CAQ Holdings Limited (formerly Cell Aquaculture Ltd)
(And its controlled entities)

ABN 86 091 687 740

Annual Financial Report
for the Year Ended 30 June 2015

C O N T E N T S

Directors' Report	2 - 10
Independent Auditor's Declaration	11
Independent Audit Report	12 - 13
Directors' Declaration	14
Consolidated Statement of Profit or loss and Other Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Consolidated Financial Statements	19 - 40
Shareholder Information	41 - 42
Corporate Governance Statement	43 - 49
Corporate Directory	50

The Directors present their report of the consolidated entity consisting of CAQ Holdings Limited and the entities it controlled ("**the Group**") during the year ended 30 June 2015.

Directors
The names of the Directors in office at any time during or since the end of the financial year are:

Paul Damian Price
KC Dennis Ong
Soo Tuck Yoon
Michael Siu (appointed 20 April 2015)
Qian Xu (appointed 20 April 2015)
Ching Chung (appointed 19 May 2015)

Mr Paul Price
Chairman and Non-Executive Director
Mr Price has extensive experience in corporate and commercial matters and has advised national and international clients on capital raising and structuring issues including Corporations Act and ASX Listing Rule compliance and governance issues. Mr Price's clients span numerous industry sectors, including resources and energy, manufacturing, professional services, industrial and technology. Mr Price has served as a director of a number of ASX listed companies and is a co-founder of corporate advisory firm Trident Capital. Mr Price is a member of the Australian Institute of Company Directors, AMPLA (the Resources and Energy Law Association) and the Association of Mining and Exploration Companies. Mr Price has a Bachelor of Jurisprudence, a Bachelor of Laws and a Masters of Business Administration, all from the University of Western Australia.

Other directorships in Australian listed companies during the past three financial years are as follows:

- Windimurra Vanadium Limited – Director – appointed on 30 July 2012 and resigned on 16 April 2015
- Oz Brewing Limited – Director – appointed on 19 June 2014 and resigned on 25 March 2015

Mr KC Ong
Non-Executive Director
Mr Ong has over 25 years of extensive and diverse experience in financial management and business advisory to corporations in Australia and East Asia. He is an alumni from Deakin University, Victoria, holding a Bachelor of Commerce degree and is a Certified Practicing Accountant. Mr Ong is a Director of Trident Management Services Pty Ltd.

Other directorships in Australian listed companies during the past three financial years are as follows:

- Reclaim Industries Limited – Director – appointed on 13 March 2012
- Iwebgate Limited – Director – appointed on 23 July 2012 and resigned on 9 December 2014
- Windimurra Vanadium Limited - Director – appointed on 30 July 2012 and resigned on 21 January 2015

Mr Richard Soo (Soo Tuck Yoon)
Non-Executive Director
Mr Soo is of Malaysian nationality and has a Bachelor of Arts Degree from the National University of Malaysia. Mr Soo has 35 years working experience and his experience has been in the areas of Hospitality, Gaming, Trading and Mining Industry. Mr Soo is currently a Director of Leisurematics Sdn Bhd and also Director of Sinomines (Hong Kong) Limited.

Mr Soo has not held directorships in any other Australian listed companies during the past three financial years.

Mr Michael Siu (Mr Siu Kin Wai)
Non-Executive Director
Mr Siu is an executive Director, Chief Financial Officer and Company Secretary of Beijing Properties (Holdings) Limited (SEHK stock code: 925). Mr Siu is also an independent Non-Executive Director of Agritrade Resources Limited (SEHK stock code: 1131). In addition to this, Mr Siu is a Director of Brilliant Bright Holdings Limited, who is a controlling shareholder of Beijing Properties (Holdings) Limited

Mr Michael Siu (Mr Siu Kin Wai) (continued)
Mr Siu graduated from the City University of Hong Kong with a Bachelor's Degree in Accounting and is a fellow of the Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Mr Siu has extensive experience in financial management and corporate advisory in Asia.

Mr Siu has not held directorships in any other Australian listed companies during the past three financial years.

Mr Qian Xu
Non-Executive Director
Mr Qian Xu is an Executive Director and Chief Executive Officer of Beijing Properties (Holdings) Limited. Mr Qian is also the General Manager and an Executive Director of the Beijing Enterprises Group Real-Estate Co., Ltd. In addition to this, Mr Qian is a Director of Brilliant Bright Holdings Limited, who is a controlling shareholder of Beijing Properties (Holdings) Limited.

Mr Qian graduated from the Economics and Management Faculty of the Beijing Industrial University with a Bachelor's degree in economics and has obtained his Executive Master of Business Administration degree from Tsinghua University. Mr Qian has extensive experience in mergers and acquisitions, corporate restructuring and financial management in Asia.

Mr Qian has not held directorships in any other Australian listed companies during the past three financial years.

Mr Ching Chung
Executive Director and Deputy Chairman
Mr Ching has over thirty years' experience investing, operating and managing companies in Hong Kong and China. The industries which he has been involved with include gambling, mining and property development. Mr Ching has established relationships with the China Government and various other Chinese associations.

Mr Ching has not held directorships in any other Australian listed companies during the past three financial years.

Ms Deborah Ho
Company Secretary
Ms Deborah Ho was appointed as Company Secretary on 2 May 2013. Ms Ho holds a Bachelor of Commerce from Curtin University and is a member of Chartered Secretaries Australia. Ms Ho has over 3 years' experience in public practice including auditing of listed and unlisted companies. Ms Ho also has experience in company secretarial matters and financial accounting, including preparation of financial statements.

Principal Activities
On 17 April 2015, CAQ Holdings Limited acquired the Haikou Project and the Company is now in property development.

Dividends Paid or Recommended
No dividends were paid during the year and no recommendation is made as to dividends.

Operating and Financial Review
The consolidated net operating profit for the year ended 30 June 2015 was $293,090 compared to a net loss for the prior year of $601,908.

The loss for the prior year and financial position as at 30 June 2104 is attributable to working capital costs incurred in the ordinary course of business and expenditure spent on the due diligence process on the acquisition of the Haikou Project.

Operating and Financial Review (continued)

During the year ended 30 June 2015, CAQ Holdings Limited successfully acquired the Haikou Project. The substantial change in financial position as at 30 June 2015 and profit for the year ended 30 June 2015 is mainly attributable to:

- CAQ Holdings Limited successfully raising $50 million through a public prospectus capital raising in April 2015;
- The acquisition of the Haikou Project and its investment property valued at approximately $30 million by way of an independent valuation performed as at 30 June 2015; and
- The gain in the investment value of the property was approximately $2 million.

During the year ended 30 June 2015, the Group also incurred significant acquisition costs in relation to accounting, due diligence, legal costs and capital raising fees.

Review of operations and changes in State of Affairs

Acquisition of the Haikou Project

On 10 June 2014, the Company executed the formal Share Sale Agreements ("**SSAs**") with the Vendors, Noble Rate Limited ("**NL**"), Tang Dashun ("**TD**") and Beijing Properties (Holdings) Limited ("**BPHL**"), to acquire 100% of all the rights and title to the Haikou Free Trade Zone project ("**Haikou Project**") and the Roxy Casino in Bavet, Cambodia ("**Roxy**").

On 7 October 2014, the Directors and Vendors agreed to terminate the agreement with NL to purchase Roxy as the Directors had come to the view that Roxy was not currently ready for public company life. The SSAs were then varied to remove the acquisition of Roxy and to include the revised consideration for the acquisition of the Haikou Project and repayment of approximately USD 3 million vendor loans.

On 10 December 2014, Shareholders approved the following resolutions at the Company's General Meeting.

1. Approval to change the nature and scale of activities;
2. Issue of consideration shares to Haikou Vendors for the Company acquiring 100% of the ordinary shares in Haikou Peace Base Industry Development Company Limited;
3. Approval of issue of shares to Advisors;
4. Approval of issue of shares to Trident Capital Pty Ltd;
5. Change of company name;
6. Issue of new shares pursuant to the capital raising;
7. Capital consolidation; and
8. Approval of a performance rights plan.

On 24 December 2014, the Company's securities were consolidated on a 1:2 basis.

