

CAQ Holdings Limited and its Controlled Entities
Consolidated interim financial report for the period ended 30 June 2021

RULE 4.2A

APPENDIX 4D

Consolidated interim financial report for the period ended 30 June 2021

1. Name of entity

CAQ Holdings Limited and its Controlled Entities

ABN

86 091 687 740

Reporting Period

Half-year ended
30 June 2021

**Previous
Corresponding Period**

Half-year ended
30 June 2020

2. Results for Announcement to the Market

Financial Results			30 June 2021	
Revenues from ordinary activities (<i>item 2.1</i>)	Up	21%	to	1,272,791
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Down	40%	to	875,563
Net loss for the period attributable to members (<i>item 2.3</i>)	Down	40%	to	875,563
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 2021 amounts to \$875,563 (2020: \$1,463,377). The decrease in loss was mainly due increase in rental income and decrease in expected credit loss.			

3. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share (<i>Item 3</i>)	8.6 cents	8.8 cents

CAQ Holdings Limited and its Controlled Entities
Consolidated interim financial report for the period ended 30 June 2021

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 – Hainan Provincial Diamond & Jewelry 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 2021**

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

CONTENTS

Directors' Report	2
Independent Auditor's Declaration	3
Independent Auditor's Review Report	4
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11
Directors' Declaration	19

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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 2021.

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 (2020: Nil)

Operating and Financial Review

The loss for the half-year ended 30 June 2021 amounts to \$875,563 (2020: \$1,463,377). The decrease in loss was mainly due increase in rental income and decrease in expected credit loss.

Review of Operations and Changes in State of Affairs

During the half-year ended 30 June 2021, revenues earned from the Company's leasing business (net of business tax) amounted to \$1,272,791 (2020: \$1,047,342). The property leasing business remained steady in 2021. Refurbishment of the exhibition centre is expected to be completed in October 2021.

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. Revenues earned (before business tax) from the Company's jewellery business amounted to \$0 (2020: \$6,631).

During the half year ended 30 June 2021, the total sales from the Kingmall operation reached \$1.62 million (RMB8.07 million), down from \$2.02 million (RMB9.63 million) in the second half year ended 31 December 2020, representing a decrease of 19%. The decrease was primarily due to: (i) the tightening of China's customs policy leading to longer inspections times and consequential delays before goods are cleared for sale; and (ii) working capital funds of Kingmall being applied to settling the decoration expenses of a new outlets opened in 2021 which affected the funds available for purchase of goods. The combined effect of which lead to goods available for sale decreasing and a decline in sales for the period.

Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2021 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 31 day of August 2021



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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 2021, 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 2021

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

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 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2021 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

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 2021

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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 2021

	Half-year ended 30 June 2021	Half-year ended 30 June 2020
	\$	\$
Revenue from contracts with customers	–	6,631
Rental income	1,272,791	1,047,342
Revenue	1,272,791	1,053,973
Other revenue	14,250	21,607
Purchase and changes in trading stock	–	(58,768)
Foreign currency difference	(4,035)	12,025
Legal expenses	(31,797)	(43,429)
Accounting, auditing fees and consultancy expenses	(42,021)	(98,133)
Directors fees and salary	(670,722)	(760,499)
Insurance	(26,191)	(21,881)
Occupancy costs	(12,000)	(22,978)
Travel costs	(205,999)	(133,386)
Finance costs	(72,709)	(2,200)
Administration expenses	(161,751)	(74,857)
Depreciation	(57,972)	(65,335)
Amortisation	(11,839)	(5,953)
Other expenses	(107,549)	(61,701)
Expected credit loss	(300,550)	(764,187)
Share of losses of a joint venture	(156,612)	(235,982)
Share of losses of associates	(113,861)	–
Loss before income tax	(688,567)	(1,261,684)
Income tax expense	(186,996)	(201,693)
Loss after income tax	(875,563)	(1,463,377)

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 2021(CONTINUED)

	Half-year ended 30 June 2021	Half-year ended 30 June 2020
	\$	\$
Other comprehensive income/(loss)		
<i>Items that may be reclassified to the profit or loss</i>		
Exchange differences on translation of foreign operations	<u>2,202,753</u>	<u>247,990</u>
Total comprehensive income/(loss) for the period	<u>1,327,190</u>	<u>(1,215,387)</u>
Loss is attributable to:		
Owners of CAQ Holdings Limited	<u>(875,563)</u>	<u>(1,463,377)</u>
	<u>(875,563)</u>	<u>(1,463,377)</u>
Total comprehensive income/(loss) for the period is attributable to:		
Owners of CAQ Holdings Limited	<u>1,327,190</u>	<u>(1,215,387)</u>
	<u>1,327,190</u>	<u>(1,215,387)</u>
Loss per share attributable to the members of CAQ Holdings Limited		
Basic and diluted loss per share (cents per share)	<u>(0.12)</u>	<u>(0.2)</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 2021

