

Quest Investments Limited

Annual Report 2016

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COMPANY PARTICULARS

BOARD OF DIRECTORS

Wee Tiong Chiang, (Chairman) B.Sc (Hons), MBA

Grant Anthony Robertson, B.Ec, LLB, CPA

Dr Kim Chan Koh, MBBS, MRCP(G), MRACP, DIH

- resigned on 9 July 2016

Hung Ngok Wong, MA, FAIA

Melissa Chiang BS MA

COMPANY SECRETARY

Grant Anthony Robertson, B.Ec, LLB, CPA

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Principal place of business in Australia

7 Dallas Street, Mount Waverley

VIC 3149

Tel : 6 13 9807 5639

Fax : 6 13 9807 0414

Principal place of business in Hong Kong

Unit B, 1/F., Harbour Commercial Centre,

122-124 Connaught Road, Central, H.K.

Tel : (852) 2877 6828

Fax : (852) 2596 0451

SHARE REGISTRY

Boardroom Pty Limited

Level 7, 207 Kent Street,

Sydney, NSW 2000

Australia

Tel : (02) 9290 9600

Fax : (02) 9279 0664

AUDITOR

ShineWing Australia

Corporate Advisors and Certified Practising Accountants

Level 10, 530 Collins Street,

Melbourne, VIC 3000, Australia

Tel : 613 8635 1800 Fax : 613 8102 3400

KCL & Partners CPA Limited,

20/F Ka Wah Bank Centre, 232 Des Voeux Road
Central Hong Kong.

Tel : (852) 2722 0308 Fax : (852) 2722 0312

BANKERS

Commonwealth Bank of Australia

367 Collins Street,

Melbourne, VIC 3000,

Australia

National Australia Bank Limited

International Southern, Level 5

216 Victorica PDE,

East Melbourne, VIC 3002,

Australia

STOCK EXCHANGE LISTING

Quest Investments Limited is listed and its shares are quoted on the Australian Securities Exchange.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The switching of investment flows from the emerging markets to developed markets seen last year continued unabated in 2016. The contrasting divergence in performance of the US equity market and those of emerging markets continued to ensure that volume of trades and turnover in most emerging markets remained at fairly low levels. The slowdown in the PRC economy and the associated fall in demand for various commodities and metal resources were also additional factors affecting Quest Investments Limited ("QST")'s performance to varying degrees in the year under review.

We have also made some hard decisions on exiting a number of businesses which we believe the underlying economic and market fundamentals have changed and do not support a continued participation in those businesses. The decisions taken have a direct impact on our revenue performance. However, those decisions also freed up management time and obviated further potential drains of our investment funds.

I am disappointed, therefore, to report that QST and its controlled entities registered a loss of HK\$6.07 million as compared to HK\$0.681 million loss in the previous corresponding period ("pcp") on the back of a 32% fall in turnover.

Stockbrokerage Business

Our stockbrokerage business conducted through Quest Stockbrokers (HK) Limited ("QSB") continued to experience difficult operating conditions. The residual effect of the collapse of the Chinese equity markets and a marked slowdown in the PRC economy were primary factors behind the much reduced turnover of shares traded through the Hong Kong Stock Exchange. Commission rates charged by brokers in Hong Kong for executing trades continued to decline as firms competed on volume rather than service.

Total value of transaction executed by QSB fell to HK\$614.7 million as compared to HK\$840.15 million in the pcp. This represents a decrease of 26.83% from the pcp.

Reflecting a difficult operating environment, commission income declined by 42.40% to HK\$1.53 million from HK\$2.53 million earned in the pcp.

The decline in commission earned was also due to the decline in the number of fund raising activities which QSB participated. The volume contraction seen in the private placement market was evident throughout much of 2015/16FY.

The fall in both the total value of trades executed and commission income earned resulted in QSB recording a loss of HK\$3.54 million.

Nominees Services

The provision of secretarial services to clients generated an income of HK\$95,510 in the financial year under review.

The rental income from leasing out its membership in a leading club in Hong Kong generated yield of about 24.6% per annum. The increase in yield of 4.6% per annum achieved was due to an increase in monthly rental charged upon the renewal of the lease.

The market value for the club membership has also appreciated in the past several years on increased arrivals of expatriates in Hong Kong. Market value for this club membership remained steady in the year under review but is much higher than our low historical acquisition cost.

CHAIRMAN'S STATEMENT (CONT'D)

Following the review of its investment portfolio, a more focused strategy was adopted. The result of our adoption of a more active trading stance was a profit of HK\$82,997 achieved for the year. This contrasted markedly from the loss of HK\$184,638 recorded in the pcpc.

Corporate Advisory and Fund Raising Business

Quest Securities (Australia) Limited ("QSA") is the holder of an Australian Financial Services Licence issued by the Australian Securities and Investments Commission in March 2011. The Licence permits the Company to, inter alia, carry on a financial services business providing financial product advice for securities to wholesale clients.

QSA's revenue is derived from introducing investment opportunities to interested parties who are desirous of establishing or further enhancing their business activities in the Asia-Pacific region (particularly Australia and the PRC) with a focus on the economic needs and fundamentals of the countries in that region.

During the year under review, significant time was devoted to the ASAF Critical Metal Limited and the Gold Lord Investments Inc transactions - the reward for which should be reflected in significant revenue and cash flow in the forthcoming year. In addition, because of the nature of the business viz. success fee based payment schemes, revenue is earned on successful completion of a transaction. In addition, QSA continued to develop and enhance relationships by introducing parties to opportunities in the agricultural, financial and mining sectors.

Fee earned through the provision of corporate advisory services to clients decreased to HKD\$136,788 as compared to HKD\$5,961,000 in the pcpc.

The loss before tax for the financial year under review was HKD\$199,263 compared to a profit before tax of HKD\$5,367,804 in the pcpc.

Quest Telecom Limited

Quest Telecom Limited ("QTL") recorded an improved performance for the year under review. Net loss for the year was reduced to HK\$71,306 from HK\$384,164 recorded in the last financial year. Its securities trading activities recorded a profit of HK\$121,355 as compared to a loss of HK\$174,284 in the pcpc.

Prospect

On 20 November 2015, Quest Investments Limited (QST) issued a Subscription Letter to Lok Wai Ming (Lok) and on 23 November 2015 Lok issued a Subscription Acceptance Form to QST (together, the Lok Subscription Agreement) pursuant to which QST conditionally agreed to issue 620,840,000 new ordinary fully paid shares in QST (Lok Subscription Shares) to Lok (Lok Subscription) in consideration of Lok transferring eighty per cent (80%) of all the issued shares of Gold Lord Investments Inc (Gold Lord) (which must be independently valued at not less than \$124,168,000) to QST (Gold Lord Acquisition). Gold Lord is a company incorporated in the Republic of Vanuatu.

On 24 November 2015, QST announced the Subscription Agreement to the Australian Securities Exchange (ASX).

Gold Lord is the ultimate parent company of Jinping County Jinlong Mining Co. Ltd (Jinping). Jinping has previously owned the mining rights and operated the Jinchangxi-Bize gold mine in Guizhou Province, in China (Bize Project). The gold mining operations commenced in the mid-1990's as an underground mine however is currently on care and maintenance as the mining licence expired in July 2015 while the exploration license expired on 28 May, 2016. The Guizhou Municipal Bureau of Land and Resources notified Jinping by notice dated 1 February 2016 that the approval process for the re-issue of the licences

CHAIRMAN'S STATEMENT (CONT'D)

had been extended to 30 August 2016. On 20 June 2016, Jinping lodged a Development and Exploration Plan for the Bize Project with the Guizhou Province Association of Mineral Resource Appraisers. On 30 August 2016, Jinping made application for the re-issue of both the mining and exploration licences. The Exploration Licence was re-issued on 2 September 2016 and is valid for the period 29 May 2016 to 28 May 2018. We have been advised by a representative of Lok that a favourable response in relation to the application for the re-issue of the mining licence is anticipated shortly.

It is a condition of the Lok Subscription that QST disposes of its existing assets and liabilities prior to completion of the Lok Subscription (QST Business Disposal). It is proposed that the QST Business Disposal be effected by way of a reduction of the capital of QST and the transfer of all of QST's existing asset and liabilities to a special purpose unit trust known as the QST Unit Trust (QST Unit Trust), the ultimate beneficiaries of which will be the persons who are registered or are entitled to be registered as shareholders of QST immediately prior to the Lok Subscription including the holders of options that are proposed to be cancelled pursuant Lok Subscription Agreement (but excluding any QST shares to be issued to Quest Securities (Australia) Limited in respect of the corporate advisory fee payable by QST).

The Lok Subscription and Gold Lord Acquisition is also conditional on:

the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX) issuing or providing such consents or approvals or doing such other acts which are necessary or desirable to implement the Gold Lord Acquisition and to ensure QST maintains its listing on the ASX; Resolutions effecting the transaction being duly passed at a General Meeting of Shareholders (or at any adjournment of that meeting) in each case by the requisite majority of Shareholders; the cancellation of all Options; completion of the the Fundraising referred to below; Gold Lord delivering the financial statements and reports prepared on terms agreed by the parties; ASX having acknowledged to QST or its agent (and such acknowledgment not having been withdrawn) that the Lok Subscription Shares will be admitted to trading on the ASX; and no regulatory prohibition affecting the Transaction.

As a result of the Lok Subscription, Lok (or his nominee) will acquire about 88.55% of the share capital in QST immediately following such issue. Shareholder approval to the Lok Subscription is required for the purposes of Item 7 of Section 611 of the Corporations Act.

Owing to the impact of the Gold Lord Acquisition and the QST Business Disposal on the nature and scale of QST's activities, the Gold Lord Acquisition and the QST Business Disposal constitute a significant transaction for the purposes of the Listing Rules of the ASX and therefore require the approval of Shareholders.

As part of the transaction, QST proposes to raise of not less than \$4 million (Fundraising). It is proposed that the Fundraising be undertaken by the issue of 20 million ordinary fully paid Shares at 20 cents per Share, which will be used by QST to attend to payment of the costs of the transaction, payment of A\$500,000 to the QST Unit Trust and provide funding to enable re-commissioning and commencement of production at the Bize Project.

To give effect to transaction and the Fundraising (and certain ancillary matters), Shareholders will be asked to consider, and if thought fit approve, a number of Resolutions to effect the transaction.

In accordance with the Corporations Act 2001 (Cth) and the ASX Listing Rules, the Company appointed Moore Stephens (Vic) Pty Ltd as an independent expert and commissioned it to prepare a report (Independent Expert's Report) to provide an opinion as to whether or not the Lok Subscription (which will result in Lok or his nominee acquiring 88.55% of the share capital in the Company immediately following such issue) is fair and reasonable to the existing Shareholders. Moore Stephens (Vic) Pty Ltd appointed Global Resources & Infrastructure Pty Ltd as its specialist valuer to conduct a valuation of the Bize Project.

