CAQ Holdings Limited and its controlled entities

ABN 86 091 687 740

Consolidated Annual Financial Report for the Year Ended 31 December 2018

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

CONTENTS

Directors' Report	2
Independent Auditor's Declaration	13
Independent Audit Report	14
Directors' Declaration	18
Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Consolidated Statement of Financial Position	21
Consolidated Statement of Changes in Equity	22
Consolidated Statement of Cash Flows	23
Notes to the Consolidated Financial Statements	24
Shareholder Information	63
Corporate Governance Statement	65
Corporate Directory	74

DIRECTORS' REPORT

The Directors present their report of the consolidated entity consisting of CAQ Holdings Limited and the entities it controlled ("**the Group**") at the end of, or during the financial year ended 31 December 2018.

Directors

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

Paul Price
KC Ong
Michael Siu
Qian Xu
Ching Chung
Yuk Cheung Chan
Ivan Cheng
Kwan Chan
Soo Tuck Yoon (resigned on 17 May 2018)

Directors were in office for this entire period unless otherwise stated.

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:

- NTM Cold Limited – Chairman – appointed on 7 July 2016.

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. Mr Ong is an alumni from Deakin University, Victoria, holding a Bachelor of Commerce degree and is a Certified Practicing Accountant.

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

- Rision Limited – Director – appointed on 13 March 2012 and resigned on 2 February 2016

Mr Michael Siu (Mr Siu Kin Wai)

Non-Executive Director

Mr Siu has extensive experience in corporate management in Asia. Mr Siu is an Executive Director and the Chief Executive Officer of Beijing Properties (Holdings) Limited, an Executive Director of MillenMin Ventures Inc. and an Executive Director of Beijing Enterprises Medical and Health Industry Group Limited (SEHK stock code: 2389). Mr Siu is also an independent Non-Executive Director of Agritrade Resources Limited and Oriential Securities International Holdings Limited. 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 Siu has a Bachelor's Degree in Accounting from the City University of Hong Kong and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr Siu is also a member of the Institute of Chartered Accountants in England and Wales.

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

Mr Qian Xu

Non-Executive Director

Mr Qian has extensive experience in mergers and acquisitions, corporate restructuring and financial management in Asia. Mr Qian is an Executive Director and the Chairman of Beijing Properties (Holdings) Limited, and a Director and the Chairman of the Beijing Enterprises Group Real-Estate Co. Ltd. Mr Qian is also an Executive Director of MillenMin Ventures Inc. and an Executive Director of Beijing Enterprises Medical and Health Industry Group Limited (resigned on 27 February 2019). 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 has a Bachelor's degree in Economics from the Economics and Management Faculty of the Beijing Industrial University and has an Executive Master of Business Administration degree from Tsinghua University.

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

Mr Ching Chung

Executive Director and Deputy Chairman

Mr Ching has over 30 years of 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 company during the past three financial years.

Mr Yuk Cheung Chan
Non-Executive Director
Mr Yuk Cheung Chan has extensive experience in management and corporate affairs. Mr Chan is the President of the International Friends of the Chamber of Commerce, the Chairman of the Belt and Road ASEAN Financial Development Committee of China and the Chairman of the Sino-Cambodian Phnom Penh Economic Zone Management Committee. Mr Chan was also a former Director of Beijing Properties (Holdings) Limited.

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

Mr Ivan Cheng
Non-Executive Director
Mr Cheng has extensive experience in accounting, financial management and company secretarial roles. Mr Cheng is the Company Secretary, Chief Financial Officer and an Executive Director of Beijing Properties (Holdings) Limited, an Executive Director of MillenMin Ventures Inc.. In addition to this, Mr Cheng is also the Director of both China Logistics Infrastructures (Holdings) Limited and China Industrial Properties (Holdings) Limited.

Mr Cheng has a Bachelor's degree in Commerce (majoring in Accounting and Finance) from Curtin University, a Masters of Business Administration from the University of South Australia and a Masters of Corporate Governance from the Hong Kong Polytechnic University.

Mr Cheng is also a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of CPA Australia, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators.

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

Mr Kwan Chan
Non-Executive Director
Mr Kwan Chan has extensive experience in asset management and commercial acquisitions. Mr. Chan is an Executive Director of Wan Kei Group Holdings Limited. In September 2016, Mr Chan received his Diamond Graduate Diploma from the Gemological Institute of America, which brings unique knowledge to the Board. Mr Chan also has a Bachelor's degree in Law from the University of Leicester and a Bachelor's degree in Biomedical Sciences from the University of Essex.

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

Mr Richard Soo (Soo Tuck Yoon) (resigned on 17 May 2018)
Non-Executive Director
Mr Soo has over 35 years of working experience in Hospitality, Gaming and the Trading and Mining Industry. Mr Soo is currently a Director of Leisurematics SdnBhd and also Director of Sinomines (Hong Kong) Limited. Mr Soo has a Bachelor of Arts Degree from the National University of Malaysia.

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

Mr. Mark Maine (Appointed 14 May 2018)
Company Secretary
Mr Maine is an experienced company secretary who has previously been a director and a company secretary for a number of ASX listed companies over the past 19 years and the former Executive Chairman of ASX listed company, Peak Resources Limited. He is currently the company secretary of NTM Gold Limited and manages a consultancy business specialising in company secretarial practice, corporate strategy, governance and corporate administration. Mr Maine is a member of CPA Australia and holds a Master's degree in Commercial Law and a Bachelor's degree in Accounting from Curtin University, Western Australia.

Ms. Deborah Ho resigned as Company Secretary on 10 May 2018.

Mr. KC Ong (appointed 10 May 2018, resigned 14 May 2018).

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

Dividends Paid or Recommended
No dividends were paid during the year and no recommendation is made as to dividends. (2017: Nil)

Commentary on the Results for the Year
The net loss for the year ended 31 December 2018 was $1,852,389 compared with a net loss of $2,379,817 for the previous December 2017 period. The decrease in the loss compared to the prior year is mainly attributable to the increase in rental revenue and the increase in the fair value of the investment property, offset by the increase in staff costs, the increase in general administration expenses, the decrease in the jewellery sale revenue. Refer to further analysis in the review of operations and changes in state of affairs.

Review of operations and changes in State of Affairs
Operational
During the year ended 31 December 2018, the Group operation continued with jewellery business and leasing business. While restructuring of operations occurred in the Company's subsidiary, Haikou Peace Base Development Co. Limited's ("HPB"), physical jewellery stores and e-commerce platforms continued operations throughout the year.

The Group restructured its jewellery business distribution network in order to improve control of operational costs. This resulted in a reduction in the number of physical jewellery stores and strengthening of cooperation with other retail services providers. Due to the restructure HPB suspended wholesale business with a major customer. Jewellery sales revenue decreased from $1,009,292 in 2017 to $101,349 in 2018.

The Group recorded a significant improvement on its property leasing business, located in Haikau. Rental revenue has increased from $181,166 in 2017 to $434,419 in 2018. This can be mainly attributed to increases in occupancy rates, which climbed to 45% at the end of the period. The Group expects the occupancy rate to maintain an upward trend in 2019.

