

CAQ Holdings Limited (formerly Cell Aquaculture Ltd) and its Controlled Entities
ABN 86 091 687 740

**APPENDIX 4E – PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

			Period from 1 July 2015 to 31 December 2015
Results for announcement to market	Up/Down	% Change	\$
Revenue from ordinary activities	Down	41	81,665
Loss after tax from ordinary activities attributable to members	Down	695	(1,744,833)
Loss attributable to members	Down	695	(1,744,833)
			Franked Amount per share
Dividend Information			Amount per share
Dividend – current reporting period			Nil
Dividend – previous reporting period			Nil
Net Tangible Asset Backing per Ordinary Share			cents
Net tangible asset backing per ordinary share – current reporting period			(654,932,730 shares) 9.48
Net tangible asset backing per ordinary share – previous reporting period			(654,932,730 shares) 9.58

Commentary on the Results for the Period

The loss for the period from 1 July 2015 to 31 December 2015 is mainly attributable to the increase in operational cost and the decrease in fair value of the Haikou Project. The profit for the prior year is mainly attributable to the acquisition of the Haikou Project on 17 April 2015 which provided for a gain in investment value of approximately \$2 million.

Audit

This Preliminary Final Report is based on the Consolidated Annual Financial Report which is in the process of being audited.



Paul Price
Chairman

Dated at Perth this 29th day of February 2016.

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REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS
FOR THE YEAR ENDED 31 DECEMBER 2015

Review of operations and changes in State of Affairs

Review of operations

On 17 April 2015, CAQ Holdings Limited successfully acquired 100% of all the rights and title to the Haikou Free Trade Zone project (“**Haikou Project**”) on Hainan Island, China. Following the acquisition, the Company changed its financial year end to align with the financial year end of the controlled entity Haikou Peace Base Industry Co Limited, owner of the Haikou Project.

As such, the consolidated financial statements presented are for a six month transitional financial year end period, beginning on 1 July 2015 and ending on 31 December 2015.

During the six months ended 31 December 2015, the main construction of the buildings, being the Exhibition Centre, Factories B, C and D, Warehouses A, B and C and the Commercial and Administrative Centre had been completed. Internal construction works to plaster the walls, to waterproof the buildings and to install insulation in the buildings, were in progress. The external and internal construction and fit-outs for Factory A had been completed. On 28th December 2015, this Factory was handed over to the lessee.

Events Subsequent to Reporting Date

Subsequent to 31 December 2015, the internal works mentioned above and works in relation to the installation of ventilation systems, lighting, elevator systems have progressed. Fit-outs of various buildings have also commenced. Haikou Peace Base Industry Co Limited has been developing an e-commerce platform for the sale of diamond jewellery at HPB, loose diamonds and imported jewellery. The development of an on-line portal to sell imported jewelry is currently being tested by the Customs.

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CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Consolidated Period from 1 July 2015 to 31 December 2015 \$	Consolidated Year ended 30 June 2015 \$
<i>Note</i>		
Revenue from continuing operations		
Sales	29,750	13,583
Other revenue	51,915	125,063
	<u>81,665</u>	<u>138,646</u>
Total revenue from continuing operations		
Cost of sales	(20,772)	(12,998)
Foreign currency gain/(loss)	251,259	(105,487)
Legal expenses	(55,220)	(463,022)
Accounting and auditing fees	(58,011)	(98,758)
Directors fees, salary and consultancy expenses	(822,670)	(207,281)
Insurance expenses	(19,056)	(40,466)
Occupancy costs	(12,000)	(24,000)
Travel costs	(301,536)	(80,708)
Finance costs	(2,117)	(1,035)
Administration expenses	(157,698)	(214,588)
Other expenses	(207,294)	(176,840)
Movement due to revaluation of investment properties	(561,844)	2,106,170
	<u>(1,885,294)</u>	<u>819,633</u>
Profit/loss from continuing operations before Income Tax Benefit		
Income tax benefit/(expense)	140,461	(526,543)
	<u>(1,744,833)</u>	<u>293,090</u>
Profit/(loss) after income tax for the year		

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CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Note</i>	Consolidated Period from 1 July 2015 to 31 December 2015 \$	Consolidated Year ended 30 June 2015 \$
Other comprehensive gain			
<i>Items that may be reclassified to the profit or loss</i>			
Exchange differences on foreign currency translation		1,056,986	2,127,263
Total comprehensive profit/(loss) for the year		(687,847)	2,420,353
Profit/(loss) is attributable to:			
Owners of CAQ Holdings Limited		(1,744,833)	293,090
Non-controlling interests		—	—
		(1,744,833)	293,090
Total comprehensive profit/(loss) for the year is attributable to:			
Owners of CAQ Holdings Limited		(687,847)	2,420,353
Non-controlling interests		—	—
		(687,847)	2,420,353
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	6	(0.27)	0.08

