

**CAQ Holdings Limited and its Controlled Entities**  
**Consolidated interim financial report for the period ended 30 June 2023**

RULE 4.2A

**APPENDIX 4D**

Consolidated interim financial report for the period ended 30 June 2023

**1. Name of entity**

<b>CAQ Holdings Limited and its Controlled Entities</b>
---

ABN	Reporting Period	Previous Corresponding Period
86 091 687 740	Half-year ended 30 June 2023	Half-year ended 30 June 2022

**2. Results for Announcement to the Market**

Financial Results	30 June 2023			
Revenues from ordinary activities ( <i>item 2.1</i> )	Down	24%	to	1,210,251
Loss from ordinary activities after tax attributable to members ( <i>item 2.2</i> )	Up	5,699%	to	3,667,690
Net loss for the period attributable to members ( <i>item 2.3</i> )	Up	5,699%	to	3,667,690
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 2023 amounts to \$3,667,690 (2022: Profit: \$65,501). The increase in loss was mainly due decrease in rental income.			

**3. NTA Backing**

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share ( <i>Item 3</i> )	8 cents	8.9 cents

**CAQ Holdings Limited and its Controlled Entities**  
**Consolidated interim financial report for the period ended 30 June 2023**

**4. Control gained over entities**

Details of entities over which control has been gained or lost ( <i>item 4</i> )	N/A.
---	------

**5. Dividends paid and payable**

Details of dividends or distribution payments ( <i>item 5</i> )	No dividends or distributions are payable.
---	--

**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
--	---

**7. Details of associates**

Details of joint venture entity ( <i>item 7</i> )	– Hainan Kingmall International Trading Co., Ltd
---	--

**8. Foreign entities**

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

**9. Review Opinion**

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

**CAQ Holdings Limited and its Controlled Entities**

**ABN 86 091 687 740**

**Consolidated Interim Financial Report  
Half-Year Ended 30 June 2023**

**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	21

**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 2023.

**Directors**

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

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*  
Xiao Huan Wei, *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 (2022: Nil)

**Operating and Financial Review**

The loss for the half-year ended 30 June 2023 amounts to \$3,667,690 (2022: Profit: \$65,501). The increase in loss was mainly due decrease in rental income.

**Review of Operations and Changes in State of Affairs**

During the half-year ended 30 June 2023, revenues earned from the Company's leasing business (net of business tax) amounted to \$1,209,590 (2022: \$1,591,950). In addition to this, revenues earned (before business tax) from the Company's jewellery business amounted to \$661 (2022: 1,467). The property leasing business remained steady in 2023 except for termination of agreement signed with a tenant in relating to the lease of the exhibition centre.

Due to keen competition, the operations of Kingmall was scaled down to a minimum level. The inventories will be sold through online.

**Events occurring after the reporting period**

No matters or circumstances have arisen since 30 June 2023 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 2023



**Building a better  
working world**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## **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 2023, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene 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.

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

Ernst & Young

A handwritten signature in black ink, appearing to be 'Timothy G Dachs'.

Timothy G Dachs  
Partner  
31 August 2023



**Building a better  
working world**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## **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 2023, 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, 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 2023 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 2(c) in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. 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.

## 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 2023 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.



Ernst & Young



Timothy G Dachs  
Partner  
Perth  
31 August 2023



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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2023**