During the year, the Group recognized a fair value gain of investment property of $607,346. The gain is mainly attributable to an improvement in occupancy rate and general economic condition.

There were increases in overall expense of the Group compare with 2017. This was mainly due to increases in professional fees related to completion the calculation of construction cost of property located in Haikau which is one-off in nature and general inflation of staff cost.

Corporate

On 10 May 2018, Ms Deborah Ho resigned as Company Secretary of the Company.

On 14 May 2018, Mr. Mark Maine was appointed as Company Secretary of the Company.

On 17 May 2018, Mr. Richard Soo resigned as Non-Executive Directors of the Company.

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 31 December 2018, and the numbers of meetings attended by each Director were:

	Directors Meetings		Audit Committee Meetings		Nomination Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B
P Price	3	3	3	3	*	*	*	*
KC Ong	3	3	3	3	*	*	*	*
R Soo	1	1	*	*	–	–	–	–
M Siu	3	–	3	3	*	*	*	*
Q Xu	3	–	*	*	–	–	–	–
C Chung	3	–	*	*	–	–	–	–
YC Chan	3	–	*	*	*	*	*	*
I Cheng	3	3	*	*	*	*	*	*
K Chan	3	3	*	*	*	*	*	*

Notes

A – Number of meetings held during the time the Director held office during the year.
B – Number of meetings attended.
* – Not a member of the relevant committee

The Board of Directors also approved 4 circular resolutions during the year ended 31 December 2018 which were signed by all Directors of the Company.

Share Options

Shares under Option

There are no unissued ordinary shares of CAQ Holdings Limited under option at the date of this report (31 December 2017: 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	Options over Ordinary Shares
P Price	5,270,666	–
K C Ong	1,487,500	–
M Siu	114,538,500	–
Q Xu	108,628,000	–
C Chung	1,150,000	–
YC Chan	–	–
I Cheng	108,628,000	–
K Chan	72,853,551	–

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 Price – Non-Executive Director and Chairman (appointed 2 May 2013)
KC Ong – 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)
Yuk Cheung Chan – Non-Executive Director (appointed 27 November 2017)
Ivan Cheng – Non-Executive Director (appointed 27 November 2017)
Kwan Chan– Non-Executive Director (appointed 27 November 2017)
Soo Tuck Yoon – Non-Executive Director (resigned on 17 May 2018)

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 Report (Audited) (Continued)

Remuneration Governance

The Company has 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. During the year, the members engaged in informal discussions.

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.

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 2014	30 June 2015	31 December[1] 2015	31 December 2016	31 December 2017	31 December 2018
	$	*$*	*$*	*$*	*$*	*$*
Revenue and other income	50,814	138,646	81,665	653,389	2,029,144	1,218,166
Net(loss)/profit	(601,908)	293,090	(1,323,450)	(2,704,539)	(2,379,817)	(1,852,389)
Share price	10.5 cents	16 cents	19 cents	14 cents	8 cents	3.8 cents

1) the company changed its financial year end from 30 June to 31 December in 2015.

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 (31 December 2017: $48,000) per annum for each Non-Executive Director and $72,000 (31 December 2017: $72,000) 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 is $500,000, as approved by Shareholders at the 2017 Annual General Meeting.

Executive Remuneration

Mr Ching Chung is entitled to a remuneration of $218,075 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 element in that remuneration that is performance based. The service agreement with Mr Ching Chung has a notice period of 1 month.

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

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

DIRECTORS' REPORT

Remuneration Report (Audited) (Continued)

(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 period.

Year 31 December 2018	**Short-Term**		**Post employment**		**Share-Based Payments**		**Total**	**Remuneration consisting of options %**
	Salary & Fees	*Consulting*	*Termination payments*	*Super-annuation*	*Options*	*Shares*		
Executive Directors								
C Chung	**218,075**	**–**	**–**	**–**	**–**	**–**	**218,075**	**–**
Non-Executive Directors								
P Price	**72,000**	**–**	**–**	**–**	**–**	**–**	**72,000**	**–**
KC Ong	**48,000**	**–**	**–**	**–**	**–**	**–**	**48,000**	**–**
R Soo[(1)]	**20,000**	**–**	**–**	**–**	**–**	**–**	**20,000**	**–**
M Siu	**48,000**	**–**	**–**	**–**	**–**	**–**	**48,000**	**–**
Q Xu	**48,000**	**–**	**–**	**–**	**–**	**–**	**48,000**	**–**
YC Chan	**48,000**	**–**	**–**	**–**	**–**	**–**	**48,000**	**–**
I Cheng	**48,000**	**–**	**–**	**–**	**–**	**–**	**48,000**	**–**
K Chan	**48,000**	**–**	**–**	**–**	**–**	**–**	**48,000**	**–**
	598,075	**–**	**–**	**–**	**–**	**–**	**598,075**	**–**

Year 31 December 2017	**Short-Term**		**Post employment**		**Share-Based Payments**		**Total**	**Remuneration consisting of options %**
	Salary & Fees	*Consulting*	*Termination payments*	*Super-annuation*	*Options*	*Shares*		
Executive Directors								
C Chung	210,945	–	–	–	–	–	210,945	–
Non-Executive Directors								
P Price	72,000	–	–	–	–	–	72,000	–
KC Ong	48,000	–	–	–	–	–	48,000	–
R Soo	48,000	–	–	–	–	–	48,000	–
M Siu	48,000	–	–	–	–	–	48,000	–
Q Xu	48,000	–	–	–	–	–	48,000	–
YC Chan[(2)]	4,000	–	–	–	–	–	4,000	–
I Cheng[(2)]	4,000	–	–	–	–	–	4,000	–
K Chan[(2)]	4,000	–	–	–	–	–	4,000	–
	486,945	–	–	–	–	–	486,945	–

(1) Resigned on 17 May 2018

(2) Appointed on 27 November 2017

Remuneration Report (Audited) (Continued)

(B) Service agreements

There are service agreements in place in relation for all Directors.

(C) Options holdings of key management personnel

During the year ended 31 December 2018 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 year 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:

31 December 2018

	Balance 1 January 2018	Other	Net Purchased/ (Sold)	Balance 31 December 2018
Directors				
P Price[1]	5,270,666	–	–	5,270,666
KC Ong[2]	1,487,500	–	–	1,487,500
R Soo[3]	1,000,000	–	(1,000,000)	–
M Siu[4]	114,538,500	–	–	114,538,500
Q Xu[5]	108,628,000	–	–	108,628,000
C Chung[6]	1,150,000	–	–	1,150,000
YC Chan	–	–	–	–
I Cheng[7]	108,628,000	–	–	108,628,000
K Chan[8]	72,853,551	–	–	72,853,551
	413,556,217	–	(1,000,000)	412,556,217

[1] *As at 31 December 2018, 3,586,666 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. 126,500 shares were held by Joshua Price, Mr Price's son. 10,000 shares were held by Madeline Price, Mr Price's daughter. 60,000 shares were held by Elizabeth Price, Mr Price's wife.*

[2] *As at 31 December 2018, 1,487,500 fully paid ordinary shares were held by Mr Ong.*

[3] *On 17 May 2018, Mr. Richard Soo, resigned as Non-Executive Directors of the Company.*

[4] *As at 31 December 2018, 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 JP Morgan Australia Limited, Mr Siu's wife; custodian, and 910,500 shares were held by Pershing Australia Nominees Pty Ltd (Phillip Securities (HK) A/C), Mr Siu's custodian.*

[5] *As at 31 December 2018, 108,628,000 shares were held by Beijing Properties (Holdings) Limited, a company which Mr Qian is a Director.*

[6] *As at 31 December 2018, 1,150,000 fully paid ordinary shares were held by Mr Ching.*

[7] *As at 31 December 2018, 108,628,000 shares were held by Beijing Properties (Holdings) Limited, a company which Mr Cheng is a Director.*

[8] *As at 31 December 2018, 72,853,551 fully paid ordinary shares were held by Mr Chan.*

Remuneration Report (Audited) (Continued)

(E) Loans to or from key management personnel

There were no loans to or from key management personnel during the year or as at 31 December 2018 (31 December 2017: Nil).