On 20 November 2014, the Company issued a Prospectus ("**Original Prospectus**") for the following offers pursuant to the SSAs:

- An offer of up to 250,000,000 shares at $0.20 each to raise up to $50,000,000 ("**Public Offer**");
- An offer of 10,375,000 shares to the Facilitators ("**Facilitation Offer"**); and
- An offer of 207,500,000 shares to the Vendors ("**Vendor Offer**").

On 22 December 2014, the Company issued a Replacement Prospectus in response to an ASIC interim stop order.

On 16 February 2015, the Company issued a Supplementary Prospectus which extends the offers under the Original Prospectus to 30 April 2015.

On 17 April 2015, the Company issued 10,375,000 fully paid ordinary shares under the Facilitation Offer and 207,500,000 fully paid ordinary shares under the Vendor Offer.

On 17 April 2015, the Company satisfied all the conditions precedent pursuant to the SSAs and successfully acquired 100% of all the rights and title to the Haikou Project. Following the completion of the acquisition, the Company changed its name from Cell Aquaculture Ltd to CAQ Holdings Limited.

Review of operations and changes in State of Affairs (continued)
Acquisition of the Haikou Project (continued)
On 7 May 2015, the Company successfully raised funds totally $50,000,000 under the Public Offer and issued 250,000,000 fully paid ordinary shares.

Reinstatement
On 15 May 2015, the Company was reinstated to official quotation on the ASX and the Company's shares reinstated to trading.

Board changes
On 20 April 2015, Mr Siu Kin Wai (Michael Siu) and Mr Qian Xu were appointed to as Non-Executive Directors of the Company.

On 19 May 2015, Mr Ching Chung was appointed as an Executive Director and Deputy Chairman of the Company.

Events Subsequent to Reporting Date
There are no material events subsequent to the financial year end.

Likely Developments and Expected Results of Operations
Likely developments in the operations of the Group and then expected results of those operations in future financial years have not been included in this report as the directors believe on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

Environmental Regulations
The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory. Based on the Group's current operations, they are not required to register, nor are they required to report emissions data to the Greenhouse and Energy Data Officer under the National Greenhouse and Energy Reporting Act 2007.

Meetings of Directors
The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2015, and the numbers of meetings attended by each Director were:

	Directors Meetings		Audit Committee Meetings[1]		Nomination Committee Meetings[1]		Remuneration Committee Meetings[1]	
	A	B	A	B	A	B	A	B
P D Price	7	7	-	-	-	-	-	-
K C Ong	7	7	-	-	-	-	-	-
Soo Tuck Yoon	7	5	-	-	-	-	-	-
M Siu	-	-	-	-	-	-	-	-
X Qian	-	-	-	-	-	-	-	-
C Ching	-	-	-	-	-	-	-	-

Notes
A - Number of meetings held during the time the Director held office during the year.
B - Number of meetings attended.

[1] Due to the short period from the formation of the committees on 29 April 2015 to the financial year end 30 June 2015, it was deemed unnecessary to hold any committee meeting.

The Board of Directors also approved seventeen (17) circular resolutions during the year ended 30 June 2015 which were signed by all Directors of the Company.

Share Options

Shares under Option

There are no unissued ordinary shares of CAQ Limited under option at the date of this report (2014: nil).

Directors' Share and Option Holdings

As at the date of this report the interests of the Directors in the shares and options of the Company were:

Director	Ordinary Shares[1]	Options over Ordinary Shares
P D Price	5,409,000	-
K C Ong	1,487,500	-
S T Yoon	1,000,000	-
M Siu	113,628,000	-
X Qian	108,628,000	-
C Ching	2,650,000	-

[1] refer to page 8.

Remuneration Report (Audited)

Key Management Personnel

The following persons were key management personnel and specified executives of CAQ Holdings Limited during the financial year:

Paul Damian Price – Non-Executive Director and Chairman (appointed 2 May 2013)
KC Dennis Ong – Non-Executive Director (appointed 2 May 2013)
Soo Tuck Yoon – Non-Executive Director (appointed 2 May 2013)
Michael Siu – Non-Executive Director (appointed 20 April 2015)
Qian Xu – Non-Executive Director (appointed 20 April 2015)
Ching Chung – Executive Director and Deputy Chairman (appointed 19 May 2015)

Remuneration Philosophy

The performance of the Company depends on the quality of its Directors and other Key Management Personnel and therefore the Company must attract, motivate and retain appropriately qualified industry personnel. The Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre Directors and other Key Management Personnel;
- link executive rewards to shareholder value (by the granting of share options);
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Remuneration Governance

During the year, the Company formed a remuneration committee. The Committee has not used remuneration consultants in determining the remuneration of Key Management Personnel. The compensation of Directors and Key Management Personnel are to be reviewed by the Committee annually.

The Committee assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality Directors and other Key Management Personnel. External advice on remuneration matters is sought whenever the Committee deems it necessary but has not been sought during the reporting period. The remuneration of the Directors and other Key Management Personnel is not dependent on the satisfaction of a performance condition other than set out in this report.

Remuneration Report (Audited) (continued)
The following table shows the gross revenue, results and the share price of the Company at the end of the respective financial years.

	30 June 2011 $	30 June 2012 $	30 June 2013 $	30 June 2014 $	30 June 2015 $
Revenue	535,127	499,001	1,889,150	50,814	138,646
Net (loss)/profit	(2,194,051)	(3,499,875)	(264,452)	(601,908)	293,090
Share price	8 cents	2 cents	1 cent *	10.5 cent	16 cents

* The Company was suspended from trading on the ASX on 1 October 2012. The price stated is based on the Company's public offer under the Prospectus dated 12 July 2013.

Non-Executive Director Remuneration
The Board seeks to set remuneration of Non-Executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Group's operations.

The Directors have resolved that Non-Executive Directors' fees are $48,000 (2014: $36,000) per annum for each Non-Executive Director and $72,000 (2014: $60,000) per annum for the Non-Executive Chairman. In addition, Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

The maximum annual aggregate directors' fee pool limit was $200,000. Due to the substantial change in operations and increase in board members from prior years, an increase in the maximum annual aggregate directors' fee pool limit will be presented to shareholders at the next annual general meeting.

Executive Remuneration
During the year, Ching Chung was appointed as an Executive Director. Mr Ching Chung is entitled to a remuneration of $72,000 per annum with no other benefits. The Board is in the process of determining an executive remuneration policy. At the date of this report, there is currently no performance based remuneration.

The table below disclose the remuneration expense recognised for the group's executive Key Management Personnel.

(A) Summary of amounts paid to Key Management Personnel
The table below discloses the compensation of the Key Management Personnel of the Group during the year.

Year ended 30 June 2015	**Short-Term**		**Post employment**		**Share-Based Payments**		**Total**	**Remuneration consisting of options %**
	Salary & Fees	*Consulting*	*Termination payments*	*Super-annuation*	*Options*	*Shares*		
Executive Directors								
C Ching[6]	18,509	-	-	-	-	-	**18,509**	-
Non-Executive Directors								
P Price	62,000	-	-	-	-	-	**62,000**	-
KC Ong	38,000	-	-	-	-	-	**38,000**	-
R Soo	38,000	-	-	-	-	-	**38,000**	-
M Siu	8,000	-	-	-	-	-	**8,000**	-
X Qian	8,000	-	-	-	-	-	**8,000**	
	172,509	**-**	**-**	**-**	**-**	**-**	**172,509**	**-**

Remuneration Report (Audited) (continued)

(A) Summary of amounts paid to Key Management Personnel (continued)

Year ended 30 June 2014	Short-Term		Post employment		Share-Based Payments		Total	Remuneration consisting of options %
	Salary & Fees	*Consulting*	*Termination payments*	*Super-annuation*	*Options*	*Shares*		
Directors								
P Price	55,000	-	-	-	-	-	**55,000**	-
KC Ong	33,000	-	-	-	-	-	**33,000**	-
R Soo	33,000	-	-	-	-	-	**33,000**	-
P Leach	18,000	-	-	-	-	-	**18,000**	**-**
S Abishegam	3,000	-	-	-	-	-	**3,000**	-
	142,000	**-**	**-**	**-**	**-**	**-**	**142,000**	-

(B) Service agreements

There are no service agreements in place. The Company will enter into services agreements with the Directors.

(C) Options holdings of key management personnel

During the year ended 30 June 2015 and to the date of this report, there are no options on issue and therefore no options held by Key Management Personnel.

