

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

Half Year Report

Period ended on 31 December 2017

The following information must be given to ASX under listing rule 4.2A.3.

ABN or equivalent
company reference

Half year ended:
current period

previous corresponding
period

52 004 707 260

31 December 2017

31 December 2016

Results for announcement to the market

\$HK'000

2.1 Revenues from ordinary activities	Down	60%	to	14,449
2.2 Loss from ordinary activities after tax attributable to members	Down	20%	to	(3,956)
2.3 Loss for the period attributable to members	Down	20%	to	(3,956)
2.4 Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend Interim dividend	NIL		NIL	
Previous corresponding period	NIL		NIL	
2.5 Record date for determining entitlements to the dividend	NIL			
2.6 Brief explanation of any of the figures in 2.1 to 2.4				
Refer to directors' report				

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

3. Net tangible assets per security with the comparative figure for the previous corresponding period.

	Current period	Previous corresponding Period
Net tangible assets per security	278 cents	392 cents

4. Details of entities over which control has been gained or lost during the period, including the following.

- 4.1 Name of the entity.

NIL

- 4.2 The date of the gain or loss of control.

NIL

- 4.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

Current period	Previous corresponding Period
NIL	NIL

5. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.

Dividend or distribution payments:	Amount	Date on which each dividend or distribution is payable	Amount per security of foreign sourced dividend or distribution (if known)
NIL			
Total	Nil		

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

NIL

7. Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and – where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.

Name of entity	% Holding	Aggregate Share of profit		Contribution to net profit	
		Current period \$	Previous corresponding Period \$	Current period \$	Previous corresponding Period \$
Quest Marine Resources Limited (i)	43.37%	NIL	NIL	NIL	NIL
MCS Engines Limited	50%	NIL	NIL	NIL	NIL
Chongqing East Toptrend Domo Limited (ii)	NIL	NIL	NIL	NIL	NIL

- (i) Investment cost of Quest Marine Resources Limited has been fully written off in previous year.

8. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).

International Accounting Standards

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

DIRECTORS' REPORT

Your directors submit the financial report of the Consolidated Group for the half-year ended 31 December 2017.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Wee Tiong CHIANG

Mr. Grant Anthony ROBERTSON

Mr. Hung Ngok WONG

Ms. Melissa CHIANG

Review of Operations

Murchison Holdings Limited and its controlled entities continued to earn their income from activities in the sectors of investments, stockbroking, nominee services, settlement services, electronics businesses, information technology and processing and sale of processed seafood. Our focus has continued to be markets in South East Asia, Australia, Europe and the USA.

Total Revenue has decreased by 60% to HKD14,449,000. The decrease is largely due to the following factors:

- Extremely low interest rates and recovering earning of US corporations ensured that funds previously invested in emerging market were flowing back to the US markets. The group is in the emerging market of China and subject to it, as a result reported a loss from operations during the financial year.

Net loss for half year ended 31 December 2017 decreased by 20% to HKD3,956,000 as a result of the factors as described above.

Rounding of Amounts

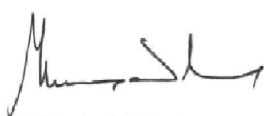
The Consolidated Group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 5 for the half year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors.

Director



Wee Tiong CHIANG

Dated this 21st September 2019

MURCHISON HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
A.B.N. 52 004 707 260

TO THE SHAREHOLDERS OF MURCHISON HOLDINGS LIMITED

AUDITOR'S INDEPENDENCE DECLARATION

To: The Board of Directors
Murchison Holdings Limited
C/- 7 Dallas Street
Mount Waverley Vic. 3149

Dear Board members,

Re: MURCHISON HOLDINGS LIMITED

In accordance with Section 307C of the *Corporations Act 2001*, we are pleased to provide the following declaration of independence to the directors of Murchison Holdings Limited A.B.N. 52 004 707 260.

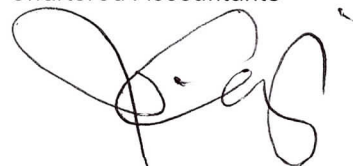
As lead auditor for the review of Murchison Holdings Limited and its controlled entities, the consolidated financial statements for the financial half-year ended 31 December 2017, we declare to the best of our knowledge and belief, there have been no contraventions of:

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

This declaration is made in respect of Murchison Holdings Limited and the entities it controlled during the half -year ended 31 December 2017.

National Audits Pty Ltd

National Audits Pty Ltd
Chartered Accountants



Mr Jeffrey D Cannings, FCA, CTA

Registered Company Auditor

Also, Director of National Audits Pty Ltd,
An Authorised Audit Company by ASIC

Dated this 21 Day of September 2019

Chartered Accountants, Auditors & Business Advisors

National Audits Pty Ltd T/A Super Audits Central ABN: 23 161 483 094

Liability limited by a scheme approved under the Professional Standards Legislation.

