

CAQ Holdings Limited and its Controlled Entities
Consolidated interim financial report for the period ended 30 June 2020

RULE 4.2A

APPENDIX 4D

Consolidated interim financial report for the period ended 30 June 2020

1. Name of entity

CAQ Holdings Limited and its Controlled Entities

ABN

86 091 687 740

Reporting Period

Half-year ended
30 June 2020

**Previous
Corresponding Period**

Half-year ended
30 June 2019

2. Results for Announcement to the Market

Financial Results			30 June 2020	
Revenues from ordinary activities (<i>item 2.1</i>)	Up	15%	to	1,053,973
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up	32%	to	1,463,377
Net loss for the period attributable to members (<i>item 2.3</i>)	Up	32%	to	1,463,377
Final and interim dividends (<i>item 2.4</i>)	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above (<i>item 2.6</i>):	The loss for the half-year ended 30 June 2020 amounts to \$1,463,377 (2019: \$1,104,909). The increase in loss was mainly due to share of losses of a joint venture and expected credit loss offset by increase in revenue and decrease in directors fees and salary, travel costs, administration expenses, purchase and changes in trading stock.			

3. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share (<i>Item 3</i>)	8.8 cents	9.2 cents

CAQ Holdings Limited and its Controlled Entities
Consolidated interim financial report for the period ended 30 June 2020

4. Control gained over entities

Details of entities over which control has been gained or lost (<i>item 4</i>)	N/A.
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5. Dividends paid and payable

Details of dividends or distribution payments (<i>item 5</i>)	No dividends or distributions are payable.
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6. Dividend reinvestment plans

Details of dividend or distribution reinvestment plans (<i>item 6</i>)	There is no dividend reinvestment program in operation for CAQ Holdings Limited
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7. Details of associates

Details of associates and joint venture entities (<i>item 7</i>)	Hainan Kingmall International Trading Co., Ltd
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8. Foreign entities

Foreign entities to disclose which accounting standards are used in compiling the report (<i>item 8</i>)	N/A
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9. Review Opinion

Details of any audit dispute or qualification (<i>item 9</i>)	
None noted.	

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CAQ Holdings Limited and its Controlled Entities

ABN 86 091 687 740

**Consolidated Interim Financial Report
Half-Year Ended 30 June 2020**

CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

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CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

DIRECTORS' REPORT

The Directors of CAQ Holdings Limited (the "Company") submit herewith the interim financial report of the Company and its controlled entities (collectively the "Group") during the half-year ended 30 June 2020.

Directors

The following persons acted as directors of the Company during or since the end of the period unless otherwise stated:

Paul Price, *Chairman and Non-Executive Director*

KC Ong, *Non-Executive Director*

Michael Siu, *Non-Executive Director*

Qian Xu, *Non-Executive Director*

Ching Chung, *Deputy Chairman and Executive Director*

Yuk Cheung Chan, *Non-Executive Director*

Ivan Cheng, *Non-Executive Director*

Kwan Chan, *Non-Executive Director*

Po Chang Chen, *Non-Executive Director*

Company Secretary

Mark Maine

Principal Activities

The Group's principal activity includes leasing of an investment property in the Haikou Free Trade Zone in Peoples Republic of China ("PRC") and jewellery trading.

Dividends Paid or Recommended

No dividends were paid and no recommendation is made as to dividends during the half-year (2019: Nil)

Operating and Financial Review

The loss for the half-year ended 30 June 2020 amounts to \$1,463,377 (2019: \$1,104,909). The increase in loss was mainly due to share of losses of a joint venture and expected credit loss offset by increase in revenue and decrease in directors fees and salary, travel costs, administration expenses, purchase and changes in trading stock.

Review of Operations and Changes in State of Affairs

During the half-year ended 30 June 2020, revenues earned from the Company's leasing business (net of business tax) amounted to \$1,047,342 (2019: \$741,513). In addition to this, revenues earned (before business tax) from the Company's jewellery business amounted to \$6,631 (2019: \$171,212). The Company's subsidiary Haikou Peace Base Development Co Limited ("HPB") has physical jewellery stores in Haikou Meilan Airport Duty-Free Mall as well as a jewellery e-commerce platform and a jewellery e-store on the JingDong Mall e-commerce platform.

During the half-year ended 30 June 2020, the most significant impact from COVID19 has been to the temporary closure of two retail stores of the Mission Hills Joint Venture from 25 January 2020 to second half of February 2020 with sales continuing an upward trend following the reopen of the stores from March 2020. On the other hands, HPB's core leasing operations in Hainan Island have been largely unaffected with the business generating a constant small cash surplus during the period. Work from the Company is continuing on searching new tenants for all areas with a number of contracts under negotiation and expected to convert within current year. For more details, please refer to the quarterly activities report announced on 4 May 2020 and 31 July 2020.