(D) Shareholdings of key management personnel

The movement during the reporting period in the number of ordinary shares of CAQ Holdings Limited held, directly, indirectly or beneficially, by each key management personnel, including their related parties is as follows:

30 June 2015	Balance 1 July 2014	Adjustment for consolidation	Balance held at resignation	Allotted	Net Purchased/ (Sold)	Balance 30 June 2015
Directors						
P Price[1]	6,675,000	(3,337,500)	-	-	2,071,500	5,409,000
KC Ong[2]	2,975,000	(1,487,500)	-	-	-	1,487,500
R Soo[3]	2,000,000	(1,000,000)	-	-	-	1,000,000
M Siu[4]	-	-	-	83,000,000	30,628,000	113,628,000
X Qian[5]	-	-	-	83,000,000	25,628,000	108,628,000
C Ching[6]	-	-	-	4,150,000	(1,500,000)	2,650,000
	11,650,000	**(5,825,000)**	**-**	**170,150,000**	**56,827,500**	**232,802,500**

1 As at 30 June 2015, 3,725,000 shares were held by Trident Capital Pty Ltd, a company which Mr Price is a Director and Shareholder. 1,487,500 shares were held by Milwal Pty Ltd <Price Superannuation Fund>, a company which Mr Price is a Director and Shareholder. 176,500 shares were held by Joshua Price, Mr Price's son. 10,000 shares were held by Madeline Price, Mr Price's daughter. 10,000 shares were held by Elizabeth Price, Mr Price's wife.

2 As at 30 June 2015, 1,487,500 shares were held by Mr Ong.

3 As at 30 June 2015, 1,000,000 shares were held by Mr Soo.

4 Mr Siu was appointed on 20 April 2015. As at 30 June 2015, 108,628,000 shares were held by Beijing Properties (Holdings) Limited, a company which Mr Siu is a Director. 5,000,000 shares were held by Kristina Liu, Mr Siu's wife.

5 Mr Qian was appointed on 20 April 2015. As at 30 June 2015, 108,628,000 shares were held by Beijing Properties (Holdings) Limited, a company which Mr Xu is a Director.

6 Mr Ching was appointed on 19 May 2015. As at 30 June 2015, 2,650,000 shares were held by Mr Ching.

(E) Loans to or from key management personnel

There were no loans to or from key management personnel during the year or as at 30 June 2015.

Remuneration Report (Audited) (continued)

(F) Other transactions with key management personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

CAQ Holdings Limited

Legal Fees:

As at 30 June 2015 $174,619 (incl gst) was paid to Price Sierakowski Pty Ltd ("Price Sierakowski") for legal services. Paul Price is a Director and Shareholder of Price Sierakowski. As at 30 June 2015 $nil was payable to Price Sierakowski.

Corporate Advisory Fees:

As at 30 June 2015 $66,000 (incl gst) was paid to Trident Capital Pty Ltd ("Trident Capital") for corporate advisory services. Paul Price is a Director and Shareholder of Trident Capital. As at 30 June 2015 $nil was payable to Trident Capital.

Rental Fees:

As at 30 June 2015 $26,400 (incl gst) was paid to Trident Capital for office rental services. As at 30 June 2015 $nil was payable to Trident Capital.

Capital Raising Fees:

As at 30 June 2015, $275,000 (incl gst) was paid to Trident Capital for capital raising services. As at 30 June 2015 $nil was payable to Trident Capital.

As at 30 June 2015 $70,928 (incl gst) was paid to Price Sierakowski Pty Ltd ("Price Sierakowski") for capital raising services. Paul Price is a Director and Shareholder of Price Sierakowski. As at 30 June 2015 $nil was payable to Price Sierakowski.

Accounting Fees:

As at 30 June 2015 $32,152 (incl gst) was paid to Trident Management Services for accounting services. KC Ong is a Director and Shareholder of Trident Management Services. As at 30 June 2015 $2657.60 (incl gst) was payable to Trident Management Services.

Company Secretarial Fees:

As at 30 June 2015 $44,000 (incl gst) was paid to Trident Management Services for company secretarial services. KC Ong is a Director and Shareholder of Trident Management Services. As at 30 June 2015 $4,400 (incl gst) was payable to Trident Management Services.

(G) Share-based compensation

The Company has not issued any performance bonus options during the financial year ended 30 June 2015. No shares have been issued to Directors as a result of the exercise of any options in the current financial year (2014: Nil). All options affecting remuneration in the previous reporting period have expired.

(H) Use of remuneration consultants

The Company did not employ the services of remuneration consultants during the financial year.

(I) Voting and comments made at the Company's 2014 Annual General Meeting

The Company received more than 99% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration reports for the 2014 and 2015 financial years. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the Audited Remuneration Report.

Indemnification of Officers and Auditors
During the financial year, the Company paid a premium in respect of a contract of insurance insuring the Directors and officers of the Group against certain liabilities specified in the contract. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred as such an officer or auditor.

Non-Audit Services
The Directors are satisfied that the provision of non-audit services, during the year, by the auditor or a related practice of the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are also satisfied that the provision of non-audit services by the auditor if any, as set out in note 14 to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor's independence as set out in APES 110 Code of Ethics for Professional Accountants.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in this Annual Financial Report.

Details of amounts paid or payable to the auditor, BDO Audit (WA) Pty Ltd and its related practices, for audit and non-audit services provided during the year are set out below.

	2015	2014
BDO Audit (WA)	**$**	**$**
1. Other services		
- Independent reviewer services[1]	28,972	
- corporate finance services[2]	27,952	-
- other [3]	10,365	-
BDO China Shu Lun Pan LLP		
1. Audit and other assurance services		
- auditing and reviewing the financial statements	20,251	-
Total remuneration for audit and other assurance services	166,042	33,289

[1] includes fees incurred in relation to the preparation of an Investigating Accountants Report.
[2] fees incurred in relation to the preparation of an Independent Experts Report.
[3] fees incurred in relation to the translation of Chinese documents to English.

Proceedings on Behalf of the Company
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the year.

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

P. D. Price

Paul Price (Chairman)
Dated at Perth this 30th day of September, 2015.

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CAQ HOLDINGS LIMITED

As lead auditor of CAQ Holdings Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of CAQ Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of CAQ Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of CAQ Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of CAQ Holdings Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of CAQ Holdings Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, 30 September 2015

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2015

The Directors of the Group declare that:

1. The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statements of Changes in Equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Group.

2. In the Directors' opinion, there are reasonable grounds to believe CAQ Holdings Limited and its controlled entities will be able to pay its debts as and when they become due and payable.

3. Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

4. The Directors have been given the declarations as required by Section 295A of the Corporations Act for the financial year ending 30 June 2015.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Paul Price
Chairman

Dated at Perth this 30th day of September, 2015.

CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $	Company 2014 $
Revenue from continuing operations			
Sales	**6**	13,583	-
Other revenue	**6**	125,063	50,814
Total revenue from continuing operations		**138,646**	50,814
Cost of sales	**6**	(12,998)	-
Foreign currency loss		(105,487)	-
Legal expenses		(463,022)	(316,690)
Accounting fees		(98,758)	(33,289)
Consultancy expenses		(207,281)	(142,000)
Employee benefits expense		-	(4,466)
Insurance expenses		(40,466)	(5,815)
Occupancy costs		(24,000)	(18,000)
Travel costs		(80,708)	(65,997)
Finance costs	**6**	(1,035)	-
Other expenses		(214,588)	(14,419)
Administration expenses		(176,840)	(36,244)
Due diligence expense		-	(125,840)
Movement due to revaluation of investment properties	**4**	2,106,170	-
Profit/Loss from continuing operations before Income Tax Benefit		**819,633**	**(711,948)**
Income tax expense	**5**	(526,543)	-
Profit/Loss after income tax for the year		**293,090**	**(711,948)**
Net gain on disposal and deconsolidation of subsidiaries		-	110,039
Profit/(Loss) income tax for the year		**293,090**	**(601,909)**
Other comprehensive gain			
Items that may be reclassified to the profit or loss			
Exchange differences on foreign currency translation		2,127,263	50,313
Total comprehensive profit/(loss) for the year		**2,420,353**	**(551,596)**
Profit/(Loss) is attributable to:			
Owners of CAQ Holdings Limited		293,090	(601,909)
Non-controlling interests		-	-
		293,090	**(601,909)**
Total comprehensive profit/(loss) for the year is attributable to:			
Owners of CAQ Holdings Limited		2,420,353	(551,596)
Non-controlling interests		-	-
		2,420,353	(551,596)
Earnings/(Loss) per share attributable to the members of CAQ Holdings Limited		**Cents Per Share**	**Cents Per Share**
Basic and diluted earnings/(loss) per share	**19**	**0.08**	**(0.25)**