CHAIRMAN'S STATEMENT (CONT'D)

The Independent Expert's Report is being prepared to discharge the Company's requirements to disclose all material information on how to vote on Resolution 11 (Approval of issue of the Lok Subscription Shares to Lok) for the purposes of item 7(b) of s611 of the Corporations Act.

We anticipate a Notice of General Meeting including Explanatory Memorandum will be issued to shareholders in the month of October 2016 for a proposed meeting to be held in November 2016.

We note that QST shareholders who together hold about 35 million QST Shares, representing about 69% of the entire issued share capital in QST as at 26 September 2016 (being the last most practical date to calculate those holdings prior to the issue of this Annual Report) have irrevocably undertaken to vote or procure their trustee or nominee to vote in favour of the resolutions to effect the transaction, subject to the provisos that:

1. the Independent Expert states that the issue of the Lok Subscription Shares is reasonable to shareholders that are unassociated with Lok;
2. no material adverse event occurs between 30 June 2015 and the General Meeting; and
3. where a QST shareholder is excluded from voting, their votes will be disregarded.

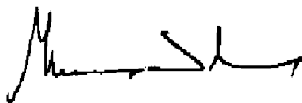
The Board of Directors considers the transaction to be in the best interest of Shareholders and, based on their current knowledge, will unanimously recommend that Shareholders vote in favour of the proposed Resolutions to give effect to the same.

In Appreciation

On behalf of the Board of Directors, let me conclude by expressing my sincere appreciation to all our employees for their continued support and confidence.

I also wish to thank my fellow board members for their wise counsel and support to the course we have set for QST.

Finally, to our valued clients, business associates and shareholders, my heartfelt gratitude for their continued support and confidence.



Chiang Wee Tiong,
Chairman

CORPORATE GOVERNANCE STATEMENT

Quest Investments Limited's Corporate Governance Arrangements

The objective of the Board of Quest Investments Limited is to create and deliver long-term shareholder value through a range of diversified investment and financing activities. While each area of the company's business activities holds significant value and makes a substantial contribution towards achieving the Board's objective, management of the synergies arising from the interrelations between the various business activities is critical to achieving the objective of creating and delivering long-term shareholder value.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between board members, management, employees, and customers.

Quest Investments Limited and its subsidiaries operate as a single economic entity with a unified Board and management. As such, the Board's corporate governance arrangements apply to all entities within the economic group.

Quest Investments Limited is listed on the Australian Securities Exchange (ASX). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council (including the 2010 amendments) as well as current standards of best practice for the entire financial year ended 30 June 2016.

Board Composition

The Board comprises four directors, one of whom is non-executive and meet the Board's criteria to be considered independent. The names of the non-executive and independent directors is:

Koh Kim Chan

An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment. For a director to be considered independent, they must meet all of the following materiality thresholds:

- not hold, either directly or indirectly through a related person or entity, more than 10% of the company's outstanding shares;
- not benefit, either directly or through a related person or entity, from any sales to or purchases from the company or any of its related entities; and
- derive no income, either directly or indirectly through a related person or entity, from a contract with the company or any of its related entities.

A complete listing of the Board's directors for the year ended 30 June 2016, along with their biographical details, is provided in the directors' report.

The Board considers that the current board composition reflects an appropriate balance between executive and non-executive directors that promotes both the generation of shareholder value and effective governance.

The Board also considers that the current board composition reflects an appropriate balance of skills, expertise and experience to achieve its objective of creating and delivering long-term shareholder value. The diverse range of business activities the company is involved in necessitates the Board having a correspondingly diverse range of skills, experience and expertise.

Notwithstanding the fact that the Board considers its current composition to be appropriate, it has in place an active program for assessing whether individual directors and the Board as a whole have the skills and knowledge necessary to discharge their responsibilities in accordance with the Board's governance arrangements. Any deficiencies identified by this program can be addressed in a number of ways, including training and the employment of specialist staff. Details of the skills, expertise and experience of each director are provided in the directors' report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Ethical Standards

The Board is committed to its core governance values of integrity, respect, trust and openness among and between board members, management, employees and customers.

The Code of Conduct applies to all directors and employees of Quest Investments Limited and its Controlled Entities ("QST and its Controlled Entities") and requires all of them to comply with the terms thereof as the same may be varied from time to time by the Board of Directors.

- should act honestly, in good faith and in the best interests of QST and its Controlled Entities as a whole;
- should exercise care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- should use the powers of office for a proper purpose, in the best interests of QST and its Controlled Entities as a whole;
- should recognize that the primary responsibility to QST and its Controlled Entities as a whole but may, where appropriate, have regard to the interest of other stakeholders;
- should not make improper use of information acquired as a director or employee (as the case may be);
- should not make improper advantage of the position of director or employee (as the case may be);
- should properly manage any conflict with the interests of QST and its Controlled Entities;
- should be independent in judgement and action and take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors, the director or the employee (as the case may be);
- should not disclose confidential information received by the director or the employee (as the case may be) in the course of the exercise of his/her duties and ensure that the same remains the property of the company from which it was obtained and not improperly disclose it, or allow it to be disclosed, unless that disclosure has been authorized by that company, or the person from whom the information is provided, or is required by law.
- Should not engage in conduct likely to bring discredit upon QST and its Controlled Entities;
- Should report and assist with the investigation of unlawful and unethical behaviour of a director or employee;
- Comply with the Share Trading Policy of QST; and,
- should, at all times, comply with the spirit, as well as the letter, of the law and with the principles of the Code;

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure that the Board's core governance values are not compromised in any decisions the Board makes.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent.

This diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives over the next 3 years as director and senior executive positions become vacant and appropriately qualified candidates become available:

	2015/16		2016/2017	
	No.	%	No.	%
Women on the Board	0	0	0	0
Women in senior management roles	4	24	5	38
Women employees in the company	7	42	6	46

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Share Ownership and Share Trading Policy

Details of directors' individual shareholdings in Quest Investments Limited are provided in the remuneration report.

The Board's policy regarding directors and employees trading in Quest Investments Limited shares is set by the management committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the company's share price. A detailed description of the Board's policy regarding directors and employees trading in Quest Investments Limited shares is available from the Board's Share Trading Policy (www.murchisongroup.com).

Directors and key management personnel (KMP) are prohibited from limiting risk attached to incentives paid in the form of options or rights by use of derivatives or other means. Further information on the Board's policy regarding the use of hedging arrangements by directors over Quest Investments Limited shares is provided in the remuneration report.

Board Committees

To facilitate achieving its objectives, the Board has established the management committee. The committees have formal terms of reference that outline the committee's roles and responsibilities, and the authorities delegated to it by the Board.

Audit Committee

The executive directors of the board perform the functions ordinarily carried out by an audit committee.

Management Committee

The executive directors of the board perform the functions ordinarily carried out by a management committee.

Performance Evaluation

The Board assesses its performance and the performance of individual directors annually through a combination of internal peer review and externally facilitated evaluation processes. Directors' individual performances are also evaluated each year. The Board also formally reviews its governance arrangements on a similar basis annually.

Performance evaluations for individual directors and the Board were conducted during the reporting period ended 30 June 2016. Further details regarding the Board's remuneration policy for non-executive/independent directors is provided in the remuneration report.

The annual performance evaluation of the Board and board members for the year ended 30 June 2016 was conducted by the Board. The Chairman also spoke to each director individually regarding their role as director. The results from the evaluation were collated and developed into a series of recommendations to improve performance.

The performance of KMP is reviewed on a biannual basis by the Chairman.

The performance of each member of KMP is assessed. Performance indicators for each KMP are set annually in consultation with KMP. Consideration is also given to the contribution each member of KMP makes in assisting the Board. Further details regarding the Board's remuneration policy for KMP is provided in the remuneration report.

Performance evaluations for each member of KMP were conducted during the reporting period ended 30 June 2016 in accordance with the process described above.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Board Roles and Responsibilities

The Board is accountable to the shareholders for creating and delivering shareholder value through governance of the company's business activities. The discharge of these responsibilities is facilitated by the Board delivering to shareholders timely and balanced disclosures about the company's performance.

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Board has delegated to the Chairman, Mr. Chiang Wee Tiong, all authorities appropriate and necessary to achieve the Board's objective to create and deliver long-term shareholder value.

Notwithstanding these delegations of authority by the Board, the Chairman remains accountable to the Board for the authority delegated to him and for the performance of the company's business activities at all times. As noted above, the Board regularly monitors the decisions and actions of the Chairman as well as the performance of the company's business activities.

The Chairman is responsible for ensuring individual directors, the Board as a whole and KMP comply with both the letter and spirit of the Board's governance arrangements. The Chairman discharges his responsibilities in a number of ways, primarily through:

- setting agendas in collaboration with other directors and KMP;
- encouraging critical evaluation and debate among directors;
- Bringing to the attention of all directors all critical matters and that the same are given sufficient attention; and
- communicating with stakeholders as and when required.

Independent directors have the right to seek independent professional advice on any matter connected with the discharge of their responsibilities as directors at the company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the company.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual financial statements. The Board encourages shareholders to attend and participate in the Annual General Meetings of Quest Investments Limited, to lodge questions to be responded by the Board and/or the Chairman, and are able to appoint proxies.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to creating and delivering long-term shareholder value.

The main risks that could negatively impact on the performance of the company's business activities include:

- downward movement in financial sector;
- Strong competition in Hong Kong financial markets; and
- changes in regulatory requirements relating to financial sector.

An assessment of the business's risk profile is undertaken and reviewed by the Board in March to June each year covering all aspects of the business from the operational level through to strategic level risks. The executive chairman has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The uncertain economic environment has emphasised the importance of managing and reassessing its key business risks.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Remuneration Policy

In addition to their regular reporting on business risks, risk management and internal control systems, the Executive Chairman and Chief Financial Officer also provide the Board with written assurance that the directors' declaration provided with the annual report is founded on a sound system of risk management and internal control, and that this system is operating effectively in all material respects in relation to the financial reporting risks. This assurance is provided prior to the meeting at which the directors are due to authorise and sign the company's financial statements.

The remuneration policy, which sets the terms and conditions for executive and non-executive directors, and KMP, was developed by the executive directors of the Board. All executives receive a base salary and superannuation. The executive directors of the Board reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half-yearly which are based on the forecast growth of the company's profits and shareholders' value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Executives are also entitled to participate in the employee share and option arrangements.

The amount of remuneration for all KMP for the company, including all monetary and non-monetary components, is detailed in the remuneration report under the heading "Table of Benefits and Payments". All remuneration paid to executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain high-calibre executives to manage the company and its business activities. It will also provide executives with the necessary incentives to work to achieve long-term shareholder value.

The payment of options is reviewed by the executive directors of the Board annually as part of the review of executive remuneration. Options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving options. Any changes must be justified by reference to measurable performance criteria.

