

**Quest Investments Limited**

**Annual Report 2015**

# **QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

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## **QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

### **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  
Hung Ngok Wong, MA, FAIA

#### **AUDITOR**

SWHC Australia  
Corporate Advisors and Certified Practising Accountants  
Level 10, 530 Collins Street,  
Melbourne, VIC 3000, Australia  
Tel : 613 8635 1800 Fax : 613 8102 3400  
Kenny KY Chan & Co, Certified Public Accountants  
Unit B, 8/F., Queen's Centre, 58-64 Queen's Road East, Wanchai, Hong Kong.  
Tel : (852) 3157 1540 Fax : (852) 3157 1544

#### **COMPANY SECRETARY**

Grant Anthony Robertson, B.Ec, LLB, CPA

#### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Principal place of business in Australia  
Level 5, North Building, 333 Collins Street,  
Melbourne, VIC 3000, Australia  
Tel : 6 13 8610 0400  
Fax : 6 13 9620 5642

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

#### **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

#### **SHARE REGISTRY**

Boardroom Pty Limited  
Level 7, 207 Kent Street,  
Sydney, NSW 2000  
Australia  
Tel : (02) 9290 9600  
Fax : (02) 9279 0664

#### **STOCK EXCHANGE LISTING**

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

**CHAIRMAN'S STATEMENT**

**Dear Shareholders,**

The much-anticipated bursting of the asset bubbles in the People's Republic of China ("PRC") finally happened in the last quarter of the 2014/15 FY. The marked slowdown in the export sector and a reduction in industrial production resulted in drastic fall in demand for commodities, oil , and various industrial metals. Prices fell significantly from their previous year's high. Most emerging economies suffered from this massive game change.

Quest investments Limited ("QST")'s performance for this reporting period was impacted by these negative market conditions.

I am disappointed to report that our Group registered a loss of HKD 681,000 for this FY as compared to HKD 4.38 million loss in the previous corresponding period ("pcp"). In some ways, the measures we had undertaken in the pcp to exit some businesses whose fundamentals no longer justified our continued participation had achieved the desired objective.

**Stockbrokerage Business**

The competitive industry condition of brokerage firms reducing their commission rates continued unabated. Brokerage firms would rather be volume oriented in their business strategy rather than on margins earned.

The collapse of the Chinese stock markets in Shanghai and Shenzhen and a the resulting "knock-on" effects on Hong Kong significantly impacted Quest Stockbrokers (HK ) Limited ("QSB")'s revenue and profitability for this reporting period.

The positive impact seen in early 2015 of increased turnover on the Hong Kong Stock Exchange following the implementation of Hong Kong - Shanghai stock connect trading platform was eroded by the massive liquidations of Chinese investors of their Hong Kong portfolio. Turnover fell in tandem with the repatriation of funds by Chinese investors back to the PRC to meet their financial obligations due to the then inordinate oversize margin-funded exposure. Given a swift and continuous sharp fall in the equity prices, both in Hong Kong and in the PRC, the endless cycles of margin-financing liquidation resulted in the Hong Kong stock market registering some 27% fall on the Hang Seng index ("HSI"). The Chinese equity markets had registered a fall of more than 40% from its high achieved in June 2015.

The volume and turnover contractions seen in this FY resulted in QSB registering a loss of HKD2.40 million.

**CHAIRMAN'S STATEMENT (CONT'D)**

**Nominees Services**

The market value of our club membership in a leading club in Hong Kong remained steady in this FY. It is still significantly higher than our historical acquisition cost. Quest Nominees Limited ("QNL") continued to benefit from leasing out this club membership.

The nominees services continued to generate steady income for the Group.

**Corporate Advisory and Fund Raising Services**

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

QSA's revenue is derived from introducing investments 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, much time has been spent enhancing relationships by introducing parties to opportunities in the agricultural, financial and mining sectors.

Fees earned through the provision of corporate advisory services to clients increased to HK\$5.96 million as compared to HK\$1.59 million in the pcp.

The profit before tax for the financial year under review was HK\$5.54 million (2014: HK\$299,000) and after tax profit was HK\$3.93 million (2014: HK\$209,000).

**Direct Investment**

**Quest Telecom Limited**

Having exited our calling card business last year, Quest Telecom Limited ("QTL") has concentrated its effort to raise project financing for the submarine fibre optic cable systems. The poorer global equity markets has made this effort all the more difficult. The fall in Foreign Direct Investments ("FDI") of the PRC signalled the increasing concerns and reluctance of foreign investors in investing in large scale infrastructural projects between the PRC and the resource revenue dependent Australia.

**CHAIRMAN'S STATEMENT (CONT'D)**

**Outlook**

The recent devaluation of the RMB by the Chinese Government and the continuous fall in export sector of the PRC economy had severely undermined investors' confidence.

The much anticipated increase in the US interest rate, possibly by this calendar year end, also did not help to reassure the already jittery capital markets globally.

Emerging market economies will continue to slow down with the PRC being the main drag. Growth is expected to slow significantly in the PRC. It would not be a surprise if their GDP growth falls below the official target rate of 7.5% to reach 6.5%.

The calamitous fall in the Chinese stock markets is not expected to reverse its down trend, notwithstanding the much-heralded market rescue effort by the PRC authorities.

The need to restructure and reform its economy to be more market-oriented is expected to gain more urgency. Reform to its state-owned enterprises and emphasis on consumption led growth rather than on its historical dependence of export to generate growth are expected to be accelerated in 2016.

We see more turbulence ahead in the new FY.

**The Way Forward**

QST will continue to be vigilance in mitigating the increased risks posed by the hostile economic landscape and navigate prudently through these volatile market conditions.

The fall in prices for most asset classes has brought increasing focus that values will surface as prices correct further. QST is presently evaluating a number of opportunities, it will seek out suitable partners to jointly develop and expand the scope of its business exposure.

Shareholders will be suitably advised should any of these evaluations result in QST making the necessary investments.

## **QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

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### **CHAIRMAN'S STATEMENT (CONT'D)**

#### **In Appreciation**

On behalf of the Board of Directors, let me conclude by expressing my sincere appreciation to all of 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 2015.