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Consolidated 2015 $	Company 2014 $
CURRENT ASSETS			
Cash and cash equivalents	**7**	37,947,068	1,127,403
Trade and other receivables	**8**	1,789,583	112,413
Prepayments		90,528	-
TOTAL CURRENT ASSETS		**39,827,179**	**1,239,816**
NON-CURRENT ASSETS			
Property, plant & equipment		110,142	-
Investment property	**4**	33,253,240	-
Intangibles		3,788	-
TOTAL NON-CURRENT ASSETS		**33,367,170**	**-**
TOTAL ASSETS		**73,194,349**	**1,239,816**
CURRENT LIABILITIES			
Trade and other payables	**9**	142,826	141,986
Provisions		31,579	-
Loans payable	**10**	9,728,041	-
TOTAL CURRENT LIABILITIES		**9,902,446**	**141,986**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**5**	526,543	-
TOTAL NON-CURRENT LIABILITIES		**526,543**	**-**
TOTAL LIABILITIES		**10,428,989**	**141,986**
NET ASSETS		**62,765,360**	**1,097,830**
EQUITY			
Contributed equity	**11**	62,102,608	2,855,431
Accumulated losses		(1,464,511)	(1,757,601)
Reserves	**12**	2,127,263	-
TOTAL EQUITY		**62,765,360**	**1,097,830**

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

CONSOLIDATED STATEMENT OF CHANGES TO EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Contributed equity	Accumulated losses	Foreign Currency Translation Reserve	Total	Non-controlling Interest	Total
Balance at 1.7.2014 (Company)	**2,855,431**	**(1,757,601)**	**-**	**1,097,830**	**-**	**1,097,830**
Profit for the year	-	293,090	-	**293,090**	**-**	**293,090**
Movement of foreign exchange reserve	-	-	2,127,263	**2,127,263**	-	**2,127,263**
Total comprehensive income/ loss for the period	**-**	**293,090**	**2,127,263**	**2,420,353**	**-**	**2,420,353**
Transactions with owners in their capacity as owners:						
Issue of Shares (net of issue costs)	59,247,177	-	-	**59,247,177**	-	**59,247,177**
Balance at 30.06.2015 (Consolidated)	**62,102,608**	**(1,464,511)**	**2,127,263**	**62,765,360**	**-**	**62,765,360**

	Contributed equity	Accumulated losses	Foreign Currency Translation Reserve	Total	Non-controlling Interest	Total
Balance at 1.7.2013 (Company)	**86,416**	**(1,155,692)**	**(50,313)**	**(1,119,589)**	**(457,667)**	**(1,577,256)**
Loss for the year	-	(601,909)	-	(601,909)	-	(601,909)
Realisation of Foreign Exchange Reserve	-	-	50,313	50,313	-	50,313
Elimination of non-controlling interest on deconsolidation	-	-	-	-	457,667	457,667
Total comprehensive income/ loss for the period	**-**	**(601,909)**	**50,313**	**(551,596)**	**457,667**	**(93,929)**
			-	-	-	-
Issue of Shares	2,796,015	-		2,796,015		2,796,015
Balance at 30.06.2014 (Company)	**2,855,431**	**(1,757,601)**	**-**	**1,097,830**	**-**	**1,097,830**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015	Company 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		13,752	272,661
Payments to suppliers and employees		(1,385,794)	(1,665,616)
Finance costs		(1,037)	(455)
Interest received		123,804	45,530
Net cash outflow from operating activities	**18**	**(1,249,275)**	**(1,347,880)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of subsidiary companies		-	1
Cash disposed through liquidation of subsidiary		-	(22,998)
Cash disposed through deconsolidation of subsidiary		-	(28,983)
Payment of construction costs.		(8,040,399)	-
Cash acquired from subsidiaries	**3**	490,338	-
Net cash outflow from investing activities		**(7,550,061)**	**(51,980)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues (net of share issue costs)		50,000,000	2,789,745
Payment made under DOCA		-	(570,000)
Capital raising costs		(3,072,342)	(80,301)
Proceeds from borrowings		1,856,659	-
Repayment of borrowings		(4,852,835)	-
Net cash inflow from financing activities		**43,931,482**	**2,139,444**
Net increase in cash and cash equivalents		**35,132,146**	**739,584**
Cash and cash equivalents at the beginning of the financial year		**1,127,403**	394,443
Effects of exchange rate changes on cash and cash equivalents		1,687,519	(6,624)
Cash and cash equivalents at end of year	**7**	**37,947,068**	**1,127,403**

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

Note 1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of CAQ Holdings Limited (formerly Cell Aquaculture Ltd) and its controlled entities. The consolidated entity is a for-profit entity and is prepared on a going concern basis.

(a) Basis of preparation

This annual financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations used by the Australian Accounting Standards Board. CAQ Holdings Limited is a for profit entity for the purposes of preparing financial statements.

Compliance with IFRS

The annual financial report of the Group also complies with International Financial Reporting Standards (IFRS).

Historical cost convention

This annual financial report has also been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following key judgement and estimate was made in preparing these financial statements:

<u>Estimation of fair value of investment properties</u>

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and
(c) annual rental income supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition.

Material changes in assumptions may give rise to material differences in the investment property valuation.

<u>Asset acquisition</u>

On 17 April 2015, CAQ Holdings Limited acquired 100% of all the rights and title to the Haikou Project through the issue of 207,500,000 fully paid ordinary shares to Beijing Properties (Holdings) Limited and Tang Dashun as consideration for the acquisition.

Judgement has been applied in concluding that the acquisition does not constitute a business combination as per AASB 3 and as such must be accounted for as an asset acquisition.

The assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no goodwill will arise on the acquisition. Transaction costs of the acquisition will be included in the capitalised cost of the asset.

New and amended standards adopted by the Group

The Group has adopted new standards and amendments that are mandatory for the financial year beginning 1 July 2014 and have determined that none of these standards a material effect on the financial position or performance of the Group.

Note 1: Summary of significant accounting policies (continued)

(b) Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being CAQ Holdings Limited ("**Company**" or "**Parent Entity**") and its subsidiaries as defined in *AASB 10: Consolidated Financial Statements*. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of the subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Acquisitions of entities are accounted for using the acquisition method of accounting.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Investments in subsidiaries are accounted for at cost in the annual financial report of CAQ Holdings Limited.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively. Total comprehensive income is attributable to the owners of CAQ Holdings Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Changes in ownership interest

The Group treats transactions with non-controlling interests that does not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of CAQ Holdings Limited.

Asset acquisition

On the acquisition of a subsidiary, the purchase method of accounting is used whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of CAQ Holdings Limited.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Australian dollars, which is CAQ Holdings Limited's functional and presentation currency.

Note 1: Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

The function currency of the Company's subsidiaries is as follows:

Name	*Functional Currency*
CAQ Finance Limited	Hong Kong dollars
CAQ Finance (HK) Limited	Hong Kong dollars
Rayport Limited	Hong Kong dollars
Peace Base Holdings Limited	Hong Kong dollars
Actual Winner Limited	Hong Kong dollars
Express Linker Limited	Hong Kong dollars
Haikou Peace Base Industry Development Co. Ltd.	Chinese Renminbi

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

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

(ii) Interest income

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

Note 1: Summary of significant accounting policies (continued)

(f) Income tax

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

Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

CAQ Holdings Limited have implemented the tax consolidation legislation.

(g) Goods and Services tax

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

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

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

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

(h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Note 1: Summary of significant accounting policies (continued)

(h) Leases (continued)

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Profit or Loss and Other Comprehensive Income as an integral part of the total lease expense.

(i) Cash and cash equivalents

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

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Trade and other receivables

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

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

(k) Investments and other financial assets

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

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

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

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

Note 1: Summary of significant accounting policies (continued)

(k) Investments and other financial assets (continued)

Investment Property

Investment properties include both completed investment properties and investment properties under construction. Completed investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction costs, and, subsequent to initial recognition, stated at fair value at the end of the reporting period when the fair value can be determined reliably.

