (“**Shareholder**”) agreed to expend not less than RMB 3 million per acre (or RMB 240 million over 80 acres) on land in the Haikou Free Trade Zone provided by the Haikou Comprehensive Free Trade Zone Management Committee. The Shareholder agreed to finish their planning and design within eight months of the execution of the agreement, to build a trade showhall, and put it into use within 16 months of obtaining a construction licence, and within 24 months to complete the project and have it operational.

(d) Project Supplemental Agreement

By agreement dated 15 April 2013, Haikou Peace Base Industrial Development Company Limited unconditionally accepted and agreed to fulfil the obligations of the Shareholder under the Investment Agreement.

(e) Construction Contract

By agreement dated 26 December 2013, Guangzhou City Construction Development Company Limited agreed to construct the Haikou Peace Base diamond jewellery processing and exhibition centre. The construction includes four bonded warehouses, three factories, an exhibition centre and an office building comprising, in total, 85,695 square metres, and with a total cost of RMB 240 million.

The first progress payment under the contract is due on completion of 85% of the project, with subsequent progress payments being 85% of work completed in subsequent months. The balance, less a 5% retention, is due on project completion, acceptance by the owner and satisfactory completion of an audit.

The original planned completion date under the contract was 26 August 2014, but typhoon “Ramasun” in July 2014 caused the parties to reset the completion date for late December 2014.

(f) Construction Supervision Contract

On 27 December 2013 Haikou Peace Base Industry Development Company Ltd entered into an agreement with Shenzhen Jianxing Project Management Consultants Limited (“**Shenzhen**”) pursuant to which Shenzhen are to supervise construction of the project during the period 27 December 2014 to 30 March 2015 in return for a supervision fee of 0.8% of total construction, estimated at RMB 1.6 million.

(g) Lease Agreement – Part Factory C and Part Factory A

In October 2013 lease agreements were signed for parts of the building to be constructed and known as Factory C with a total leased area of 10,000 square metres and the further building to be known as Factory A, with a total leased area of 5,177 square metres. The space will be utilised for producing and processing diamond jewellery.

The Lessee has in excess of 60 years’ experience in the diamond jewellery industry and have an existing factory in the Panyu Trade Zone.

The leases are for 30 year terms, and include an initial rent free period of 10 months.

(h) Lease Agreement – Warehouse

In October 2013, a warehouse lease agreement for an area of not less than 20,000 square metres was entered into. The lease has a 10 year term and includes an initial rent free period of 2 months.

The Lessee is a leader in the domestic logistics market in China and has an existing presence in the Shanghai Pilot Free Trade Zone.

(i) Lease Agreement – Part Factory C

On 18 January 2014 a Lease Agreement was signed over 5,060 square metres of space in Factory C.

The Lessee is a fully integrated diamond cutting and polishing business established over 50 years ago. The Lessee has an existing factory in the Panyu Trade Zone and currently export their products to the North American market.

The lease is for a 30 year term and includes an initial rent free period of 10 months.

7.2 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, ASX Listing Rules and the

Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) Ranking of Shares

At the date of this Prospectus, all shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with Existing Shares.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a Share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(d) Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(e) Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(f) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(h) Winding Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

7.3 CONTINUOUS DISCLOSURE AND DOCUMENTS AVAILABLE FOR INSPECTION

The Company is a “disclosing entity” for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASX any information which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value

of the securities of the Company. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office. The Company's Shares have traded continuously for the last twelve months in the following range:

	Price	Date
Highest Price	\$0.135	20 March 2014
Lowest Price	\$0.023	23 October 2013

7.4 INTERESTS OF EXPERTS AND ADVISERS

(a) No Interest Except as Disclosed

Other than as set out in this **Section 7.4** or elsewhere in the Prospectus, no expert, promoter, or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with has, within 2 years before lodgement of the Prospectus with ASIC:

- (i) had any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers; and
- (ii) not recorded any amounts or benefits or has not agreed to be paid benefits for services rendered by such persons in connection with the formation or promotion of the Company or the Offers.