(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 year.

CAQ Holdings Limited

Legal Fees:

Mr Price is a Director and Shareholder of Price Sierakowski. Price Sierakowski Pty Ltd ("Price Sierakowski") did not provide the Company with any legal services during the year (31 December 2017: $303 (incl GST)). As at 31 December 2018, $nil (incl GST) was payable to Price Sierakowski (31 December 2017: $nil).

Rental Fees:

During the year, Trident Capital Pty Ltd ("Trident Capital") provided the Company with office rental services. For the year ended 31 December 2018 $22,000 (incl GST) was paid to Trident Capital (31 December 2017: $26,400 (incl GST)). As at 31 December 2018 $nil was payable to Trident Capital (31 December 2017: $nil).

Accounting and Company Secretarial Fees:

During the year, Trident Management Services provided the Company with accounting and company secretarial services. For the year ended 31 December 2018 $59,674 (incl GST) was paid to Trident Management Services (31 December 2017: $71,685 (incl GST)). As at 31 December 2018 $nil (excl GST)) was payable to Trident Management Services (31 December 2017: $4,400 (excl GST)).

(G) Share-based compensation

The Company has not issued any performance bonus options during the financial year ended 31 December 2018 (31 December 2017: Nil).

(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 2018 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 2017 financial period. The Company did not receive any specific feedback at the AGM or throughout the period on its remuneration practices.

This is the end of the Audited Remuneration Report.

Indemnification of Directors and Officers

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.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Events occurring after the reporting date

There have not been any events that have arisen in the interval between the end of the financial period and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services are 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.

Non-audit services have not been provided by the entity's auditor, Ernst & Young for the year ended 31 December 2018 (31 December 2017: Nil).

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 period.

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

Michael Siu
Director

Dated at Hong Kong this 29th day of March, 2019.

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Auditor's Independence Declaration to the Directors of CAQ Holdings Limited

As lead auditor for the audit of the financial report of CAQ Holdings Limited for the financial year ended 31 December 2018, 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 audit.

b) 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 financial year.

Ernst & Young

Ernst & Young

V L Hoang
Partner
29 March 2019

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Independent Auditor's Report to the Members of CAQ Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CAQ Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of investment property

Why significant	How our audit addressed the key audit matter
The carrying value of investment property at 31 December 2018 comprised the Group's investment property located in Haikou Integrated Free Trade Zone in the People's Republic of China. As detailed in Note 5, the Group engaged an independent valuation expert to determine the fair value of the investment property at 31 December 2018. Based on the independent valuation expert's report, the Group recognised a fair value gain of $607,346 for the year ended 31 December 2018. This was considered this to be a key audit matter as property valuations are based on a number of assumptions which are judgmental in nature.	Our audit procedures included the following: ▶ Physical inspection of the investment property ▶ Our real estate valuation specialists considered the valuation report provided by the Group's independent valuation expert including assessing: (i) The competence, capability and objectivity of the valuation expert (ii) The appropriateness of the valuation expert's work by considering the methodology and valuation method adopted (iii) The assumptions used by the valuation expert in determining the fair value of the investment property at 31 December 2018. We also considered the adequacy of the Group's disclosures with respect to the valuation methodology adopted and the degree of estimation involved in the determination of the fair value of the investment property.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of CAQ Holdings Limited for the year ended 31 December 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
29 March 2019

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

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2018

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 Australian 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 31 December 2018 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 ended 31 December 2018.

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:

Michael Siu
Director

Dated at Hong Kong this 29th day of March, 2019.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		$	*$*
Revenue from contracts with customers	*9*	101,349	1,009,292
Rental income	*9*	434,419	181,166
Revenue		**535,768**	**1,190,458**
Other income	*9*	682,398	838,686
Purchase and changes in trading stock	*7*	(57,452)	(959,385)
Foreign currency gain		424,740	28,848
Legal expenses		(102,789)	(48,441)
Accounting, auditing fees and consultancy expenses		(218,475)	(159,067)
Directors fees and salary		(1,769,362)	(1,379,182)
Insurance expenses		(39,259)	(31,794)
Occupancy costs		(61,865)	(24,000)
Travel costs		(328,024)	(350,308)
Finance costs	*9*	(1,582)	(99,817)
Administration expenses		(390,646)	(200,068)
Other expenses		(272,010)	(456,911)
Depreciation and amortisation		(331,953)	(324,907)
Change in fair value of Investment Properties	*5*	607,346	–
Loss before Income Tax		**(1,323,165)**	**(1,975,888)**
Income tax expense	*8*	(529,224)	(403,929)
Loss after income tax for the year		**(1,852,389)**	**(2,379,817)**

The above Consolidated Statement of Profit or Loss and Other 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		$	*$*
Other comprehensive profit/(loss)			
Items that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		2,777,658	(516,694)
Total comprehensive profit/(loss) for the year		**925,269**	**(2,896,511)**
Loss is attributable to:			
Owners of CAQ Holdings Limited		**(1,852,389)**	**(2,379,817)**
Total comprehensive profit/(loss) for the year is attributable to:			
Owners of CAQ Holdings Limited		**925,269**	**(2,896,511)**
Loss per share attributable to the members of CAQ Holdings Limited		**Cents Per Share**	**Cents Per Share**
Basic and diluted loss per share	*21*	(0.26)	(0.35)

The above Consolidated Statement of Profit or Loss and Other 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 31 DECEMBER 2018

	Notes	2018	2017
		$	*$*
CURRENT ASSETS			
Cash and cash equivalents	*10*	4,318,791	7,295,576
Trade and other receivables	*11*	1,781,807	1,244,479
Inventory	*7*	1,400,446	1,350,180
Other current assets		223,391	102,820
TOTAL CURRENT ASSETS		**7,724,435**	**9,993,055**
NON-CURRENT ASSETS			
Property, plant & equipment	*6*	373,283	425,562
Investment property	*5*	60,196,834	56,933,654
Intangibles		16,902	63,472
Other receivables	*11*	863,082	–
TOTAL NON-CURRENT ASSETS		**61,450,101**	**57,422,688**
TOTAL ASSETS		**69,174,536**	**67,415,743**
CURRENT LIABILITIES			
Trade and other payables	*12*	564,277	356,217
Tax payable		20,441	5,696
Accruals		72,443	38,204
TOTAL CURRENT LIABILITIES		**657,161**	**400,117**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*8*	1,385,286	808,806
TOTAL NON-CURRENT LIABILITIES		**1,385,286**	**808,806**
TOTAL LIABILITIES		**2,042,447**	**1,208,923**
NET ASSETS		**67,132,089**	**66,206,820**
EQUITY			
Contributed equity	*13*	74,649,048	74,649,048
Accumulated losses		(10,146,089)	(8,293,700)
Reserves	*14*	2,629,130	(148,528)
TOTAL EQUITY		**67,132,089**	**66,206,820**