Other Information

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's website at <www.murchisongroup.com>.

DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2016.

Principal Activities and Significant changes in Nature of Activities

The principal activities of the consolidated group during the financial year were:

- Investments
Investments in marketable securities and other securities.
- Stockbroking
Provision of share trading services to clients.
- Venture capital investment
Mezzanine investments in companies suitable for eventual floatation on recognised stock exchanges.
- Telecom
Provision of communication services to clients.
- Corporate Advisory
Provision of corporate advisory services, corporate restructuring and related services to clients.

There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results

The consolidated loss of the consolidated group amounted to HK\$6,067,114 (2015: HK\$681,796) after providing for income tax. This represented a 493% increase in losses for the year. Further discussion on the Group's operations now follows.

Review of Operations

Quest Investments Limited's core performance dropped in the financial year ended 30 June 2016. The stockbrokerage business recorded a HK\$614 million (2015: HK\$840 million) turnover.

Significant Changes in State of Affairs

There was no significant change in the state of affairs of the parent entity during the financial year.

Dividends Paid or Recommended

No dividends were paid or declared during the year.

Event After Balance Date Events

No event after the balance sheet date has to be disclosed.

Environmental Issues

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

DIRECTORS' REPORT (CONT'D)

Information on Directors

Wee Tiong Chiang

- Executive Chairman (Executive)
- Qualifications – B. Sc (Hons), MBA
- Experience – Appointed Chairman and Board member since 1991. Mr. Chiang has considerable experience in stock broking, investment, banking and asset management gained in Singapore, Hong Kong and PRC.
- Interest in Shares and Options – 8,665,819 Ordinary Shares and 7,294,989 options in Quest Investments Limited.
- Special Responsibilities – Mr Chiang is also the Senior Economic advisor to The People's Government of Nan'an District, Chongqing City, PRC.
- Directorships held in other listed entities during the these years prior to the current year – Current director and chairman of Murchison Holdings Limited since 1991.

Grant Anthony Robertson

- Director (Executive)
- Qualifications – B. Ec, LLB., CPA
- Interest in Shares and Options – 219,075 Ordinary Shares and 7,142,639 options of Quest Investments Limited.
- Experience – Board member since 1991. Mr. Robertson is a lawyer and an accountant. He was former partner of Abbott Stillman & Wilson barrister and solicitors and barrister and general counsel of its successor firm Dibbs Abbott Stillman. He has considerable experience in property development, corporate advisory and corporate and taxation matters.
- Directorships held in other listed entities during the these years prior to the current year – Current director of Murchison Holdings Limited since 1991.

Kim Chan Koh

- Director (Non-executive) – resigned on 9 July 2016
- Qualifications – MBBS, MRCP, MRACP, DIH
- Experience – Board member since 2001. Dr Koh is a retired medical practitioner specialising in aviation medicine.
- Interest in Shares and Options – Nil Ordinary Shares and 840,000 options of Quest Investments Limited.
- Directorships held in other listed entities during the these years prior to the current year – Current director of Murchison Holdings Limited since 2001.

Hung Ngok Wong

- Director (Executive)
- Qualifications – MA, FAIA
- Interest in Shares and Options – Nil Ordinary shares and 1,740,626 options of Quest Investments Limited.
- Experience – Appointed on 26 Oct 2010, Mr Wong has over 20 years working experience in banking, accounting and auditing.
- Directorships held in other listed entities during the these years prior to the current year – Current director of Murchison Holdings Limited since 2010.

DIRECTORS' REPORT (CONT'D)

Melissa Lin Sha Chiang

Director (Non-Executive)

Qualifications

Master of Clinical Chiropractic and Bachelor of Applied Science

Interest in Shares and Options

Nil

Experience

Melissa was appointed to Board on 31 August 2016 and has been a chiropractor since 2009. Melissa practices at 2 clinics in metropolitan Melbourne.

Directorships held in other listed entities during the these years prior to the current year

Appointed director of Murchison Holdings Limited on 31 August 2016.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Grant Anthony Robertson - B. Ec, LLB., CPA, the director and company secretary of the Group. Details information for Mr Robertson can be referred to the information on the directors.

Meetings of Directors

During the financial year, 20 meetings of directors were held. Attendances by each director during the year were as follows:

Directors' Meetings		
	Number eligible to attend	Number Attended
Wee Tiong Chiang	20	20
Grant Anthony Robertson	20	20
Kim Chan Koh	20	20
Hung Ngok Wong	20	20

Indemnifying Officers or Auditor

During or since the end of the financial year the company has agreed to pay insurance premiums as follows:

The company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was HKD116,240

Wee Tiong Chiang

Grant Anthony Robertson

Kim Chan Koh

Hung Ngok Wong

Melissa Chiang

DIRECTORS' REPORT (CONT'D)

Options

At the date of this report, the unissued ordinary shares of Quest Investments Limited under option are as follows:

<u>Grant Date</u>	<u>Date of Expiry</u>	<u>Exercise Price</u>	<u>Number under option</u>
9 December 2011	9 December 2016	AUD 0.11	2,242,350
16 November 2012	16 November 2017	AUD 0.11	2,080,655
4 December 2012	4 December 2017	AUD 0.175	2,300,000
9 December 2013	9 December 2018	AUD 0.09	2,300,000
28 June 2014	28 June 2019	AUD 0.175	2,300,000
28 June 2014	28 June 2019	AUD 0.09	2,183,181
9 December 2014	9 December 2019	AUD 0.0675	2,300,000
25 April 2015	25 April 2020	AUD 0.0675	2,300,000
04 December 2015	10 December 2020	AUD 0.078	2,220,000
14 Jan 2016	6 Apr 2021	AUD 0.078	1,571,771

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Share Capital

No ordinary shares of Quest Investments Limited were issued during the year ended 30 June 2016.

Proceedings on Behalf of 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 a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Non-audit Services

The auditors of the Group and its controlled entities did not provide non-audit services during the year. This is not incompatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 24 of the Annual Report.

ASIC Class Order 98/100 Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Quest Investments Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of Quest Investments Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Consolidated Group is as follows:

- The remuneration policy is to be developed by the executive directors of the board and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, MPF, fringe benefits and options.
- No performance incentives are paid during the year.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Executive Chairman reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. Incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and options, and can recommend changes to the Executive Chairman recommendation. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution and Mandatory provident funds (MPF) which is currently 9.5% and 5% respectively and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation and MPF.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Executive Chairman of the Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Key management personnel are also entitled and encouraged to participate in the employee option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share and is valued using the Black-Scholes methodology.

Key management personnel who are subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, ie put options, on unvested shares and options which form part of their remuneration package.

REMUNERATION REPORT (CONT'D)

Performance-based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually. Following the assessment, the KPIs are reviewed by the Executive Chairman in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Quest Investments Limited bases the assessment on audited figures; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports will be obtained from organisations.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The options method has issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share prices at the end of the respective financial years.

	2012	2013	2014	2015	2016
	HKD000	HKD000	HKD000	HKD000	HKD000
Revenue	95,296	84,822	57,202	24,208	63,407
Net Profit / (loss)	(2,494)	(35,736)	(4,379)	(681)	(6,067)
Dividend	-	-	-	-	-
Share price	AUD 0.15	AUD 0.07	AUD 0.055	AUD 0.055	AUD 0.014

During the year there was on-market share buy-back. The directors felt this was appropriate as it enabled the company to tidy up odd lot shares

During the year, the share price traded between a low of AUD 0.055 and a high of AUD 0.14. The Board has decided to improve investor awareness of the company with the aim of ensuring that the company's share price is in tandem with a consistent and stable financial position of the Company.

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of share option schemes. Incentive payments provide management with a performance target which focuses upon organic sales growth utilising existing group resources.

The performance – related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to bath reinforce the short and long term goals of the group and provide a common interest between management and shareholder.

The satisfaction of the performance conditions are based on a review of the audited financial statements of the Group, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the Group at this time.

REMUNERATION REPORT (CONT'D)

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated group, and to the extent different, among the key Group executives or company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position held as at 30 June 2016 and any change during the year	Contract details (duration & termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees	Total
			%	%	%	%	%
Group Key Management Personnel							
Wee Tiong Chiang	Director	No-fixed term	35	-	-	65	100
Grant Anthony Robertson	Director	No-fixed term	-	-	-	100	100
Kim Chan Koh	Director	No-fixed term	-	-	-	100	100
Hung Ngok Wong	Director	3 months notice period	-	-	-	100	100
Other Executives							
Gek Huang Tan	Senior Manager	3 month notice period and no fixed term	-	-	-	100	100
Pui Wah Cheung	Administration manager	3 month notice period and not fixed term	-	-	-	100	100
Rudico Ayrin M.	Settlement Supervisor	3 months notice period and no fixed term	-	-	-	100	100

The employment terms and conditions of key management personnel and Group executives are formalised in contracts of employment.

Terms of employment require that the relevant Group entity provide an executive contracted person with a minimum of 1-3 months notice prior to termination of contract. Termination payments equal to the required notice of termination are generally payable. A contracted person deemed who is employed on a permanent basis may terminate their employment by providing at least one month notice. No termination payments is payable on resignation.

Non-executive directors do not have a definite employment term. No termination payments will be paid upon termination.