(b) Legal Advisor

Price Sierakowski Corporate has acted as legal advisor to the Company. In addition, Price Sierakowski Corporate has performed other legal work for the Company over the last 12 months, including the preparation of the Notice of General Meeting. Fees paid or payable to Price Sierakowski Corporate in respect of these services at the date of lodgement of this Prospectus are estimated to be approximately \$180,000 plus GST.

Additional legal fees in relation to this Prospectus or otherwise in connection with the reconstruction or relisting of the Company may be incurred by the Company subsequent to the lodgement of this Prospectus and will be charged at Price Sierakowski Corporate's normal hourly rates.

(c) Corporate Advisor

Trident Capital has acted as corporate advisor to the Company. Trident Capital has also performed other work in relation to the reconstruction of the Company over the last 12 months including management of the recapitalisation process and preparation of documentation required as part of the recapitalisation process. Fees payable to Trident Capital are estimated to be approximately \$120,000 plus GST. Fees payable to Trident Capital have been charged in accordance with their normal rates.

(d) Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd has prepared the Investigating Accountant's Report for this Prospectus. For work performed in this respect, BDO Corporate Finance (WA) Pty Ltd is to receive approximately \$15,000 plus GST. BDO Corporate Finance (WA) Pty Ltd also provided the Independent Expert's Report for the Notice of Meeting for which they charged \$25,100 plus GST. Fees payable to BDO Corporate Finance (WA) Pty Ltd have been charged in accordance with their normal hourly rates.

(e) Auditor

BDO Audit (WA) Pty Ltd remains as the Company's auditor and will be paid for these services on normal commercial rates.

(f) Share Registry

Advanced Share Registry Services remains the Company's Share Registry and will be paid for these services on normal commercial rates.

7.5 CONSENTS

The following written consents have been given in accordance with the Corporations Act with respect to the issue of this Prospectus in both paper and electronic form:

(a) Price Sierakowski Corporate

Price Sierakowski Corporate has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as legal advisor in respect of the Offers in the form and context in which it is included. Price Sierakowski Corporate has not authorised or caused the issue of this Prospectus and does not take any responsibility for any part of this Prospectus other than any references to it.

(b) BDO Corporate Finance (WA) Pty Ltd

BDO Corporate Finance (WA) Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as investigating accountant and to the inclusion of the Investigating Accountant's Report in **Section 5** of this Prospectus in the form and context in which it is included, together with all references to it and to that report in this Prospectus. BDO Corporate Finance (WA) Pty Ltd has not authorised or caused the issue of this Prospectus and does not take any responsibility for any part of this Prospectus other than its report and any references to it.

(c) Trident Capital

Trident Capital has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as corporate advisor in the form and context in which it is included, together with all references to it in this Prospectus. Trident Capital has not authorised or caused the issue of this Prospectus and does not take any responsibility for any part of this Prospectus other than the references to it.

(d) Advanced Share Registry Services

Advanced Share Registry Services has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named, together with all references to it in this Prospectus. Advanced Share Registry Services has not had any involvement in the preparation of any part of this Prospectus other than being named as Share Registry. Advanced Share Registry Services has not authorised or caused the issue of this Prospectus and does not take any responsibility for any part of this Prospectus other than the references to it.

(e) BDO Audit (WA) Pty Ltd

BDO Audit (WA) Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named, together with all references to it in this Prospectus. BDO Audit (WA) Pty Ltd has not had any involvement in the preparation of any part of this Prospectus other than being named as Auditor. BDO Audit (WA) Pty Ltd has not authorised or caused the issue of this Prospectus and does not take any responsibility for any part of this Prospectus other than the references to it.

(f) Others

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

7.6 EXPENSES OF THE OFFERS

The expenses of the Offers are expected to comprise the following estimated costs and are exclusive of any GST payable by the Company.

