

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

APPENDIX 4E – PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

Results for announcement to market	Up/Down	% Change	31 December 2024 \$
Revenue from ordinary activities	Down	34	1,734,051
Loss after tax from ordinary activities attributable to members	Up	22	3,826,698
Loss attributable to members	Up	22	3,826,698

Dividend Information	Amount per share	Franked Amount per share
Dividend – current reporting period	Nil	Nil
Dividend – previous reporting period	Nil	Nil

Net Tangible Asset Backing per Ordinary Share	cents
Net tangible asset backing per ordinary share – current reporting period	8.06
Net tangible asset backing per ordinary share – previous reporting period	8.04

Commentary on the Results for the Period

The loss after tax for the year ended 31 December 2024 was incurred in the ordinary course of business.

The increase in loss after tax compared to the prior year is mainly attributable to the increase in finance cost and deferred tax expense. Refer to further analysis in the review of operations and changes in state of affairs in the following page.

Audit

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



Michael Siu
Director

Dated at Hong Kong this 28 day of February 2025.

CAQ Holdings Limited and its Controlled Entities
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REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS
FOR THE YEAR ENDED 31 DECEMBER 2024

Review of operations and changes in State of Affairs

Operational

During the year ended 31 December 2024, revenues earned from the Group's leasing business (net of business tax) amounted to \$1,729,887 (2023: \$2,073,455). In addition to this, revenues earned (before business tax) from the Group's jewellery business amounted to \$4,164 (2023: \$547,785). The Group expects the occupancy rate to maintain an upward trend in year 2025.

The status of the exhibition centre remained unchanged from 2023, the system integration testing was suspended pending release of new government customs requirements.

Work is continuing on securing new tenants for all vacant areas with a number of contracts under negotiation. According to the national plan of China, Hainan Island will be established as a free trade port by the end of 2025. Potential new tenants are now looking to the policies to be promulgated by the Chinese government prior to making a decision on entering into the tenancy agreements. While Government policies provide the potential for a higher level of interest in leasing assets, the final nature of policy directives remain uncertain, consequently there may be timing delays for increased revenue inflows.

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 2024

	<i>Note</i>	Consolidated Year ended 31 December 2024 \$	Consolidated Year ended 31 December 2023 \$
Rental income		1,729,887	2,073,455
Revenue from contracts with customers		4,164	547,785
Revenue		1,734,051	2,621,240
Other income		44,112	39,097
Purchase and changes in trading stock		(17,939)	(1,205,415)
Foreign currency gain		6,255	5,415
Legal expenses		(12,068)	(27,426)
Accounting, auditing fees and consultancy expenses		(301,999)	(381,578)
Director fee		(101,130)	(274,284)
Salary expenses		(642,512)	(757,154)
Social security and other employee benefit expenses other than salaries		(158,850)	(227,615)
Insurance expenses		(110,564)	(107,442)
Occupancy costs		(39,414)	(52,040)
Travel costs		(288,697)	(286,773)
Finance costs		(226,787)	(143,807)
Administration expenses		(629,856)	(601,750)
Other expenses		(65,051)	(67,818)
Depreciation		(24,282)	(31,159)
Amortisation		–	(3,220)
Recover of loan to a joint venture impaired in prior year		–	34,020
Reversal of expected credit loss		112,933	520,372
Change in fair value of investment properties	2	(2,365,992)	(2,338,861)
Loss from continuing operations before Income Tax		(3,087,790)	(3,286,198)
Income tax benefit/(expenses)		(738,908)	147,667
Loss after income tax for the year		(3,826,698)	(3,138,531)

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 2024

	<i>Note</i>	Consolidated Year ended 31 December 2024 \$	Consolidated Year ended 31 December 2023 \$
Other comprehensive loss			
<i>Items that may be reclassified to the profit or loss</i>			
Exchange differences on translation of foreign operations		3,942,062	(1,679,633)
Total comprehensive income/(loss) for the year		115,364	(4,818,164)
Loss is attributable to:			
Owners of CAQ Holdings Limited		(3,826,698)	(3,138,531)
Total comprehensive income/(loss) for the year is attributable to:			
Owners of CAQ Holdings Limited		115,364	(4,818,164)
Loss per share attributable to the members of CAQ Holdings Limited		Cents Per Share	Cents Per Share
Basic and diluted loss per share	6	<u>(0.53)</u>	<u>(0.44)</u>