REMUNERATION REPORT (CONT'D)

Remuneration Details for the Year Ended 30 June 2016

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated group and, to the extent different, the key Group executives receiving the highest remuneration:

Table of Benefits and Payments for the Year Ended 30 June 2016

Group Key Management Personnel

Short-term Benefits

		Short term benefits (1)	Post employment benefit (2)	Non-Cash Benefit (1)	Equity settled share based payment (3)	Total
		HKD\$	HKD\$	HKD\$	HKD\$	HKD\$
Directors						
Wee Tiong Chiang	2016	1,145,875	65,520	660,000	-	1,871,395
	2015	1,145,025	65,520	660,000	49,720	1,920,265
Grant Anthony Robertson	2016	783,581	61,813	-	-	845,394
	2015	976,568	84,726	-	42,620	1,103,914
Kim Chan Koh	2016	144,214	-	-	-	144,214
	2015	159,196	-	-	4,622	163,818
Hung Ngok Wong	2016	240,000	12,000	-	-	252,000
	2015	240,000	12,000	-	12,397	264,397
Total	2016	2,313,670	139,333	660,000	-	3,113,003
	2015	2,520,789	162,246	660,000	109,359	3,452,394
Executives						
Gek Huang Tan	2016	318,720	20,465	-	-	339,185
	2015	324,904	20,643	-	11,062	356,609
Pui Wah Cheung	2016	148,500	10,395	-	-	158,895
	2015	203,000	13,860	-	10,020	226,880
Rudico Ayin M.	2016	418,852	29,320	-	-	448,172
	2015	375,699	26,299	-	8,129	410,127
Total	2016	886,072	60,180	-	-	946,252
	2015	903,603	60,802	-	29,211	993,616

(1) should be classified as short term benefits

(2) should be post-employment benefits

(3) equity settled share-based payments

REMUNERATION REPORT (CONT'D)

Securities Received that are not Performance Related

No members of the key management personnel are entitled to receive securities which are not performance based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

The terms and conditions relating to options and bonuses granted as remuneration during the year to key management personnel and other executives during the year are as follows:

	Remuneration Type	Grant Date	Reason for Grant (Note 1)	Percentage Vested/Paid during Year % (Note 2)	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payment
Group Key Management Personnel								
Directors								
Wee Tiong Chiang	Option	10 Dec 2015	As part of remuneration	100	-	-	-	-
Grant Anthony Robertson	Option	10 Dec 2015	As part of remuneration	100	-	-	-	-
Kim Chan Koh	Option	10 Dec 2015	As part of remuneration	100	-	-	-	-
Hung Ngok Wong	Option	14 Jan 2016	As part of remuneration	100	-	-	-	-
Executives								
Gek Huang Tan	Option	14 Jan 2016	As part of remuneration	100	-	-	-	-
Pui Wah Cheung	Option	14 Jan 2016	As part of remuneration	100	-	-	-	-
Rudico Ayrin M.	Option	14 Jan 2016	As part of remuneration	100	-	-	-	-

Note 1 The options have been granted subject to the completion of one year continued employment with Quest Investments Limited and subject to the individual meeting predetermined performance criteria. The options vest evenly at the anniversary of the grant date for 5 years.

Note 2 The dollar value of the percentage vested/paid during the period has been reflected in the Table of Benefits and Payments.

All options were issued by Quest Investments Limited and entitle the holder to one ordinary share in Quest Investments Limited for each option exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

REMUNERATION REPORT (CONT'D)

Options and Rights Granted

	For the Financial Year Ended									
	Grant Details			30 June 2016				Overall		
	Date	No.	Value HKD (Note 1)	Exercised No. (Note 2)	Exercised HKD (Note 3)	Lapsed No. (Note 4)	Lapsed HKD (Note 4)	Vested %	Unvested %	Lapsed %
Group Key Management Personnel										
Directors										
Wee Tiong Chiang	04 Dec 2015	1,150,000	-	-	-	-	-	-	-	-
Grant Anthony Robertson	04 Dec 2015	980,000	-	-	-	-	-	-	-	-
Kim Chan Koh	04 Dec 2015	90,000	-	-	-	-	-	-	-	-
Hung Ngok Wong	14 Jan 2016	340,313	-	-	-	-	-	-	-	-
Executives										
Gek Huang Tan	14 Jan 2016	340,314	-	-	-	-	-	-	-	-
Pui Wah Cheung	14 Jan 2016	311,080	-	-	-	-	-	-	-	-
Rudico Ayrin M.	14 Jan 2016	197,804	-	-	-	-	-	-	-	-
Total		3,409,511	-	-	-	-	-	-	-	-

- Note 1 The value of options granted as remuneration and as shown in the above table has been determined in accordance with applicable Australian Accounting Standards.
- Note 2 All options exercised resulted in the issue of ordinary shares in Quest Investments Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety.
- Note 3 The value of options that have been exercised during the year as shown in the above table was determined as at the time of their exercise.
- Note 4 The value of options that have lapsed during the year due to vesting conditions not being satisfied has been determined at the time of their lapsing as if vesting conditions had been satisfied.

REMUNERATION REPORT (CONT'D)

Description of Options/Rights Issued as Remuneration

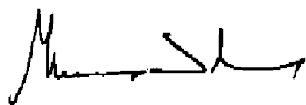
Details of the options granted as remuneration to those key management personnel and executives listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price	Value per Option at Grant Date	Amount Paid/ Payable by Recipient
				AUD	AUD	AUD
10 Dec 2015	Quest Investments Ltd	-	-	0.078	-	-
14 Jan 2016	Quest Investments Ltd	-	-	0.078	-	-

Option values at grant date were determined using the Black-Scholes method.

Details relating to service and performance criteria required for vesting have been provided in the previous table.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Wee Tiong Chiang, Director

Dated: 3rd October, 2016

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS
ACT 2001 TO THE DIRECTORS OF QUEST INVESTMENTS LIMITED AND CONTROLLED
ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- (ii) any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia

Charter Accountants

M. J. Schofield

M J Schofield

Partner

Melbourne: 3 October 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2016**

		Consolidated group	
	Note	2016 HK\$000	2015 HK\$000
Revenue	3	63,407	24,208
Cost of sales		(63,917)	(16,720)
Gross profits		(510)	7,488
Other income	3	1,525	2,252
Finance costs		(668)	(158)
Employee benefits expense		(3,180)	(3,202)
Depreciation and amortisation expense		(133)	(153)
Other operating expenses		(3,101)	(5,298)
Profit /(Loss) before income tax	4	(6,067)	929
Income tax expense	5	-	(1,610)
Loss for the year	4	(6,067)	(681)
Loss for the year		(6,067)	(681)
Other comprehensive income			
Exchange differences on translating foreign controlled entities		-	-
Other comprehensive loss for the year, net income tax		-	-
Total comprehensive loss for the year		(6,067)	(681)
Loss attributable to:			
Members of the parent entity		(6,067)	(681)
Loss for the year		(6,067)	(681)
Total comprehensive loss attributable to :			
Members of the parent entity		(6,067)	(681)
Non-controlling interest		-	-
		(6,067)	(681)
(Loss) per share			
From continuing and discontinued operations:			
Basic losses per share (cents)	8	(11.98)	(1.44)
Diluted losses per share (cents)	8	(11.98)	(1.44)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

Consolidated Group			
	Note	2016 HK\$000	2015 HK\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	2,949	2,801
Trade and other receivables	10	26,777	31,369
Other financial assets	12	8,561	417
Other current assets	15	31	57
TOTAL CURRENT ASSETS		38,318	34,644
NON-CURRENT ASSETS			
Trade and other receivables	10	41,324	41,300
Other financial assets	12	53	53
Plant and equipment	14	209	343
Other non-current assets	15	760	760
TOTAL NON-CURRENT ASSETS		42,346	42,456
TOTAL ASSETS		80,664	77,100
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	51,734	42,311
Borrowings	17	3,168	2,604
Taxation	5	1,610	1,610
TOTAL CURRENT LIABILITIES		56,512	46,525
TOTAL LIABILITIES		56,512	46,525
NET ASSETS		24,152	30,575
EQUITY			
Issued capital	18	97,743	97,743
Reserves	27	23,435	23,615
Accumulated losses		(97,026)	(90,783)
Parent interest		24,152	30,575
TOTAL EQUITY		24,152	30,575

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2016
Consolidated Group

	Reserves				Accumulated Losses	Non- controlling interests	Total
	Ordinary share	Capital Profits	Share Options	Foreign Currency Translation			
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
Balance at 1 July 2015	97,743	7,100	2,082	14,433	(90,783)	-	30,575
Comprehensive income							
Loss for the year	-	-	-	-	(6,067)	-	(6,067)
Loss After tax refund					-		-
Other Comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(6,067)	-	(6,067)
Transactions with owners, in their capacity as owners, & other transfers							
Prior Year adjustment	-	-	-	176	(176)	-	-
Share option granted/(lapsed)	-	-	(356)	-	-	-	(356)
Total transactions with owners and other transfers	-	-	(356)	176	(176)	-	(356)
Balance at 30 June 2016	97,743	7,100	1,726	14,609	(97,026)	-	24,152

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2016
Consolidated Group

	Ordinary share	Reserves			Accumulated Losses	Non- controlling interests	Total
		Capital Profits	Share Options	Foreign Currency Translation			
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
Balance at 1 July 2014	96,744	7,100	2,002	14,433	(90,102)	-	30,177
Comprehensive income							
Loss for the year	-	-	-	-	(681)	-	(681)
Other Comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(681)	-	(681)
Transactions with owners, in their capacity as owners, & other transfers							
Share bought back	(10)	-	-	-	-	-	(10)
Share issued	848	-	-	-	-	-	848
Others	161						161
Share option granted	-	-	80	-	-	-	80
Total transactions with owners and other transfers	999	-	80	-	-	-	1,079
Balance at 30 June 2015	97,743	7,100	2,082	14,433	(90,783)	-	30,575

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2016

		Consolidated group	
	Note	2016	2015
		HK\$000	HK\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		58,875	25,061
Payments to suppliers and employees		(58,616)	(25,018)
Dividend received		7	5
Interest received		10	14
Finance costs		(668)	(158)
Net cash used in operating activities	22	(392)	(96)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds received from disposal plant and equipment		1	4
Payment to related companies		(25)	(150)
Net cash used in investing activities		(24)	(146)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	1,009
Payment for share buy back		-	(10)
Net cash provided by financing activities		-	999
Net (decrease) / increase in cash held		(416)	757
Cash and cash equivalents at beginning of financial year		197	(560)
Cash and cash equivalent at end of financial year	9	(219)	197

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

This consolidated financial statements and notes of Quest Investments Limited and controlled entities ('Consolidated Group' or 'Group'). The separate financial statements of the parent entity, Quest Investments Limited have not been presented within this financial reports as permitted by the *Corporation Act 2001*.

Note 1: Summary of significant accounting policies

Basis of Preparation

The financial statements are a general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Quest Investments Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 13.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealized gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognizes non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(a) Principles of Consolidation (cont'd)

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognized (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognizing any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the Statement of profit or loss and other comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognized outside profit or loss.

Except for business combinations, no deferred income tax is recognized from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the assets or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(c) Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed asset	Depreciation Rate
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(e) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as 'at fair value through profit or loss', in which case transaction costs are expensed to statement of comprehensive income immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(e) Financial Instruments (cont'd)

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in statement of comprehensive income.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.) Gains or losses are recognized in profit or loss through the amortisation process and when the financial asset is derecognised.

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets. Gains or losses are recognized in profit or loss through the amortisation process and when the financial asset is derecognised.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets, where they are expected to be sold mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

v. *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(e) Financial Instruments (cont'd)

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(f) Impairment of Assets

At each the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in statement of comprehensive income, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(g) Investments in Associates

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition the Group's share of the profit or loss of the associate company is included in the Group's statement of comprehensive income.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of the investment is recognised in statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

Profit or loss resulting from transactions between the Group and the associate are eliminated to the extent of the relation to the Group's investment in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume the recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are provided in Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Hong Kong dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Hong Kong dollars are recognized in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(i) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(j) Equity-settled compensation

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(m) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the state of completion of the transaction at the end of the reporting period where outcome of the contract can be estimate reliably. Stage of completion is determined with reference to the service performed to date as a percentage of total anticipated services to be performed where the outcome cannot be estimated reliably, revenue is recognized only to the extent that related expenditure is recoverable.