### **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 2015, 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:

	2014/15		2015/2016	
	No.	%	No.	%
Women on the Board	0	0	0	0
Women in senior management roles	3	17	4	24
Women employees in the company	8	44	7	42

**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](http://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 2015. 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 2015 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 2015 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](http://www.murchisongroup.com)>.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### 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 2015.

#### 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\$681,796 (2014: HK\$4,378,854) after providing for income tax. This represented is 84% decrease 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 2015. The stockbrokerage business recorded a HK\$83.96 million (2014: HK\$1.202 billion) 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.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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### 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 6,144,989 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 6,162,639 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)
- 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 750,000 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 1,400,313 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.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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### DIRECTORS' REPORT (CONT'D)

#### 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, 15 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	15	15
Grant Anthony Robertson	15	15
Kim Chan Koh	15	15
Hung Ngok Wong	15	15

#### 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

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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### 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>
26 November 2010	26 November 2015	AUD 0.075	990,000
17 February 2011	17 February 2016	AUD 0.075	1,311,641
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

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

During the year ended 30 June 2015, 2,766,235 ordinary shares of Quest Investments Limited were issued by placing.

#### 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 2015 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.

	2011	2012	2013	2014	2015
	HKD000	HKD000	HKD000	HKD000	HKD000
Revenue	264,748	95,296	84,822	57,202	24,208
Net Profit / (loss)	5,364	(2,494)	(35,736)	(4,379)	(681)
Dividend	-	-	-	-	-
Share price	AUD 0.10	AUD 0.15	AUD 0.07	AUD 0.055	AUD 0.055

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 0.050 and a high of AUD 0.060. 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.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### 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 2015 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
%	%	%	%	%			
<b>Group Key Management Personnel</b>							
Wee Tiong Chiang	Director	No-fixed term	34	-	3	63	100
Grant Anthony Robertson	Director	No-fixed term	-	-	4	96	100
Kim Chan Koh	Director	No-fixed term	-	-	3	97	100
Hung Ngok Wong	Director	3 months notice period	-	-	5	95	100
<b>Other Executives</b>							
Gek Huang Tan	Senior Manager	3 month notice period and no fixed term	-	-	3	97	100
Pui Wah Cheung	Administration manager	3 month notice period and not fixed term	-	-	4	96	100
Rudico Ayrin M.	Settlement Supervisor	3 months notice period and no fixed term	-	-	2	98	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.

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

## REMUNERATION REPORT (CONT'D)

### Remuneration Details for the Year Ended 30 June 2015

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 2015

#### 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\$
<b>Directors</b>						
Wee Tiong Chiang	2015	1,145,025	65,520	660,000	49,720	1,920,265
	2014	1,158,725	65,520	660,000	41,251	1,925,496
Grant Anthony Robertson	2015	976,568	84,726	-	42,620	1,103,914
	2014	1,185,491	108,281	-	38,824	1,332,596
Kim Chan Koh	2015	159,196	-	-	4,622	163,818
	2014	217,345	19,561	-	3,780	240,686
Hung Ngok Wong	2015	240,000	12,000	-	12,397	264,397
	2014	240,000	12,000	-	8,875	260,875
Total	2015	2,520,789	162,246	660,000	109,359	3,452,394
	2014	2,801,561	205,362	660,000	92,730	3,759,653
<b>Executives</b>						
Gek Huang Tan	2015	324,904	20,643	-	11,062	356,609
	2014	336,871	21,481	-	4,634	362,986
Pui Wah Cheung	2015	203,000	13,860	-	10,020	226,880
	2014	249,250	16,748	-	4,203	270,201
Rudico Ayrin M.	2015	375,699	26,299	-	8,129	410,127
	2014	336,000	23,520	-	3,379	362,899
Total	2015	903,603	60,802	-	29,211	993,616
	2014	922,121	61,749	-	12,216	996,086

(1) should be classified as short term benefits

(2) should be post-employment benefits

(3) equity settled share-based payments

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### 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
<b>Group Key Management Personnel</b>								
<b>Directors</b>								
Wee Tiong Chiang	Option	09 Dec 2014 25 Apr 2015	As part of remuneration	100	-	-	-	-
Grant Anthony Robertson	Option	09 Dec 2014 25 Apr 2015	As part of remuneration	100	-	-	-	-
Kim Chan Koh	Option	09 Dec 2014 25 Apr 2015	As part of remuneration	100	-	-	-	-
Hung Ngok Wong	Option	09 Dec 2014 25 Apr 2015	As part of remuneration	100	-	-	-	-
<b>Executives</b>								
Gek Huang Tan	Option	25 Apr 2015	As part of remuneration	100	-	-	-	-
Pui Wah Cheung	Option	25 Apr 2015	As part of remuneration	100	-	-	-	-
Rudico Aydin M.	Option	25 Apr 2015	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.

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

## REMUNERATION REPORT (CONT'D)

### Options and Rights Granted

	Grant Details			For the Financial Year Ended				Overall		
				30 June 2015				Vested	Unvested	Lapsed
	Date	No.	Value HKD	Exercised	Exercised	Lapsed	Lapsed			
			(Note 1)	No.	HKD	No.	HKD	%	%	%
<b>Group Key Management Personnel</b>				(Note 2)	(Note 3)		(Note 4)			
<b>Directors</b>										
Wee Tiong Chiang	09 Dec 2014	1,050,000	35,529	-	-	-	-	-	-	-
	25 Apr 2015	450,000	14,191							
Grant Anthony Robertson	09 Dec 2014	980,000	33,159	-	-	-	-	-	-	-
	25 Apr 2015	300,000	9,461							
Kim Chan Koh	09 Dec 2014	90,000	3,045	-	-	-	-	-	-	-
	25 Apr 2015	50,000	1,577							
Hung Ngok Wong	09 Dec 2014	180,000	6,090	-	-	-	-	-	-	-
	25 Apr 2015	200,000	6,307							
<b>Executives</b>										
Gek Huang Tan	25 Apr 2015	350,777	11,062	-	-	-	-	-	-	-
Pui Wah Cheung	25 Apr 2015	317,721	10,020	-	-	-	-	-	-	-
Rudico Ayrin M.	25 Apr 2015	257,773	8,129	-	-	-	-	-	-	-
<b>Total</b>		<b>4,226,271</b>	<b>138,570</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 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.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**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
09 Dec 2014	Quest Investments Ltd	-	-	0.0675	0.0053	-
25 Apr 2015	Quest Investments Ltd	-	-	0.0675	0.0053	-

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: 30<sup>th</sup> September, 2015



**SWHC Australia**

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The Board of Directors  
Quest Investments Limited  
Level 5, North Building,  
333 Collins Street,  
MELBOURNE VIC 3000

30 September 2015

Dear Board Members,

**QUEST INVESTMENTS LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Quest Investments Limited.

As lead audit partner for the audit of the financial statements of Quest Investments Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit;  
and
- (ii) Any applicable code of professional conduct in relation to the audit.