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 YEAR ENDED 31 DECEMBER 2018

	Contributed equity $	Accumulated losses $	Foreign Currency Translation Reserve $	Total $
Balance at 1.1.2018	**74,649,048**	**(8,293,700)**	**(148,528)**	**66,206,820**
Loss for the year	–	(1,852,389)	–	(1,852,389)
Exchange differences on foreign currency translation	–	–	2,777,658	2,777,658
Total comprehensive profit/(loss) for the period	**–**	**(1,852,389)**	**2,777,658**	**925,269**
Balance at 31.12.2018	**74,649,048**	**(10,146,089)**	**2,629,130**	**67,132,089**

	Contributed equity $	Accumulated losses $	Foreign Currency Translation Reserve $	Total $
Balance at 1.1.2017	**62,102,608**	**(5,913,883)**	**368,166**	**56,556,891**
Loss for the year	–	(2,379,817)	–	(2,379,817)
Exchange differences on foreign currency translation	–	–	(516,694)	(516,694)
Total comprehensive loss for the period	**–**	**(2,379,817)**	**(516,694)**	**(2,896,511)**
Transaction with owners in their capacity as owners:				
Issue of share (net of issue costs)	12,546,440	–	–	12,546,440
Balance at 31.12.2017	**74,649,048**	**(8,293,700)**	**(148,528)**	**66,206,820**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	**2018**	**2017**
		$	*$*
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,927,665	1,307,549
Receipt of government subsidy		600,267	778,093
Payments to suppliers and employees		(5,860,001)	(5,008,252)
Finance costs		(6,947)	(12,239)
Interest received		11,542	11,633
Net cash outflow from operating activities	*20*	**(3,327,474)**	**(2,923,216)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipments	*6*	(212,572)	(44,599)
Payment for intangible assets		–	(3,277)
Payment of construction costs		–	(2,505,644)
Net cash outflow from investing activities		**(212,572)**	**(2,553,520)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		–	12,570,710
Cost of share issue		–	(24,270)
Proceeds from borrowings		–	2,066,949
Repayment of borrowings		–	(3,712,686)
Net cash inflow from financing activities		–	**10,900,703**
Net increase/(decrease) in cash and cash equivalents		**(3,540,046)**	**5,423,967**
Cash and cash equivalents at the beginning of the financial year		7,295,576	1,497,816
Effects of exchange rate changes on cash and cash equivalents		563,261	373,793
Cash and cash equivalents at end of year	*10*	**4,318,791**	**7,295,576**

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

Note 1: Summary of significant accounting policies

The consolidated financial statements of CAQ Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 29 March 2019. CAQ Holdings Limited (the Company or the parent) is a limited company incorporated and domiciled in Australia and whose shares are publicly traded. The registered office is located at CAQ Holdings Limited c/o Trident Management Services Pty Ltd, Level 24, 44 ST George's Terrace, Perth WA 6000.

The Group is principally engaged in the leasing of an investment property in the Haikou Free Trade Zone in People's Republic of China ("PRC") and jewellery trading.

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, except for the impact of adopting of new accounting standards (see below). The consolidated financial statements are for the consolidated entity consisting of CAQ Holdings Limited and its controlled entities. The consolidated entity is a for-profit entity.

(a) Basis of preparation

This consolidated financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations used by the Australian Accounting Standards Board ("AASB").

Compliance with IFRS

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

Historical cost convention

These consolidated financial statements have also been prepared a on historical costs basis, except for the investment property that has been measured at fair value.

New Accounting Standards and Interpretations adopted by the Group

The Group applied all new and amended Accounting Standards and Interpretations that were effective as at 1 January 2018, including:

AASB 9 Financial Instruments ("AASB 9")

The Group has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139"), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policies have been updated to reflect the application of AASB 9 for the period from 1 January 2018 (see below).

Note 1: Summary of significant accounting policies

(a) Basis of preparation (Continued)

Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion"). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 January 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 January 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139 (i.e. prior to 1 January 2018)	New measurement category under AASB 9 (i.e. from 1 January 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Deposits and other debtors	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 January 2018.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model ("ECL") to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

Note 1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

As at 1 January 2018, the Group reviewed and assessed the existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, transitional provisions, where the Group concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL on initial adoption of AASB 9. The result of the assessment is as follows:

Items existing as at 1 January 2018 that are subject to the impairment provisions of AASB 9	**Credit risk attributes**	**Cumulative additional loss allowance recognised on 1 January 2018** ***$'000:***
Cash and cash equivalents and deposits	All balances are assessed to have low credit risk as they are either on demand or have short term maturities and held with reputable institutions with high credit ratings.	–
Trade receivables & deposits	The Group applied the simplified approach and concluded that no additional loss allowance was required at 1 January 2018.	–

Hedge accounting

The Group has not applied not applied hedge accounting.

Note 1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

AASB 15 Revenue from Contracts with Customers ("AASB 15")

The Group has adopted AASB 15 with the date of initial application being 1 January 2018. AASB 15 supersedes AASB 118 Revenue, and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

In accordance with the transitional provisions in AASB 15, the Group adopted the standard using the full retrospective method of adoption. In this regard, the Group applied a practical expedient and did not restate any contracts that were completed at the beginning of the earliest period presented.

For the sale of diamonds where the revenue is recognised at point in time, the performance obligation is satisfied upon the delivery of the diamonds and there are no other performance obligations to be fulfilled. Accordingly, adoption of AASB 15 did not have a significant impact on the Group.

Adoption of new policies

The following new accounting policies were adopted during the year following adoption of the new accounting standards.

Financial instruments – as a result of Adoption of AASB 9 with effect from 1 January 2018

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Note 1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Financial instruments – as a result of Adoption of AASB 9 with effect from 1 January 2018 (Continued)

Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This is the only category of financial asset that the Group has, which includes trade receivables, deposits and other debtors, and long term other receivables.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Note 1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Financial instruments – as a result of Adoption of AASB 9 with effect from 1 January 2018 (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group's financial liabilities comprise of only trade and other payables.

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the EIR method, unless they meet certain criteria to be classified at fair value through profit or loss in accordance with AASB 9.
Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The Group has not designated any financial liabilities as at fair value through profit or loss.

Note 1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Financial instruments – as a result of Adoption of AASB 9 with effect from 1 January 2018 (Continued)

Financial liabilities (Continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Revenue from contracts with customers (new policy applied from 1 January 2018 due to adoption of AASB 15)

In addition to rental income derived from the Group's investment property, the Group derives revenue from jewellery trading.

