

CAQ Holdings Limited and its Controlled Entities
Consolidated interim financial report for the period ended 30 June 2024

RULE 4.2A

APPENDIX 4D

Consolidated interim financial report for the period ended 30 June 2024

1. Name of entity

CAQ Holdings Limited and its Controlled Entities

ABN	Reporting Period	Previous Corresponding Period
86 091 687 740	Half-year ended 30 June 2024	Half-year ended 30 June 2023

2. Results for Announcement to the Market

Financial Results	30 June 2024			
Revenues from ordinary activities (<i>item 2.1</i>)	Down	25.8%	to	897,418
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Down	81.3%	to	684,650
Net loss for the period attributable to members (<i>item 2.3</i>)	Down	81.3%	to	684,650
Final and interim dividends (<i>item 2.4</i>)	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above (<i>item 2.6</i>):	The loss for the half-year ended 30 June 2024 amounts to \$684,650 (2023: \$3,667,690). The decrease in loss was mainly due to decrease in the drop of fair value of investment properties.			

3. NTA Backing

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

CAQ Holdings Limited and its Controlled Entities
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4. Control gained over entities

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

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

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

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

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

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

CAQ Holdings Limited and its Controlled Entities

ABN 86 091 687 740

**Consolidated Interim Financial Report
Half-Year Ended 30 June 2024**

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

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

DIRECTORS' REPORT

The Directors of CAQ Holdings Limited (the "Company") submit herewith the interim financial report of the Company and its controlled entities (collectively the "Group") during the half-year ended 30 June 2024.

Directors

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

KC Ong, *Non-Executive Director*

Michael Siu, *Non-Executive Director*

Qian Xu, *Non-Executive Director*

Ching Chung, *Deputy Chairman and Executive Director*

Yuk Cheung Chan, *Non-Executive Director* (retired on 30 May 2024)

Ivan Cheng, *Non-Executive Director* (resigned on 1 February 2024)

Kwan Chan, *Non-Executive Director* (retired on 30 May 2024)

Po Chang Chen, *Non-Executive Director*

Xiao Huan Wei, *Non-Executive Director*

Colin Zhao, *Non-Executive Director* (appointed on 5 February 2024) &

Non-Executive Chairman (appointed on 30 April 2024)

Company Secretary

Mark Maine

Principal Activities

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

Dividends Paid or Recommended

No dividends were paid and no recommendation is made as to dividends during the half-year (2023: Nil)

Operating and Financial Review

The net loss after tax for the half-year ended 30 June 2024 amounts to \$684,650 (2023: net loss after tax of: \$3,667,690). The decrease in loss was mainly due to decrease in the drop of fair value of investment properties.

Review of Operations and Changes in State of Affairs

During the half-year ended 30 June 2024, revenues earned from the Company's leasing business (net of business tax) amounted to \$887,698 (2023: \$1,209,590). In addition to this, revenues earned (before business tax) from the Company's jewellery business amounted to \$9,720 (2023: \$661). The property leasing business remained steady with the second half of 2023.

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

Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's Independence Declaration

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

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



Michael Siu
Director

Signed in China this 29 day of August 2024



**Building a better
working world**

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Perth WA 6000 Australia
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Auditor's independence declaration to the directors of CAQ Holdings Limited

As lead auditor for the review of the half-year financial report of CAQ Holdings Limited for the half-year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

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

Ernst & Young

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

Timothy G Dachs
Partner
29 August 2024



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

Conclusion

We have reviewed the accompanying condensed half-year financial report of CAQ Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 June 2024, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Material uncertainty related to going concern

We draw attention to Note 2(c) in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Timothy G Dachs
Partner
Perth
29 August 2024