Yours sincerely,

**SWHC Australia (formerly ShineWing Hall Chadwick)**

**M J Schofield**  
Partner



**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR YEAR ENDED 30 JUNE 2015**

		<b>Consolidated group</b>	
	<b>Note</b>	<b>2015 HK\$000</b>	<b>2014 HK\$000</b>
Revenue	3	24,208	57,202
Cost of sales		(16,720)	(56,607)
Gross profits		7,488	595
Other income	3	2,252	4,667
Finance costs		(158)	(341)
Employee benefits expense		(3,202)	(4,530)
Depreciation and amortisation expense		(153)	(179)
Other operating expenses		(5,298)	(4,501)
<b>(Profit) / Loss before income tax</b>	4	929	(4,289)
Income tax expense	5	(1,610)	(90)
<b>Loss for the year</b>	4	(681)	(4,379)
<b>Loss for the year</b>		(681)	(4,379)
<b>Other comprehensive income</b>			
Exchange differences on translating foreign controlled entities		-	-
<b>Other comprehensive loss for the year, net income tax</b>		-	-
<b>Total comprehensive loss for the year</b>		(681)	(4,379)
<b>Loss attributable to:</b>			
Members of the parent entity		(681)	(4,379)
<b>Loss for the year</b>		(681)	(4,379)
<b>Total comprehensive loss attributable to :</b>			
Members of the parent entity		(681)	(4,379)
Non-controlling interest		-	-
		(681)	(4,379)
<b>(Loss) per share</b>			
From continuing and discontinued operations:			
Basic losses per share (cents)	8	(1.44)	(9.41)
Diluted losses per share (cents)	8	(1.44)	(9.41)

The accompanying notes form part of these financial statements.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>HK\$000</b>	<b>HK\$000</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	2,801	2,519
Trade and other receivables	10	31,369	29,024
Other financial assets	12	417	1,382
Other current assets	15	57	63
<b>TOTAL CURRENT ASSETS</b>		<b>34,644</b>	<b>32,988</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	10	41,300	41,030
Other financial assets	12	53	53
Plant and equipment	14	343	500
Other non-current assets	15	760	760
<b>TOTAL NON-CURRENT ASSETS</b>		<b>42,456</b>	<b>42,343</b>
<b>TOTAL ASSETS</b>		<b>77,100</b>	<b>75,331</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	42,311	41,985
Borrowings	17	2,604	3,079
Taxation	5	1,610	90
<b>TOTAL CURRENT LIABILITIES</b>		<b>46,525</b>	<b>45,154</b>
<b>TOTAL LIABILITIES</b>		<b>46,525</b>	<b>45,154</b>
<b>NET ASSETS</b>		<b>30,575</b>	<b>30,177</b>
<b>EQUITY</b>			
Issued capital	18	97,743	96,744
Reserves	27	23,615	23,535
Accumulated losses		(90,783)	(90,102)
Parent interest		30,575	30,177
<b>TOTAL EQUITY</b>		<b>30,575</b>	<b>30,177</b>

The accompanying notes form part of these financial statements.

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2015

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
<b>Balance at 1 July 2014</b>	96,744	7,100	2,002	14,433	(90,102)	-	30,177
<b>Comprehensive income</b>							
Loss for the year	-	-	-	-	(681)	-	(681)
<b>Other Comprehensive income for the year</b>	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	-	(681)	-	(681)
<b>Transactions with owners, in their capacity as owners, &amp; other transfers</b>							
Share bought back	(10)	-	-	-	-	-	(10)
Share issued	848	-	-	-	-	-	848
Others	161						161
Share option granted	-	-	80	-	-	-	80
<b>Total transactions with owners and other transfers</b>	999	-	80	-	-	-	1,079
<b>Balance at 30 June 2015</b>	97,743	7,100	2,082	14,433	(90,783)	-	30,575

The accompanying notes form part of these financial statements.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2015**  
**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
<b>Balance at 1 July 2013</b>	96,158	7,099	1,473	14,433	(85,723)	-	33,440
<b>Comprehensive income</b>							
Loss for the year	-	-	-	-	(4,379)	-	(4,379)
<b>Other Comprehensive income for the year</b>	-	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	-	(4,379)	-	(4,379)
<b>Transactions with owners, in their capacity as owners, &amp; other transfers</b>							
Prior year adjustment	-	1	-	-	-	-	1
Placing of shares	586	-	-	-	-	-	586
Share option granted	-	-	529	-	-	-	529
<b>Total transactions with owners and other transfers</b>	586	1	529	-	-	-	1,116
<b>Balance at 30 June 2014</b>	96,744	7,100	2,002	14,433	(90,102)	-	30,177

The accompanying notes form part of these financial statements.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2015**

		<b>Consolidated group</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>HK\$000</b>	<b>HK\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		25,061	69,720
Payments to suppliers and employees		(25,018)	(67,553)
Dividend received		5	68
Interest received		14	17
Finance costs		(158)	(341)
Net cash (used in) / generated from operating activities	22	(96)	1,911
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds received from disposal/(Paid for) plant and equipment		4	(8)
Payment to related companies		(150)	(2,356)
Net cash used in investing activities		(146)	(2,364)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,009	-
Payment for share buy back		(10)	-
Net cash provided by financing activities		999	-
Net increase/(decrease) in cash held		757	(453)
Cash and cash equivalents at beginning of financial year		(560)	(107)
Cash and cash equivalent at end of financial year	9	197	(560)

The accompanying notes form part of these financial statements.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

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

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 2015**

**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 as 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 asset or 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 2015****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:

<b>Class of Fixed asset</b>	<b>Depreciation Rate</b>
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 2015**

**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 2015**

**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 2015****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 2015**

**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 2015**

**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 2015**

**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 2015**

**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 2015**

**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 2015.

**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 associate companies of Nil (2014: Nil). The balance has been transferred 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.