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 2024

	<i>Notes</i>	Consolidated 31 December 2024 \$	Consolidated 31 December 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		88,027	676,788
Trade and other receivables		131,988	125,249
Inventory		90,205	86,555
Other current assets		692,413	822,464
TOTAL CURRENT ASSETS		1,002,633	1,711,056
NON-CURRENT ASSETS			
Plant and equipment		118,797	136,620
Investment properties	2	66,206,921	64,096,903
TOTAL NON-CURRENT ASSETS		66,325,718	64,233,523
TOTAL ASSETS		67,328,351	65,944,579
CURRENT LIABILITIES			
Trade and other payables		613,510	916,160
Other taxes payable		54,073	61,355
Director fee payable		330,000	330,000
Accruals		329,867	180,544
Borrowings	11	3,122,353	1,485,807
TOTAL CURRENT LIABILITIES		4,449,803	2,973,866

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	<i>Notes</i>	Consolidated 31 December 2024 \$	Consolidated 31 December 2023 \$
NON-CURRENT LIABILITIES			
Other payable		239,077	177,761
Borrowings	11	681,865	1,947,801
Deferred tax liabilities		4,106,392	3,109,301
TOTAL NON-CURRENT LIABILITIES		5,027,334	5,234,863
TOTAL LIABILITIES		9,477,137	8,208,729
NET ASSETS		57,851,214	57,735,850
EQUITY			
Contributed equity	4	74,649,048	74,649,048
Accumulated losses		(23,674,335)	(19,847,637)
Reserves	5	6,876,501	2,934,439
TOTAL EQUITY		57,851,214	57,735,850

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Contributed equity \$	Accumulated losses \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1.1.2024	74,649,048	(19,847,637)	2,934,439	57,735,850
Loss for the year	–	(3,826,698)	–	(3,826,698)
Exchange differences on foreign currency translation	–	–	3,942,062	3,942,062
Total comprehensive loss for the period	–	(3,826,698)	3,942,062	115,364
Balance at 31.12.2024 (Consolidated)	74,649,048	(23,674,335)	6,876,501	57,851,214

	Contributed equity \$	Accumulated losses \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1.1.2023	74,649,048	(16,709,106)	4,614,072	62,554,014
Loss for the year	–	(3,138,531)	–	(3,138,531)
Exchange differences on foreign currency translation	–	–	(1,679,633)	(1,679,633)
Total comprehensive loss for the period	–	(3,138,531)	(1,679,633)	(4,818,164)
Balance at 31.12.2023 (Consolidated)	74,649,048	(19,847,637)	2,934,439	57,735,850

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 2024

	Consolidated 31 December 2024 \$	Consolidated 31 December 2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,784,717	2,415,363
Payments to suppliers and employees	(2,227,002)	(2,805,363)
Bank charge	(3,707)	(3,977)
Interest received	591	3,986
Value-added tax paid	(34,577)	–
Other tax subsidy received	–	11,823
Net cash outflow from operating activities	(479,978)	(378,168)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(1,423)	–
Receipts from disposal of motor vehicles	3,316	40,361
Recover of loan to a joint venture impaired in prior year	–	34,020
Payment for construction of investment properties	(48,444)	–
Net cash (outflow)/inflow from investing activities	(46,551)	74,381
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shareholder	37,736	–
Proceeds from other loan	526,374	–
Repayment of other loan	–	(255,148)
Proceeds from a bank borrowing	–	850,495
Repayment of a bank borrowing	(405,782)	(276,071)
Interest payment of a bank borrowing	(223,008)	(139,056)
Net cash (outflow)/inflow from financing activities	(64,680)	180,220
Net decrease in cash and cash equivalents	(591,209)	(123,567)
Cash and cash equivalents at the beginning of the financial year	676,788	819,585
Effects of exchange rate changes on cash and cash equivalents	2,448	(19,230)
Cash and cash equivalents at end of year	88,027	676,788

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

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

NOTES TO THE APPENDIX 4E

Note 1: Investments

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 2024	31 December 2023
CAQ Diamond Network Limited	British Virgin Islands	100%	100%
CAQ Diamond Network (HK) Limited	Hong Kong	100%	100%
CAQ Finance Limited	British Virgin Islands	100%	100%
CAQ Finance (HK) Limited	Hong Kong	100%	100%
Rayport Limited	British Virgin Islands	100%	100%
Peace Base Holdings Limited	Hong Kong	100%	100%
Actual Winner Limited	Hong Kong	100%	100%
Express Linker Limited	Hong Kong	100%	100%
Haikou Peace Base Industry Development Co. Ltd.	China	100%	100%

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

Note 2: Investment Properties

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

	Consolidated 2024 \$	Consolidated 2023 \$
Balance as at 1 January	64,096,903	68,283,842
Addition for the year	48,444	—
Expenditure for the year	—	—
Interest capitalization	—	—
Fair value adjustment	(2,365,992)	(2,338,861)
Foreign exchange adjustment	4,427,566	(1,848,078)
Closing balance as at 31 December	66,206,921	64,096,903