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2024

	<i>Notes</i>	Half-year ended 30 June 2024 \$	Half-year ended 30 June 2023 \$
Revenue from contracts with customers		9,720	661
Rental income		887,698	1,209,590
Revenue	3	897,418	1,210,251
Other income	3	43,760	7,323
Purchase and changes in trading stock		(18,062)	(568)
Foreign exchange gains/(losses)		2,382	(616)
Legal expenses		(11,388)	(15,848)
Accounting, auditing fees and consultancy expenses		(84,059)	(90,453)
Salary expenses		(449,513)	(527,156)
Social security and other employee benefit expenses other than salaries		(78,392)	(142,449)
Insurance		(58,136)	(63,160)
Occupancy costs		(18,042)	(28,625)
Travel costs		(190,357)	(114,272)
Finance costs		(116,632)	(105,984)
Administration expenses		(215,004)	(160,558)
Repair and maintenance		(82,114)	–
Depreciation		(12,304)	(15,854)
Amortisation		–	(3,234)
Other expenses		(32,677)	(33,517)
Change in fair value of investment properties		(210,549)	(4,484,652)
Reversal of expected credit loss		112,860	–
Loss before income tax		(520,809)	(4,569,372)
Income tax (expense)/benefit		(163,841)	901,682
Loss after income tax		(684,650)	(3,667,690)

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2024 (CONTINUED)

	Half-year ended 30 June 2024	Half-year ended 30 June 2023
	\$	\$
Other comprehensive loss		
<i>Items that may be reclassified to the profit or loss</i>		
Exchange differences on translation of foreign operations	<u>(90,926)</u>	<u>(1,607,238)</u>
Total comprehensive loss for the period	<u>(775,576)</u>	<u>(5,274,928)</u>
Loss is attributable to:		
Owners of CAQ Holdings Limited	<u>(684,650)</u>	<u>(3,667,690)</u>
	<u>(684,650)</u>	<u>(3,667,690)</u>
Total comprehensive loss for the period is attributable to:		
Owners of CAQ Holdings Limited	<u>(775,576)</u>	<u>(5,274,928)</u>
	<u>(775,576)</u>	<u>(5,274,928)</u>
Loss per share attributable to the members of CAQ Holdings Limited		
Basic and diluted loss per share (cents per share)	<u>(0.10)</u>	<u>(0.51)</u>

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	<i>Notes</i>	30 June 2024 \$	31 December 2023 \$
CURRENT ASSETS			
Cash and cash equivalents	6	443,550	676,788
Trade and other receivables		146,256	125,249
Inventory		83,538	86,555
Other current assets		778,520	822,464
TOTAL CURRENT ASSETS		1,451,864	1,711,056
NON-CURRENT ASSETS			
Plant and equipment		122,457	136,620
Investment properties	4	63,775,473	64,096,903
TOTAL NON-CURRENT ASSETS		63,897,930	64,233,523
TOTAL ASSETS		65,349,794	65,944,579
CURRENT LIABILITIES			
Trade and other payables		639,480	916,160
Other taxes payable		56,136	61,355
Director fee payable		330,000	330,000
Accruals		205,072	180,544
Borrowings		2,083,744	1,485,807
TOTAL CURRENT LIABILITIES		3,314,432	2,973,866
NON-CURRENT LIABILITIES			
Other payable		139,101	177,761
Borrowings		1,671,660	1,947,801
Deferred tax liabilities		3,264,327	3,109,301
TOTAL NON-CURRENT LIABILITIES		5,075,088	5,234,863
TOTAL LIABILITIES		8,389,520	8,208,729
NET ASSETS		56,960,274	57,735,850
EQUITY			
Contributed equity	5	74,649,048	74,649,048
Accumulated losses		(20,532,287)	(19,847,637)
Reserves		2,843,513	2,934,439
TOTAL EQUITY		56,960,274	57,735,850