**(u) New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Note 1: Summary of significant accounting policies (Cont'd)****Basis of Preparation****(u) New Accounting Standards for Application in Future Periods (Cont'd)**

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, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017).

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(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures 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.

**(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 HKD11,881,190 (2014: HKD12,165,971). The group and the Company reported an after tax loss of HKD681,796 (2014: HKD4,378,362) and HKD1,560,496 (2014: 1,981,547), 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.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

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

	<b>2015 HKD\$000</b>	<b>2014 HKD\$000</b>
Current assets	9,820	4,234
Non-current assets	35,220	35,418
<b>TOTAL ASSETS</b>	<b>45,040</b>	<b>39,652</b>

**LIABILITIES**

Current liabilities	13,728	7,859
<b>TOTAL LIABILITIES</b>	<b>13,728</b>	<b>7,859</b>

<b>NET ASSETS</b>	<b>31,312</b>	<b>31,793</b>
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**EQUITY**

Issued capital	97,743	96,744
Accumulated losses	(116,806)	(115,246)
Reserve	50,375	50,295
<b>TOTAL EQUITY</b>	<b>31,312</b>	<b>31,793</b>

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSSES**

Total losses	(1,560)	(1,982)
<b>Total comprehensive losses</b>	<b>(1,560)</b>	<b>(1,982)</b>

**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 2015 Quest Investments Limited had no contingent liabilities.

**Contractual Commitments**

At 30 June 2015 Quest Investments Limited has not entered into any contractual commitments.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

ABN 59 004 749 044

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Note 3: Revenue and Other Income**

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>HKD\$000</b>	<b>HKD\$000</b>
<b>a. Revenue from continuing operations</b>		
Sales revenue:		
– Proceeds from sales of quoted securities	15,794	52,019
– Commission	2,453	3,593
– Corporate Advisory	5,961	1,590
	<u>24,208</u>	<u>57,202</u>
Other revenue:		
– Dividend received:		
– other persons	5	68
Interest received		
– other persons	14	17
– Unrealised gain on stock	473	3,603
– Exchange gain	63	45
– Other revenue	1,697	934
	<u>2,252</u>	<u>4,667</u>
Total Revenue	<u>26,460</u>	<u>61,869</u>
<b>(b) Total revenue and other income from continuing operations</b>		
– Attributable to member of the parent entity	26,460	61,869
	<u>26,460</u>	<u>61,869</u>

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

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

### Note 4: Profit / (Loss) for the year

	Consolidated Group	
	2015	2014
	HKD\$000	HKD\$000
Profit / (Loss) before income tax from continuing operations includes the following specific expenses		
<b>Expenses</b>		
Cost of sales	16,720	56,607
Interest expense on financial liabilities not at fair value through profit or loss		
– other persons	158	341
Rental expense on operating leases		
– rental expenses	1,158	898
Depreciation and amortisation	153	179
Employee benefit expenses		
– Defined contribution superannuation expenses	153	153

### Note 5: Income Tax Expense

	Consolidated Group	
	2015	2014
	HKD\$000	HKD\$000
a. The components of tax expenses comprises		
Current tax	1,610	90
	1,610	90
b. The total charges for the year can be reconciled to the profit per the consolidated income statement as follows:		
Profit / (loss) for the year before income tax	929	(4,289)
Income tax on profit / (loss) before tax at 30% (2014: 30%)		
– consolidated group	279	(1,287)
Add : effect of tax :		
– tax rate differences in other taxation jurisdiction	410	350
Effect of tax losses not recognized	(689)	937
Assessable income attributable to subsidiary operating as a standalone tax payer	1,610	90
Income tax attributable to entity	1,610	90
Deferred income tax assets relating to temporary differences and unused tax losses not brought to account	63,670	63,729

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

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

#### 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 2015.

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

	2015 HKD\$000	2014 HKD\$000
Short-term employee benefits	4,084	4,384
Post-employment benefits	223	267
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	139	105
	<u>4,446</u>	<u>4,756</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 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
<b>Directors</b>								
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	-	-	-
<b>Executives</b>								
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	<u>14,745,542</u>	<u>4,226,271</u>	<u>-</u>	<u>-</u>	<u>18,971,813</u>	<u>-</u>	<u>-</u>	<u>-</u>

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

### Note 6: Interests of Key Management Personnel (KMP) (Cont'd)

30 June 2014	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
<b>Directors</b>								
Wee Tiong Chiang	2,852,350	1,792,639	-	-	4,644,989	-	-	-
Grant Anthony Robertson	3,160,000	1,722,639	-	-	4,882,639	-	-	-
Kim Chan Koh	420,000	190,000	-	-	610,000	-	-	-
Hung Ngok Wong	440,313	580,000	-	-	1,020,313	-	-	-
<b>Executives</b>								
Gek Huang Tan	632,495	720,456	-	-	1,352,951	-	-	-
Pui Wah Cheung	583,551	653,465	-	-	1,237,016	-	-	-
Rudico Ayrin M.	472,302	525,332	-	-	997,634	-	-	-
<b>Total</b>	<b>8,561,011</b>	<b>6,184,531</b>	<b>-</b>	<b>-</b>	<b>14,745,542</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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 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
<b>Directors</b>					
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
<b>Executives</b>					
Gek Huang Tan	24,100	-	-	-	24,100
Gek Huang Tan (2)	6,000	-	-	-	6,000
	<b>7,488,589</b>	<b>-</b>	<b>-</b>	<b>1,426,405</b>	<b>8,914,994</b>

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

### Note 6: Interests of Key Management Personnel (KMP) (Cont'd)

30 June 2014	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
<b>Directors</b>					
WeeTiong Chiang (1)	2,984,978	-	-	7,000	2,991,978
WeeTiong Chiang (1)	405,366	-	-	-	405,366
WeeTiong Chiang (1)	174,000	-	-	1,350,000	1,524,000
WeeTiong Chiang (1)	2,279,996	-	-	38,074	2,318,070
Grant Anthony Robertson (2)	6,000	-	-	-	6,000
Grant Anthony Robertson (3)	163,075	-	-	50,000	213,075
Kim Chan Koh	-	-	-	-	-
<b>Executives</b>					
Gek Huang Tan	24,100	-	-	-	24,100
Gek Huang Tan (2)	6,000	-	-	-	6,000
Total	6,043,515	-	-	1,445,074	7,488,589

### Note

(1) 3,864,530 (2014: 2,991,978) ordinary shares are relevant interest in own name.