Revenue from contracts with customers is recognised when goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

Sale of diamonds and jewellery

For the sale of diamonds and Jewellery, the Group has concluded that it is the principal in the arrangement as it controls the diamonds before transferring them to the customer. Revenue is recognised at a point in time when control of the diamonds is transferred to the customer. The transaction price is agreed with the customer at the point of sale.

The normal credit term is 30 to 60 days upon delivery.

Note 1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Critical accounting estimates and judgements

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

The following key judgements and estimates were made in preparing these financial statements:

Construction costs of investment properties

The construction costs of the Haikou Project is based on a draft settlement which is subject to the review and approval of both the Company and the contractors. The Company has recorded all amounts due to the contractors based on its best estimate. Should the settlement result in a higher amount, the Company would have to settle this additional liability.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing (including considering expiry of losses) and the level of future taxable profits, together with future tax planning strategies.

Investment properties

The fair value of investment properties is determined by using valuation techniques. For further details of the judgements and assumptions made, see Note 5.

Provision for expected credit losses on receivables

The Group uses a provision matrix to calculate ECLs for receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. No ECL was recorded for the year ended 31 December 2018 (31 December 2017: Nil).

Note 1: Summary of significant accounting policies (Continued)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Note 1: Summary of significant accounting policies (Continued)

(b) Basis of consolidation (Continued)

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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

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

Name	**Functional Currency**
CAQ Diamond Network Limited	Hong Kong dollars
CAQ Diamond Network (HK) Limited	Hong Kong dollars
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

Note 1: Summary of significant accounting policies (Continued)

(d) Foreign currency translation

(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 profit or loss, 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 profit or loss, as part of the gain or loss on sale where applicable.

(e) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Service and management charges are recognised in the accounting period in which the services are rendered.

(f) Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Note 1: Summary of significant accounting policies (Continued)

(g) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the full liability balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Note 1: Summary of significant accounting policies (Continued)

(g) Income tax (Continued)

Deferred tax (Continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(h) Goods and Services tax ("GST")

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.

(i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if 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 or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 in finance costs in the statement of profit or loss.

Note 1: Summary of significant accounting policies (Continued)

(i) Leases (Continued)

Group as a lessee (Continued)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(j) 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.

(k) Trade and other receivables (AASB 139 accounting policy applied up to 31 December 2017)

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.

(l) Inventory

Inventories are stated at the lower of cost and net realisable value. Purchase cost of inventory is on a weighted average basis, after deducting any settlement discounts, suppliers rebates and including logistics expenses incurred in bringing inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(m) Loans and receivables (AASB 139 accounting policy applied up to 31 December 2017)

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.

Note 1: Summary of significant accounting policies (Continued)

(n) Investment Properties

Investment properties include both completed investment properties and investment properties under construction.

Completed investment properties are interests in land and building (including leasehold interest under an operating lease for a property which would other wise meet the definition of an investment property) held to earn rental income and/or capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes ("**owner occupied property**"). Such investment properties are initially measured 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. External valuers are involved in determining fair value of investment properties at least annually. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which it arise.

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties under construction are carried at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

(o) Plant and equipment

Plant and equipment are brought to account at cost, less where applicable any accumulated depreciation and impairment losses. The carrying amount of 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 plant and equipment 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 profit or loss for the year.

The depreciable amount of plant and equipment are depreciated over their useful lives commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	**Depreciation Rate**
Motor vehicles	24%
Equipment	10%-32%
Furniture & Fixtures	33%

(p) Impairment of non-financial assets

The Group 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 Group 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.

Note 1: Summary of significant accounting policies (Continued)

(p) Impairment of non-financial assets (Continued)

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.

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.

(q) 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.

(r) 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.

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.

(s) 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.

Note 1: Summary of significant accounting policies (Continued)

(s) Employee benefits (Continued)

(iii) Share-based payments

The cost of 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.

(t) 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.

(u) Earnings per share

Basic earnings per share is calculated as net profit or loss 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.

(v) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Note 1: Summary of significant accounting policies (Continued)

(w) Fair value measurement

The Group measures investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset takes place either:

- In the principal market for the asset
- In the absence of a principal market, in the most advantageous market for the asset

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group obtains independent valuations (from an independent professional qualified valuers who hold a recognised relevant professional qualification and has recent experience in the location and segment of the investment properties valued) at least annually and for its leasehold land and buildings.

Fair-value related disclosures for investment property measured at fair value are disclosed in Note 5.

Note 1: Summary of significant accounting policies (Continued)

(X) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

Standard	Application Date for Group	Detail
AASB16 – Leases	1 January 2019	AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 contains disclosure requirements for lessees. The Group has progressed its assessment of the impact of the new lease standard. It has not yet been determined whether the impact of adopting the new accounting standard will have a material effect on the Group's financial statements.
AASB Interpretation 23 – Uncertainty over Income Tax Treatments	1 January 2019	The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 12 and does not apply to taxes or levies outside the scope of AASB 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. • Whether an entity considers uncertain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • How an entity considers changes in facts and circumstances. The Group is in the process of assessing the impact of the new interpretation.

Note 2: Segment reporting

The Group has two lines of business being property development 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.

Information about products and services

	2018	**2017**
	$	*$*
Revenue from contracts with customers (Sale of diamonds and goods)	101,349	1,009,292
Rental income	434,419	181,166
Revenue	535,768	1,190,458
Interest received	11,542	11,633
Government grant	670,856	827,053
Total other income	682,398	838,686

Information about geographical areas

Group's revenue from external customers is generated in Mainland China and Group's non-current assets are all located in Mainland China

Information about major customers

Revenue from two customers from rental income amounted to $195,622 (2017: Nil).

Note 3: Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate 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:

	2018	**2017**
	$	*$*
Financial assets		
Cash and cash equivalents	4,318,791	7,295,576
Trade and other receivables	2,644,889	1,244,479
	6,963,680	**8,540,055**
Financial liabilities		
Trade and other payables	564,277	356,217
	564,277	**356,217**

Note 3: Financial risk management (Continued)

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 commodity risk, 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:

	USD	*RMB*	*HKD*
2018			
Cash and cash equivalents (in AUD)	2,417,023	55	246,107
Net Exposure	2,417,023	55	246,107
2017			
Cash and cash equivalents (in AUD)	3,362,253	52	3,036,914
Net Exposure	**3,362,253**	**52**	**3,036,914**

At 31 December 2018, 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 31 December 2018, the Group's profit for the period would decrease/increase by approximately AUD5,570 (31 December 2017: AUD148,863).

As 31 December 2018, foreign currency risk of the Company with functional currency in AUD arose mainly from bank balance denominated in USD, it is estimated that if AUD has strengthened/weakened against USD by 5% at 31 December 2018, the Group's profit for the period would decrease/increase by approximately AUD117,211 (31 December 2017: AUD156,965).