	<i>Notes</i>	Half-year ended 30 June 2023 \$	Half-year ended 30 June 2022 \$
Revenue from contracts with customers		661	1,467
Rental income		1,209,590	1,591,950
<b>Revenue</b>	<b>3</b>	<b>1,210,251</b>	<b>1,593,417</b>
Other income	3	7,323	13,061
Purchase and changes in trading stock		(568)	(1,091)
Foreign exchange losses		(616)	(14,846)
Legal expenses		(15,848)	(8,223)
Accounting, auditing fees and consultancy expenses		(90,453)	(111,415)
Directors fees		–	–
Salary expenses		(527,156)	(561,081)
Social security and other employee benefit expenses other than salaries		(142,449)	(111,595)
Insurance		(63,160)	(41,187)
Occupancy costs		(28,625)	(22,908)
Travel costs		(114,272)	(206,683)
Finance costs		(105,984)	(45,435)
Administration expenses		(160,558)	(272,181)
Depreciation		(15,854)	(27,131)
Amortisation		(3,234)	(11,003)
Other expenses		(33,517)	(34,079)
Change in fair value of investment properties		(4,484,652)	–
Gain on disposal of an associate		–	128,274
<b>(Loss)/profit before income tax</b>		<b>(4,569,372)</b>	<b>265,894</b>
Income tax benefit/(expense)		901,682	(200,393)
<b>(Loss)/profit after income tax</b>		<b>(3,667,690)</b>	<b>65,501</b>

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 2023 (CONTINUED)**

	<b>Half-year ended</b>	<b>Half-year ended</b>
	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
<b>Other comprehensive (loss)/income</b>		
<i>Items that may be reclassified to the profit or loss</i>		
Exchange differences on translation of foreign operations	<u>(1,607,238)</u>	<u>(78,742)</u>
<b>Total comprehensive (loss)/income for the period</b>	<b><u>(5,274,928)</u></b>	<b><u>(13,241)</u></b>
(Loss)/profit is attributable to:		
Owners of CAQ Holdings Limited	<u>(3,667,690)</u>	<u>65,501</u>
	<b><u>(3,667,690)</u></b>	<b><u>65,501</u></b>
Total comprehensive (loss)/income for the period is attributable to:		
Owners of CAQ Holdings Limited	<u>(5,274,928)</u>	<u>(13,241)</u>
	<b><u>(5,274,928)</u></b>	<b><u>(13,241)</u></b>
<b>(Loss)/profit per share attributable to the members of</b>		
<b>CAQ Holdings Limited</b>		
Basic and diluted (loss)/profit per share (cents per share)	<u>(0.51)</u>	<u>0.01</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 2023**

	<i>Notes</i>	<b>30 June 2023</b>	<b>31 December 2022</b>
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	390,505	819,585
Trade and other receivables		395,053	339,841
Inventory		1,254,923	1,278,476
Other current assets		270,217	226,281
<b>TOTAL CURRENT ASSETS</b>		<b>2,310,698</b>	<b>2,664,183</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		84,241	103,094
Investment properties	4	62,046,903	68,283,842
Intangibles		–	3,222
<b>TOTAL NON-CURRENT ASSETS</b>		<b>62,131,144</b>	<b>68,390,158</b>
<b>TOTAL ASSETS</b>		<b>64,441,842</b>	<b>71,054,341</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,259,433	1,206,026
Other taxes payable		78,375	70,088
Director fee payable		330,000	330,000
Accruals		220,137	184,650
Borrowings		898,481	850,549
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,786,426</b>	<b>2,641,313</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payable		145,649	149,803
Borrowings		1,850,115	2,362,578
Deferred tax liabilities		2,380,566	3,346,633
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,376,330</b>	<b>5,859,014</b>
<b>TOTAL LIABILITIES</b>		<b>7,162,756</b>	<b>8,500,327</b>
<b>NET ASSETS</b>		<b>57,279,086</b>	<b>62,554,014</b>
<b>EQUITY</b>			
Contributed equity	5	74,649,048	74,649,048
Accumulated losses		(20,376,796)	(16,709,106)
Reserves		3,006,834	4,614,072
<b>TOTAL EQUITY</b>		<b>57,279,086</b>	<b>62,554,014</b>