405,366 (2014: 405,366) ordinary shares are relevant interest as director of Toptrend Group Limited.

1,524,000 (2014: 1,524,000) ordinary shares are relevant interest as director of Samfield Investments Limited.

2,318,070 (2014: 2,318,070) ordinary shares are relevant interest as director of Even More Profits Limited.

553,853 (2014: Nil) ordinary shares are relevant interest as director of Meredeen Investments Limited.

(2) 6,000 (2014: 6,000) ordinary shares are relevant interest as a director of Jondara Pty Limited.

(3) 213,075 (2014: 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	
	2015 HKD\$000	2014 HKD\$000
Remuneration of the auditor of the parent entity for:		
– auditing or reviewing the financial statements	190	230
Remuneration of other auditors of subsidiaries for:		
– auditing or reviewing the financial statements of subsidiaries	192	250
	382	480

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

### Note 8: Earnings per Share

		Consolidated Group	
		2015	2014
		HKD\$000	HKD\$000
a.	Reconciliation of Earnings to Loss		
	Loss for the year	(681)	(4,379)
	Losses used to calculate basic EPS	(681)	(4,379)
b.	Reconciliation of earnings to loss from continuing operations		
	Loss from continuing operations	(681)	(4,379)
	Losses used in the calculation of basic and diluted EPS from continuing operations	(681)	(4,379)
		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	46,550,956
	Weighted average number of options outstanding	12,180,095	8,267,413
	Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	59,521,565	54,818,369

### Note 9: Cash and Cash Equivalents

Note

#### Consolidated Group

		2015	2014
		HKD\$000	HKD\$000
Cash at bank and in hand		2,801	2,519
	26	2,801	2,519

Cash at bank includes HK\$687,346 (2014: HK\$826,791) pledged as security for overdraft facilities. The effective interest rate on short-term bank deposits was less than 1% (2014: 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		2,801	2,519
Bank overdrafts	17	(2,604)	(3,079)
		197	(560)

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.



**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Note 10: Trade and Other Receivables**

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>HKD\$000</b>	<b>HKD\$000</b>
<b>CURRENT</b>		
Trade receivables	27,899	25,411
Provision for impairment	-	-
Other receivables	3,470	3,613
Total current trade and other receivables	31,369	29,024
<b>NON-CURRENT</b>		
Term receivables	41,300	41,030
Provision for impairment	-	-
	41,300	41,030
Amounts receivable from:		
- Ultimate parent entity	17,585	17,300
- Associated companies	-	-
- Other receivables	23,715	23,730
Total non-current trade and other receivables	41,300	41,030

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.

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 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:

	<b>Note</b>	<b>Consolidated Group</b>	
		<b>2015</b>	<b>2014</b>
		<b>HKD\$000</b>	<b>HKD\$000</b>
Hong Kong		47,522	49,683
Australia		25,147	20,371
	<b>26</b>	72,669	70,054

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

### 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  HKD\$000	31-60  HKD\$000	61-90  HKD\$000	> 90  HKD\$000	
<b>Consolidated Group</b>							
<b>2015</b>							
Trade and term receivables	27,899	-	-	-	-	-	27,899
Other receivables	3,470	-	-	-	-	-	3,470
Total	31,369	-	-	-	-	-	31,369
<b>2014</b>							
Trade and term receivables	25,411	-	-	-	-	-	25,411
Other receivables	3,613	-	-	-	-	-	3,613
Total	29,024	-	-	-	-	-	29,024

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	
				2015 %	2014 %	2015 HKD\$000	2014 HKD\$000
Unlisted:							
Quest Marine Resources Limited	Seafood Product	Australia	Ordinary	43.37%	43.37%	-	-

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

Note 12: Other Financial Assets	Note	Consolidated Group	
		2015 HKD\$000	2014 HKD\$000
Current			
Financial assets at fair value through profit or loss	(a)	417	1,382
Non-Current			
Available-for-sale financial assets	(b)	53	53
Total Financial Assets		470	1,435
(a) <b>Financial assets at fair value through profit or loss</b>			
Held-for-trading listed shares	26	417	1,382
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) <b>Available-for-sale financial assets comprise:</b>			
Listed investments, at fair value			
– Shares in listed corporations		-	-
Unlisted investments, at cost			
– Shares in unlisted corporations		53	53
Total available-for-sale financial assets	26	53	53

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

#### Note 13: Controlled Entities

(a) **Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)*	
		2015	2014
<b>Parent Entity:</b>			
Quest Investments Limited	Australia	-	-
<b>Ultimate Parent Entity</b>			
Murchison Holdings Limited	Australia	-	-
<b>Subsidiaries of Quest Investments Limited</b>			
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.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Note 14: Plant and Equipment**

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>HKD\$000</b>	<b>HKD\$000</b>
At cost	1,179	1,188
Accumulated depreciation	(836)	(688)
	<u>343</u>	<u>500</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

<b>Consolidated Group</b>	<b>Plant and Equipment</b>	<b>Total</b>
	<b>HKD\$000</b>	<b>HKD\$000</b>
Balance at 1 July 2013	671	671
Additions	8	8
Depreciation Expenses	(179)	(179)
Balance at 30 June 2014	<u>500</u>	<u>500</u>
Disposals	(4)	(4)
Depreciation Expenses	(153)	(153)
Balance at 30 June 2015	<u>343</u>	<u>343</u>

**Note 15: Other Assets**

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>HKD\$000</b>	<b>HKD\$000</b>
<b>CURRENT</b>		
Prepayments	<u>57</u>	<u>63</u>
<b>NON-CURRENT</b>		
Funds reserves	400	400
HKCC Membership	<u>360</u>	<u>360</u>
	<u>760</u>	<u>760</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.