Gains or losses arising from changes in the fair values of completed investment properties and investment properties under construction are included in profit or loss in the period in which they arise. Any gains or losses on the retirement or disposal of a completed investment properties or an investment properties under construction are recognised in profit or loss in the period of the retirement or disposal.

(m) Property, plant and equipment

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

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

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

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

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

(m) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Note 1: Summary of significant accounting policies (continued)

(m) Impairment of assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Trade and other payables

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

(o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

(p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Note 1: Summary of significant accounting policies (continued)

(q) Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

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

(iii) Share-based payments

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

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

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

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

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

(r) Contributed equity

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

(s) Earnings per share

Basic earnings per share is calculated as net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Note 1: Summary of significant accounting policies (continued)

(t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments:

This standard amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income.

AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. The Group has not yet made an assessment of the impact of these amendments.

(ii) IFRS 15 Revenue from Contracts with Customers:

An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.

Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard.

(iii) *AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*

This amends AASB 101 Presentation of Financial Statements to clarify that:

- Materiality applies to all primary financial statements and notes, and applies even to a list of specific, minimum disclosures;
- Line items can be disaggregated if doing so could influence a user's decision;
- Subtotals must be made up of items recognised in accordance with Australian Accounting Standards
  Additional subtotals in the Statement of Profit or Loss and Other Comprehensive Income must be reconciled back to subtotals required by AASB 101
- Notes no longer need to follow the order of items in the financial statements and related items can be grouped together (e.g. all financial instruments)
- Accounting policies can be placed at the end of the notes to the financial statements
- Share of other comprehensive income of associates and joint ventures must be separately classified into amounts that will be reclassified to profit or loss in future, and amounts that will not be reclassified to profit or loss in future.

These amendments affect presentation and disclosures only. Therefore on first time adoption of these amendments on 1 July 2016, comparatives will need to be restated in line with presentation and note ordering.

(u) Segment reporting

The Group operates in the property investment industry. Accordingly the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Note 2: Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external advisors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. Further policies will evolve that are commensurate with the evolution and growth of the Company.

The carrying values of the Group's financial instruments are as follows:

	2015	2014
Financial assets		**$**
Cash and cash equivalents	37,947,068	1,127,403
Trade and other receivables	1,789,583	112,413
Prepayments	90,528	-
	39,827,179	**1,239,816**
Financial liabilities		
Trade and other payables	142,826	141,986
Employee benefits payable	31,579	-
Loans payable	9,728,041	-
	9,902,446	**141,986**

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) *Foreign exchange risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchanges rates. As a result of its significant investment operations in Mainland China, the Group's statement of financial position can be affected significantly by movements in the USD, RMB and HKD exchange rate.

The Group's exposure to foreign currency risk is as follows:

2015	CURRENCY 1 USD	CURRENCY 2 RMB	CURRENCY 3 HKD
Cash and cash equivalents	25,797	265	29,442,401
Net Exposure	25,797	265	29,442,401

At 30 June 2015, foreign currency risk of the subsidiary with functional currency in RMB arose mainly from bank balances denominated in HKD. It is estimated that if RMB has strengthened/ weakened against HKD by 5% at 30 June 2015, the Group's profit for the year would decrease/ increase by approximately AUD249,062 (2014 nil).

Note 2: Financial risk management (continued)

(a) Market risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HKD/ RMB exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

		+ 5% HKD /RMB		**- 5% HKD /RMB**	
	Carrying amount	**Profit & Loss**	**Other compre hen-sive income**	**Profit & Loss**	**Other compre hen-sive income**
Consolidated - 2015	**AUD**	**AUD**	**AUD**	**AUD**	**AUD**
Cash and cash equivalents	4,981,243	249,062	-	(249,062)	-
Net exposure to interest rate risk		249,062	-	(249,062)	-

(ii) *Cash flow and interest rate risk*

The Group is exposed to interest rate risk due to variable interest being earned on its interest-bearing bank accounts.

As at the end of the reporting period, the Group had the following interest-bearing financial instruments:

	30 June 2015		**30 June 2014**	
	Effective interest rate	**Balance $**	**Effective interest rate**	**Balance $**
Financial Assets				
Cash and cash equivalents	1.50%	37,947,068	2.35%	1,127,403
Financial Liabilities				
Loans payable	6.00%	9,728,041	-	-
Net exposure to interest rate risk		28,219,027		1,127,403

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to Directors and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's net revenue would increase by $189,735 and decrease by $189,735 respectively (2014: $5,637).

(b) Credit risk

Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions. There are no formal credit approval processes and risk management in place.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of Note 2. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:

	2015 $	**2014 $**
Cash and cash equivalents		
A- S&P rating	37,947,068	1,127,403

Note 2: Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Group's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates. The Group is not materially exposed to changes in market interest rates.

The Directors monitor the cash-burn rate of the Group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities that the Group had at reporting date were loans payable, employee benefits and trade payables incurred in the normal course of the business. Trade payables were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

The following table sets out the carrying amount of the financial instruments by maturity:

Year ended 30 June 2015	<1 year	1 - 5 Years	Over 5 Years	Total contractual cash flows
	$	$	$	$
Financial Liabilities:				
Trade and other payables	142,826	-	-	142,826
Employee benefits payable	31,579	-	-	31,579
Loan payables[1]	9,728,041	-	-	9,728,041
	9,902,446	**-**	**-**	**9,902,446**

[1] The carrying value of the loans payable in relation to the investment property is equated to the fair value due to the short term nature of the loans.

Year ended 30 June 2014	<1 year	1 - 5 Years	Over 5 Years	Total contractual cash flows
	$	$	$	$
Financial Liabilities:				
Trade payables and advance deposits	141,986	-	-	141,986
	141,986	**-**	**-**	**141,986**

(d) 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 financial assets and liabilities into the three levels prescribed under the accounting standards.

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.

Note 2: Financial risk management (continued)

(d) Fair value measurements (continued)

(i) *Fair value hierarchy (continued)*

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

Year ended 30 June 2015	Level 1	Level 2	Level 3	Total
	$	$	$	$
Non-financial assets				
Investment property	-	-	33,253,240	33,253,240
Total non-financial assets	**-**	**-**	**33,253,240**	**33,253,240**

(ii) Valuation techniques

The group obtains independent valuations for its investment properties at least annually and for its leasehold land and buildings. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

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.

Description	Valuation Approach	Unobservable Inputs	Range of Inputs	Relationship Between Unobservable Inputs and Fair Value
Investment property	Income approach based on estimated rental value of the property. Market rent and capitalisation rate are estimated by an external valuer or management based on comparable transactions and industry data.	Market rent	RMB18 to 32 per sqm per month	The higher the market rent, the higher the fair value.
		Capitalisation rate	7%	The higher the capitalization rate, the lower the fair value.

Note 3: Investments

The consolidated financial statements include the financial statements of CAQ Holdings Limited:

Name	*Country of Incorporation*	*% Equity Interest 2015*	*2014*
CAQ Finance Limited	BVI	100%	0%
CAQ Finance (HK) Limited	Hong Kong	100%	0%
Rayport Limited	BVI	100%	0%
Peace Base Holdings Limited	Hong Kong	100%	0%
Actual Winner Limited	Hong Kong	100%	0%
Express Linker Limited	Hong Kong	100%	0%
Haikou Peace Base Industry Development Co. Ltd.	China	100%	0%

Note 3: Investments (continued)

CAQ Holdings Limited is the ultimate Australian parent entity and ultimate parent of the Group.

On 17 April 2015, CAQ Holdings Limited issued 207,500,000 fully paid ordinary shares to Beijing Properties (Holdings) Limited and Tang Dashun as consideration for the acquisition of 100% Haikou Peace Base Industry Development Co. Ltd and the the rights and title to the Haikou Project.

A valuation was performed by Greater China Appraisal Limited on the investment property interests' as at 17 April 2015. The valuation was performed by a Chartered Surveyor who has more than 26 years of valuation experience in countries such as China, Hong Kong and other Asian Pacific regions.

The acquisition is treated as an acquisition of assets and liabilities of the subsidiaries noted above.