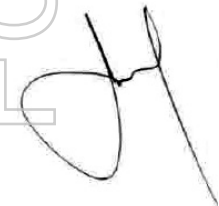
Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the Board of Directors:



Michael Siu
Director

Signed in China this 31st day of August 2020



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Auditor's independence declaration to the directors of CAQ Holdings Limited

As lead auditor for the review of the half-year financial report of CAQ Holdings Limited for the half-year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of CAQ Holdings Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

V L Hoang
Partner
31 August 2020

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Independent auditor's review report to the members of CAQ Holdings Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of CAQ Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report 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 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'V L Hoang'.

V L Hoang
Partner
Perth
31 August 2020

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CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2020

	Half-year ended	Half-year ended
	30 June 2020	30 June 2019
	\$	\$
Revenue from contracts with customers	6,631	171,212
Rental income	1,047,342	741,513
Revenue	1,053,973	912,725
Other revenue	21,607	82,125
Purchase and changes in trading stock	(58,768)	(223,712)
Foreign currency difference	12,025	17,843
Legal expenses	(43,429)	(32,853)
Accounting, auditing fees and consultancy expenses	(98,133)	(70,797)
Directors fees and salary	(760,499)	(832,915)
Insurance	(21,881)	(21,248)
Occupancy costs	(22,978)	(28,692)
Travel costs	(133,386)	(140,958)
Finance costs	(2,200)	(6,194)
Administration expenses	(74,857)	(185,603)
Advertising and promotion	-	(6,878)
Depreciation	(65,335)	(134,942)
Other expenses	(67,654)	(238,216)
Expected credit loss	(764,187)	-
Share of losses of a joint venture	(235,982)	-
Loss before income tax	(1,261,684)	(910,315)
Income tax expense	(201,693)	(194,594)
Loss after income tax	(1,463,377)	(1,104,909)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2020(CONTINUED)

	Half-year ended	Half-year ended
	30 June 2020	30 June 2019
	\$	\$
Other comprehensive income/(loss)		
<i>Items that may be reclassified to the profit or loss</i>		
Exchange differences on translation of foreign operations	<u>247,991</u>	<u>391,262</u>
Total comprehensive income/(loss) for the period	<u>(1,215,386)</u>	<u>(713,647)</u>
Loss is attributable to:		
Owners of CAQ Holdings Limited	<u>(1,463,377)</u>	<u>(1,104,909)</u>
	<u>(1,463,377)</u>	<u>(1,104,909)</u>
Total comprehensive income/(loss) for the period is attributable to:		
Owners of CAQ Holdings Limited	<u>(1,215,386)</u>	<u>(713,647)</u>
	<u>(1,215,386)</u>	<u>(713,647)</u>
Loss per share attributable to the members of		
CAQ Holdings Limited		
Basic and diluted loss per share (cents per share)	<u>(0.2)</u>	<u>(0.15)</u>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	<i>Notes</i>	30 June 2020	31 December 2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,952,376	2,424,738
Trade and other receivables	6	200,310	1,059,311
Inventory		1,250,243	1,250,370
Other current assets		207,783	195,491
Due from a joint venture	7	307,574	–
TOTAL CURRENT ASSETS		3,918,286	4,929,910
NON-CURRENT ASSETS			
Property, plant & equipment		239,441	296,957
Investment property	4	59,874,356	59,715,430
Intangibles		56,377	42,913
Other receivables		842,321	807,636
Investment in a joint venture		642,035	863,636
TOTAL NON-CURRENT ASSETS		61,654,530	61,726,572
TOTAL ASSETS		65,572,816	66,656,482
CURRENT LIABILITIES			
Trade and other payables		241,131	240,582
Current tax liabilities		114,861	65,430
Accruals		44,913	103,166
TOTAL CURRENT LIABILITIES		400,905	409,178
NON-CURRENT LIABILITIES			
Other payables		406,079	462,125
Deferred tax liabilities		1,951,840	1,755,800
TOTAL NON-CURRENT LIABILITIES		2,357,919	2,217,925
TOTAL LIABILITIES		2,758,824	2,627,103
NET ASSETS		62,813,992	64,029,379
EQUITY			
Contributed equity	5	74,649,048	74,649,048
Accumulated losses		(14,187,288)	(12,723,911)
Reserves		2,352,232	2,104,242
TOTAL EQUITY		62,813,992	64,029,379