Expenses of the Offers and Recapitalisation Proposal	Minimum Subscription	Maximum Subscription
Adviser fees (accounting, legal and other)	\$310,000	\$310,000
ASIC and ASX fees	\$97,500	\$102,500
Capital Raising fees	\$2,700,000	\$3,000,000
Other Costs	\$10,000	\$10,000
Total Estimated Expenses	\$3,117,500	\$3,442,500

7.7 FORECASTS

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the construction of the Haikou Project, and the leasing out of the completed spaces, as well as uncertain macro market and economic conditions in China, the Company's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide

170, the Directors do not believe that they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.

7.8 LITIGATION

To the Directors' knowledge there is no litigation against the Company or initiated by the Company as at the date of this Prospectus.

7.9 TAXATION

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

8. DIRECTORS' AUTHORISATION

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company on 20 November 2014.

A handwritten signature in black ink, appearing to read 'P. Price', with a stylized flourish above the name.

Paul Price
Director
Cell Aquaculture Limited

9. DEFINITIONS

Definitions used in this Prospectus are as follows:

Applicant means an applicant for Shares under the Offers.

Application Form means a Public Application Form and/or a Vendor Offer Application Form and/or a Facilitation Offer Application Form, as the context requires.

Application Monies means the amount of money in dollars and cents payable for Shares pursuant to this Prospectus.

ASIC means Australian Securities and Investments Commission.

ASX Listing Rules means the official listing rules of ASX from time to time.

ASX means ASX Limited ABN 98 008 624 691 operating as the Australian Securities Exchange.

AUD or **\$** means Australian dollars. All amounts in this prospectus are in Australian dollars unless otherwise stated.

Beijing Properties (Holdings) Limited means Beijing Properties (Holdings) Limited of 66th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

Board means the Board of Directors of the Company from time to time.

Capital Consolidation means the consolidation of the Existing Shares of the Company on the basis of 1 for 2 as proposed under Resolution 7 in the Notice of General Meeting.

CHES means ASX Clearing House Electronic Sub-register System.

Chairman means the chairman of the Company.

Closing Date means the indicative date of 12 December 2014 or such other date as the Company may determine.

Company Approvals means the approvals of the Company's Shareholders required pursuant to the Corporations Act and the Listing Rules for the purpose of implementing the Proposed Transaction.

Company or **Cell Aquaculture** means Cell Aquaculture Limited (ACN 091 687 740).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Existing Shares means the Shares in the Company on issue at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of the Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Facilitation Offer means the offer of 10,375,000 Shares to Facilitators of the acquisition of the Haikou Project under this Prospectus, pursuant to the terms of the Notice of General Meeting.

Facilitation Offer Application Form means the Application Form attached to and forming part of this Prospectus at **Section 12**.

General Meeting means the general meeting of Shareholders to be held on 10 December 2014 as summarised in **Section 4.1(c)**.

Haikou Peace Base means Haikou Peace Base Industry Development Company Limited.

Haikou Project and Haikou Free Trade Zone Project means the exhibition centre, three factories, four warehouses and an office building being constructed on 44,020m² of land in the Haikou Free Trade Zone on Hainan Island, China, No. 69 South First Ring Road, Laocheng Economic Development Zone, Chengmai County, Hainan Province, China.

Maximum Subscription means the raising of \$50,000,000 by the acceptance of 250,000,000 Shares at \$0.20 each pursuant to the Public Offer.

Minimum Subscription means the raising of \$45,000,000 by the acceptance of 225,000,000 Shares at \$0.20 each pursuant to the Public Offer.

Notice of General Meeting means the notice of general meeting of the Company detailing the terms of the Offers and resolving the issue of Shares under this Prospectus lodged with ASX on 6 November 2014.

Offers means the Public Offer and the Sophisticated Investor Offer.