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

NOTES TO THE APPENDIX 4E

Investment property valuation assumptions

Description	Valuation Approach	Unobservable Inputs	Inputs used at	Inputs used at
			31 December 2024	31 December 2023
Investment property	Income approach based on estimated rental value of the property. Market rent (based on estimated market rent) and capitalisation rate are estimated by an external valuer or management based on comparable transactions and industry data.	Market rent	RMB23.8 sqm per month	RMB24.6 sqm per month
		Capitalisation rate	7.5%	7.5%
	Market approach (for cross-check) based on estimated capital value of the property. Capital value is estimated by an external valuer or management based on comparable transactions and industry data.	Capital value	RMB3,403 sqm	RMB3,529 sqm
	Cost approach (for cross-check) based on estimated construction cost and land value of the property. Estimated construction cost and land value are estimated by an external valuer or management based on comparable transactions and industry data.	Construction cost	RMB3,164 per sqm	RMB3,255 per sqm
		Land value	RMB477 per sqm	RMB545 per sqm

Note 3: Interest in a Joint Venture

Particulars of the Group's sole joint venture are as follows:

Company name	Place of Registration And business	Registered capital	Ownership interest attributable to the Group	Percentage of Voting Power	Profit sharing	Principal activities
Hainan Kingmall International trading Co., Ltd.	PRC/Mainland China	\$2,073,509 (RMB10,000,000)	50	50	50	Wholesale and retail

The Group has a 50% interest in Hainan Kingmall International Trading Co., Ltd, a joint venture involved in the operate on a B2C model within the Haikou Integrated Free Trade Zone. The Group's interest in Hainan Kingmall International Trading Co., Ltd is accounted for using the equity method in the consolidated financial statements.

The investment in joint venture has been impaired fully in 2021, there is no movement of carrying amount of the investment during the year (2023: Nil).

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

NOTES TO THE APPENDIX 4E

Note 4: Contributed equity

	Consolidated 31 December 2024 \$	Consolidated 31 December 2023 \$
(a) Ordinary shares	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 2023	717,786,281	74,649,048
Issue of shares (net of issue costs)	—	—
Closing balance as at 31 December 2023	717,786,281	74,649,048
Balance as at 1 January 2024	717,786,281	74,649,048
No movement	—	—
Closing balance as at 31 December 2024	717,786,281	74,649,048

(c) Share Options

There are no unissued ordinary shares of CAQ Holdings Limited under option as at 31 December 2024 (2023: Nil).

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

NOTES TO THE APPENDIX 4E

Note 5: Reserves

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

Note 6: 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:

	Consolidated 31 December 2024 \$	Consolidated 31 December 2023 \$
Loss attributable to ordinary equity holders	(3,826,698)	(3,138,531)
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	717,786,281	717,786,281
	Cents/share	Cents/share
Basic and diluted loss per share	(0.53)	(0.44)

There are no potential ordinary shares on issue at 31 December 2024 and 31 December 2023.

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

NOTES TO THE APPENDIX 4E

Note 7: Operating Segment

The Group has two segments being investment property and investment in trading entities (through its investment in joint venture/associate). The Group's jewellery trading business is not significant and thus not considered a separate segment. The results of the Group's jewellery trading business are included in the investment property segment.

Other than the recover of loan to a joint venture impaired in prior year and disposal gain on interests of an associate separately disclosed in the statement of profit or loss, the balance of the results relate to the Group's investment property segment.

Other than the carrying value of the Group's investment in joint venture disclosed in the statement of financial position, the balance of the net asset relate to the group's investment property segment.

Note 8: Basis of Preparation

The accounting policies adopted in the preparation of this Appendix 4E are consistent with those applied by the Group in the preparation of the annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

Going concern

The Group incurred a net loss after tax for the year ended 31 December 2024 of \$3,826,698 and experienced net cash outflows from operating activities of \$479,978. The Group had net assets of \$57,851,214 and was in a net current liability position of \$3,447,170 as at 31 December 2024.

In the event that cash inflows from forecast rental income is not achieved, the ability of the Group to continue as a going concern may be dependent on securing additional funding through debt or equity as and when the need arises for it to continue to fund its working capital requirements.

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

NOTES TO THE APPENDIX 4E

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

- Following the lifting of COVID restrictions, the Directors believe that under the current business model and working capital management plan, the Group will generate sufficient cashflows from rental income of its property to enable the Group to meet its debts as and when they fall due; and
- Should additional working capital be required the Group has a proven history of successfully raising capital via equity or debt.