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2020

	Contributed equity \$	Accumulated losses \$	Foreign currency translation reserve \$	Total \$
Balance at 1.1.2019	74,649,048	(10,146,089)	2,629,130	67,132,089
Loss for the period	–	(1,104,909)	–	(1,104,909)
Exchange differences on foreign currency translation	–	–	391,262	391,262
Total comprehensive income for the period	–	(1,104,909)	391,262	(713,647)
Balance at 30.6.2019	<u>74,649,048</u>	<u>(11,250,998)</u>	<u>3,020,392</u>	<u>66,418,442</u>
Balance at 1.1.2020	74,649,048	(12,723,911)	2,104,242	64,029,379
Loss for the period	–	(1,463,377)	–	(1,463,377)
Exchange differences on foreign currency translation	–	–	247,990	247,990
Total comprehensive income for the period	–	(1,463,377)	247,990	(1,215,387)
Balance at 30.6.2020	<u>74,649,048</u>	<u>(14,187,288)</u>	<u>2,352,232</u>	<u>62,813,992</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

	30 June 2020	30 June 2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,189,083	2,168,418
Government subsidy received	–	10,836
Payments to suppliers and employees	(1,352,414)	(2,271,120)
Finance costs	(2,060)	(2,080)
Interest received	3,422	4,805
	<u> </u>	<u> </u>
Net cash outflow from operating activities	(161,969)	(89,141)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipments	(3,881)	(2,927)
Payment for intangible assets	(23,567)	(27,281)
Advance to a joint venture	(324,172)	–
	<u> </u>	<u> </u>
Net cash outflow from investing activities	(351,620)	(30,208)
Net decrease in cash and cash equivalents	(513,589)	(119,349)
Cash and cash equivalents at the beginning of the period	2,424,738	4,318,791
Effects of exchange rate changes on cash and cash equivalents	41,227	50,924
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the period	<u>1,952,376</u>	<u>4,250,366</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

1. Corporate Information

CAQ Holdings Limited (the “Company”) is a public company listed on the Australian Securities Exchange (trading under the code: CAQ), incorporated in Australia and operating the business in China. The Company’s registered office is Suite 4, 20 Altona Street, West Perth, WA 6005.

The Group’s principal activities includes leasing of an investment property in the Haikou Free Trade Zone in the PRC and jewellery trading.

2. (a) Basis of Preparation of Half-Year Financial Statements

These consolidated interim financial statements for the half-year reporting period ended 30 June 2020 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

The historical cost basis has been used, except for investment properties, which have been measured at fair value.

These consolidated interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these consolidated interim financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2019 and any public announcements made by the Group during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(b) Adoption of new policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to AASB 3: Definition of a Business

The amendment to AASB 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

2 (b) Adoption of new policies (Continued)

Amendments to AASB 7, AASB 9 and AASB 139: Interest Rate Benchmark Reform

The amendments to AASB 9 and AASB 139 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to AASB 101 and AASB 108: Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

3. Segment Information

The Group has two lines of business being leasing of an investment property in the Haikou Free Trade Zone in the PRC and jewellery trading. However, due to the size of the Group’s operations, the chief operating decision maker being the board of directors, reviews the operating results at the consolidated group level. Hence, the operations of the Group represent one operating segment.

CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

Information about products and services

	30 June 2020	30 June 2019
	\$	\$
Revenue from contracts with customers (Sale of diamonds and goods)	6,631	171,212
Rental income	1,047,342	741,513
Revenue	1,053,973	912,725
Interest received	3,422	4,805
Government grant	–	10,868
Others	18,185	66,452
Total other income	21,607	82,125

4. Investment Property

	30 June 2020	31 December 2019
	\$	\$
Balance as at beginning of period	59,715,430	60,196,834
Fair value gain recognised in profit or loss	–	–
Foreign exchange difference	158,926	(481,404)
Closing balance as at end of period	59,874,356	59,715,430

Leasing Arrangements

The Group leases its investment property under operating lease arrangements, with the leases negotiated for terms ranging from 1 to 10 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the tenancy agreements or further negotiation.

Fair value measurements

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets, financial assets and financial liabilities into the three levels under the fair value hierarchy in accordance with AASB 13: *Fair Value Measurement*.

CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

4. Investment Property (Continued)

Fair value measurements (Continued)

(i) Fair value hierarchy (Continued)

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset of liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated based on unobservable market data.

The following table sets out the Group's assets that are measured and recognised at fair value in the financial statements.