Opening Date means the first date for receipt of completed Application Forms which is 9:00am WST on 27 November 2014 or other such date and time as the Directors determine.

Proposed Director means Kin Wai (Michael) Siu.

Proposed Transaction means the acquisition of the Haikou Project by the Company.

Prospectus means this prospectus dated 20 November 2014.

Public Offer means the offer of 250,000,000 Shares at \$0.20 per Share pursuant to this Prospectus.

Public Application Form means the Application Form attached to and forming part of this Prospectus at **Section 10**.

Quotation means official quotation as defined in the Listing Rules.

Recapitalisation Proposal means the proposal for the recapitalisation of the Company to be approved by Shareholders at the General Meeting as described in **Section 4.1(c)** of this Prospectus.

Regulatory Authority means any government or local authority and any department, minister or agency of any government; and any other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognized stock or securities exchange (including ASX).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Share Registry means Advanced Share Registry Limited ACN 127 175 946.

Trident Capital means Trident Capital Pty Ltd ACN 100 561 733.

Vendor Offer means the offer of 207,500,000 Shares to the Haikou Vendors under this Prospectus, pursuant to the terms of the Notice of General Meeting.

Vendor Offer Application Form means the Application Form attached to and forming part of this Prospectus at **Section 11**.

WST means Western Standard Time in Australia.

10. PUBLIC APPLICATION FORM

PUBLIC APPLICATION FORM AND INSTRUCTIONS Cell Aquaculture Ltd (ACN 091 687 740)

Please read all instructions on the reverse of this form

A Number of Shares applied for
(Minimum of 10,000 Shares then multiples of 1,000 Shares)

at \$0.20 per Share

You may be allocated all of the Shares above or a lesser number

B Total amount Payable by cheque(s) for Shares

C Full name details, title, given name(s) (no initials) and surname or Company name

Name of Applicant 1

Name of applicant 2 or <Account Designation>

Name of applicant 3 or <Account Designation>

E Write Your Full Postal Address Here

Number/Street

Suburb/Town

G Chess HIN (if applicable)

H Cheque payment details

Please fill out your cheque details and make your cheque payable to "Cell Aquaculture Ltd – Subscription Account".

Drawer	Cheque Number	BSB Number	Account Number	Total amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="\$"/>

I You should read the Prospectus dated 20 November 2014 carefully before completing this Offer Application Form. The Corporations Act prohibits any person from passing on this Offer Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

I/We declare that:

- (a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the constitution of Cell Aquaculture Ltd; and
- (b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Offer Application Form or a copy of the Offer Application Form or a direct derivative of the Offer Application Form, before applying for Shares.

Return of the Offer Application Form with your cheque for the Application Monies will constitute your offer to subscribe for Shares in the Company. Please note that the Company will not accept electronic lodgement of Offer Application Forms or electronic funds transfer.

Share Registrars Use Only	
Broker reference – Stamp only	
Broker Code	Adviser Code

**D Tax File Number(s)
Or exemption category**

F Contact Details

Contact Name

Contact daytime telephone Number

State/postcode

Guide to the Public Application Form

This Application Form relates to the offer of Shares in Cell Aquaculture Ltd pursuant to the Prospectus dated 20 November 2014. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of Cell Aquaculture Ltd and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable), and an Application Form on request and without charge.

Please complete all the relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars in the correct forms of registrable titles to use on the Application Form are contained in the table below.

- A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.
- B Insert the relevant account Application Monies. To calculate your Application Monies, add the number of Shares applied for multiplied by \$0.20.
- C Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the Company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that presently registered in the CHES system.
- D Enter your Tax File Number (TFN) or exemption category. Where applicable please enter the TFN for each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation for your TFN is not compulsory and will not affect your Application.
- E Please enter your postal address for all correspondence. All communications to you from the Shares Registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G Cell Aquaculture Ltd will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHES, the Company will operate an electronic CHES subregister of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of securities allotted.