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

Note 16: Trade and other payables	Note	Consolidated Group	
		2015 HKD\$000	2014 HKD\$000
CURRENT			
Trade payables		26,894	22,142
Amounts payable to:			
– Parent entity		15,417	19,843
		<hr/> 42,311	<hr/> 41,985

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

Trade and other payables

– Total Current		42,311	41,985
	<b>26</b>	<hr/> 42,311	<hr/> 41,985

### Note 17: Borrowings

CURRENT

Secured liabilities

Bank overdrafts	<b>17(a)</b>	2,604	3,079
Total current borrowings	<b>26</b>	<hr/> 2,604	<hr/> 3,079

a. Total current secured liabilities :

Bank overdrafts		2,604	3,079
		<hr/> 2,604	<hr/> 3,079

### 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	315	1,082
Pledged deposits	687	827
Total	<hr/> 1,002	<hr/> 1,909

Cash at bank includes HK\$687,346 (2014: HK\$826,791) pledged as security for overdraft facilities. The effective interest rate on short-term bank deposits was less than 1% (2014: less than 1%); these deposits have an average maturity of seven to thirty days.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Note 18: Issued Capital****Note****Consolidated Group**

	<b>2015 HKD\$000</b>	<b>2014 HKD\$000</b>
50,630,639 (2014 : 47,764,107) fully paid ordinary shares	97,743	96,744
<b>a. Ordinary Shares</b>	<b>No.</b>	<b>No.</b>
At the beginning of reporting period	47,764,107	46,414,107
Shares issued by placing		
25 May 2014	-	1,350,000
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 2014	(33,036)	-
Correcting shares issued by placing	133,333	
At the end of the reporting period	50,630,639	47,764,107

On 10 October 2014 the company bought back 33,036 ordinary shares on issue from the market for AUD 0.045 per share. The total purchase consideration of the buy-back was AUD1,487 (HKD 10,466). The nature and terms of the buy-back were:

- the buy-back will not exceed 10% of total issued share from the market.
- the accepting shareholders would be paid and have their shares cancelled within 1 week from the date of buy-back.
- the full amount of the buy-back would be debited to issued capital.

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**

- i. 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.
- ii. 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 2015**

**Note 18: Issued Capital (Cont'd)**

**c. Capital Management (Cont'd)**

The gearing ratio's for the year ended 30 June 2015 and 30 June 2014 are as follows:

	<b>Note</b>	<b>Consolidated Group</b>	
		<b>2015</b>	<b>2014</b>
		<b>HKD\$000</b>	<b>HKD\$000</b>
Total borrowings	17	2,604	3,079
Trade and other payable	16	42,311	41,985
Less cash and cash equivalents	9	(2,801)	(2,519)
Net equity		42,114	42,545
Total equity		30,575	30,177
Total capital		72,689	72,722
<hr/>			
Gearing ratio		58%	59%

**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	772
– between 12 months and 5 years	1,408	-
– greater than 5 years	-	-
	2,253	772

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 2015 and subsequent to the financial year end.



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

**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

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**
**Note 21: Operating Segments (Cont'd)**
**e. Segments performance**

	Consolidated Group				
	Investment	Stockbroking	Telecom	Corporate Advisory	Total
30 June 2015	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
<b>REVENUE</b>					
External Sale	7,806	2,454	7,987	-	18,247
Sale to related Company	-	-	-	5,961	5,961
Other revenue	893	186	5	1,168	2,252
<b>Total segment revenue</b>	<b>8,699</b>	<b>2,640</b>	<b>7,992</b>	<b>7,129</b>	<b>26,460</b>
Reconciliation of segment revenue to group revenue					
Inter-segment elimination	-	-	-	-	-
Total group revenue	8,699	2,640	7,992	7,129	26,460
<b>Segment net profit/(loss) before tax from continuing operations</b>	<b>(1,782)</b>	<b>(2,448)</b>	<b>(384)</b>	<b>5,543</b>	<b>929</b>
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

	Consolidated Group				
	Investment	Stockbroking	Telecom	Corporate Advisory	Total
30 June 2014	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
<b>REVENUE</b>					
External Sale	37,494	3,593	14,524	1,591	57,202
Other revenue	4,224	329	6	108	4,667
<b>Total segment revenue</b>	<b>41,718</b>	<b>3,922</b>	<b>14,530</b>	<b>1,699</b>	<b>61,869</b>
Reconciliation of segment revenue to group revenue					
Inter-segment elimination	-	-	-	-	-
Total group revenue	41,718	3,922	14,530	1,699	61,869
<b>Segment net profit/(loss) before tax from continuing operations</b>	<b>(2,638)</b>	<b>(1,544)</b>	<b>(406)</b>	<b>299</b>	<b>(4,289)</b>
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	(2,638)	(1,544)	(406)	299	(4,289)

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

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

### Note 21: Operating Segments (Cont'd)

#### e. Segments performance (cont'd)

	Consolidated Group				
	Investment	Stockbroking	Telecom	Corporate Advisory	Total
30 June 2015	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
<b>Segment Assets</b>	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					-
<b>Total group assets</b>					<u>77,100</u>

	Consolidated Group				
	Investment	Stockbroking	Telecom	Corporate Advisory	Total
30 June 2014	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
<b>Segment Assets</b>	37,426	35,311	411	2,183	75,331
Segment assets increases for the year – capital expenditure	-	-	-	-	-
	37,426	35,311	411	2,183	75,331
Included in segment assets are:					
- Equity accounted associates	-	-	-	-	-
Reconciliation of segment assets to group assets					
Inter-segment eliminations					-
<b>Total group assets</b>					<u>75,331</u>

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

### Note 21: Operating Segments (Cont'd)

#### e. Segments performance (cont'd)

30 June 2015	Consolidated Group				
	Investment	Stockbroking	Telecom	Corporate Advisory	Total
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