	<i>Notes</i>	30 June 2021	31 December 2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	536,219	567,233
Trade and other receivables		247,999	178,095
Inventory		1,249,841	1,205,326
Other current assets		209,192	178,799
Receivable from a joint venture	6	–	298,629
TOTAL CURRENT ASSETS		2,243,251	2,428,082
NON-CURRENT ASSETS			
Property, plant & equipment		152,482	189,348
Investment property	4	64,545,262	61,716,745
Intangibles		32,377	42,975
Other receivables		1,162,086	1,062,195
Investment in a joint venture		276,592	459,095
Investment in an associate		793,592	878,145
TOTAL NON-CURRENT ASSETS		66,962,391	64,348,503
TOTAL ASSETS		69,205,642	66,776,585
CURRENT LIABILITIES			
Trade and other payables		806,691	596,432
Indirect taxes payable		87,786	68,644
Accruals		567,178	467,157
Borrowings		78,479	871,201
TOTAL CURRENT LIABILITIES		1,540,134	2,003,434
NON-CURRENT LIABILITIES			
Other payable		325,685	445,048
Borrowings		3,325,657	1,915,011
Deferred tax liabilities		2,445,754	2,171,870
TOTAL NON-CURRENT LIABILITIES		6,097,096	4,531,929
TOTAL LIABILITIES		7,637,230	6,535,363
NET ASSETS		61,568,412	60,241,222
EQUITY			
Contributed equity	5	74,649,048	74,649,048
Accumulated losses		(15,782,151)	(14,906,588)
Reserves		2,701,515	498,762
TOTAL EQUITY		61,568,412	60,241,222

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 2021

	Contributed equity \$	Accumulated losses \$	Foreign currency translation reserve \$	Total \$
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>
Balance at 1.1.2021	74,649,048	(14,906,588)	498,762	60,241,222
Loss for the period	–	(875,563)	–	(875,563)
Exchange differences on foreign currency translation	–	–	2,202,753	2,202,753
Total comprehensive income for the period	–	(875,563)	2,202,753	1,327,190
Balance at 30.6.2021	<u>74,649,048</u>	<u>(15,782,151)</u>	<u>2,701,515</u>	<u>61,568,412</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 2021

	30 June 2021	30 June 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,225,299	1,189,083
Payments to suppliers and employees	(1,174,683)	(1,352,414)
Finance costs	(72,479)	(2,060)
Interest received	643	3,422
	(21,220)	(161,969)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipments	(15,341)	(3,881)
Payment for intangible assets	–	(23,567)
Payment for construction	(507,208)	–
Advance to a joint venture	–	(324,172)
	(522,549)	(351,620)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing	512,138	–
Repayment of borrowing	(13,625)	–
	498,513	–
Net decrease in cash and cash equivalents	(45,256)	(513,589)
Cash and cash equivalents at the beginning of the period	567,233	2,424,738
Effects of exchange rate changes on cash and cash equivalents	14,242	41,227
	536,219	1,952,376
Cash and cash equivalents at end of the period	536,219	1,952,376

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 2021

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 91, 262 Lord Street, Perth Western Australia, 6000.

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 2021 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 2020 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 2020, 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 2021, but do not have an impact on the interim consolidated financial statements of the Group.

(c) Going concern

The Group incurred a net loss after tax for the half year ended 30 June 2021 of \$875,563 and experienced net cash outflows from operating activities of \$21,220.

The ability of the Group to continue as a going concern is dependent on securing additional funding through debt or equity as and when the need arises to continue to fund its planned operational activities and fund working capital.

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 2021

2. (c) Going concern (Continued)

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group has proven history of successfully raising capital via equity or debt;
- The Directors believe that with the current business and working capital management plan, there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities;
- The Directors believe that they will be able to lease out the vacant factory floors and the recently refurbished exhibition centre to generate cash inflows; and
- Cash spending can be reduced or slowed below its current rate if required.

In the event that the Company is unable to obtain sufficient funding for ongoing operational requirements, there is material uncertainty whether the Company will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the Company not be able to continue as a going concern.