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 2023**

	Contributed equity \$	Accumulated losses \$	Foreign currency translation reserve \$	Total \$
<b>Balance at 1.1.2022</b>	<b>74,649,048</b>	<b>(16,176,319)</b>	<b>5,735,708</b>	<b>64,208,437</b>
Profit for the period	–	65,501	–	65,501
Exchange differences on foreign currency translation	–	–	(78,742)	(78,742)
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>65,501</b>	<b>(78,742)</b>	<b>(13,241)</b>
<b>Balance at 30.6.2022</b>	<b>74,649,048</b>	<b>(16,110,818)</b>	<b>5,656,966</b>	<b>64,195,196</b>
<b>Balance at 1.1.2023</b>	<b>74,649,048</b>	<b>(16,709,106)</b>	<b>4,614,072</b>	<b>62,554,014</b>
Loss for the period	–	(3,667,690)	–	(3,667,690)
Exchange differences on foreign currency translation	–	–	(1,607,238)	(1,607,238)
<b>Total comprehensive loss for the period</b>	<b>–</b>	<b>(3,667,690)</b>	<b>(1,607,238)</b>	<b>(5,274,928)</b>
<b>Balance at 30.6.2023</b>	<b>74,649,048</b>	<b>(20,376,796)</b>	<b>3,006,834</b>	<b>57,279,086</b>

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 2023**

	Half-year ended 30 June 2023	Half-year ended 30 June 2022
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,213,781	2,510,856
Payments to suppliers and employees	(1,161,914)	(1,359,719)
Finance costs	(1,326)	(2,408)
Interest received	3,459	1,723
	<u>54,000</u>	<u>1,150,452</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of items of property, plant and equipments	–	(1,591)
Payment for construction costs	–	(592,556)
Receipts from disposal of an associate	–	695,077
Receipts from disposal of equipments	2,740	–
	<u>2,740</u>	<u>100,930</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of other loan	(256,266)	–
Repayment of a bank borrowing	(131,379)	(60,358)
Interest payment of bank borrowing	(104,368)	–
	<u>(492,013)</u>	<u>(60,358)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(435,273)</b>	<b>1,191,024</b>
Cash and cash equivalents at the beginning of the period	819,585	541,129
Effects of exchange rate changes on cash and cash equivalents	6,193	(8,812)
	<u>390,505</u>	<u>1,723,341</u>
<b>Cash and cash equivalents at end of the period</b>	<b><u>390,505</u></b>	<b><u>1,723,341</u></b>

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 2023**

---

**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 2023 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 property, 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 2022 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 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but do not have an impact on the interim consolidated financial statements of the Group.

**(c) Going concern**

The Group recorded a net loss after tax for the half year ended 30 June 2023 of \$3,667,690 due to a non-cash fair value loss on investment properties of \$4,484,652 (30 June 2022: profit after tax of \$65,501) and experienced net cash inflows from operating activities of \$54,000 (30 June 2022: net cash inflows of \$1,150,452). As at 30 June 2023, the Group had a cash balance of \$390,505 (31 December 2022: cash balance of \$819,585) and had a working capital deficiency of \$475,728 (31 December 2022: positive working capital of \$22,870).

The Group’s cashflow forecast for the 18 months ending 31 December 2024, which provides a reasonable basis to conclude that the Group can continue as a going concern, is reliant upon the renewal of certain lease agreements that are due to expire within the forecast period and on securing additional funding through debt or equity as and when the need arises to enable the Group 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 2023**

---

**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, if required;
- The Directors believe that they will be able to generate cash inflows from leasing out vacant factory floors and through the contracts already entered into with new tenants, for the recently refurbished exhibition centre; and
- Cash spending can be reduced or slowed below its current rate if required.

In the event that the Group is unable to obtain sufficient funding for ongoing operational requirements, there is material uncertainty whether the Group 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 do not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the Group 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 2023**

**3. Segment Information (Continued)**

*Information about products and services*

	<b>30 June 2023</b>	<b>30 June 2022</b>
	\$	\$
Revenue from contracts with customers (Sale of diamonds and goods)	661	1,467
Rental income	1,209,590	1,591,950
<b>Revenue</b>	<b>1,210,251</b>	<b>1,593,417</b>
Interest received	3,459	1,723
Government grant	–	4,030
Others	3,864	7,308
<b>Total other income</b>	<b>7,323</b>	<b>13,061</b>

**4. Investment Property**

Investment properties refer to an Industrial Complex located at No. 69 South First Ring Road, Chengmai County, Hainan Province, The People Republic of China which comprises a parcel of land on which an exhibition centre, a composite building, three workshops and four warehouses are erected.