Note 3: Financial risk management (Continued)

(a) Market risk (Continued)

(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:

	31 December 2018		31 December 2017	
	Effective interest rate	Balance	Effective interest rate	Balance
		$		*$*
Financial Assets				
Cash and cash equivalents	0.20%	4,318,791	0.26%	7,295,576
Net exposure to interest rate risk		**4,318,791**		**7,295,576**

The sensitivity analyses below have been determined based on the exposure to interest rates 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 $21,594 and decrease by $21,594 respectively (31 December 2017: decrease or increase by $36,478).

Note 3: Financial risk management (Continued)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk is managed by the Board.

All cash balances held at banks are recognised financial 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 below. The Group does not hold collateral as security.

	2018	**2017**
	$	*$*
Cash and cash equivalents	4,318,791	7,295,576
Trade and other receivables	2,644,889	1,244,479
	6,963,680	8,540,055

Set out below is the information about the credit risk exposure on the Group's trade receivables

31 December 2018	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>90 days**	**Total**
	$	*$*	*$*	*$*	*$*	*$*
Gross carrying amount exposed to default	2,618,808	15,518	–	–	10,563	2,644,889

For the financial year ended 31 December 2017, financial assets that were neither past due and not impaired amounted to $1,244,479.

(c) Liquidity risk

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

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 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.

Note 3: Financial risk management (Continued)

(c) Liquidity risk (Continued)

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

Year ended 31 December 2018

	<1 year	**1 – 5 Years**	**Over 5 Years**	**Total contractual cash flows**
	$	*$*	*$*	*$*
Financial Liabilities:				
Trade and other payables	564,277	–	–	564,277
	564,277	**–**	**–**	**564,277**

Year ended 31 December 2017

	<1 year	**1 – 5 Years**	**Over 5 Years**	**Total contractual cash flows**
	$	*$*	*$*	*$*
Financial Liabilities:				
Trade and other payables	356,217	–	–	356,217
	356,217	**–**	**–**	**356,217**

Note 4: Controlled entities

The consolidated financial statements include the financial statements of CAQ Holdings Limited and the following wholly owned subsidiaries:

Name	Country of Incorporation	% Equity Interest 31 December 2018	% Equity Interest 31 December 2017
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 5: Investment Properties

	2018	2017
	$	$
Balance as at 1 January	56,933,654	55,174,157
Addition for the year	–	2,701,894
Fair value gain recognised in profit or loss	607,346	–
Foreign exchange adjustment	2,655,834	(942,397)
Closing balance as at 31 December	**60,196,834**	**56,933,654**

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

	2018	2017
	$	$
Rental income derived from investment properties	434,419	181,166
Direct operating expenses (including repairs and maintenance) generating rental income	(229,399)	(76,741)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(55,935)	(25,939)
Profit arising from investment properties carried at fair value	149,085	78,486

Note 5: Investment Properties (Continued)

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 under the fair value hierarchy in accordance with AASB 13: *Fair Value Measurement.*

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

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

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

31 December 2018

	Level 1	Level 2	Level 3	Total
	$	*$*	*$*	*$*
Non-financial assets				
Investment property	–	–	60,196,834	60,196,834
Total non-financial assets	–	–	60,196,834	60,196,834

31 December 2017

	Level 1	Level 2	Level 3	Total
	$	*$*	*$*	*$*
Non-financial assets				
Investment property	–	–	56,933,654	56,933,654
Total non-financial assets	–	–	56,933,654	56,933,654

Note 5: Investment Properties (Continued)

Fair value measurements(Continued)

(i) Fair value hierarchy (Continued)

The Group obtains independent valuations (from an independent professional qualified valuers who hold a recognised relevant professional qualification and has recent experience in the location and segment of the investment properties valued) 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 the 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.

<u>Investment property valuation assumptions</u>

The investment property is located in a newly developed area with a few new industrial and residential development and accordingly, the independent external valuer has valued the investment property at 31 December 2018 by considering both the depreciated replacement cost method and the income approach. Valuation assumptions used by the independent external valuer are detailed in the table below

	Valuation approach	Unobservable Inputs	Range of inputs	Relationship Between Unobservable Inputs and Fair Value
Financial year ended 31 December 2018	Depreciated replacement cost approach	Construction cost	RMB2,000 to RMB3,200 per sqm	The higher construction cost, the higher the fair value.
		Land value	RMB511 per sqm	The higher land value, the higher the fair value.
	Income approach	Market rent	RMB23 per sqm per month	The higher rental income, the higher the fair value.
		Capitalisation rate	8%	
Financial year ended 31 December 2017	Depreciated replacement cost approach	Construction cost	RMB2,500 to RMB3,000 per sqm	The higher construction cost, the higher the fair value.
		Land value	RMB390 to 690 per sqm	The higher land value, the higher the fair value.
	Income approach	Market rent	RMB21 to 26 per sqm per month	The higher rental income, the higher the fair value.
		Capitalisation rate	7.5%	

Note 5: Investment Properties (Continued)

There are lease agreements in place 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 receivable as follows:

	2018	**2017**
	$	*$*
Within one year	1,052,146	247,229
Later than one year but not later than 5 years	2,713,706	197,260
More than 5 year	1,186,936	–
	4,952,788	**444,489**

Note 6: Property, Plant and Equipment

For the year ended 31 December 2018

	Motor vehicles	**Equipments**	**Furniture fixtures**	**Total**
	$	*$*	*$*	*$*
Gross carrying amount at cost				
As at 1 January 2018	351,373	514,927	136,405	1,002,705
Additions	6,510	9,757	196,305	212,572
Exchange differences	16,442	24,098	9,929	50,469
As at 31 December 2018	374,325	548,782	342,639	1,265,746
Accumulated Depreciation				
As at 1 January 2018	(224,247)	(292,272)	(60,624)	(577,143)
Charge for the year	(72,541)	(142,246)	(68,537)	(283,324)
Exchange differences	(11,744)	(16,181)	(4,071)	(31,996)
As at 31 December 2018	(308,532)	(450,699)	(133,232)	(892,463)
Net book value				
Net book value at 31 December 2018	65,793	98,083	209,407	373,283

Note 6: Property, Plant and Equipment (Continued)

For the year ended 31 December 2017

	Motor vehicles	**Equipments**	**Furniture fixtures**	**Total**
	$	*$*	*$*	*$*
Cost				
As at 1 January 2017	356,902	477,247	138,551	972,700
Additions	–	44,599	–	44,599
Disposal	–	(444)	–	(444)
Exchange differences	(5,529)	(6,475)	(2,146)	(14,150)
As at 31 December 2017	351,373	514,927	136,405	1,002,705
Accumulated Depreciation				
As at 1 January 2017	(141,261)	(154,619)	(15,394)	(311,274)
Charge for the year	(83,439)	(137,618)	(44,543)	(265,600)
Disposal	–	418	–	418
Exchange differences	453	(453)	(687)	(687)
As at 31 December 2017	(224,247)	(292,272)	(60,624)	(577,143)
Net book value				
Net book value at 31 December 2017	127,126	222,655	75,781	425,562

Note 7: Inventory

	2018	**2017**
	$	*$*
CURRENT		
At cost:		
– finished goods	1,400,446	1,350,180
	1,400,446	**1,350,180**

Inventory recognised as expense during the year ended 31 December 2018 and included in cost of sales amounted to $57,452 (2017: $959,385).