Director: Jeffrey D Cannings, MBA, Dip Tech (Comma), Dip Ed, FCA, CTA, Registered Company Auditor, SMSF Auditor & Tax Agent

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MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Consolidated Group	
	31 Dec 2017 HK\$000	31 Dec 2016 HK\$000
Revenue	14,449	35,979
Cost of sales	(14,422)	(35,645)
Gross profit	27	334
Other income	535	666
Employee benefits expense	(1,808)	(2,032)
Depreciation	(11)	(24)
Finance costs	(14)	(335)
Other operating expense	(2,685)	(3,566)
Loss before income tax expense	(3,956)	(4,957)
Income tax expense	-	-
Loss for the period	(3,956)	(4,957)
Other comprehensive income	-	-
Other comprehensive income for the period, net income tax	-	-
Total comprehensive income for the period	(3,956)	(4,957)
Loss attributable to :		
Owners of the company	(2,463)	(3,443)
Non-controlling interest	(1,493)	(1,514)
Loss for the period	(3,956)	(4,957)
Total comprehensive income attributable to:		
Owners of the company	(2,463)	(3,443)
Non-controlling interest	(1,493)	(1,514)
Total comprehensive income for the period	(3,956)	(4,957)
Overall Operations:		
Basic losses per share (cents per share)	(12.35)	(24.87)
Diluted losses per share (cents per share)	(12.35)	(24.87)

The accompanying notes form part of these financial statements.

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Consolidated Group	
	31 Dec 2017	30 Jun 2017
	HK\$000	HK\$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	6,031	5,812
Trade and other receivables	31,329	31,334
Other financial assets	42	403
Other current assets	10	27
TOTAL CURRENT ASSETS	37,412	37,576
NON-CURRENT ASSETS		
Trade and other receivables	28,473	38,080
Investments accounted for using the equity method	3,399	3,399
Other financial assets	53	53
Deferred tax assets	21,391	21,391
Plant and equipment	71	81
Other non-current assets	760	760
TOTAL NON-CURRENT ASSETS	54,147	63,764
TOTAL ASSETS	91,559	101,340
CURRENT LIABILITIES		
Trade and other payables	41,996	47,821
TOTAL CURRENT LIABILITIES	41,996	47,821
TOTAL LIABILITIES	41,996	47,821
NET ASSETS	49,563	53,519
EQUITY		
Issued capital	98,744	98,744
Reserves	16,013	16,013
Accumulated losses	(94,950)	(92,487)
Parent interest	19,807	22,270
Non-controlling interest	29,756	31,249
TOTAL EQUITY	49,563	53,519

The accompanying notes form part of these financial statements.

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		HK\$000	HK\$000		HK\$000	HK\$000	HK\$000
		Share Capital		Reserves			
		Ordinary	Accumulated Losses	Capital Profits	Share Options	Foreign Currency Translation	Non-Controlling Interests
	Note						Total
Balance at 1 July 2017		98,744	(92,487)	1,667	4,398	9,948	31,249
Total comprehensive income for the period							
Loss for the period		-	(2,463)	-	-	-	(1,493)
Total comprehensive income for the period		-	(2,463)	-	-	-	(1,493)
Transactions with owners, recorded directly in equity							
Changes of minority interest		-	-	-	-	-	-
Total transaction with owners		-	-	-	-	-	-
Balance at 31 December 2017		98,744	(94,950)	1,667	4,398	9,948	29,756

The accompanying notes form part of these financial statements.

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	HK\$000	HK\$000		HK\$000		HK\$000	HK\$000
	Share Capital		Reserves				
		Accumulated	Capital	Share	Foreign	Non-	
Note	Ordinary	Losses	Profits	Options	Currency Translation	Controlling Interests	Total
Balance at 1 July 2016	98,744	(69,647)	1,667	4,215	9,948	29,967	74,894
Total comprehensive income for the period							
Loss for the period	-	(3,443)	-	-	-	(1,514)	(4,957)
Total comprehensive income for the period	-	(3,443)	-	-	-	(1,514)	(4,957)
Transactions with owners, recorded directly in equity							
Changes of minority interest	-	-	-	-	(23)	-	(23)
Total transaction with owners	-	-	-	-	(23)	-	(23)
Balance at 31 December 2016	98,744	(73,090)	1,667	4,215	9,925	28,453	69,914

The accompanying notes form part of these financial statements.