31 December 2019

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Non-financial assets				
Investment property	–	–	59,715,430	59,715,430
Total non-financial assets	<u>–</u>	<u>–</u>	<u>59,715,430</u>	<u>59,715,430</u>

30 June 2020

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Non-financial assets				
Investment property	–	–	59,874,356	59,874,356
Total non-financial assets	<u>–</u>	<u>–</u>	<u>59,874,356</u>	<u>59,874,356</u>

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CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

4. Investment Property (Continued)
Fair value measurements (Continued)

(ii) *Valuation techniques*

At 31 December 2019, the Group obtained an independent valuation (from an independent professional qualified valuer who hold a recognised relevant professional qualification and has recent experience in the location and segment of the investment properties valued) for its leasehold land and buildings. At 30 June 2020, the directors updated their assessment of the fair value of the investment property, taking into account the most recent independent valuation. The directors determined the investment property fair value within a range of reasonable fair value estimates and concluded that no change in fair value was required at 30 June 2020.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows; and
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3.

Investment property valuation assumptions

Valuation assumptions used to fair value the investment property are detailed in the table below

	Valuation approach	Unobservable Inputs	Range of inputs	Relationship Between Unobservable Inputs and Fair Value
Financial period ended 31 December 2019 and 30 June 2020	Depreciated replacement cost approach	Construction cost	RMB2,100 to RMB3,300 per sqm	The higher construction cost, the higher the fair value.
		Land value	RMB505 per sqm	The higher land value, the higher the fair value.
	Income approach	Market rent	RMB23.9 per sqm per month	The higher rental income, the higher the fair value.
		Capitalisation rate	8%	

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CAQ Holdings Limited and its Controlled Entities
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

4. Investment Property (Continued)

There are lease agreements in place for some of the investment properties with tenants under long-term operating leases with rental payable monthly. Minimum lease payments under the lease agreements not recognised in the financial statements, are as follows:

	30 June 2020	31 December 2019
	\$	\$
Within one year	1,921,623	1,976,022
Between 1 and 2 years	1,159,250	1,667,801
Between 2 and 3 years	812,120	807,713
Between 3 and 4 years	706,043	784,563
Between 4 and 5 years	389,952	581,381
More than 5 year	979,930	1,160,147
	5,968,918	6,977,627

5. Contributed Equity

	30 June 2020	31 December 2019
	\$	\$
(a) Ordinary shares	74,649,048	74,649,048
Total contributed equity	74,649,048	74,649,048

(b) Movements in ordinary share capital

	<i>Number of shares</i>	\$
Balance as at 1 January 2019	717,786,281	74,649,048
No movement	—	—
Closing balance as at 31 December 2019	717,786,281	74,649,048
Balance as at 1 January 2020	717,786,281	74,649,048
No movement	—	—
Closing balance as at 30 June 2020	717,786,281	74,649,048

(c) Share Options

There are no unissued ordinary shares of the Company under option as at 30 June 2020. (2019: Nil)

CAQ Holdings Limited and its Controlled Entities
ABN 86 091 687 740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020

6. Trade and Other Receivables

	30 June 2020	31 December 2019
	\$	\$
Trade receivables	64,378	188,011
Deposits and other debtors	24,204	17,126
GST tax and VAT tax	111,728	131,039
Prepayment for purchase of Diamonds (i)	—	723,135
	<u>200,310</u>	<u>1,059,311</u>

- (i) On 5 July 2019, the group entered into an agreement with one of its trading partners, the agreement is valid for one year from 5 July 2019 to 4 July 2020 up to the date of the consolidated interim financial report, the amount is over due and a whole provision has been provided for the half-year ended 30 June 2020.

7. Interests in Joint Venture

The amounts due from joint venture are unsecured, bear interest at the rate of 6% per annum and repayable by 31 December 2020. Based on the financial position and operating performance of the joint venture, in the opinion of the directors, the amounts are fully recoverable and no expected credit loss adjustment is required at 30 June 2020.

8. Contingent Liabilities

The Group is in the process of finalising the construction cost of the investment property with the Constructor. At the date of this report, an amount of \$5.77 million (RMB27.8 million) in respect of variations to work undertaken during the construction of the investment property is under negotiation and the Group has made an advance of \$3.36 million (RMB16.8 million) to the Constructor in lieu of the variations claimed. The balance of the claim of \$2.41 million (RMB11.6 million) has not been accrued for in this interim financial statements as the Directors consider that payment for \$2.41 million (RMB11.6 million) is remote taking into consideration that work claimed to have been performed by the Constructor cannot be substantiated.

Other than the matters set put above, there are no other contingent liabilities that require disclosure in the financial statements.

9. Fair value of financial assets and liabilities

The fair value of financial assets and liabilities at 30 June 2020 approximated its carrying value.

10. Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

CAQ Holdings Limited and its Controlled Entities
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DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 30 JUNE 2020

The Directors of the Group declare that:

1. The financial statements and notes set out on pages 6 to 17 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance as represented by the results of its operations, changes in equity and its cash flows for the half-year ended on that date.
2. In the Director's opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Michael Siu
Director

Signed in China this 31st day of August 2020