	<b>30 June 2023</b>	<b>31 December 2022</b>
	\$	\$
Balance as at beginning of period/year	68,283,842	68,652,528
Expenditure for the year	–	404,925
Interest capitalization	–	181,167
Fair value adjustment	(4,484,652)	271,113
Foreign exchange adjustment	(1,752,287)	(1,225,891)
<b>Closing balance as at end of period/year</b>	<b>62,046,903</b>	<b>68,283,842</b>



**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 2023**

**4. Investment Property (Continued)**

Investment property valuation assumptions

Description	Valuation Approach	Unobservable Inputs	Inputs used at 30 June 2023	Inputs used at 31 December 2022
Investment property	Income approach based on estimated rental value of the property. Market rent (based on estimated market rent) and capitalisation rate are estimated by an external valuer or management based on comparable transactions and industry data.	Market rent	RMB24.9 sqm per month	RMB24.9 sqm per month
		Capitalisation rate	8%	8%

The administration block and fourth floor of Warehouse B has been provided as security for Group's borrowing.

***Investment Properties***

	30 June 2023	31 December 2022
	\$	\$
Rental income derived from investment properties (after deduction of business tax and surcharges)	1,209,590	3,716,039
Expected credit loss	–	(1,075,485)
Direct operating expenses generating rental income	(7,134)	(54,673)
Direct operating expenses that did not generate rental income	(26)	(685)
	<u>1,202,430</u>	<u>2,585,196</u>
Profit arising from investment properties carried at fair value	<u>1,202,430</u>	<u>2,585,196</u>

***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 2023**

**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.

**30 June 2023**

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Non-financial assets</b>				
Investment property	–	–	62,046,903	62,046,903
	<u>–</u>	<u>–</u>	<u>62,046,903</u>	<u>62,046,903</u>
Total non-financial assets	<u>–</u>	<u>–</u>	<u>62,046,903</u>	<u>62,046,903</u>

**31 December 2022**

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Non-financial assets</b>				
Investment property	–	–	68,283,842	68,283,842
	<u>–</u>	<u>–</u>	<u>68,283,842</u>	<u>68,283,842</u>
Total non-financial assets	<u>–</u>	<u>–</u>	<u>68,283,842</u>	<u>68,283,842</u>

**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 2023**

**4. Investment Property (Continued)**

***Fair value measurements (Continued)***

*(ii) Valuation techniques*

At 31 December 2022, the Group obtained an independent valuation (from an independent professional qualified valuer who holds 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 2023, 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 there is decrease in fair value was required at 30 June 2023.

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

Due to the valuation uncertainty, the property values may change significantly and unexpectedly over a relatively short period of time. The property valuations have been prepared based on information that is available at 30 June 2023. The table below summarises some of the key inputs used in determining investment property valuations:

	<b>Valuation approach</b>	<b>Unobservable Inputs</b>	<b>Range of inputs</b>	<b>Relationship Between Unobservable Inputs and Fair Value</b>
Financial year/period ended 31 December 2022 and 30 June 2023	Depreciated replacement cost approach	Construction cost	RMB3,369 per sqm	The higher construction cost, the higher the fair value.
		Land value	RMB568 per sqm	The higher land value, the higher the fair value.
	Income approach	Market rent	RMB24.9 per sqm per month	The higher rental income, the higher the fair value.
		Capitalisation rate	8%	Refer below for sensitivity analysis

**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 2023**

**4. Investment Property (Continued)**

***Fair value measurements (Continued)***

*(ii) Valuation techniques (Continued)*

Investment property valuation assumptions (Continued)

Changes to key inputs would result in changes to the fair value of investment properties. An increase in capitalisation rate would result in lower fair value, while a decrease in capitalisation rate will result in higher fair value (with all other factors held constant). An increase in market rent would result in higher fair value, while a decrease in market rent will result in lower fair value (with all other factors held constant). The capitalisation rate and market rent sensitivity analysis is detailed below.