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Consolidated Group	
	31 Dec 2017	31 Dec 2016
	HK\$000	HK\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	40,633	49,879
Payments to suppliers and employees	(31,033)	(49,615)
Interest received	2	3
Interest paid	(14)	(335)
Prior period adjustment	(1,610)	-
Net cash used in operating activities	7,978	(68)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	3	14
Payment for property, plant and equipment	1,052	(968)
Proceeds from investments	(1,981)	-
Net cash used in investing activities	(926)	(954)
Net decrease in cash held	7,052	(1,022)
Cash at the beginning of period	(1,021)	1
Cash at the end of period	6,031	(1,021)
Analysis of the balance of cash and cash equivalents		
Cash and cash equivalents in the statement of financial position:		
Cash and bank balances	6,031	2,515
Borrowings (Bank overdraft)	-	(3,536)
	6,031	(1,021)

The accompanying notes form part of these financial statements.

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: BASIS OF PREPARATION OF THE INTERIM REPORT

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Murchison Holdings Limited (“the Parent Entity”) and its controlled entities (“the Consolidated Group” or “the Group”) As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Consolidated Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Consolidated Group for the year ended 30 June 2017, together with any public announcements made during the half-year.

Going Concern

The directors have prepared the financial statements on a going concern basis. The group has reported an after tax loss of HK\$3,956,000 (2016: HK\$4,957,000) continuance in business as going concern is dependent on the continuing financial support from its major shareholders and its sustaining profitable operation of the group. The directors are confident of maintaining the financial support and the profitable operation in the foreseeable future, however this major shareholder dependency does indicate a material uncertainty which may cast significant doubt over the ability of the group to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. .

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Recoverability of current and non-current receivables

As at 31 December 2017, non-current accounts receivable amounting to \$28,473,000 (30 Jun 2017:HK\$38,080,000) were due from related parties and the recoverability of these receivables are supported by directors of the Company.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2017 annual report.

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: BASIS OF PREPARATION OF THE INTERIM REPORT

Significant Accounting Policies

The accounting policies adopted in the preparation of these interim consolidated financial statements are consistent with those applied in the preparation of the consolidated entity's annual financial statements for the year ended 30 June 2017 except for the adoption of new standards and interpretations effective from 1 July 2017. The adoption of these standards did not have a significant impact on the group's results in the current and/or prior period.

NOTE 2: LOSS FOR THE PERIOD

	Consolidated Group	
	31 Dec 2017	31 Dec 2016
	HK\$000	HK\$000
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Interest income	2	3
Exchange loss	(44)	(28)
	<hr/> 42	<hr/> 25

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: BUSINESS SEGMENTS

	Investments		Stockbroking		Telecom		Corporate Advisory		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
Sales to customers outside the consolidated entity	7,175	26,808	510	814	6,764	8,181	-	176	14,449	35,979
Other Revenue	321	562	75	104	-	-	139	-	535	666
Total segment revenue	7,496	27,370	585	918	6,764	8,181	139	176	14,984	36,645
Unallocated revenue	-	-	-	-	-	-	-	-	-	-
Total revenue from continuing operations	7,496	27,370	585	918	6,764	8,181	139	176	14,984	36,645
Total segment expenses	(8,821)	(30,880)	(2,112)	(2,448)	(7,383)	(8,226)	(624)	(48)	(18,940)	(41,602)
Segment result	(1,325)	(3,510)	(1,527)	(1,530)	(619)	(45)	(485)	128	(3,956)	(4,957)
Unallocated expenses net of unallocated revenue	-	-	-	-	-	-	-	-	-	-
Loss before income tax	(1,325)	(3,510)	(1,527)	(1,530)	(619)	(45)	(485)	128	(3,956)	(4,957)
Income tax expense	-	-	-	-	-	-	-	-	-	-
Loss after income tax	(1,325)	(3,510)	(1,527)	(1,530)	(619)	(45)	(485)	128	(3,956)	(4,957)
Segment Assets	26,896	94,310	19,588	28,593	(1,530)	212	4,609	6,066	49,563	129,181

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 4: FAIR VALUE MEASUREMENTS

The only financial assets carried at fair value are shares. The directors consider the shares to be Level 1 financial instruments, which have quoted prices (unadjusted) in active markets for identical assets or liabilities. There have been no transfers between level 1, 2 and 3 for recurring fair value measurements during the half-year.

The directors consider that the carrying amount of the other financial assets and other financial liabilities recorded in the financial statements approximate their fair values.