(n) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(o) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in statement of profit or loss and other comprehensive income in the period in which they are incurred.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has applied retrospectively, applied an accounting policy made a retrospective restatement of items in the financial statements, or reclassified items in its financial statements an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(s) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(t) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of plant and equipment and trade and others receivable for the year ended 30 June 2016.

Key Judgments

Recoverability of receivables from associates

Included in non-current term receivables at the end of the reporting period are amounts owing to the Group from the related companies of HKD24 million (2015: 24 million). The balance has been transferred from former associated companies to amount owing to the Group from related companies because the ownership were transferred to Wee Tiong Chiang, the chairman of the Group as disclosed in Note 11 in the notes to the financial statements. A director of these companies has pledged to provide continued financial support to enable them to meet their debts as and when they fall due. As such the directors believe the full amount of the receivables are recoverable and therefore no provision for impairment has been made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(u) New Accounting Standards for Application in Future Periods (Cont'd)

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated amending standards (applicable to annual reporting periods beginning on or after 1 January 2018). The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting. The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective. Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers and associated amending standards (applicable to annual reporting periods beginning on or after 1 January 2018 as further amended by AASB 2015-8). When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process: identify the contract(s) with a customer; identify the performance obligations in the contract(s); determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the performance obligation is satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117 and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new standard include:

Recognition of a right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);

Depreciation of right-to-use assets in-line with AASB 116 Property, plant and equipment in profit or loss and unwinding of the liability in principal and interest components;

Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(u) New Accounting Standards for Application in Future Periods (Cont'd)

By applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account all components as a lease; and

Additional disclosure requirements.

The transitional provisions of this standard allows a lessee to either retrospectively apply the standard to comparatives

in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Error; or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard clarifies that using revenue-based methods to calculate the depreciation of an asset is not appropriate and hence not allowable. AASB 2014-4 is required to be prospectively applied and not expected to impact the Group's financial statements.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (applicable to annual reporting periods beginning on or after 1 January 2016)

Amends a number of pronouncements as a result of the IASBs 2012-2014 annual improvements cycle.

Key amendments include:

AASB 5 – Change in methods of disposal

AASB 7 – Servicing contracts and applicability of the amendments to AASB7 to condensed interim financial statements.

AASB 119 – Discount rate: regional market issue; and

AASB 134 – Disclosure of information 'elsewhere in the interim financial report'

The adoption of this standard is not expected to significantly impact the financial statements of the Group.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 makes amendments to AASB 101 Presentation of financial statements (applicable to annual reporting periods beginning on or after 1 January 2016)

The changes clarify that entities should not be disclosing immaterial information and that the presentation of information in notes can and should be tailored to provide investors and other users with the clearest story of an entity's financial performance and financial position.

The adoption of this standard will change financial statement disclosure of the Group.

AASB 2016-1: Amendments to Australian Accounting Standards- Recognition of Deferred tax Assets for Unrealised Losses (applicable to annual reporting periods beginning on or after 1 January 2017)

This standard makes amendments to AASB 112 Income Taxes to clarify that:

Restrictions in tax laws that do not permit the offset of deductible temporary difference reversals against a particular source of taxable profit should be considered;

An entity should compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences; and

The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this

The transitional provisions require the amendments to be retrospectively applied as per AASB 108 Accounting Policies, Changes in Accounting Estimates and Error.

The adoption of this standard is not expected to significantly impact the financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Summary of significant accounting policies (Cont'd)

Basis of Preparation

(u) New Accounting Standards for Application in Future Periods (Cont'd)

AASB 2016-2: Amendments to Australian Accounting Standards- Recognition of Deferred tax Assets for Unrealised Losses (applicable to annual reporting periods beginning on or after 1 January 2017)

This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The adoption of this standard is not expected to significantly impact the financial statements of the Group.

(v) Going Concern Basis of Preparation

The directors have prepared the financial statements on a going concern basis. The group has a current asset deficiency of HKD18,195,000 (2015: HKD11,881,190). The group and the Company reported an after tax loss of HKD6,067,114 (2015: HKD681,796) and HKD1,487,174 (2015: 1,560,496), respectively, for the year and its continuance in business as a going concern is dependent upon the Group having ongoing financial support from its major shareholder. The accounts have been prepared on a going concern basis as the Group's ultimate holding company has pledged to provide continuing financial support to the Group for a period of not less than twelve months from the date of the directors' declaration. If the ultimate holding company withdraws its ongoing financial support then these conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company and consolidated entity to continue as a going concern and to be able to pay their debts as and when they fall due and therefore, the company and the consolidated entity may be unable to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 2: Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

STATEMENT OF FINANCIAL POSITION

ASSETS

	2016 HKD\$000	2015 HKD\$000
Current assets	1,517	9,820
Non-current assets	46,431	35,220
TOTAL ASSETS	47,948	45,040

LIABILITIES

Current liabilities	17,975	13,728
TOTAL LIABILITIES	17,975	13,728

NET ASSETS

29,973	31,312
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EQUITY

Issued capital	97,743	97,743
Accumulated losses	(117,789)	(116,806)
Reserve	50,019	50,375
TOTAL EQUITY	29,973	31,312

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSSES

Total losses	(983)	(1,560)
Total comprehensive losses	(983)	(1,560)

Guarantees

Quest Investments Limited has not entered into any guarantees in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent Liabilities

At 30 June 2016 Quest Investments Limited had no contingent liabilities.

Contractual Commitments

At 30 June 2016 Quest Investments Limited has not entered into any contractual commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 3: Revenue and Other Income

	Consolidated Group	
	2016	2015
	HKD\$000	HKD\$000
a. Revenue from continuing operations		
Sales revenue:		
– Proceeds from sales of quoted securities	61,968	15,794
– Commission	1,384	2,453
– Corporate Advisory	55	5,961
	<hr/> 63,407	<hr/> 24,208
Other revenue:		
– Dividend received:		
– other persons	7	5
Interest received		
– other persons	10	14
– Unrealised gain on stock	708	473
– Exchange gain	38	63
– Other revenue	762	1,697
	<hr/> 1,525	<hr/> 2,252
Total Revenue	<hr/> 64,932	<hr/> 26,460
(b) Total revenue and other income from continuing operations		
– Attributable to member of the parent entity	64,932	26,460
	<hr/> 64,932	<hr/> 26,460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 4: Profit / (Loss) for the year

	Consolidated Group	
	2016	2015
	HKD\$000	HKD\$000
Profit / (Loss) before income tax from continuing operations includes the following specific expenses		
Expenses		
Cost of sales	63,917	16,720
Interest expense on financial liabilities not at fair value through profit or loss		
– other persons	668	158
Rental expense on operating leases		
– rental expenses	953	1,158
Depreciation and amortisation	133	153
Employee benefit expenses		
– Defined contribution superannuation expenses	141	153

Note 5: Income Tax Expense

	Consolidated Group	
	2016	2015
	HKD\$000	HKD\$000
a. The components of tax expenses comprises		
(Tax refund) / Current tax	-	1,610
	-	1,610
b. The total charges for the year can be reconciled to the profit per the consolidated income statement as follows:		
(loss) / Profit for the year before income tax	(6,067)	929
Income tax on profit / (loss) before tax at 30% (2015: 30%)		
– consolidated group	(1,820)	279
Add : effect of tax :		
– tax rate differences in other taxation jurisdiction	590	410
Effect of tax losses not recognized	1,230	(689)
Assessable income attributable to subsidiary operating as a standalone tax payer	-	1,610
Income tax attributable to entity	-	1,610
Deferred income tax assets relating to temporary differences and unused tax losses not brought to account	65,490	63,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 6: Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2016.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2016 HKD\$000	2015 HKD\$000
Short-term employee benefits	3,859	4,084
Post-employment benefits	200	223
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	31	139
	<u>4,059</u>	<u>4,446</u>

KMP Options and Rights Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2016	Balance at beginning of year	Granted as remuneration during the year	Exercised /lapsed during the year	Other changes during the year	Balance at end of year	Vested at during the year	Vested and exercisable	Vested and unexercisable
Directors								
Wee Tiong Chiang	6,144,989	1,150,000	(440,000)	-	6,854,989	-	-	-
Grant Anthony Robertson	6,162,639	980,000	(440,000)	-	6,702,639	-	-	-
Kim Chan Koh	750,000	90,000	(110,000)	-	730,000	-	-	-
Hung Ngok Wong	1,400,313	340,313	(340,313)	-	1,400,313	-	-	-
Executives								
Gek Huang Tan	1,703,728	340,314	(340,314)	-	1,703,728	-	-	-
Pui Wah Cheung	1,554,737	311,080	(311,080)	-	1,554,767	-	-	-
Rudico Ayrin M.	1,255,407	197,804	(197,084)	-	1,226,127	-	-	-
Total	<u>18,971,813</u>	<u>3,409,511</u>	<u>(2,178,791)</u>	<u>-</u>	<u>20,172,563</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
Note 6: Interests of Key Management Personnel (KMP) (Cont'd)

30 June 2015	Balance at beginning of year	Granted as remuneration during the year	Exercised /lapsed during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercisable	Vested and unexercisable
Directors								
Wee Tiong Chiang	4,644,989	1,500,000	-	-	6,144,989	-	-	-
Grant Anthony Robertson	4,882,639	1,280,000	-	-	6,162,639	-	-	-
Kim Chan Koh	610,000	140,000	-	-	750,000	-	-	-
Hung Ngok Wong	1,020,313	380,000	-	-	1,400,313	-	-	-
Executives								
Gek Huang Tan	1,352,951	350,777	-	-	1,703,728	-	-	-
Pui Wah Cheung	1,237,016	317,721	-	-	1,554,737	-	-	-
Rudico Ayrin M.	997,634	257,773	-	-	1,255,407	-	-	-
Total	14,745,542	4,226,271	-	-	18,971,813	-	-	-

KMP Shareholdings

The number of ordinary shares in Quest Investments Limited held by each KMP of the Group during the financial year is as follows:

30 June 2016	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Directors					
WeeTiong Chiang (1)	3,864,530	-	-	55,124	3,919,654
WeeTiong Chiang (1)	405,366	-	-	-	405,366
WeeTiong Chiang (1)	1,524,000	-	-	-	1,524,000
WeeTiong Chiang (1)	2,318,070	-	-	-	2,318,070
WeeTiong Chiang (1)	553,853	-	-	-	553,853
Grant Anthony Robertson (2)	6,000	-	-	-	6,000
Grant Anthony Robertson (3)	213,075	-	-	-	213,075
Executives					
Gek Huang Tan	24,100	-	-	-	24,100
Gek Huang Tan (2)	6,000	-	-	-	6,000
	8,914,994	-	-	55,124	8,970,118

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
Note 6: Interests of Key Management Personnel (KMP) (Cont'd)

30 June 2015	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Directors					
WeeTiong Chiang (1)	2,991,978	-	-	872,552	3,864,530
WeeTiong Chiang (1)	405,366	-	-	-	405,366
WeeTiong Chiang (1)	1,524,000	-	-	-	1,524,000
WeeTiong Chiang (1)	2,318,070	-	-	-	2,318,070
WeeTiong Chiang (1)	-	-	-	553,853	553,853
Grant Anthony Robertson (2)	6,000	-	-	-	6,000
Grant Anthony Robertson (3)	213,075	-	-	-	213,075
Kim Chan Koh	-	-	-	-	-
Executives					
Gek Huang Tan	24,100	-	-	-	24,100
Gek Huang Tan (2)	6,000	-	-	-	6,000
Total	7,488,589	-	-	1,426,405	8,914,994

Note

(1) 3,919,654 (2015: 3,864,530) ordinary shares are relevant interest in own name.