	<b>30 June</b>	<b>31 December</b>
<b>Movement in capitalisation rate</b>	<b>2023</b>	<b>2022</b>
	\$	\$
-100bps	69,078,886	75,941,843
-50bps	65,356,072	72,112,843
+50bps	58,944,558	65,093,008
+100bps	56,049,036	61,902,175
	<u>56,049,036</u>	<u>61,902,175</u>

	<b>30 June</b>	<b>31 December</b>
<b>Movement in Market Rent</b>	<b>2023</b>	<b>2022</b>
	\$	\$
-10%	56,255,859	63,391,230
-5%	59,151,381	65,943,897
5%	64,942,425	70,836,509
10%	67,837,947	73,389,176
	<u>67,837,947</u>	<u>73,389,176</u>

**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 2023**

**4. Investment Property (Continued)**

There are lease agreements in place for some of the premises 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:

	<b>30 June 2023</b>	<b>31 December 2022</b>
	\$	\$
Within one year	1,944,471	4,371,156
Between 1 and 2 years	1,096,093	3,041,462
Between 2 and 3 years	1,005,220	2,798,164
Between 3 and 4 years	814,982	2,698,023
Between 4 and 5 years	303,383	2,403,450
More than 5 year	247,380	8,258,475
	<b>5,411,529</b>	<b>23,571,230</b>

The investment properties are leased to tenants under operating leases with rentals payable monthly.

Lease payments for some contracts include a fixed rate of increases over the lease periods. Where considered necessary to reduce credit risk, the group may obtain guarantees for the term of the lease or increase the amount of deposits.

Although the group is exposed to changes in the residual value at the end of the current leases, the group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

**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 2023**

**5. Contributed Equity**

	<b>30 June 2023</b>	<b>31 December 2022</b>
	\$	\$
(a) Ordinary shares	74,649,048	74,649,048
<b>Total contributed equity</b>	<b>74,649,048</b>	<b>74,649,048</b>
(b) Movements in ordinary share capital		
	<i>Number of shares</i>	\$
Balance as at 1 January 2022	717,786,281	74,649,048
Closing balance as at 31 December 2022	717,786,281	74,649,048
Balance as at 1 January 2023	717,786,281	74,649,048
Closing balance as at 30 June 2023	717,786,281	74,649,048
(c) Share Options		
There are no unissued ordinary shares of the Company under option as at 30 June 2023. (2022: 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 2023**

**6. Cash and cash equivalents**

	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Current Assets</b>		
Cash at bank and in hand	390,505	819,585
<b>Cash and cash equivalents</b>	<b>390,505</b>	<b>819,585</b>

Cash at bank and on hand balances as at 30 June 2023 includes Chinese Renminbi (“RMB”) denominated equivalent balance of \$218,638 (31 December 2022; \$631,576) 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.

**7. 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 \$5.75 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 \$3.35 million (RMB16.2 million) to the Constructor in lieu of the variations claimed. The balance of the claim of \$2.4 million (RMB11.6 million) has not been accrued for in these interim financial statements as the Directors consider that payment for \$2.4 million (RMB11.6 million) is not probable taking into consideration that work claimed to have been performed by the Constructor cannot be substantiated.

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

**8. Fair value of financial assets and liabilities**

The fair value of financial assets and liabilities at 30 June 2023 approximated its carrying value.

**9. Events occurring after the reporting period**

No matters or circumstances have arisen since 30 June 2023 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 2023**

---

The Directors of the Group declare that:

1. The financial statements and notes set out on pages 6 to 20 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 2023 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 2(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 2023