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

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

Note 9: Expected credit loss

In 2022, the Group had entered into a lease agreement with a tenant which agreed to lease the 1st to 5th floor of the exhibition centre. A rent-free period of 3 months was granted to the tenant for its decoration work and the tenant shall start payment of rental from July 2022 onward. The decoration work has been delayed to the fourth quarter of 2022 due to lockdown of Haikou city and the tenant has failed to make the payment according to the lease agreement. In view of the delay due to forced closure during the pandemic and the possibility that the rental receivable during this period might be waived, the Group recognised an expected credit loss provision of \$1,075,485 at 31 December 2022. During 2023, the rental receivable was waived and the provision balance of \$1,067,066 was written-off against the receivables.

In 2022, the Group had entered into a lease agreement with a tenant which agreed to lease a factory building, the tenant has failed to make the payment according to the lease agreement from July 2023 onward and asked for early termination of lease agreement on October 2023. The Group is in negotiation with the tenant for the payment of outstanding rental receivable. In view of the sign of financial difficulty of the tenant, the Group recognized an expected credit loss provision of \$117,499 at 31 December 2023 (2022: Nil) for this event.

In 2020, the Group has made an expected credit loss provision of \$742,315 for the amount advanced to one of its trading partners since it was overdue for more than half year. Partial overdue amount has been received during 2024 and 2023 and the Group recognized a reversal of expected credit loss of \$112,933 at 31 December 2024 (2023: 637,871) for this event.

Note 10: Events occurring after the reporting date

There have not been any other 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.

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

NOTES TO THE APPENDIX 4E

Note 11 : Borrowings

	2024	2023
	Carrying	Carrying
	amount	amount
	\$	\$
Current borrowings		
Bank loan	2,236,642	1,175,661
Other loan	885,711	310,146
	<u>3,122,353</u>	<u>1,485,807</u>
Non-current borrowings		
Bank loan	681,865	1,947,801
Total borrowings	<u><u>3,804,218</u></u>	<u><u>3,433,608</u></u>
Changes in liabilities arising from financing activities		
	Bank loan	Other loan
	\$	\$
At 1 January 2023	2,638,777	574,350
Change from financing cash flows	574,424	(255,148)
Exchange realignment	<u>(89,739)</u>	<u>(9,056)</u>
At 31 December 2023 and 1 January 2024	3,123,462	310,146
Change from financing cash flows	(405,782)	526,715
Exchange realignment	<u>200,827</u>	<u>48,850</u>
At 31 December 2024	<u><u>2,918,507</u></u>	<u><u>885,711</u></u>

During the year 2020, Haikou Peace Base Industry Development Co Ltd (“HPB”) entered into a loan agreement with a third party for RMB4,000,000. Pursuant to the loan agreement, the loan is interest free for one year and incurs an interest rate of 10% per annum for subsequent extensions. The loan repayment term has been extended for one year with a carrying value of \$885,711 equivalent to approximately RMB4,000,000 (2023: \$310,146 equivalent to approximately RMB1,500,000). The facility is secured by the title over the fourth floor of the Warehouse B.

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

NOTES TO THE APPENDIX 4E

During the year 2020, HPB had been granted a banking facility of RMB20,000,000 by Bank of Hainan. The facility, which is only available for capital expenditure related to investment property, is secured by the title of the Administrative Building. As at 31 December 2024 HPB had drawn down RMB10,180,400 (equivalent to approximately \$2,254,224). According to the loan agreement, the bank loan has a term of sixty months from withdrawal date and bears interest rate of 6.5% per annum and can only be used for construction works related the properties owned by HPB. The bank loan has instalment repayments in May and November each year and interest will be repaid each month. The portion of the bank loan to be repaid in the next 12 months has been classified as current with the remaining balance as non-current.

During the year 2023, HPB had been granted a banking facility of RMB4,000,000 by Bank of Hainan. The facility, which is only available for repairment expenditure related to investment property and working capital of daily business, is secured by the title of the Administrative Building. As at 31 December 2024 HPB had drawn down RMB3,000,000 (equivalent to approximately \$664,283). According to the loan agreement, the bank loan has a term of thirty-six months from withdrawal date and bears interest rate of 5.3% per annum and can only be used for repairment expenditure related to investment property and working capital of daily business. The bank loan has instalment repayments in February and August each year and interest will be repaid each month. The portion of the bank loan to be repaid in the next 12 months has been classified as current with the remaining balance as non-current.

	2024	2023
	\$	\$
Bank loan repayable:		
Within one year or on demand	2,236,642	1,175,661
In the second year	681,865	1,375,189
In the third year to fifth years, inclusive	—	572,612
	<u>2,918,507</u>	<u>3,123,462</u>
Other loan repayable:		
Within one year or on demand	<u>885,711</u>	<u>310,146</u>
	<u><u>3,804,218</u></u>	<u><u>3,433,608</u></u>