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2024

	Contributed equity \$	Accumulated losses \$	Foreign currency translation reserve \$	Total \$
Balance at 1.1.2023	74,649,048	(16,709,106)	4,614,072	62,554,014
Loss for the period	–	(3,667,690)	–	(3,667,690)
Exchange differences on foreign currency translation	–	–	(1,607,238)	(1,607,238)
Total comprehensive loss for the period	–	(3,667,690)	(1,607,238)	(5,274,928)
Balance at 30.6.2023	<u>74,649,048</u>	<u>(20,376,796)</u>	<u>3,006,834</u>	<u>57,279,086</u>
Balance at 1.1.2024	74,649,048	(19,847,637)	2,934,439	57,735,850
Loss for the period	–	(684,650)	–	(684,650)
Exchange differences on foreign currency translation	–	–	(90,926)	(90,926)
Total comprehensive loss for the period	–	(684,650)	(90,926)	(775,576)
Balance at 30.6.2024	<u>74,649,048</u>	<u>(20,532,287)</u>	<u>2,843,513</u>	<u>56,960,274</u>

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

CAQ Holdings Limited and its Controlled Entities
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2024

	Half-year ended 30 June 2024	Half-year ended 30 June 2023
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	943,292	1,213,781
Payments to suppliers and employees	(1,257,251)	(1,161,914)
Finance costs	(2,162)	(1,326)
Interest received	325	3,459
	<u>325</u>	<u>3,459</u>
Net cash flows (used in)/generated from operating activities	(315,796)	54,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments	(131,173)	–
Receipts from disposal of equipments	3,316	2,740
	<u>3,316</u>	<u>2,740</u>
Net cash flows (used in)/generated from investing activities	(127,857)	2,740
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan from an individual	526,374	–
Repayment of loan from an individual	–	(256,266)
Repayment of a bank borrowing	(191,811)	(131,379)
Interest payment on bank borrowing	(114,341)	(104,368)
	<u>(114,341)</u>	<u>(104,368)</u>
Net cash flows generated from/(used in) financing activities	220,222	(492,013)
Net decrease in cash and cash equivalents	(223,431)	(435,273)
Cash and cash equivalents at the beginning of the period	676,788	819,585
Effects of exchange rate changes on cash and cash equivalents	(9,807)	6,193
	<u>(9,807)</u>	<u>6,193</u>
Cash and cash equivalents at the end of the period	<u>443,550</u>	<u>390,505</u>

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2024

1. Corporate Information

CAQ Holdings Limited (the “Company”) is a public company listed on the Australian Securities Exchange (trading under the code: CAQ), incorporated in Australia and operating the business in China. The Company’s registered office is Suite 91, 262 Lord Street, Perth Western Australia, 6000.

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

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

These consolidated interim financial statements for the half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

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

These consolidated interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these consolidated interim financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2023 and any public announcements made by the Group during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(b) Adoption of new policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the interim consolidated financial statements of the Group.

(c) Going concern

The Group recorded a net loss after tax for the half year ended 30 June 2024 of \$684,650 due primarily to a reduction in the fair value of the investment property of \$210,549 and decrease in rental income of \$321,892 (30 June 2023: loss after tax of \$3,667,690) and experienced net cash outflows from operating activities of \$315,796 (30 June 2023: net cash inflows of \$54,000). As at 30 June 2024, the Group had a cash balance of \$443,550 (31 December 2023: cash balance of \$676,788) and had a working capital deficiency of \$1,862,568, due to borrowings of \$2,083,744 being due for repayment in the next 12 months (31 December 2023: working capital deficiency of \$1,262,810).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2024

2. (c) Going concern (Continued)

The Group's cashflow forecasts for the period ended 30 September 2025 reflect the requirement to achieve a growth in rental income, via the renewal of existing leases which expire during this period and signing new leases over the vacant factory floors and the exhibition centre. Further, the Group's cashflow forecasts assume that new debt facilities will be secured to replace the debt facilities scheduled to expire over the forecast period.

The Directors have considered the funding and operational status of the business in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate based upon the following considerations:

- The Directors believe that under the current business model and working capital management plan, the Group will generate sufficient cashflows from rental income of its property, including leasing out the vacant factory floors and the exhibition centre, to enable the Group to meet its debts as and when they fall due;
- The Directors believe the new debt facilities assumed within the cashflow forecasts to replace the debt facilities scheduled to expire will be secured as and when required; and
- Should additional working capital be required the Group has a proven history of successfully raising capital via equity or debt and rearranging debt repayment schedules.