405,366 (2015: 405,366) ordinary shares are relevant interest as director of Toptrend Group Limited.

1,524,000 (2015: 1,524,000) ordinary shares are relevant interest as director of Samfield Investments Limited.

2,318,070 (2015: 2,318,070) ordinary shares are relevant interest as director of Even More Profits Limited.

553,853 (2015: 553,853) ordinary shares are relevant interest as director of Meredeen Investments Limited.

(2) 6,000 (2015: 6,000) ordinary shares are relevant interest as a director of Jondara Pty Limited.

(3) 213,075 (2015: 213,075) ordinary shares are relevant interest as a director of Serenar Nominees Pty Ltd.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 25: Related Party Transaction.

No loans to KMP have been made during the year.

Note 7: Auditors' Remuneration

	Consolidated Group	
	2016 HKD\$000	2015 HKD\$000
Remuneration of the auditor of the parent entity for:		
– auditing or reviewing the financial statements	243	190
Remuneration of other auditors of subsidiaries for:		
– auditing or reviewing the financial statements of subsidiaries	105	192
	348	382

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 8: Earnings per Share

		Consolidated Group	
		2016	2015
		HKD\$000	HKD\$000
a.	Reconciliation of Earnings to Loss		
	Loss for the year	(6,067)	(681)
	Losses used to calculate basic EPS	(6,067)	(681)
b.	Reconciliation of earnings to loss from continuing operations		
	Loss from continuing operations	(6,067)	(681)
	Losses used in the calculation of basic and diluted EPS from continuing operations	(6,067)	(681)
		No.	No.
c.	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		
	Weighted average number of ordinary shares outstanding	47,341,470	47,341,470
	Weighted average number of options outstanding	14,993,154	12,180,095
	Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	62,334,624	59,521,565

Note 9: Cash and Cash Equivalents

		Consolidated Group	
		2016	2015
		HKD\$000	HKD\$000
Cash at bank and in hand		2,949	2,801
	26	2,949	2,801

Cash at bank includes HK\$2,125,866 (2015: HK\$687,346) pledged as security for overdraft facilities. The effective interest rate on short-term bank deposits was less than 1% (2015: less than 1%); these deposits have an average maturity of seven to thirty days.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		2,949	2,801
Bank overdrafts	17	(3,168)	(2,604)
		(219)	197

A floating charge over cash and cash equivalents has been provided to Wing Hang Bank in Hong Kong to secure the finance facilities of the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 10: Trade and Other Receivables

	Consolidated Group	
	2016	2015
	HKD\$000	HKD\$000
CURRENT		
Trade receivables	15,580	27,899
Provision for impairment	-	-
Other receivables	11,197	3,470
Total current trade and other receivables	26,777	31,369
NON-CURRENT		
Term receivables	41,324	41,300
Provision for impairment	-	-
	41,324	41,300
Amounts receivable from:		
- Ultimate parent entity	-	17,585
- Related companies	17,238	-
- Other receivables	24,086	23,715
Total non-current trade and other receivables	41,324	41,300

Current trade and term receivables are non-interest bearing and generally on 30-120 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairments is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item. No provision of impairment has been provided in the accounts during the year.

The equity interest in Quest Securities Limited and Meredeen Investments Limited were sold to Wee Tiong Chiang during the financial year 2014, the chairman of the group for HKD1.00 each. Since the entire investment in Quest Securities Limited and Meredeen Investments Limited has written off by the consolidated entity, no gain or loss have been recognised from the above two associate companies in 2014. The amounts due from the above associate companies were restated to confirm with current year presentation.

Credit Risk – Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant credit risk exposures in Hong Kong given its substantial operations in this region. The Group's exposure to credit risk for receivables at the end of the reporting period in this region is as follows:

	Note	Consolidated Group	
		2016	2015
		HKD\$000	HKD\$000
Hong Kong		60,407	47,522
Australia		7,694	25,147
	26	68,101	72,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 10: Trade and Other Receivables (Cont'd)

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount HKD\$000	Past due and impaired HKD\$000	Past due but not impaired (days overdue)				Within initial trade terms HKD\$000
			< 30	31-60	61-90	> 90	
			HKD\$000	HKD\$000	HKD\$000	HKD\$000	
Consolidated Group							
2016							
Trade and term receivables	15,580	-	-	-	-	-	15,580
Other receivables	11,197	-	-	-	-	-	11,197
Total	26,777	-	-	-	-	-	26,777
2015							
Trade and term receivables	27,899	-	-	-	-	-	27,899
Other receivables	3,470	-	-	-	-	-	3,470
Total	31,369	-	-	-	-	-	31,369

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

a. Collateral held as security

No collateral is held as security.

b. Collateral pledged

No charge over trade receivables has been provided for during the year. Refer to the note 17 for further details.

Note 11: Associated Companies

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying amount of investment	
				2016	2015	2016	2015
Unlisted:				%	%	HKD\$000	HKD\$000
Quest Marine Resources Limited	Seafood Product	Australia	Ordinary	43.37%	43.37%	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 12: Other Financial Assets		Consolidated Group	
	Note	2016 HKD\$000	2015 HKD\$000
Current			
Financial assets at fair value through profit or loss	(a)	8,561	417
Non-Current			
Available-for-sale financial assets	(b)	53	53
Total Financial Assets		8,614	470
(a) Financial assets at fair value through profit or loss			
Held-for-trading listed shares	26	8,561	417
Shares held for trading are traded for the purpose short-term profit taking. Changes in fair value are included in the statement of comprehensive income.			
(b) Available-for-sale financial assets comprise:			
Unlisted investments, at cost			
– Shares in unlisted corporations		53	53
Total available-for-sale financial assets	26	53	53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 13: Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2016	2015
Parent Entity:			
Quest Investments Limited	Australia	-	-
Ultimate Parent Entity			
Murchison Holdings Limited	Australia	-	-
Subsidiaries of Quest Investments Limited			
Quest Securities (Australia) Limited	Australia	100	100
Genequest Pty Ltd.	Australia	100	100
Techgene Pty Ltd.	Australia	100	100
Tivuna Pty Limited	Australia	100	100
MQ Holdings Limited	British Virgin Islands	100	100
Quest Stockbrokers (HK) Limited	Hong Kong	100	100
Quest Nominees Limited	Hong Kong	100	100
Quest Investments Limited	Hong Kong	100	100
Quest Telecom Limited	Hong Kong	100	100

* Percentage of voting power is in proportion to ownership

(b) Acquisition of Controlled Entities

There were no acquisitions of subsidiaries during the year.

(c) Disposal of Controlled Entities

There were no disposals of subsidiaries during the year.

(d) Controlled Entities with Ownership interest of 50% or Less

The group does not control any entity with equity interest of 50% or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 14: Plant and Equipment

	Consolidated Group	
	2016 HKD\$000	2015 HKD\$000
At cost	1,181	1,179
Accumulated depreciation	(972)	(836)
	<u>209</u>	<u>343</u>

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year

Consolidated Group	Plant and Equipment HKD\$000	Total HKD\$000
Balance at 1 July 2014	500	500
Additions	(4)	(4)
Depreciation Expenses	(153)	(153)
Balance at 30 June 2015	<u>343</u>	<u>343</u>
Disposals	(1)	(1)
Depreciation Expenses	(133)	(133)
Balance at 30 June 2016	<u><u>209</u></u>	<u><u>209</u></u>

Note 15: Other Assets

	Consolidated Group	
	2016 HKD\$000	2015 HKD\$000
CURRENT		
Prepayments	<u>31</u>	<u>57</u>
NON-CURRENT		
Funds reserves	400	400
HKCC Membership	<u>360</u>	<u>360</u>
	<u><u>760</u></u>	<u><u>760</u></u>

Funds reserves represents deposits with and refundable admission fee paid to Hong Kong Securities Clearing Company Limited and deposits with the Stock Exchange of Hong Kong Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 16: Trade and other payables

Note

Consolidated Group

		2016 HKD\$000	2015 HKD\$000
CURRENT			
Trade payables		37,401	26,894
Amounts payable to:			
– Parent entity		14,333	15,417
		<u>51,734</u>	<u>42,311</u>

**Financial liabilities at amortised cost
classified as trade and other payables**

Trade and other payables

– Total Current		51,734	42,311
	26	<u>51,734</u>	<u>42,311</u>

Note 17: Borrowings

CURRENT

Secured liabilities

Bank overdrafts	17(a)	3,168	2,604
Total current borrowings	26	<u>3,168</u>	<u>2,604</u>

a. Total current secured liabilities :

Bank overdrafts		3,168	2,604
		<u>3,168</u>	<u>2,604</u>

b. **Collateral Provided**

The bank overdraft is secured by fixed deposit, and available for sale securities pledged with the bank and a personal guarantee from a director.

The carrying amount of assets pledged as security are :

Available for sale assets	655	315
Pledged deposits	739	687
Total	<u>1,394</u>	<u>1,002</u>

Cash at bank includes HK\$1,394,244 (2015: HK\$687,346) pledged as security for overdraft facilities. The effective interest rate on short-term bank deposits was less than 1% (2015: less than 1%); these deposits have an average maturity of seven to thirty days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 18: Issued Capital

	Note	Consolidated Group	
		2016 HKD\$000	2015 HKD\$000
50,630,639 (2015 : 50,630,639) fully paid ordinary shares		97,743	97,743
a. Ordinary Shares		No	No.
At the beginning of reporting period		50,630,639	47,764,107
Shares issued by placing			
Shares issued during the year		-	
26 January 2015		-	1,382,382
29 January 2015		-	1,383,853
Shares bought back during the year		-	
10 October 2015		-	(33,036)
Correcting shares issued by placing		-	133,333
At the end of the reporting period		50,630,639	50,630,639

There is no change in total number of shares during the year.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options

- For information relating to the Quest Investments Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 23: Share-based Payments.
- For information relating to share options issued to key management personnel during the financial year, refer to Note 23: Share-based Payments.

c. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 18: Issued Capital (Cont'd)

c. Capital Management (Cont'd)

The gearing ratio's for the year ended 30 June 2016 and 30 June 2015 are as follows:

	Note	Consolidated Group	
		2016 HKD\$000	2015 HKD\$000
Total borrowings	17	3,168	2,604
Trade and other payable	16	51,734	42,311
Less cash and cash equivalents	9	(2,949)	(2,801)
Net equity		51,953	42,114
Total equity		24,152	30,575
Total capital		76,105	72,689
Gearing ratio		68%	58%

Note 19: Capital and Leasing Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable — minimum lease payments

– not later than 12 months	845	845
– between 12 months and 5 years	563	1,408
– greater than 5 years	-	-
	1,408	2,253

Operating lease payment represent rental payable by the company for its office premises. The lease is negotiated for a term of twenty months with fixed monthly rentals.