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 2021

3. Segment Information (Continued)

Information about products and services

	30 June 2021	30 June 2020
	\$	\$
Revenue from contracts with customers (Sale of diamonds and goods)	–	6,631
Rental income	1,272,791	1,047,342
Revenue	1,272,791	1,053,973
Interest received	643	3,422
Government grant	–	–
Others	13,607	18,185
Total other income	14,250	21,607

4. Investment Property

	30 June 2021	31 December 2020
	\$	\$
Balance as at beginning of period	61,716,745	59,715,430
Addition for the year	507,208	3,394,943
Fair value adjustment	–	383,779
Foreign exchange adjustment	2,321,309	(1,777,407)
Closing balance as at end of period	64,545,262	61,716,745

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 2021

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 2020

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Non-financial assets				
Investment property	–	–	61,716,745	61,716,745
Total non-financial assets	<u>–</u>	<u>–</u>	<u>61,716,745</u>	<u>61,716,745</u>

30 June 2021

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Non-financial assets				
Investment property	–	–	64,545,262	64,545,262
Total non-financial assets	<u>–</u>	<u>–</u>	<u>64,545,262</u>	<u>64,545,262</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 2021

4. Investment Property (Continued)

Fair value measurements (Continued)

(ii) Valuation techniques

At 31 December 2020, 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 2021, 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 2021.

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 2020 and 30 June 2021	Depreciated replacement cost approach	Construction cost	RMB3,267 per sqm	The higher construction cost, the higher the fair value.
		Land value	RMB522 per sqm	The higher land value, the higher the fair value.
	Income approach	Market rent	RMB23.7 per sqm per month	The higher rental income, the higher the fair value.
		Capitalisation rate	7.5%	

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 2021

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 2021	31 December 2020
	\$	\$
Within one year	2,018,451	1,890,455
Between 1 and 2 years	1,336,122	1,220,765
Between 2 and 3 years	984,914	799,665
Between 3 and 4 years	848,268	608,838
Between 4 and 5 years	732,005	549,376
More than 5 year	951,346	1,153,617
	6,871,106	6,222,116

5. Contributed Equity

	30 June 2021	31 December 2020
	\$	\$
(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 2020	717,786,281	74,649,048
No movement	—	—
Closing balance as at 31 December 2020	717,786,281	74,649,048
Balance as at 1 January 2021	717,786,281	74,649,048
No movement	—	—
Closing balance as at 30 June 2021	717,786,281	74,649,048

(c) Share Options

There are no unissued ordinary shares of the Company under option as at 30 June 2021. (2020: Nil)

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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 2021

6. Receivable from Joint Venture

	30 June 2021	31 December 2020
	\$	\$
Loan receivable from Joint Venture	309,786	298,629
Expected credit loss	<u>(309,786)</u>	<u>–</u>
	<u>–</u>	<u>298,629</u>

The receivable is from Hainan Kingmall International Trading Co. Ltd (“Hainan Kingmall”) in which the Group has a 50% equity interest. The amounts advanced is overdue and accordingly, an expected credit loss provision for the full amount has raised at 30 June 2021. The movement in the loan balance between 31 December 2020 and 30 June 2021 is due to changes in exchange rates.

7. Cash and cash equivalents

	2021	2020
	\$	\$
Current Assets		
Cash at bank and in hand	<u>536,219</u>	<u>567,233</u>
Cash and cash equivalents	<u>536,219</u>	<u>567,233</u>

Cash at bank and on hand balances as at 30 June 2021 includes Chinese Renminbi (“RMB”) denominated equivalent balance of 427,220 (31 December 2020; \$307,723) which are held with reputable financial institutions in the People’s Republic of China in current accounts.

The Chinese RMB is not freely convertible into foreign currencies. Under the People’s Republic of China (“PRC”) Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorized to conduct foreign exchange business.

The exchange rate or RMB is determined by the government of the PRC and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

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 2021

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 \$5.74 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 \$3.47 million (RMB16.8 million) to the Constructor in lieu of the variations claimed. The balance of the claim of \$2.40 million (RMB11.6 million) has not been accrued for in this interim financial statements as the Directors consider that payment for \$2.40 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 2021 approximated its carrying value.

10. Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2021 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
ABN 86 091 687 740

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 30 JUNE 2021

The Directors of the Group declare that:

1. The financial statements and notes set out on pages 6 to 18 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 2021 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, subject to the matters set out in note 1(c), 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 31 day of August 2021