	$
Property, plant and equipment	111,938
Investment properties under development	22,225,515
Intangibles assets	4,191
Deposit and other debtors	609,179
VAT tax	47,210
Cash and bank	490,338
Employee benefits payable	(31,383)
Other liabilities	(3,833,354)
Accruals	(2,162)
Loans[1]	(7,888,597)
Value of the asset acquisition as at 17 April 2015	**11,732,875**

[1] In November 2014 and January 2015, Haikou Peace Base Industry Development Co. Ltd ("HPB") entered into loan agreements and received funds used for the construction of the Haikou Project, prior to receiving funds from CAQ Holdings Limited. CAQ Holdings Limited completed its prospectus capital raising and advanced funds to HPB in May 2015.

Note 4: Investment Properties

	$
Balance as at 1 July 2014	-
Acquisition of the Haikou Project as at 17 April 2015	22,225,515
Construction costs incurred during the period	8,527,804
Fair value adjustment	2,106,170
Foreign exchange adjustment	393,752
Closing balance as at 30 June 2015	**33,253,240**

As per the Company's accounting policy, RMB1,469,145 (equivalent to approximately $315,186) of borrowing costs have been capitalised during the year ended 30 June 2015.

A valuation was performed by Great China Appraisal Limited on the Haikou Project as at 30 June 2015. The valuation was performed by a Chartered Surveyor who has more than 26 years of valuation experience in countries such as China, Hong Kong and other Asian Pacific regions. The fair value of the investment property was determined by reference to a value in use discounted cash flow model. Refer to note 2 for details.

Leasing Arrangements

The Group leases it investment properties under operating lease arrangements, with the leases negotiated for terms ranging from 10 to 30 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.

Note 4: Investment Properties (continued)
Leasing Arrangements (continued)

The investment properties are still under a development phase and will be expected to complete in November 2015, some of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Consolidated 2015 $	Company 2014 $
Within one year	678,045	-
Later than one year but not later than 5 years	12,027,950	-
Later than 5 years	31,496,894	-
	44,202,889	-

Note 5: Income Tax
The prima facie income tax expense on the pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:

	Consolidated 2015 $	Company 2014 $
Loss from continuing operations before Income Tax	859,633	(197,910)
Loss from discontinued operations before Income Tax	-	(403,999)
	859,633	(601,909)
Income tax benefit at 30%	257,890	(180,573)
Permanent Differences:		
Non-deductible expenses – Other	184,820	507,248
Tax effect of lower overseas tax rate	(105,309)	-
Loss on debt forgiveness	-	383,646
Adjustment to non controlling interest non-deductible	-	139,152
Costs from foreign discontinued operations non-deductible	-	184,391
Loss on deconsolidation	-	(1,172,387)
	337,401	(138,523)
Movements in unrecognised temporary differences	(17,812)	9,000
Tax effect of current year tax losses for which no deferred tax asset has been recognised	98,247	129,523
Tax effect of foreign losses for which no deferred tax asset has been recognised	108,707	-
Income tax benefit	526,543	-

The franking account balance at year end was (2014: $nil).

Unrecognised temporary differences:

	Consolidated 2015 $	Company 2014 $
Deferred Tax Assets (at 30%)		
On income tax account		
Carry forward tax losses	98,247	129,523
Foreign losses	108,707	-
Other	-	9,000
Net deferred tax assets	206,954	138,523

Note 5: Income Tax (continued)

The taxation benefits of tax losses and timing not brought to account will only be obtained if:

(a) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
(b) conditions for deductibility imposed by the law are complied with; and
(c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

	Consolidated 2015 $	Company 2014 $
Deferred Tax Liabilities (at 25%)		
Fair value adjustment of the investment	526,543	-
Net deferred tax liabilities	526,543	-

Note 6: Revenue and Expenses

	Consolidated 2015 $	Company 2014 $
(a) Revenue from continuing operations		
- Sale of produce and goods	13,583	-
- Interest received	123,373	50,814
- Government grant	1,690	-
Total revenue	138,646	50,814
(b) Expenses		
Cost of Sales	(12,998)	-
Finance costs		
Interest paid – Other	(1,035)	-
Total Finance Costs	(1,035)	-

Note 7: Current assets - Cash and cash equivalents

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position, as follows:

	Consolidated 2015 $	Company 2014 $
Current Assets		
Cash at bank and in hand	37,947,068	1,127,403
Net Cash	37,947,068	1,127,403

(b) Interest Rate Risk Exposure

The Group's exposure to interest rate risk is discussed in note 2.

Note 8: Current assets: Trade and other receivables

	Consolidated 2015 $	Company 2014 $
Current		
Construction deposit	589,977	-
Loan receivable[1]	1,072,685	-
Other receivables	126,921	112,413
	1,789,583	112,413

[1] This amount was received in July 2015.

(a) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The following table details the Group's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period. Trade receivables are generally due for settlement within periods ranging from 30 days to 60 day.

Financial Assets	Effective interest rate %	Less than 1 year $	1-5 years $	5+ years $
2015				
Non-interest bearing	-	1,789,583	-	-
Variable interest rate instruments	-	-	-	
		1,789,583	-	-
2014				
Non-interest bearing	-	112,413	-	-
Variable interest rate instruments	2.35	1,127,403	-	-
		1,239,816	-	-

Note 9: Current liabilities - Trade and other payables

	2015 $	2014 $
Trade payables	142,826	141,986
	142,826	**141,986**

(i) Trade payables are non-interest bearing and are normally settled on 30-60 day terms. Their carrying value approximates their fair value.

Note 10: Loans Payable

	Consolidated 2015 $	Company 2014 $
Loan payable - Hainan Baina Investment Limited[1]	4,443,565	
Loan payable - Beijing Yun Zhong Investment Consulting Co Ltd[2]	5,284,476	-
Total loans	**9,728,041**	**-**

[1] In November 2014, January 2015 and May 2015, Haikou Peace Base Industry Development Co Ltd entered into loan agreements with Hainan Baina Investment Limited and was advanced $4,463,966. Pursuant to the loan agreements, interest is charged at a rate of 6% per annum. As at 30 June 2015, the loans have incurred interest of $179,599. The loan provided funds used for the construction of the Haikou Project. On 11 August 2015, $1,072,685 has been repaid to Hainan Baina Investment Limited.

Note 10: Loans Payable (continued)

[2] In January 2015, Haikou Peace Base Industry Development Co Ltd entered into a loan agreement with Beijing Yun Zhong Investment Consulting Co Ltd and was advanced $5,148,889. Pursuant to the loan agreement, interest is charged at a rate of 6% per annum. As at 30 June 2015, the loan has incurred interest of $135,587. The loan provided funds used for the construction of the Haikou Project.

Note 11: Contributed equity

	Consolidated 2015 $	Company 2014 $
(a) Ordinary shares*	62,102,608	2,855,431
Total contributed equity	**62,102,608**	**2,855,431**

* Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in ordinary share capital

	No.	$
Balance as at 1 July 2013	24,115,356	86,416
Issue of shares under proponent offer [1]	100,000,000	500,000
Issue of shares under public offer [2]	250,000,000	2,500,000
Costs of issue	-	(230,985)
Closing balance as at 30 June 2014	**374,115,356**	**2,855,431**
Balance as at 1 July 2014	374,115,356	2,855,431
Capital consolidation[3]	(187,057,626)	-
Issue of shares under Vendor Offer[4]	207,500,000	11,732,875
Issue of shares under Facilitation Offer[5]	10,375,000	586,644
Issue of shares under Public Offer[6]	250,000,000	50,000,000
Costs of issue	-	(3,072,342)
Closing balance as at 30 June 2015	**654,932,730**	**62,102,608**

[1] On 7 August 2013, pursuant to the resolution approved at the shareholders meeting on 18 June 2013, the Company issued 100,000,000 shares at $0.005 per share.

[2] On 28 August 2013, pursuant to the resolution approved at the shareholders meeting on 18 June 2013, the Company issued 200,000,000 shares at $0.005 per share.

[3] On 24 December 2014, the Company's securities were consolidated on a 1:2 basis.

[4] On 17 April 2014, pursuant to the resolution approved at the shareholders meeting on 10 December 2014, the Company issued 207,500,000 shares to the Vendors of the acquisition. Following a valuation performed on the acquisition, the value of the consideration is deemed to be $11,732,875 (refer to note 1).