Note 8: 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:

	2018	2017
	$	*$*
Loss from continuing operations before Income Tax	(1,323,165)	(1,975,888)
	(1,323,165)	(1,975,888)
Income tax benefit at 30%	(396,950)	(592,767)
Permanent Differences:		
Other assessable amounts	372,910	–
Non-taxable income	(45,456)	(1,500)
Tax effect of lower overseas tax rate	(50,009)	64,340
	(119,505)	(529,927)
Movements in unrecognised temporary differences		
Benefit of tax losses and other temporary differences not previously recognised	(163,652)	–
Tax effect of current period tax losses for which no deferred tax asset has been recognised	–	166,728
Tax effect of foreign losses for which no deferred tax asset has been recognised	812,381	767,128
Income tax benefit/(expense)	**529,224**	403,929

Unrecognised temporary differences:

	2018	2017
	$	*$*
Deferred Tax Assets		
On income tax account		
Carry forward tax losses	300,578	851,256
Foreign losses (i)	2,644,415	1,697,638
Other	52,914	158,554
Net deferred tax assets not recognised	**2,997,907**	2,707,448

(i) *Tax losses in PRC are only available to be carried forward for 5 years.*

Note 8: 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.

	2018	2017
	$	$
Deferred Tax Liabilities		
Investment property	**1,385,286**	**808,806**

Note 9: Revenue and Expenses

	2018	2017
	$	$
Revenue from contracts with customers (Sale of diamonds and goods) *(Note 1)*	101,349	1,009,292
Rental income	434,419	181,166
Revenue	535,768	1,190,458
Interest received	11,542	11,633
Government grant *(Note 2)*	670,856	827,053
Total other income	682,398	1,019,852

Note 1: Revenue from contracts with customers (sale of diamonds and goods) is generated in People's Republic of China.

Note 2: There are no unfulfilled conditions attached to the Government grants at 31 December 2018 (2017: Nil)

	2018	2017
Expenses		
Purchase and changes in trading stock	(57,452)	(959,385)
Finance costs		
Interest paid – Other	(1,582)	(99,817)
Total Finance Costs	(1,582)	(99,817)

Note 10: 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 period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position, as follows:

	2018	**2017**
	$	*$*
Current Assets		
Cash at bank and in hand	4,318,791	7,295,576
Net Cash	**4,318,791**	**7,295,576**

The carrying value of cash and cash equivalents approximates fair value.

(b) Interest Rate Risk Exposure

The Group's exposure to interest rate risk is discussed in note 3.

Note 11: Current and non-current assets:

	2018	**2017**
	$	*$*
Current		
Trade receivables	1,464,308	13,344
Deposits and other debtors	83,069	537,854
GST tax and VAT tax	234,430	693,281
	1,781,807	1,244,479
Non-Current		
Deposits and other debtors	154,615	–
VAT tax	708,467	–
	863,082	–

(a) Fair value

Carrying value of trade and other receivable approximate fair value.

Note 12: Current liabilities – Trade and other payables

	2018	2017
	$	*$*
Trade and other payables	564,277	356,217
	564,277	**356,217**

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

Note 13: Contributed equity

	2018	2017
	$	*$*
717,786,281 (2017: 717,786,281) Ordinary shares on issue	74,649,048	74,649,048
Total contributed equity	**74,649,048**	**74,649,048**

* *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 January 2017	654,932,730	62,102,608
Issue of shares[1] (net of issue costs)	62,853,551	12,546,440
Closing balance as at 31 December 2017	**717,786,281**	**74,649,048**
Balance as at 1 January 2018	717,786,281	74,649,048
No movement	–	–
Closing balance as at 31 December 2018	**717,786,281**	**74,649,048**

[1] *On 29 August 2017, the Company successfully completed a sophisticated investor placement raising $12,546,440 (net of costs). The Company issued 62,853,551 fully paid ordinary shares at $0.20 per share.*

Note 13: Contributed equity

(c) Share Options

There are no unissued ordinary shares of CAQ Holdings Limited under option as at 31 December 2018 (2017: Nil).

Capital Management

For the purpose of the Group's capital management, capital includes issued capital. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group is not subject to any externally imposed capital requirements.

Note 14: Reserves

The foreign currency translation reserve is used to recognise exchange difference arising from translation of financial statements of foreign operations to Australian dollars.

Note 15: Related parties

(a) Compensation of Key Management Personnel

	2018	**2017**
	$	*$*
Short-term employee benefits	598,075	486,945
	598,075	**486,945**

(b) 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 year.

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.

CAQ Holdings Limited

Legal Fees:

Mr Price is a Director and Shareholder of Price Sierakowski. Price Sierakowski Pty Ltd ("Price Sierakowski") did not provide the Company with any legal services during the year (31 December 2017: $303 (incl GST)). As at 31 December 2018, $nil (incl GST) was payable to Price Sierakowski (31 December 2017: $nil).

Note 15: Related parties (Continued)

(b) Other transactions with Key Management Personnel (Continued)

Rental Fees:

During the year, Trident Capital Pty Ltd ("Trident Capital") provided the Company with office rental services. Mr Price is a Director and Shareholder of Trident Capital. For the year ended 31 December 2018 $22,000 (incl GST) was paid to Trident Capital (31 December 2017: $26,400 (incl GST)). As at 31 December 2018 $nil was payable to Trident Capital (31 December 2017: $nil).

Accounting and Company Secretarial Fees:

During the year, Trident Management Services Pty Ltd ("Trident Management Services") provided the Company with accounting and company secretarial services. Mr. Ong is a Director and Shareholder of Trident Management Services. For the year ended 31 December 2018 $59,674 (incl GST) was paid to Trident Management Services (31 December 2017: $71,685 (incl GST)). As at 31 December 2018 $nil (excl GST)) was payable to Trident Management Services (31 December 2017: $4,400 (excl GST)).

Note 16: Remuneration of auditors

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

	2018	**2017**
	$	*$*
Ernst & Young Australia		
1. Audit and other assurance services		
– auditing and reviewing the financial statements	57,000	50,000
Ernst & Young Hong Kong		
1. Audit and other assurance services		
– auditing and reviewing the financial statements	78,515	75,330
	135,515	125,330

Note 17: Contingencies

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 $5.73 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 $2.39 million (RMB11.6 million) has not been accrued for in these financial statements as the Directors consider that payment for $2.39 million (RMB11.6 million) is remote taking into consideration that work claimed to have been performed by the Constructor cannot be substantiated.