If you are CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For Further information refer to the relevant section of the Prospectus.

- H Please complete cheque details as requested.

Make your cheque payable to "Cell Aquaculture Ltd" in Australian currency and cross it "Not Negotiable" Your cheque must be drawn on an Australian Bank, and the amount should agree with the amount shown in section B.

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

- I Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for shares in Cell Aquaculture Ltd upon and subject to the terms of this Prospectus, and agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Applications: Return your completed Application Form with cheque(s) attached to:

Delivered to: Cell Aquaculture Ltd c/- Trident Capital Level 24, St Martins Tower 44 St Georges Terrace PERTH WA 6000	Posted to: Cell Aquaculture Ltd c/- Trident Capital PO Box Z5183 St Georges Terrace PERTH WA 6831
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Application Forms must be received no later than 12 December 2014 which may be changed immediately after the Opening Date at any time at the discretion of the Company

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Cell Aquaculture Ltd. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual - Use Names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company - Use Company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates - Use executor(s) person name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships - Use partners personal names, do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Guide to the Sophisticated Investor Application Form

This Application Form relates to the offer of Shares in Cell Aquaculture Ltd pursuant to the Prospectus dated 20 November 2014. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of Cell Aquaculture Ltd and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable), and an Application Form on request and without charge.

Please complete all the relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars in the correct forms of resistible titles to use on the Application Form are contained in the table below.

- A Insert the number of Shares you wish to apply for.
- B Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the Company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that presently registered in the CHES system.
- C Enter your Tax File Number (TFN) or exemption category. Where applicable please enter the TFN for each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation for your TFN is not compulsory and will not affect your Application.
- D Please enter your postal address for all correspondence. All communications to you from the Shares Registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- E Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- F Cell Aquaculture Ltd will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHES, the Company will operate an electronic CHES subregister of securities holdings and an electronic issuer sponsored subregister of securities holdings. Together the two subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of securities allotted.

If you are CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES subregister, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section F blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For Further information refer to the relevant section of the Prospectus.

- G Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for shares in Cell Aquaculture Ltd upon and subject to the terms of this Prospectus, and agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Applications: Return your completed Application Form with cheque(s) attached to:

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Correct form of Registrable Title

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Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company - Use Company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates - Use executor(s) person name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships - Use partners personal names, do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

12. FACILITATION OFFER APPLICATION FORM

FACILITATION OFFER APPLICATION FORM AND INSTRUCTIONS Cell Aquaculture Ltd (ACN 091 687 740)

Please read all instructions on the reverse of this form

A Number of Shares applied for

B Full name details, title, given name(s) (no initials) and surname or Company name

Name of Applicant 1

Name of applicant 2 or <Account Designation>

Name of applicant 3 or <Account Designation>

D Write Your Full Postal Address Here

Number/Street

Suburb/Town

F Chess HIN (if applicable)

G You should read the Prospectus dated 20 November 2014 carefully before completing this Offer Application Form. The Corporations Act prohibits any person from passing on this Offer Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

I/We declare that:

- (a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the constitution of Cell Aquaculture Ltd; and
- (b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Offer Application Form or a copy of the Offer Application Form or a direct derivative of the Offer Application Form, before applying for Shares.

Return of the Offer Application Form with your cheque for the Application Monies will constitute your offer to subscribe for Shares in the Company. Please note that the Company will not accept electronic lodgement of Offer Application Forms or electronic funds transfer.

Share Registrars Use Only	
Broker reference – Stamp only	
Broker Code	Adviser Code

**C Tax File Number(s)
Or exemption category**

E Contact Details

Contact Name

Contact daytime telephone Number

State/postcode

Guide to the Sophisticated Investor Application Form

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Please complete all the relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars in the correct forms of resistible titles to use on the Application Form are contained in the table below.

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- G Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for shares in Cell Aquaculture Ltd upon and subject to the terms of this Prospectus, and agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

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