Note 20: Contingent Liabilities and Contingent Assets

There were no significant contingent liabilities and contingent assets at 30 June 2016 and subsequent to the financial year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 21: Operating Segments

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

Types of products and services by segment

(i) Business segments

- Investments are invested in marketable securities.
- Stockbroking is provision of share trading services to clients.
- Provision of telecom services to clients.
- Provision of corporate advisory services; corporate restructuring and related services to clients.

(ii) Geographical segments

The economic entity's business segments are located in Australia with the Investments and Stockbroking division also having operations in the Australia and Hong Kong.

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

b. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

c. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

d. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Current tax liabilities
- Other financial liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 21: Operating Segments (Cont'd)

e. Segments performance

	Consolidated Group				
	Investment	Stockbroking	Telecom	Corporate Advisory	Total
	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
30 June 2016					
REVENUE					
External Sale	43,158	1,384	18,810	55	63,407
Sale to related Company	-	-	-	-	-
Other revenue	1,266	171	-	88	1,525
Total segment revenue	44,424	1,555	18,810	143	64,932
Reconciliation of segment revenue to group revenue					
Inter-segment elimination	-	-	-	-	-
Total group revenue	44,424	1,555	18,810	143	64,932
Segment net profit/(loss) before tax from continuing operations	(2,268)	(3,527)	(73)	(199)	(6,067)
Reconciliation of segment result to group net profit/(loss) before tax	-	-	-	-	-
- Impairment in investment	-	-	-	-	-
- Equity accounted profits of associates	-	-	-	-	-
Net profit (loss) before tax from continuing operations	(2,268)	(3,527)	(73)	(199)	(6,067)
	Consolidated Group				
	Investment	Stockbroking	Telecom	Corporate Advisory	Total
	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
30 June 2015					
REVENUE					
External Sale	7,806	2,454	7,987	-	18,247
Sales to related Company	-	-	-	5,961	5,961
Other revenue	893	186	5	1,168	2,252
Total segment revenue	8,699	2,640	7,992	7,129	26,460
Reconciliation of segment revenue to group revenue					
Inter-segment elimination	-	-	-	-	-
Total group revenue	8,699	2,640	7,992	7,129	26,460
Segment net profit/(loss) before tax from continuing operations	(1,782)	(2,448)	(384)	5,543	929
Reconciliation of segment result to group net profit/(loss) before tax					
- Impairment in investment	-	-	-	-	-
- Equity accounted profits of associates	-	-	-	-	-
Net profit (loss) before tax from continuing operations	(1,782)	(2,448)	(384)	5,543	929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 21: Operating Segments (Cont'd)

e. Segments performance (cont'd)

	Consolidated Group				
	Investment	Stockbroking	Telecom	Corporate Advisory	Total
30 June 2016	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
Segment Assets	45,915	28,103	385	6,261	80,664
Segment assets increases for the year – capital expenditure	-	-	-	-	-
	45,915	28,103	385	6,261	80,664
Included in segment assets are:					
- Equity accounted associates	-	-	-	-	-
Reconciliation of segment assets to group assets					
Inter-segment eliminations					-
Total group assets					<u>80,664</u>

	Consolidated Group				
	Investment	Stockbroking	Telecom	Corporate Advisory	Total
30 June 2015	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
Segment Assets	36,956	33,392	302	6,450	77,100
Segment assets increases for the year – capital expenditure	-	-	-	-	-
	36,956	33,392	302	6,450	77,100
Included in segment assets are:					
- Equity accounted associates	-	-	-	-	-
Reconciliation of segment assets to group assets					
Inter-segment eliminations					-
Total group assets					<u>77,100</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 21: Operating Segments (Cont'd)

e. Segments performance (cont'd)

30 June 2016	Consolidated Group				Total
	Investment	Stockbroking	Telecom	Corporate Advisory	
Segment liabilities	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
Reconciliation of segment liabilities to group liabilities	47,295	6,240	1,096	1,881	56,512
Inter-segment eliminations					
Unallocated liabilities					
Current tax liabilities					
Total group liabilities	47,295	6,240	1,096	1,881	56,512

30 June 2015	Consolidated Group				Total
	Investment	Stockbroking	Telecom	Corporate Advisory	
Segment liabilities	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
Reconciliation of segment liabilities to group liabilities	38,453	5,670	533	1,869	46,525
Inter-segment eliminations	-	-	-	-	-
Unallocated liabilities	-	-	-	-	-
Current tax liabilities	-	-	-	-	-
Total group liabilities	38,453	5,670	533	1,869	46,525

Revenue by Geographical region

Segment Revenues for External Customers

	2016	2015
	HKD\$000	HKD\$000
Australia	967	7,189
Hong Kong	63,965	19,271
Total revenue	64,932	26,460

Assets by Geographical region

	2016	2015
	HKD\$000	HKD\$000
Australia	31,396	31,535
Hong Kong	49,268	45,565
Total Assets	80,664	77,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 22: Cash Flow Information

	Consolidated Group	
	2016 HKD\$000	2015 HKD\$000
(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(6,067)	(681)
Non-cash flows in profit		
Depreciation	133	153
Share based payment expenses	(356)	80
Unrealized gain on stocks	(472)	-
Changes in assets and liabilities		
Increase/ Decrease) in trade and others receivables	2,307	(2,339)
Increase in trade payables and accruals	11,735	1,726
Decrease in marketable securities	(7,672)	965
Cash (outflows) / inflows from operating activities	(392)	(96)

(b) Acquisition / disposal of entities

During the financial year ended 30 June 2016, the Group did not acquire any equity interest of a company.

(c) Non-cash Financing and Investing Activities

There were no non-cash financing and investing activities.

(d) Credit standby arrangement with banks

	2016 HKD\$000	2015 HKD\$000
Credit facility	37,000	37,000
Amount utilised	(3,168)	(2,604)
	33,832	34,396

The bank overdraft is secured by fixed deposit, and available for sale securities pledged with the bank and a personal guarantee from a director.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 23: Share Based Payments

- i. During the year, 3,791,771, and were granted to directors with more than one year of full-time service under the Quest Investments Limited director option plan to take up ordinary shares at an exercise price of AUD 0.078. The options are exercisable on or before 10 December 2020. The options hold no voting or dividend rights and are not transferable
- ii. The company established the Employee Share Option Scheme on 4 December 2012 as a long-term incentive scheme to recognize talent and motivate executives to strive for group performance. All employees are entitled to participate in the scheme upon completion of one year employment with the consolidated group. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including growth in shareholder return, return on equity, cash earnings and group EPS growth.

- iii. Options granted to key management personnel are as follows:

Grant Date	Directors	Total Number of Option
04 Dec 2015	WeeTiong Chiang	1,150,000
04 Dec 2015	Grant Anthony Robertson	980,000
04 Dec 2015	Kim Chan Koh	90,000
04 Dec 2015	Hung Ngok Wong	340,313
Executives		
14 Jan 2016	Gek Huang Tan	340,314
14 Jan 2016	Pui Wah Cheung	311,080
14 Jan 2016	Rudico Ayrin M.	197,804

Further details of these options are provided in the directors' report. The options hold no voting or dividend rights. The options lapse when a director ceases their employment with the Group. During the financial year, options vested with key management personnel.

Options are forfeited 2 days after the holder ceases to be employed by the Group, unless the Board determines otherwise (this is usually only in the case of retirement, redundancy, death or disablement).

- iv. During the year 1,571,771 share options were granted to employee as share based payment.

A summary of the movements of all company options issued is as follows:

	Number	Weighted average exercise price
		AUD
Options outstanding as at 30 June 2014	16,181,933	0.120
Granted	4,600,000	0.0675
Exercised /forfeited	(474,106)	0.12
Options outstanding as at 30 June 2015	20,307,827	0.108
Granted	3,791,771	0.078
Forfeited	(3,512,490)	0.075
Options outstanding as at 30 June 2016	20,587,108	0.108
Options exercisable as at 30 June 2016	20,587,108	0.108
Options exercisable as at 30 June 2015	20,307,827	0.108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 23: Share Based Payments (Cont'd)

- v. The weighted average remaining contractual life of options outstanding at year end was 4.33 years.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was AUD 0.108 (2015: AUD 0.108). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

	Employee Retention Option Scheme	Director Retention Option Scheme
Issue Date:	14 Jan 2016	04 Dec 2015
Expire Date	14 Jan 2020	04 Dec 2020
Weighted average exercise price	AUD0.078	AUD0.078
Weighted average life of the option:	5 years	5 years
Expected share price volatility:	15%	15%
Risk-free interest rate:	4.69%	4.69%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

During the year, no shares granted to key management personnel as share-based payments.

Note 24: Events after the Reporting Period

No event after the reporting period has to be disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 25: Related Party Transactions

	Consolidated Group	
	2016 HKD\$000	2015 HKD\$000
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
Related Companies		
Profession income charged by Quest Securities (Australia) Ltd to Murchison Holdings Ltd for corporate advisory	-	5,961
Commission income charged by Quest Stockbrokers (HK) Limited to Meredeen Investments Limited	519	24
Commission income charged by Quest Stockbrokers (HK) Limited to Quest Securities Limited	204	31
	<u>723</u>	<u>6,016</u>
Term receivables from :		
Quest Securities Limited	14,899	14,483
Meredeen Investments Limited	9,187	9,221
	<u>24,086</u>	<u>23,704</u>
Account receivable from :		
Murchison Holdings Limited	2,904	15,418

During the financial year 2014, the equity interest in Quest Securities Limited and Meredeen Investments Limited were sold to Wee Tiong Chiang, the chairman of the group for HKD1.00 each. Since the entire investment in Quest Securities Limited and Meredeen Investments Limited were fully written off by the consolidated entity, no gain or loss have been recognized from the above two associate companies in 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 26: Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2016 HKD\$000	2015 HKD\$000
Financial Assets			
Cash and cash equivalents	9	2,949	2,801
Financial assets at fair value through profit and loss	12	8,561	417
Trade and other receivables	10	68,101	72,669
Available-for-sale financial assets			
— unlisted investments	12	53	53
Total Financial Assets		79,664	75,940
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	16	51,734	42,311
— Borrowings	17	3,168	2,604
— Taxation	5	1,610	1,610
Total Financial Liabilities		56,512	46,525

Financial Risk Management Policies

The Chairman and Chief Financial Officer have been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The Chairman and Chief Financial Officer monitor the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. They also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk.