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

CAQ Holdings Limited (formerly Cell Aquaculture Ltd) and its Controlled Entities
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
	<i>Note</i>		
CURRENT ASSETS			
Cash and cash equivalents		18,347,477	37,947,068
Trade and other receivables		2,415,112	1,789,583
Inventory		293,451	–
Prepayments		93,260	90,528
TOTAL CURRENT ASSETS		21,149,300	39,827,179
NON-CURRENT ASSETS			
Property, plant & equipment		586,536	110,142
Investment property	2	46,442,896	33,253,240
Intangibles		84,745	3,788
TOTAL NON-CURRENT ASSETS		47,114,177	33,367,170
TOTAL ASSETS		68,263,477	73,194,349
CURRENT LIABILITIES			
Trade and other payables		307,277	142,826
Provisions		39,495	31,579
Loans payable	3	5,453,111	9,728,041
TOTAL CURRENT LIABILITIES		5,799,883	9,902,446

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
	<i>Note</i>		
NON-CURRENT LIABILITIES			
Deferred tax liabilities		<u>386,081</u>	<u>526,543</u>
TOTAL NON-CURRENT LIABILITIES		<u>386,081</u>	<u>526,543</u>
TOTAL LIABILITIES		<u>6,185,964</u>	<u>10,428,989</u>
NET ASSETS		<u>62,077,513</u>	<u>62,765,360</u>
EQUITY			
Contributed equity	4	62,102,608	62,102,608
Accumulated losses		(3,209,344)	(1,464,511)
Reserves	5	<u>3,184,249</u>	<u>2,127,263</u>
TOTAL EQUITY		<u>62,077,513</u>	<u>62,765,360</u>

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Contributed equity \$	Accumulated losses \$	Foreign Currency Translation Reserve \$	Total \$	Non- controlling Interest \$	Total \$
Balance at 1.7.2015 (Consolidated)	62,102,608	(1,464,511)	2,127,263	62,765,360	–	62,765,360
Profit for the year	–	(1,744,833)	–	(1,744,833)	–	(1,744,833)
Movement of foreign exchange reserve	–	–	1,056,986	1,056,986	–	1,056,986
Total comprehensive income/(loss) for the period	–	(3,209,344)	3,184,249	(25,095)	–	(25,095)
Transactions with owners in their capacity as owners:						
Balance at 31.12.2015 (Consolidated)	62,102,608	(3,209,344)	3,184,249	62,077,513	–	62,077,513
	Contributed equity \$	Accumulated losses \$	Foreign Currency Translation Reserve \$	Total \$	Non- controlling Interest \$	Total \$
Balance at 1.7.2014 (Consolidated)	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

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	29,750	13,752
Government subsidy	39,074	–
Payments to suppliers and employees	(2,177,489)	(1,385,794)
Finance costs	(2,117)	(1,037)
Interest received	12,838	123,804
	<u> </u>	<u> </u>
Net cash outflow from operating activities	<u>(2,097,944)</u>	<u>(1,249,275)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipments	(538,789)	–
Payment for intangible assets	(100,718)	–
Payment of construction costs.	(14,539,648)	(8,040,399)
Cash acquired from subsidiaries	–	490,338
	<u> </u>	<u> </u>
Net cash outflow from investing activities	<u>(15,179,155)</u>	<u>(7,550,061)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	–	50,000,000
Capital raising costs	–	(3,072,342)
Deposit refund	1,128,006	–
Advance to constructor	(1,266,624)	–
Proceeds from borrowings	4,448,919	1,856,659
Repayment of borrowings	(8,908,027)	(4,852,835)
	<u> </u>	<u> </u>
Net cash inflow from financing activities	<u>(4,597,726)</u>	<u>43,931,482</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
Net increase in cash and cash equivalents	(21,874,825)	35,132,146
Cash and cash equivalents at the beginning of the financial year	<u>37,947,068</u>	<u>1,127,403</u>
Effects of exchange rate changes on cash and cash equivalents	<u>2,275,234</u>	<u>1,687,519</u>
Cash and cash equivalents at end of year	<u>18,347,477</u>	<u>37,947,068</u>

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

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NOTES TO THE APPENDIX 4E

Note 1: Investments

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

Name	Country of Incorporation	% Equity Interest	
		31/12/2015	30/6/2015
CAQ Diamond Network Limited	BVI	100%	100%
CAQ Diamond Network (HK) Limited	Hong Kong	100%	100%
CAQ Finance Limited	BVI	100%	100%
CAQ Finance (HK) Limited	Hong Kong	100%	100%
Rayport Limited	BVI	100%	100%
Peace Base Holdings Limited	Hong Kong	100%	100%
Actual Winner Limited	Hong Kong	100%	100%
Express Linker Limited	Hong Kong	100%	100%
Haikou Peace Base Industry Development Co. Ltd.	China	100%	100%

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

Note 2: Investment Properties

A valuation was performed by Crowe Horwath (HK) Consulting & Valuation Limited on the Haikou Project as at 31 December 2015.