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

Note 18: Commitments
Operating lease commitments

	2018	2017
	$	$
Not later than 1 year	24,000	18,000
	24,000	**18,000**

Note 19: Events occurring after the reporting date

There have not been any events that have arisen in the interval between the end of the financial period and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

Note 20: Reconciliation of loss after income tax to net cash flow from operating activities

	2018	2017
	$	$
Operating (loss) after income tax	(1,852,389)	(2,379,817)
Adjusted for:		
Fair value gain on investment properties	(607,346)	–
Foreign currency gain	(424,740)	(28,848)
Depreciation and amortisation	331,953	324,907
Deferred tax expense	529,224	403,929
Finance cost	–	87,604
Other		
(Increase)/decrease in assets		
– Inventory	(50,266)	(94,933)
– Prepayments	(120,572)	2,105
– Trade and other receivables	(1,140,766)	(916,150)
Increase/(decrease) in liabilities		
– VAT Tax	(249,616)	(445,810)
– Current trade creditors and payables	257,044	123,797
Net cash used in operating activities	(3,327,474)	(2,923,216)

Note 21: Loss per share

Basic loss per share amounts are calculated by dividing net 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:

	2018	**2017**
	$	*$*
Loss attributable to ordinary equity holders	(1,852,389)	(2,379,817)
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic profit/(loss) per share	717,786,281	676,457,919
	Cents/share	**Cents/share**
Basic and diluted loss per share	(0.26)	(0.35)

There are no potential ordinary shares on issue at 31 December 2018 and 31 December 2017.

Note 22: Dividends

No dividends have been declared or paid during the year. (2017: Nil)

Note 23: Parent entity information

The following information is related to the parent entity, CAQ Holdings Limited, as at 31 December 2018 and 31 December 2017.

	2018	**2017**
	$	*$*
Current assets	2,764,653	3,844,440
Non-current assets	62,813,330	62,534,079
Total assets	**65,577,983**	**66,378,519**
Current liabilities	68,689	171,699
Non-current liabilities	–	–
Total liabilities	**68,689**	**171,699**
Contributed equity	74,649,048	74,649,048
Accumulated losses	(9,277,304)	(8,579,778)
Reserves	137,550	137,550
Total equity	**65,509,294**	**66,206,820**
Loss for the year	(697,526)	(1,738,267)
Other comprehensive loss for the year	–	–
Total comprehensive loss for the year	**(697,526)**	**(1,738,267)**

Guarantees entered into by the parent entity

The parent entity did not have any guarantees at 31 December 2018 and 2017.

Contingent liabilities

The parent entity did not have contingent liabilities at 31 December 2018 and 2017.

Capital commitments

The parent entity did not have capital commitments at 31 December 2018 and 2017.

Operating lease commitments

The operating lease comments for the parent entity for the year ended 31 December 2018 and 2017 are the same as those disclosed in Note 18.

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 21 March 2019

Substantial shareholders

Name	Number of ordinary shares held	Percentage of capital held
MR XUEHUO ZHANG	124,500,000	17.35
CITICORP NOMINEES PTY LIMITED	118,247,175	16.47
BEIJING PROPERTIES (HOLDINGS) LIMITED	108,628,000	15.13
MR KWAN CHAN	72,853,551	10.15
BNP PARIBAS NOMS PTY LTD<IB AU NOMS RETAIL CLIENT DRP>	68,893,781	9.60
LI HUI YUN	50,000,000	6.97
TOTAL	**543,122,507**	**75.67**

Distribution of security holders Category	Number of Holders
1 – 1,000	350
1,001 – 5,000	206
5,001 – 10,000	114
10,001 – 100,000	101
100,001 and over	65
	836

Unmarketable parcels

The number of shareholders holding less than a marketable parcel is 686.

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.

SHAREHOLDER INFORMATION

Twenty largest shareholders – Ordinary Shares

Name	Number of ordinary shares held	Percentage of capital held
MR XUEHUO ZHANG	124,500,000	17.35
CITICORP NOMINEES PTY LIMITED	118,247,175	16.47
BEIJING PROPERTIES (HOLDINGS) LIMITED	108,628,000	15.13
MR KWAN CHAN	72,853,551	10.15
BNP PARIBAS NOMS PTY LTD<IB AU NOMS RETAIL CLIENT DRP>	68,893,781	9.60
LI HUI YUN	50,000,000	6.97
JOIN MARVEL LIMITED	30,000,000	4.18
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	25,575,735	3.56
ELITE MEDAL LIMITED	25,000,000	3.48
HOLLYVIEW INTERNATIONAL LTD	12,102,000	1.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,912,701	1.66
MR KEONG MING TEE	8,400,280	1.17
MR HUAN WEI XIAO	7,255,475	1.01
MS WAH LIH JIUN	6,225,000	0.87
MASS TALENT FINANCIAL LTD	6,000,000	0.84
TRIDENT CAPITAL PTY LTD	3,586,666	0.50
MR SHIWU HE	2,500,000	0.35
MR DASHUN TANG	2,500,000	0.35
MR FEI CHAN	2,100,000	0.29
MS JIN PENG	2,000,000	0.28
TOTAL	**688,280,364**	**95.89**

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

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.caqholdings.com, 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.

The Board has delegated responsibility for the business operations of the Company to the Chief Executive Officer (or equivalent) and the management team. The management team, led by the Chief Executive Officer (or equivalent) is accountable to the Board.

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 all the Directors.

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 31 December 2018, 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. An assessment was performed during the financial year.

Principle 2: Structure the board to add value

Recommendation 2.1

The Company has a separate Nomination Committee comprising of Richard Soo, Qian Xu and Ching Chung. Ching Chung is an executive director. However, due to his experience, it was considered appropriate for Ching Chung to be on the committee. There were informal discussions held in relation to nomination matters during the year.

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.

An evaluation was performed during the financial year.

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.

Principle 2: Structure the board to add value (Continued)
Currently the Board is structured as follows:

(a) Paul Price (Non-Executive Director and Chairman);
(b) KC Dennis Ong (Non-Executive Director);
(c) Michael Siu (Non-Executive Director);
(d) Qian Xu (Non-Executive Director);
(e) Ching Chung (Executive Director and Deputy Chairman);
(f) Yuk Cheung Chan (Non-Executive Director);
(g) Ivan Cheng (Non-Executive Director); and
(h) Kwan Chan (Non-Executive Director).

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 was, during the year, a director of Trident Management Services Pty Ltd, which is a provider of material professional services, and accordingly, is not considered independent.

Michael Siu, Qian Xu and Ivan Cheng are directors 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.

Kwan Chan is a substantial holder of the Company and accordingly, is not considered independent.

Yuk Cheung Chan is a relative of Kwan Chan 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 not 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

The Company has a separate Audit Committee comprising of Paul Price, KC Ong and Michael Siu.

The Audit Committee 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.

Principle 4: Safeguard integrity in corporate reporting (Continued)

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 they cannot, they are 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 their 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.

Principle 6: Respect the rights of security holders (Continued)

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 Audit Committee 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)

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 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

Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. There were informal discussions held in relation to remuneration matters during the year.

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.

Principle 8: Remunerate fairly and responsibly (Continued)

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.

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.

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

CORPORATE DIRECTORY

Directors
Paul Price
KC Ong
Michael Siu
Qian Xu
Ching Chung
Yuk Cheung Chan
Ivan Cheng
Kwan Chan

Company Secretary
Mark Maine

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Wanchai, Hong Kong
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Share Registry
Advanced Share Registry Services
150 Stirling Hwy
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Telephone: (08) 9389 8033

Auditors
Ernst & Young
11 Mounts Bay Road
Perth WA 6000
Telephone: (08) 9429 2222

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.caqholdings.com