The Chairman and Chief Financial Officer overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk).

There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 26: Financial Risk Management (Cont'd)

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 to 120 days from the invoice date.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 10.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 10.

Credit risk related to balances with banks and other financial institutions is managed by the executive chairman and chief financial officer in accordance with approved Board policy.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The Group's policy is to ensure the borrowings should mature in any 12 month period.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable immediately subject to further mutually negotiation.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 26: Financial Risk Management (Cont'd)

Financial liability and financial asset maturity analysis

Consolidated Group	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
Borrowings	3,168	2,604	-	-	-	-	3,168	2,604
Trade and other payables (excluding estimated annual leave)	51,734	42,311	-	-	-	-	51,734	42,311
Taxation	1,610	1,610	-	-	-	-	1,610	1,610
Total contractual outflows	56,512	46,525	-	-	-	-	56,512	46,525
less bank overdrafts	(3,168)	(2,604)	-	-	-	-	(3,168)	(2,604)
Total expected outflows	53,344	43,921	-	-	-	-	53,344	43,921
Financial assets — cash flows realisable								
Cash and cash equivalents	2,949	2,801	-	-	-	-	2,949	2,801
Trade, term and loans receivables	26,777	31,369	41,324	41,300	-	-	68,101	72,669
Financial assets-current	8,561	417	-	-	-	-	8,561	417
Other current assets	53	53	-	-	-	-	53	53
Total anticipated inflows	38,340	34,640	41,324	41,300	-	-	79,664	75,940
Net (outflow)/inflow on financial instruments	(15,004)	(9,281)	41,324	41,300	-	-	26,320	32,019

Financial Assets Pledged as Collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 26: Financial Risk Management (Cont'd)

c. Market Risk

i. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is not exposed to earnings volatility on floating rate instruments.

Interest Rate Swaps

At balance date, there is no outstanding interest rate swap contract.

Interest rate swap transactions are entered into by the Group to exchange variable and fixed interest payment obligations to protect long-term borrowings from the risk of increasing interest rates. The consolidated group does not use swap contracts to maintain a designated proportion of fixed to floating debt.

ii. *Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the HKD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the Australian Dollar and Hong Kong Dollar may impact on the Group's financial results unless those exposures are appropriately hedged. At present, the group maintains 50% of its cash reserve in AUD deposit to minimise its foreign exchange rate exposure.

iii. *Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Group is not exposed to commodity price risk.

The Group is exposed to securities price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

The Group's investments are held in the following sectors at the end of the reporting period:

	Consolidated Group	
	2016	2015
	%	%
Banking and finance	40	40
Property	20	20
Resources	20	20
Utilities	20	20
	<hr/> 100	<hr/> 100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Note 26: Financial Risk Management (Cont'd)

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
	Profits	Equity
	HKD\$000	HKD\$000
Year ended 30 June 2016		
+/-2.5% in interest rates	90/(60)	80/(70)
+/-5% in \$A/HKD	1309/(1309)	1,275/(1,343)
+/-10% in listed investments	500/(500)	1,970/970
Year ended 30 June 2015		
+/-2.5% in interest rates	9/(17)	9/(17)
+/-5% in \$A/HKD	1,435/(1,623)	1,435/(1,623)
+/-10% in listed investments	500/(1,100)	500/(1,100)

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 26: Financial Risk Management (Cont'd)

Consolidated Group	Footnote	2016		2015	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		HKD\$000	HKD\$000	HKD\$000	HKD\$000
Financial assets					
Cash and cash equivalents	(i)	2,949	2,949	2,801	2,801
Trade and other receivables	(i)	26,777	26,777	31,369	31,369
Loans and advances — related parties	(ii)	41,324	41,324	41,300	41,300
<i>Financial assets at fair value through profit or loss</i>					
Investments — held-for-trading	(iii)	8,561	8,561	417	417
<i>Available-for-sale financial assets:</i>					
At fair value					
— listed investments				-	-
— unlisted investments	(iii)	53	53	53	53
Total financial assets		79,664	79,664	75,940	75,940
Financial liabilities					
Trade and other payables	(i)	51,734	51,734	42,311	42,311
Borrowings	(i)	3,168	3,168	2,604	2,604
Taxation		1,610	1,610	1,610	1,610
Total financial liabilities		56,512	56,512	46,525	46,525

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.
- (ii) Term receivables generally reprice to a market interest rate every six months, and fair value therefore approximates carrying amount.
- (iii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period used. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).
- (iv) Fair values of held-to-maturity investments are based on closing quoted bid prices at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 26: Financial Risk Management (Cont'd)

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Consolidated Group

2016	Level 1 HKD\$000	Level 2 HKD\$000	Level 3 HKD\$000	Total HKD\$000
Financial assets:				
<i>Financial assets at fair value through profit or loss:</i>				
— Investments — held-for-trading	8,561	-	-	8,561
<i>Available-for-sale financial assets</i>				
— unlisted investments	53	-	-	53
	<u>8,614</u>	<u>-</u>	<u>-</u>	<u>8,614</u>

2015

Financial assets:

Financial assets at fair value through profit or loss:

— Investments — held-for-trading	417	-	-	417
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Available-for-sale financial assets:

— unlisted investments	-	-	-	-
	<u>53</u>	<u>-</u>	<u>-</u>	<u>53</u>
	<u>470</u>	<u>-</u>	<u>-</u>	<u>470</u>

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

All financial assets are stated at fair value except for the unlisted investments which is values at the cost of acquisition due to the lack of information available to reliably calculate fair value.

The directors have determined that the fair value of the unlisted investments carried at cost cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. Consequently the investments has been recognized at cost and their fair values have also been stated at cost in the table above.

No transfers between the levels of the fair value hierarchy occurred during the current or previous reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 27: Reserves

a. *Capital Profits Reserve*

The capital profits reserve records non-taxable profits on sale of investments.

b. *Foreign Currency Translation Reserve*

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

d. *Option Reserve*

The option reserve records items recognised as expenses on valuation of employee share options.

Note 28: Company Details

The registered office of the company is:

Quest Investments Limited

7 Dallas Street, Mount Waverley, Melbourne , VIC 3149, Australia

The principal places of business are:

Quest Investments Limited

Unit C, 1/F., Harbour Commercial Building, 122-124 Connaught Road, Sheung Wan, Hong Kong

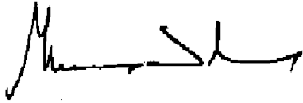
Quest Stockbrokers (HK) Ltd

Unit A, 1/F., Harbour Commercial Building, 122-124 Connaught Road, Sheung Wan, Hong Kong

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Quest Investments Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 26 to 75 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.



Director

Dated this 3rd October, 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEST INVESTMENTS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Quest Investments Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- a) the financial report of Quest Investments Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Significant Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates that the consolidated entity incurred a net loss of HK\$6,067,000 and incurred negative operating cash flows of HK\$392,000 during the year ended 30 June 2016, and the continuance of the business as a going concern is dependent on the continuing financial support from its major shareholders and its sustaining profitable operations into the future. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company and consolidated entity to continue as a going concern and to be able to pay their debts as and when they fall due and therefore, the company and the consolidated entity may be unable to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 23 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Quest Investments Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads "ShineWing Australia".

ShineWing Australia

Chartered Accountants

A handwritten signature in blue ink that reads "M J Schofield".

M J Schofield

Partner

Melbourne: 3 October 2016

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. Shareholding

a. Distribution of Shareholders	Number
Category (size of holding)	Ordinary
1 – 1,000	879
1,001 – 5,000	127
5,001 – 10,000	34
10,001 – 100,000	32
100,001 – and over	24
	1,096

- b. The number of shareholdings held in less than marketable parcels is 1,040.
- c. The names of the substantial shareholders listed in the holding company's register as at 30 June 2016 are:

	Number	
Shareholder	Ordinary	Preference
MURCHISON HOLDINGS LTD	22,776,602	46.38%
QUEST STOCKBROKERS (HK) LTD <CLIENTS A/C>	19,029,821	37.22%
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,424,780	2.79%

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares are

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

e. 20 Largest Shareholders — Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	MURCHISON HOLDINGS LTD	22,776,602	46.38
2.	QUEST STOCKBROKERS (HK) LTD <CLIENTS A/C>	19,029,821	37.22
3.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,424,780	2.79
4.	MR CHENG TUAN DONALD TEO	1,000,000	1.96
5.	MR WEE TIONG CHIANG	883,130	1.63
6.	STAR BLOOM INVESTMENT LIMITED	555,000	1.09
7.	MRS CHEOW MOI CHUA	500,000	0.98
8.	MQ SERVICES PTY LTD	455,696	0.89
9.	DAYTON WAY FINANCIAL PTY LTD <CLIENT A/C>	444,433	0.87
10.	KORNHILL SERVICES PTY LTD	419,644	0.82
11.	OPTEX EXCHANGE PTY LIMITED <DAVID SUTTON SUPER FUND A/C>	250,842	0.49
12.	MR PETER KITCHIN <PETER KITCHIN SUPER FUND A/C>	250,000	0.49
13.	MR ILMARS DRAUDINS <RETIREMENT FUND A/C>	220,000	0.43
14.	SERENAR NOMINEES PTY LTD <AS & W SUPER FUND A/C>	213,075	0.42
15.	BOURKE STREET PROPERTY CONSULTANTS PTY LTD <PAUL WHEELER SUPER FUND A/C>	135,000	0.26
16.	COOPER HOLDINGS NSW PTY <THE COOPER FAMILY A/C>	133,333	0.26
17.	G E & COOPER PTY LTD <COOPER FAMILY SUPER FUND A/C>	133,333	0.26
18.	RABIN PTY LTD <RABIN S/F A/C>	120,000	0.23
19.	Mr Rhett MORSON <BOMIMO FAMILY A/C>	107,720	0.21
20.	MRS DIANA SULTANA	104,240	0.20
		49,156,649	97.88

2. The name of the company secretary is Grant Anthony Robertson
3. The address of the principal registered office in Australia is 7 Dallas Street, Mt Waverley Melbourne Victoria Australia 3149
Telephone 61 3 9807 5639
4. Registers of securities are held at the following addresses
BoardRoom Pty Limited - Level 12, 225 George Street, Sydney, NSW 2000, Australia
5. **Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.
6. **Unquoted Securities**
There are 21,747,957 options are on issue to directors and employees under the Quest Investments Limited directors' option scheme and Quest Investments Limited employee retention option scheme.