	\$
Balance as at 1 July 2015	33,253,240
Construction costs incurred during the period	14,783,928
Fair value adjustment	(561,844)
Foreign exchange adjustment	(1,032,428)
Closing balance as at 31 December 2015	<u><u>46,442,896</u></u>

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NOTES TO THE APPENDIX 4E

Note 3: Loans Payable

	Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
Loan payable – Hainan Baina Investment Limited ¹	119,587	4,443,565
Loan payable – Beijing Yun Zhong Investment Consulting Co Ltd ²	5,333,524	5,284,476
Total loans	<u>5,453,111</u>	<u>9,728,041</u>

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 \$4,263,966. Pursuant to the loan agreements, interest is charged at a rate of 6% per annum. As at 31 December 2015, the loans have incurred interest of \$221,162 and additional loan amount of \$93,983 for expenses paid on behalf of HPB. The loan provided funds used for the construction of the Haikou Project. As at 31 December 2015, \$4,459,524 has been repaid to Hainan Baina Investment Limited.

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 \$5,066,498. Pursuant to the loan agreement, interest is charged at a rate of between 4.35% to 6% per annum. As at 31 December 2015, the loan has incurred interest of \$267,026. The loan provided funds used for the construction of the Haikou Project. On 1 February 2016, the loan has been fully repaid to Beijing Yun Zhong Investment Consulting Co Ltd.

Note 4: Contributed equity

	Consolidated 31 December 2015 \$	Consolidated 30 June 2015 \$
(a) Ordinary shares*	62,102,608	62,102,608
Total contributed equity	<u>62,102,608</u>	<u>62,102,608</u>

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

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NOTES TO THE APPENDIX 4E

(b) Movements in ordinary share capital

	No.	\$
Balance as at 1 July 2014	374,115,356	2,855,431
Capital consolidation ¹	(187,057,626)	–
Issue of shares under Vendor Offer ²	207,500,000	11,732,875
Issue of shares under Facilitation Offer ³	10,375,000	586,644
Issue of shares under Public Offer ⁴	250,000,000	50,000,000
Costs of issue	–	(3,072,342)
	<u>654,932,730</u>	<u>62,102,608</u>
Closing balance as at 30 June 2015	654,932,730	62,102,608
Balance as at 1 July 2015	<u>654,932,730</u>	<u>62,102,608</u>
No movement	–	–
Closing balance as at 31 December 2015	654,932,730	62,102,608

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

² 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).

³ 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.

⁴ 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 31 December 2015.

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NOTES TO THE APPENDIX 4E

Note 5: 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.

Note 6: Earnings/(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 31 December 2015 \$	Consolidated 30 June 2015 \$
Profit/(loss) attributable to ordinary equity holders	<u>(1,744,833)</u>	<u>293,090</u>
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	<u>654,932,730</u>	<u>363,074,261</u>
	Cents/share	Cents/share
Basic and diluted earnings/(loss) per share	<u>(0.27)</u>	<u>0.08</u>

* *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 7: Operating Segment

The Consolidated Entity 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.

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NOTES TO THE APPENDIX 4E

Note 8: Parent Entity Information

The following detailed information is related to the parent entity, CAQ Holdings Limited, as at 31 December 2015 and 30 June 2015.

	31 December 2015	30 June 2015
	\$	\$
Current assets	46,952,472	47,341,538
Non-current assets	<u>12,319,521</u>	<u>12,319,520</u>
Total assets	<u>59,271,993</u>	<u>59,661,058</u>
Current liabilities	62,029	102,704
Non-current liabilities	<u>—</u>	<u>—</u>
Total liabilities	<u>62,029</u>	<u>102,704</u>
Contributed equity	62,102,607	62,102,607
Accumulated losses	(3,030,193)	(2,681,803)
Reserves	<u>137,550</u>	<u>137,550</u>
Total equity	<u>59,209,964</u>	<u>59,558,354</u>
Loss for the year	(348,390)	(924,202)
Other comprehensive income for the year	<u>—</u>	<u>—</u>
Total comprehensive loss for the year	<u>(348,390)</u>	<u>(924,202)</u>

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NOTES TO THE APPENDIX 4E

Note 10: Basis of Preparation

The consolidated financial statements and notes presented in this Appendix 4E are general purpose financial statements 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

These consolidated financial statements also comply with International Financial Reporting Standards (IFRS).