If the Group is unable to achieve the above, there is material uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

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

3. Segment Information

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2024

3. Segment Information (Continued)

Information about products and services

	30 June 2024	30 June 2023
	\$	\$
Revenue from contracts with customers (Sale of diamonds and goods)	9,720	661
Rental income	887,698	1,209,590
Revenue	897,418	1,210,251
Interest received	325	3,459
Gain on disposal of motor vehicles	3,205	2,079
Other tax refund/subsidy	1,426	1,324
Interest from recovery of advance	38,737	–
Others	67	461
Total other income	43,760	7,323

4. Investment Property

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

	30 June 2024	31 December 2023
	\$	\$
Balance as at beginning of period/year	64,096,903	68,283,842
Expenditure for the year	–	–
Interest capitalization	–	–
Fair value adjustment	(210,549)	(2,338,861)
Foreign exchange adjustment	(110,881)	(1,848,078)
Closing balance as at end of period/year	63,775,473	64,096,903

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2024

4. Investment Property (Continued)

Investment property valuation assumptions

Description	Valuation Approach	Unobservable Inputs	Inputs used at 30 June 2024	Inputs used at 31 December 2023
Investment property	Income approach based on estimated rental value of the property. Market rent (based on estimated market rent) and capitalisation rate are estimated by an external valuer or management based on comparable transactions and industry data.	Market rent	RMB24.6 sqm per month	RMB24.6 sqm per month
		Capitalisation rate	7.5%	7.5%

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

Investment Properties

	30 June 2024	31 December 2023
	\$	\$
Rental income derived from investment properties (after deduction of business tax and surcharges)	887,698	2,073,455
Expected credit loss	–	(117,499)
Direct operating expenses generating rental income	(50,358)	(156,750)
Direct operating expenses that did not generate rental income	(36,774)	(103,430)
Profit arising from investment properties carried at fair value	<u>800,566</u>	<u>1,695,776</u>

Fair value measurements

(i) Fair value hierarchy

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2024

4. Investment Property (Continued)

Fair value measurements (Continued)

(i) Fair value hierarchy (Continued)

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

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

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

30 June 2024

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Non-financial assets				
Investment property	–	–	63,775,473	63,775,473
	<u>–</u>	<u>–</u>	<u>63,775,473</u>	<u>63,775,473</u>
Total non-financial assets	<u>–</u>	<u>–</u>	<u>63,775,473</u>	<u>63,775,473</u>

31 December 2023

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Non-financial assets				
Investment property	–	–	64,096,903	64,096,903
	<u>–</u>	<u>–</u>	<u>64,096,903</u>	<u>64,096,903</u>
Total non-financial assets	<u>–</u>	<u>–</u>	<u>64,096,903</u>	<u>64,096,903</u>

CAQ Holdings Limited and its Controlled Entities
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2024

4. Investment Property (Continued)

Fair value measurements (Continued)

(ii) Valuation techniques

At 31 December 2023, the Group obtained an independent valuation (from an independent professional qualified valuer who holds a recognised relevant professional qualification and has recent experience in the location and segment of the investment properties valued) for its leasehold land and buildings. At 30 June 2024, the directors updated their assessment of the fair value of the investment property, taking into account the most recent independent valuation. The directors determined the investment property fair value within a range of reasonable fair value estimates and concluded that there is decrease in fair value was required at 30 June 2024.