[5] On 17 April 2014, pursuant to the resolution approved at the shareholders meeting on 10 December 2014, the Company issued 10,375,000 shares to the Facilitators of the acquisition. The value of the services is deemed to be 5% of the asset value.

[6] On 7 May 2015, pursuant to the resolution approved at the shareholders meeting on 10 December 2014, the Company issued 250,000,000 shares at $0.20 per share.

(c) Share Options

There are no unissued ordinary shares of CAQ Holdings Limited under option as at 30 June 2015.

Note 12: Reserves

This is a foreign exchange translation reserve as the Company's subsidiaries trade in a functional currency of Chinese Renminbi and Hong Kong dollars.

	Consolidated	Company
	2015	2014
	$	$
Balance as at 1 July 2014	-	(50,313)
Movement in foreign currency translation reserve	2,127,263	50,313
Closing balance as at 30 June 2015	**2,127,263**	**-**

Note 13: Related parties

(a) Compensation of Key Management Personnel

	2015	2014
		$
Short-term employee benefits	223,835	142,000
	223,835	142,000

(a) Other transactions with Key Management Personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

CAQ Holdings Limited

Legal Fees:

During the year, Price Sierakowski Pty Ltd ("Price Sierakowski") provided the Company with legal services. Paul Price is a Director and Shareholder of Price Sierakowski. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. As at 30 June 2015 $245,547 (incl gst) was paid to Price Sierakowski (2014: $257,346 (incl GST)). As at 30 June 2015 $nil was payable to Price Sierakowski (2014: $6,825 (excl GST)).

Corporate Advisory Fees:

During the year, Trident Capital Pty Ltd ("Trident Capital") provided the Company with corporate advisory services. Trident Capital Pty Ltd ("Trident Capital"). These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. As at 30 June 2015 $66,000 (incl GST) was paid to Trident Capital (2014: $165,000 (incl GST)). As at 30 June 2015 $nil was payable to Trident Capital (2014: $10,000 (excl GST)).

Rental Fees:

During the year, Trident Capital provided the Company with office rental services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. As at 30 June 2015 $26,400 (incl GST) was paid to Trident Capital (2014: $19,800 (incl GST)). As at 30 June 2015 $nil was payable to Trident Capital (2014: $nil).

Capital Raising Fees:

During the year, Trident Capital provided the Company with capital raising services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. As at 30 June 2015, $275,000 (incl GST) was paid to Trident Capital (2014: $198,000 (incl GST)). As at 30 June 2015 $nil was payable to Trident Capital (2014: $nil).

Note 13: Related parties (continued)

(a) Other transactions with Key Management Personnel (continued)

Accounting Fees:

During the year, Trident Management Services provided the Company with accounting services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. As at 30 June 2015 $32,152 (incl GST) was paid to Trident Management Services (2014: $40,446 (incl GST)). As at 30 June 2015 $2,658 (escl GST) was payable to Trident Management Services (2014: $1,441 (excl GST)).

Company Secretarial Fees:

During the year, Trident Management Services provided the Company with company secretarial services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. As at 30 June 2015 $44,000 (incl GST) was paid to Trident Management Services (2014: $39,600 (incl GST)). As at 30 June 2015 $4,000 (excl GST) was payable to Trident Management Services (2014: $4,000 (excl GST)).

Note 14: Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms.

	2015	2014
BDO Audit (WA)	**$**	**$**
2. Audit and other assurance services		
- auditing and reviewing the financial statements	78,502	33,289
3. Other services		
- Independent reviewer services[1]	28,972	
- corporate finance services[2]	27,952	-
- other [3]	10,365	-
2. BDO China Shu Lun Pan LLP		
- Audit and other assurance services		
auditing and reviewing the financial statements	20,251	-
Total remuneration for audit and other assurance services	166,042	33,289

[1] includes fees incurred in relation to the preparation of an Investigating Accountants Report.
[2] fees incurred in relation to the preparation of an Independent Experts Report.
[3] fees incurred in relation to the translation of Chinese documents to English.

Note 15: Contingencies

Contingent liabilities

The directors of the Group are not aware of any contingent liabilities which require disclosure in the full year financial statements.

Note 16: Commitments

Operating lease commitments	**2015**	**2014**
	$	**$**
Not later than 1 year	6,000	6,000
	6,000	6,000

Construction commitment	2015	2014
	$	**$**
Not later than 1 year	24,401,276	-
	24,401,276	-

The outstanding capital commitment is RMB113,758,861 (equivalent to approximately AUD24,401,276) as at 30 June 2015.

Note 17: Events occurring after the reporting date

There are no material events subsequent to the financial year end.

Note 18: Reconciliation of loss after income tax to net cash flow from operating activities

	2015 $	2014 $
Operating profit/(loss) after income tax	293,090	(601,909)
Gain on disposal and deconsolidation of subsidiaries	(2,106,170)	566,018
Gain on investment properties	105,408	-
Depreciation	454	-
Provision for deferred tax	526,543	-
Other		
(Increase)/decrease in assets		
- Prepayments	(22,565)	-
- Trade and other receivables	(10,848)	126,597
Increase/(decrease) in liabilities		
- Current trade creditors and payables	(35,187)	(1,438,586)
Net cash used in/ generated from operating activities	(1,249,275)	(1,347,880)

Note 19: Loss per share

Basic earnings/(loss) per share amounts are calculated by dividing net earnings/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic loss per share computations:

	Consolidated 2015 $	Company 2014 $
Profit/(loss) attributable to ordinary equity holders	293,090	(601,908)
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	363,074,261	324,115,356
	Cents/share	**Cents/share**
Basic and diluted earnings/(loss) per share	0.08	(0.25)

***** The prior year calculation for Basic and diluted earnings/(loss) per share has been recalculated to reflect the impact of the share consolidation in the current period.

Note 20: Dividends

No dividends have been declared or paid during the year.

Note 21: Parent entity information

The following detailed information is related to the parent entity, CAQ Holdings Limited, as at 30 June 2015.

	2015 $	2014 $
Current assets	47,341,538	1,239,816
Non-current assets	12,319,520	-
Total assets	**59,661,058**	**1,239,816**
Current liabilities	102,704	141,986
Non-current liabilities	-	-
Total liabilities	**102,704**	**141,986**
Contributed equity	62,102,607	2,855,431
Accumulated losses	(2,681,803)	(1,757,601)
Reserves	137,550	-
Total equity	**59,558,354**	**1,097,830**
Loss for the year	(924,202)	(601,908)
Other comprehensive income for the year	-	50,313
Total comprehensive loss for the year	**(924,202)**	**(551,595)**

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings as at 24 September 2015

Substantial shareholders

Name	Number of ordinary shares held	Percentage of capital held
TANG DASHUN	127,000,000	19.01
CITICORP NOMINEES PTY LIMITED	111,234,372	16.98
BEIJING PROPERTIES (HOLDINGS) LIMITED	108,628,000	16.59
PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	52,946,036	8.08
LI HUI YUN	50,000,000	7.63
MASS TALENT FINANCIAL LTD	36,000,000	5.50
TOTAL	**483,808,408**	**73.79**

Distribution of security holders

Category	Number of Holders
1 – 1,000	351
1,001 – 5,000	221
5,001 – 10,000	128
10,001 – 100,000	106
100,001 and over	78
	884

Unmarketable parcels

The number of shareholders holding less than a marketable parcel is 504.
There is only one class of share and all ordinary shareholders have equal voting rights.

On-market buyback

There is no current on-market buy-back.