30 June 2014	Consolidated Group				
	Investment	Stockbroking	Telecom	Corporate Advisory	Total
Segment liabilities	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
Reconciliation of segment liabilities to group liabilities	38,250	5,170	667	1,067	45,154
Inter-segment eliminations	-	-	-	-	-
Unallocated liabilities	-	-	-	-	-
Current tax liabilities	-	-	-	-	-
Total group liabilities	38,250	5,170	667	1,067	45,154

#### Revenue by Geographical region

#### Segment Revenues for External Customers

	2015 HKD\$000	2014 HKD\$000
Australia	7,189	4,632
Hong Kong	19,271	57,237
Total revenue	26,460	61,869

#### Assets by Geographical region

	2015 HKD\$000	2014 HKD\$000
Australia	31,535	28,488
Hong Kong	45,565	46,843
Total Assets	77,100	75,331

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Note 22: Cash Flow Information**

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>HKD\$000</b>	<b>HKD\$000</b>
<b>(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Loss after income tax	(681)	(4,379)
Non-cash flows in profit		
Depreciation	153	179
Share based payment expenses	80	529
Changes in assets and liabilities		
Increase in trade and others receivables	(2,339)	(6,428)
Increase / (Decrease) in trade payables and accruals	1,726	(2,330)
Decrease in marketable securities	965	14,340
Cash (outflows) / inflows from operating activities	(96)	1,911

**(b) Acquisition / disposal of entities**

During the financial year ended 30 June 2015, 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**

	<b>2015</b>	<b>2014</b>
	<b>HKD\$000</b>	<b>HKD\$000</b>
Credit facility	37,000	37,000
Amount utilised	(2,604)	(3,079)
	<u>34,396</u>	<u>33,921</u>

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 2015**

**Note 23: Share Based Payments**

- i. During the year, 2,300,000, and 1,000,000 share options 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 0.0675, and AUD 0.0675 each respectively. The options are exercisable on or before 9 December 2019, and 25 Apr 2020 respectively. 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
9 Dec 2014 / 25 Apr 2015	WeeTiong Chiang	1,500,000
9 Dec 2014 / 25 Apr 2015	Grant Anthony Robertson	1,280,000
9 Dec 2014 / 25 Apr 2015	Kim Chan Koh	140,000
9 Dec 2014 / 25 Apr 2015	Hung Ngok Wong	380,000
<b>Executives</b>		
25 Apr 2015	Gek Huang Tan	350,777
25 Apr 2015	Pui Wah Cheung	317,721
25 Apr 2015	Rudico Ayrin M.	257,773

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 2,300,000 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
		<b>AUD</b>
<b>Options outstanding as at 30 June 2013</b>	9,281,933	0.121
Granted	6,900,000	0.118
Exercised	-	-
<b>Options outstanding as at 30 June 2014</b>	16,181,933	0.120
Granted	4,600,000	0.0675
Forfeited	(474,106)	0.12
<b>Options outstanding as at 30 June 2015</b>	20,307,827	0.108
Options exercisable as at 30 June 2015	20,307,827	0.108
Options exercisable as at 30 June 2014	16,181,933	0.120

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

**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 0.068 (2014: AUD 0.133). 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:	25 Apr 2015	9 Dec 2014
Expire Date	25 Apr 2020	9 Dec 2019
Weighted average exercise price	AUD0.0675	AUD0.0675
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.

**QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015****Note 25: Related Party Transactions**

	<b>Consolidated Group</b>	
	<b>2015 HKD\$000</b>	<b>2014 HKD\$000</b>
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:		
<b>Related Companies</b>		
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	24	12
Commission income charged by Quest Stockbrokers (HK) Limited to Quest Securities Limited	31	35
	<u>55</u>	<u>47</u>
Term receivables from :		
Quest Securities Limited	14,483	14,519
Meredeen Investments Limited	9,221	9,211
	<u>23,704</u>	<u>23,730</u>
Account payable to :		
Murchison Holdings Limited	15,418	15,905

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.



## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

#### 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	
		2015 HKD\$000	2014 HKD\$000
<b>Financial Assets</b>			
Cash and cash equivalents	9	2,801	2,519
Financial assets at fair value through profit and loss	12	417	1,382
Trade and other receivables	10	72,669	70,054
Available-for-sale financial assets			
— listed investments	12	-	-
— unlisted investments	12	53	53
<b>Total Financial Assets</b>		<b>75,940</b>	<b>74,008</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
— Trade and other payables	16	42,311	41,985
— Borrowings	17	2,604	3,079
— Taxation	5	1,610	90
<b>Total Financial Liabilities</b>		<b>46,525</b>	<b>45,154</b>

#### 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.

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

### 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000	HKD\$000
Borrowings	2,604	3,079	-	-	-	-	2,604	3,079
Trade and other payables (excluding estimated annual leave)	42,311	41,985	-	-	-	-	42,311	41,985
Taxation	1,610	90	-	-	-	-	1,610	90
Total contractual outflows	46,525	45,154	-	-	-	-	46,525	45,154
less bank overdrafts	(2,604)	(3,079)	-	-	-	-	(2,604)	(3,079)
Total expected outflows	43,921	42,075	-	-	-	-	43,921	42,075

#### Financial assets — cash flows realisable

Cash and cash equivalents	2,801	2,519	-	-	-	-	2,801	2,519
Trade, term and loans receivables	31,369	29,024	41,300	41,030	-	-	72,669	70,054
Financial assets-current	417	1,382	-	-	-	-	417	1,382
Financial assets – non current	-	-	-	-	-	-	-	-
Other current assets	53	63	-	-	-	-	53	63
Total anticipated inflows	34,640	32,988	41,300	41,030	-	-	75,940	74,018
Net (outflow)/inflow on financial instruments	(9,281)	(9,087)	41,300	41,030	-	-	32,019	31,943

#### 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 2015

**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:

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
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.

	<b>Consolidated Group</b>	
	<b>Profits</b>	<b>Equity</b>
	<b>HKD\$000</b>	<b>HKD\$000</b>
<b>Year ended 30 June 2015</b>		
+/-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)
<b>Year ended 30 June 2014</b>		
+/-2.5% in interest rates	52/(58)	52/(58)
+/-5% in \$A/HKD	1,415/(1,603)	1,415/(1,603)
+/-10% in listed investments	250/(850)	250/(850)

*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.

# QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

### Note 26: Financial Risk Management (Cont'd)

Consolidated Group	Footnote	2015		2014	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		HKD\$000	HKD\$000	HKD\$000	HKD\$000
<b>Financial assets</b>					
Cash and cash equivalents	(i)	2,801	2,801	2,519	2,519
Trade and other receivables	(i)	31,369	31,369	29,024	29,024
Loans and advances — related parties	(ii)	41,300	41,300	41,030	41,030
<i>Financial assets at fair value through profit or loss</i>					
Investments — held-for-trading	(iii)	417	417	1,382	1,382
<i>Available-for-sale financial assets:</i>					
At fair value					
— listed investments		-	-	-	-
— unlisted investments	(iii)	53	53	53	53
<b>Total financial assets</b>		75,940	75,940	74,008	74,008
<b>Financial liabilities</b>					
Trade and other payables	(i)	42,311	42,311	41,985	41,985
Borrowings	(i)	2,604	2,604	3,079	3,079
Taxation		1,610	1,610	90	90
<b>Total financial liabilities</b>		46,525	46,525	45,154	45,154

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

- 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.
- Term receivables generally reprice to a market interest rate every six months, and fair value therefore approximates carrying amount.
- 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).
- 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 2015

**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**

2015	Level 1 HKD\$000	Level 2 HKD\$000	Level 3 HKD\$000	Total HKD\$000
<b>Financial assets:</b>				
<i>Financial assets at fair value through profit or loss:</i>				
— Investments — held-for-trading	417	-	-	417
<i>Available-for-sale financial assets</i>				
— listed investments	-	-	-	-
— unlisted investments	53	-	-	53
	470	-	-	470

**2014**

**Financial assets:**

*Financial assets at fair value through profit or loss:*

— Investments — held-for-trading	1,382	-	-	1,382
<i>Available-for-sale financial assets:</i>				
— unlisted investments	53	-	-	53
	1,435	-	-	1,435

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.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

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

#### 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

Level 5, North Building, 333 Collins Street, Melbourne, VIC 3000, 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



## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### 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 25 to 72 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 2015 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.



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Director

Dated this 30<sup>th</sup> September, 2015



**SWHC Australia**

Certified Practising Accountants  
ABN 70 579 787 151

Level 10  
530 Collins Street  
Melbourne VIC 3000  
Australia

T +61 3 8635 1800  
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**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, which comprises the consolidated statement of financial position as at 30 June 2015, 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 as set out on pages 25 to 73.

*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 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 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

### **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 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.



**SWHC Australia (formerly ShineWing Hall Chadwick)**



**M J Schofield**

Partner

Melbourne: 30 September 2015

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### 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**
- | Category (size of holding) | Number<br>Ordinary |
|----------------------------|--------------------|
| 1 – 1,000                  | 880                |
| 1,001 – 5,000              | 128                |
| 5,001 – 10,000             | 35                 |
| 10,001 – 100,000           | 33                 |
| 100,001 – and over         | 19                 |
|                            | <hr/> 1,095        |
- b. The number of shareholdings held in less than marketable parcels is 1,038.
- c. The names of the substantial shareholders listed in the holding company's register as at 30 June 2015 are:

Shareholder	Number	
	Ordinary	Preference
QUEST STOCKBROKERS (HK) LIMITED <CLIENT A/C>	29,080,313	57.44%
MURCHISON HOLDINGS LTD	13,000,000	25.68%
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,373,730	2.71%

#### 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.

## QUEST INVESTMENTS LIMITED AND CONTROLLED ENTITIES

ABN 59 004 749 044

### 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.	QUEST STOCKBROKERS (HK) LIMITED <CLIENT A/C>	29,080,313	57.435
2.	MURCHISON HOLDINGS LTD	13,000,000	25.676
3.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,373,730	2.713
4.	MR CHENG TUAN DONALD TEO	1,000,000	1.975
5.	MR WEE TIONG CHIANG	883,682	1.746
6.	STAR BLOOM INVESTMENT LIMITED	555,000	1.096
7.	MRS CHEOW MOI CHUA	500,000	0.988
8.	MQ SERVICES PTY LTD	455,696	0.900
9.	DAYTON WAY FINANCIAL PTY LTD <CLIENT A/C>	384,433	0.759
10.	PAULON ASSETS LIMITED	260,300	0.514
11.	OPTEX EXCHANGE PTY LIMITED <DAVID SUTTON SUPER FUND A/C>	250,000	0.494
12.	SERENAR NOMINEES PTY LTD <AS & W SUPER FUND A/C>	163,075	0.322
13.	BOURKE STREET PROPERTY CONSULTANTS PTY LTD <PAUL WHEELER SUPER FUND A/C>	135,000	0.267
14.	COOPER HOLDINGS NSW PTY LTD <THE COOPER FAMILY A/C>	133,333	0.263
15.	G E & C A COOPER PTY LTD <COOPER FAMILY SUPER FUND A/C>	133,333	0.263
16.	RABIN PTY LTD <RABIN S/F A/C>	120,000	0.237
17.	MR RHETT MORSON <BOMIMO FAMILY A/C>	107,720	0.213
18.	MRS DIANA SULTANA	104,240	0.206
19.	COLONIAL WHOLESALE MEAT COMPANY PTY LTD	104,240	0.206
20.	MEUTER ANDRE	100,000	0.198
		<hr/> 48,844,095	<hr/> 96.471 <hr/>

- The name of the company secretary is Grant Anthony Robertson
- The address of the principal registered office in Australia is Level 5, North Building, 333 Collins Street, Melbourne, VIC 3000, Australia.  
Telephone 61 3 8610 0400
- Registers of securities are held at the following addresses  
BoardRoom Pty Limited - Level 12, 225 George Street, Sydney, NSW 2000, Australia
- 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.
- Unquoted Securities**  
There are 20,307,827 options are on issue to directors and employees under the Quest Investments Limited directors' option scheme and Quest Investments Limited employee retention option scheme.