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

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

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

Investment property valuation assumptions

Due to the valuation uncertainty, the property values may change significantly and unexpectedly over a relatively short period of time. The property valuations have been prepared based on information that is available at 30 June 2024. The table below summarises some of the key inputs used in determining investment property valuations:

	Valuation approach	Unobservable Inputs	Range of inputs	Relationship Between Unobservable Inputs and Fair Value
Financial year/period ended 31 December 2023 and 30 June 2024	Depreciated replacement cost approach	Construction cost	RMB3,255 per sqm	The higher construction cost, the higher the fair value.
		Land value	RMB545 per sqm	The higher land value, the higher the fair value.
	Income approach	Market rent	RMB24.6 per sqm per month	The higher rental income, the higher the fair value.
		Capitalisation rate	7.5%	Refer below for sensitivity analysis

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. Investment Property (Continued)

Fair value measurements (Continued)

(ii) Valuation techniques (Continued)

Investment property valuation assumptions (Continued)

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

	30 June	31 December
Movement in capitalisation rate	2024	2023
	\$	\$
-100bps	71,412,018	71,747,178
-50bps	67,490,549	67,818,658
+50bps	60,473,183	60,788,676
+100bps	57,583,679	57,893,977
	<u>57,583,679</u>	<u>57,893,977</u>

	30 June	31 December
Movement in Market Rent	2024	2023
	\$	\$
-10%	57,790,072	58,100,741
-5%	60,679,576	61,202,204
5%	66,871,369	67,198,366
10%	69,967,266	70,299,829
	<u>69,967,266</u>	<u>70,299,829</u>

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4. Investment Property (Continued)

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

	30 June 2024	31 December 2023
	\$	\$
Within one year	1,038,844	2,424,822
Between 1 and 2 years	621,994	1,027,319
Between 2 and 3 years	382,782	924,537
Between 3 and 4 years	268,526	630,741
Between 4 and 5 years	257,880	321,181
More than 5 year	—	404,896
	2,570,026	5,733,496
	2,570,026	5,733,496

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. Contributed Equity

	30 June 2024	31 December 2023
	\$	\$
(a) Ordinary shares	74,649,048	74,649,048
Total contributed equity	74,649,048	74,649,048
(b) Movements in ordinary share capital		
	<i>Number of shares</i>	\$
Balance as at 1 January 2023	717,786,281	74,649,048
Closing balance as at 31 December 2023	717,786,281	74,649,048
Balance as at 1 January 2024	717,786,281	74,649,048
Closing balance as at 30 June 2024	717,786,281	74,649,048
(c) Share Options		
There are no unissued ordinary shares of the Company under option as at 30 June 2024. (2023: Nil)		

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2024

6. Cash and cash equivalents

	30 June	31 December
	2024	2023
	\$	\$
Current Assets		
Cash at bank and in hand	443,550	676,788
Cash and cash equivalents	443,550	676,788

Cash at bank and on hand balances as at 30 June 2024 includes Chinese Renminbi (“RMB”) denominated equivalent balance of \$238,095 (31 December 2023; \$254,713) which are held with reputable financial institutions in the People’s Republic of China in current accounts.

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

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

7. Contingent Liabilities

The Group is in the process of finalising the construction cost of the investment property with the Constructor. At the date of this report, an amount of \$5.74 million (RMB27.8 million) in respect of variations to work undertaken during the construction of the investment property is under negotiation and the Group has made an advance of \$3.34 million (RMB16.2 million) to the Constructor in lieu of the variations claimed. The balance of the claim of \$2.4 million (RMB11.6 million) has not been accrued for in these interim financial statements as the Directors consider that payment for \$2.4 million (RMB11.6 million) is not probable taking into consideration that work claimed to have been performed by the Constructor cannot be substantiated.

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

8. Fair value of financial assets and liabilities

The fair value of financial assets and liabilities at 30 June 2024 approximated its carrying value.

9. Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

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DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 30 JUNE 2024

The Directors of the Group declare that:

1. The financial statements and notes set out on pages 6 to 20 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance as represented by the results of its operations, changes in equity and its cash flows for the half-year ended on that date.
2. In the Director's opinion, subject to the matters set out in note 2(c), there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Michael Siu
Director

Signed in China this 29 day of August 2024