Securities subject to escrow

The Company has securities subject to voluntary escrow for 12 months from 17 March 2015 as follows:

Holder	Total Securities
TANG DASHUN	124,500,000
BEIJING PROPERTIES (HOLDINGS) LIMITED	108,628,000

SHAREHOLDER INFORMATION

Twenty largest shareholders – Ordinary Shares

Name	Number of ordinary shares held	Percentage of capital held
TANG DASHUN	127,000,000	19.39%
CITICORP NOMINEES PTY LIMITED	111,234,372	16.98%
BEIJING PROPERTIES (HOLDINGS) LIMITED	108,628,000	16.59%
PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	52,946,036	8.08%
LI HUI YUN	50,000,000	7.63%
MASS TALENT FINANCIAL LTD	36,000,000	5.50%
ELITE MEDAL LIMITED	25,000,000	3.82%
J P MORGAN NOMINEES AUSTRALIA LIMITED	20,156,384	3.08%
HOLLYVIEW INTERNATIONAL LTD	12,102,000	1.85%
MR HUAN WEI XIAO	11,232,799	1.72%
YUK CHEUNG CHAN	10,000,000	1.53%
BNP PARIBAS NOMINEES PTY LTD <EFG BANK AG DRP>	8,367,774	1.28%
MR FEI CHAN	6,000,000	0.92%
MS SIOK KOOI ANG	5,000,000	0.76%
RZ CAPITAL PTE LTD	5,000,000	0.76%
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	4,363,754	0.67%
KEONG MING TEE	3,925,280	0.60%
TRIDENT CAPITAL PTY LTD	3,725,000	0.57%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,202,749	0.49%
CHING CHUNG	2,650,000	0.40%
TOTAL	**606,534,148**	**92.61**

Use of Funds following the Acquisition of the Haikou Project

The Board confirms that its use of funds for the period from 17 April 2015 to 30 June 2015 has been in line with the proposed application of funds disclosed in CAQ Holdings Limited’s Replacement Prospectus dated 22 December 2014.

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

Principle 1: Lay solid foundations for management and oversight
Recommendation 1.1
The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and have documented this in its Board Charter.
The responsibilities of the Board include but are not limited to:

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

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

Recommendation 1.2
The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director. The checks which are undertaken, and the information provided to shareholders, are set out in the Company's Remuneration and Nomination Committee Charter.

Recommendation 1.3
The Company has a written agreement with Paul Price, KC Ong and Richard Soo. The Company endeavour to enter into written agreements with M Siu, X Qian and C Ching.

The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person` or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).
Recommendation 1.4

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

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

Recommendation 1.5
The Company has a Diversity Policy, the purpose of which is:

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

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

Recommendation 1.6
The Board will be responsible for evaluating the performance of the Company's senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

The Chair will be responsible for evaluating the performance of the Company's executive directors in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board. A general performance evaluation was undertaken in the reporting period.

Recommendation 1.7
The Chair will be responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board performance evaluation policy.
This policy is to ensure:

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

This policy will be reviewed annually.

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

Principle 2: Structure the board to add value
Recommendation 2.1
During the year, the Company formed a separate Nomination Committee comprising of Richard Soo, Qian Xu and Ching Chung. Mr Ching Chung is an executive director. However, due to his experience, it was considered appropriate for Mr Ching Chung to be on the committee. Due to the short period from the formation of the committee on 29 April 2015 to the financial year end 30 June 2015, it was deemed unnecessary to hold any meeting. Prior to this, items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required.

The duties of the nomination committee are set out in the Company's Nomination Committee Charter which is available on the Company's website.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of a Nomination Committee and is disclosed on the Company's website.
Recommendation 2.2

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

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

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

Currently the Board is structured as follows:

(a) Paul Price (Non-Executive Director and Chairman);
(b) KC Dennis Ong (Non-Executive Director);
(c) Soo Tuck Yoon (Non-Executive Director);
(d) Michael Siu (Non-Executive Director);
(e) Qian Xu (Non-Executive Director); and
(f) Ching Chung (Executive Director and Deputy Chairman).

Paul Price is a director and shareholder of Trident Capital Pty Ltd, which is a shareholder of the Company and a provider of material professional services, and accordingly, is not considered independent.

KC Ong is a director of Trident Management Services Pty Ltd, which is a provider of material professional services, and accordingly, is not considered independent.

Michael Siu and Qian Xu are directors and shareholders of Beijing Properties (Holdings) Limited, which is a substantial shareholder of the Company, and accordingly, is not considered independent.

Ching Chung is an executive director, and accordingly, is not considered independent.

Recommendation 2.4
Currently, the Board considers that membership weighted towards technical expertise is appropriate at this stage of the Company's operations. A majority of the Board is independent.

Recommendation 2.5
As noted above, Paul Price is not an independent Chairman. However, Paul Price is considered to be the most appropriate person to Chair the Board because of his public company experience.

Recommendation 2.6
It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations.

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

Principle 3: Act ethically and responsibly
Recommendation 3.1
The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (**Code**), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is disclosed on the Company's website.

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

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

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1
During the year, the Company formed a separate Audit Committee comprising of Paul Price, KC Ong and Qian Xu. Due to the short period from the formation of the committee on 29 April 2015 to the financial year end 30 June 2015, it was deemed unnecessary to hold any meeting. Prior to this, items that are usually required to be discussed by the Audit Committee are marked as separate agenda items at Board meetings when required.

The Bo Audit Committee ard is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Audit Committee may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee.

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

Recommendation 4.2
Before the Board approves the Company financial statements for each financial period it will receive from the Chief Executive Officer and the Chief Financial Officer or equivalent a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3
Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and if he cannot, he is to arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company will write to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair will allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair will also allow a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

Principle 5: Make timely and balanced disclosure
Recommendation 5.1
The Company is committed to:

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

The Company has adopted a Disclosure Policy, which is disclosed on the Company's website. The Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

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

Principle 6: Respect the rights of security holders

Recommendation 6.1
The Company provides information about itself and its governance to investors via its website at www.cellaquaculture.com.au. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:
(a) relevant announcements made to the market via ASX;
(b) media releases;
(c) investment updates;
(d) Company presentations and media briefings;
(e) copies of press releases and announcements for the preceding three years; and
(f) copies of annual and half yearly reports including financial statements for the preceding three years.

Recommendation 6.2
The Company has a Shareholder Communication and Investor Relations Policy which aims to ensure that Shareholders are informed of all major developments of the Company. The policy is disclosed on the Company's website.
Information is communicated to Shareholders via:
(a) reports to Shareholders;
(b) ASX announcements;
(c) annual general meetings; and
(d) the Company website.

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

Recommendation 6.3
The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals. The Company will use general meetings as a tool to effectively communicate with shareholders and allow shareholders a reasonable opportunity to ask questions of the Board and to otherwise participate in the meeting. The external auditor of the Company is invited attend each Annual General Meeting of the Company and be available to answer shareholder questions about the conduct of the audit and the preparation of the auditor's report.

Recommendation 6.4
Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

Principle 7: Recognise and manage risk
Recommendation 7.1
The Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.

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

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

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

Principle 7: Recognise and manage risk (continued)

Recommendation 7.1(continued)
The risk management system covers:
(a) operational risk;
(b) financial reporting;
(c) compliance / regulations; and
(d) system / IT process risk.

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

Recommendation 7.2
The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

Arrangements put in place by the Board to monitor risk management include, but are not limited to:
(a) monthly reporting to the Board in respect of operations and the financial position of the Company; and
(b) quarterly rolling forecasts prepared;

Recommendation 7.3
The Company does not have, and does not intend to establish, an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4
Given the speculative nature of the Company's business, it will be subject to general risks and certain specific risks. The Company will identify those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclose how it intends to manage those risks in each of its corporate governance statements.

Principle 8: Remunerate fairly and responsibly
Recommendation 8.1
During the year, the Company formed a separate Remuneration Committee comprising of Richard Soo, Qian Xu and Ching Chung. Due to the short period from the formation of the committee on 29 April 2015 to the financial year end 30 June 2015, it was deemed unnecessary to hold any meeting. Prior to this, items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required.

The duties of the Remuneration Committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website

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

Recommendation 8.2
Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Recommendation 8.3
The Company's Security Trading Policy includes a statement on the Company's policy on prohibiting participants in the Company's Performance Rights Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Performance Rights Plan.

Principle 8: Remunerate fairly and responsibly (continued)

Security Trading Policy

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

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

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

CORPORATE DIRECTORY

Directors

Paul Price
KC Ong
Soo Tuck Yoon
Michael Siu
Qian Xu
Ching Chung

Company Secretary

Deborah Ho

Registered Office and Principal Place of Business

CAQ Holdings Limited
c/o Trident Management Services Pty Ltd
Level 24
44 ST George's Terrace
Perth, WA 6000
Telephone: (08) 6211 5099

Share Registry

Advanced Share Registry Services
150 Stirling Hwy
Nedlands WA 6009
Telephone: (08) 9389 8033

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Telephone: (08) 6382 4600

Stock Exchange

The Company is listed on the Australian Securities Exchange (Code: CAQ). The Home Exchange is Perth.

Other Information

CAQ Holdings Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Website

www.cellaquaculture.com.au