NOTE 5: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 6: EVENTS SUBSEQUENT TO REPORT DATE

There has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on page 6 to 14:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001; and
 - b. give a true and fair view of the Consolidated Group's financial position as at 31 December 2017 and of its performance for the half year ended on that date.
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.
3. On the date set out at Column 1 of the Table below, the Guarantor set out at Column 2 thereof guaranteed the due and punctual performance and observance of the various obligations of the Beneficiaries set out Column 3 thereof (being Quest Investments Limited and its controlled entities)

Column 1	Column 2	Beneficiaries of
Date of Deed	Guarantor	Guarantee
15 May 2019	Quest Investments Limited ACN 004 749 044	Quest Securities (Australia) Limited ACN 066 242 245 MQ Holdings Limited Company Number 271351 Quest Stockbrokers (HK) Limited CR 0351177 Quest Nominees Limited CR 0328511 Quest Investments Limited CR 0563455 Quest Telecom Limited CR 1016144
17 May 2019	Murchison Holdings Limited ACN 004 707 260	Quest Securities (Australia) Limited ACN 066 242 245 MQ Holdings Limited Company Number 271351

MURCHISON HOLDINGS LIMITED AND CONTROLLED ENTITIES

ABN 52 004 707 260

DIRECTORS' DECLARATION

17 May 2019

Chiang Wee Tiong

Quest Stockbrokers (HK)
Limited

CR 0351177

Quest Nominees Limited

CR 0328511

Quest Telecom Limited

CR 1016144

Quest Investments
Limited

ACN 004 749 044

Quest Securities
(Australia) Limited

ACN 066 242 245

MQ Holdings Limited

Company Number 271351

Quest Stockbrokers (HK)
Limited

CR 0351177

Quest Nominees Limited

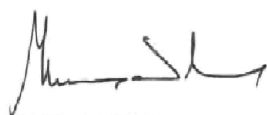
CR 0328511

Quest Investments
Limited

CR 0563455

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

Director



Wee Tiong CHIANG

Dated this 21st September 2019

INDEPENDENT AUDITOR'S REVIEW REPORT -

TO THE MEMBERS OF MURCHISON HOLDINGS LIMITED

Opinion

We have reviewed the financial half-year report of Murchison Holdings Limited (the Company) and its Controlled Entities (collectively the "Group"), which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, even after considering the following three key review matters, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- (ii) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Our Review Opinion

We conducted our review to express our conclusions on the financial report of the Group for the half-year ended 31 December 2017 based on our review procedures or findings.

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report by the Independent Auditor of the Entity*, in order to state whether, on the basis of our prescribed review procedures whether we have become aware of any matter for us to believe that the financial report for the half-year ended 31 December 2017:

- 1. Is not in accordance with the *Corporations Act 2001*;
- 2. Does not give a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the year half-year ended on that date; and
- 3. Not complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

As the auditor of Murchison Holdings Limited, ASRE 2410 requires us to comply with the ethical requirements appropriate with the audit of the annual financial report of the Company and its Controlled Entities.

We believe the review evidence we have obtained, which is not an audit, is sufficient and appropriate to provide a basis for our review opinion.

Key Review Matters

Key review matters are those matters that, in our professional judgment, were of most significance in our review of the financial report of the current half-year. These matters were addressed in the context of our review of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on those matters. For each matters below, our description of how our review addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's Review Responsibilities for the Review of the Financial Report section of our report, including in relation to those matters. Accordingly, our review included the performance of procedures designed to respond to our assessment of the risks of "material misstatement" of the financial report. The results of our review findings, including the procedures performed to address the following matters below, provide the basis for our review opinion on the accompanying financial report:

- a. Cash receipts, if any, are only available for our review on the Company's books-of accounts once they are first entered into the initial books of first entry, for example, in the cash book or in bank accounts. We cannot address this matter other than to state this key review matter applies to all businesses, we believe, wherever collection of cash is involved and even where electronic surveillance equipment is installed to record physical security and handling. Thus, this is an inherent insoluble issue for all cash collecting businesses in general for management and auditors.
- b. At 31 December 2017 balance date, the Group's consolidated *working capital* was deficient by HK\$4,584,000. Working capital normally represents current assets *exceeding* current liabilities and a deficiency in working capital indicates a likely future event when there may be an inability for the Group to be able to pay its debts as when they may become due and payable or in other words becoming *insolvent*. This important matter was subsequently addressed by directors since balance date of 31 December 2017 by;
- (i) Some of the liabilities or debts of the Group were converted into fully paid issued shares in Quest Investments Limited A.B.N. 59 004 749 044 (Quest), a subsidiary of Murchison Holdings Limited A.B.N. 52 004 707 260;
 - (ii) Quest received a pledge of 25 shares in a gold mine in the People's Republic of China from a third party company "Gold Lord Investments Inc.", estimated to have a market value of HK\$44,318,475;
 - (iii) Signing a binding '*Term Sheet*' with a company domiciled in Malaysia to purchase all the shares in Quest's two subsidiary stock broking companies *MQ Holdings Limited* and *Quest Stockbrokers (HK) Limited* for a sales price of about HK\$19,210,479. This transaction is subject to the approval of all relevant authorities;
 - (iv) Recently approving and signing a *Deed of Cross Guarantee* between all the wholly owned Companies within the Group and a *Deed Poll* being signed by the Chairman of the Company guaranteeing all the liabilities or debts of each company within the Quest Investments Limited Group;
 - (v) For further information about these transactions or events, please refer to pages 5-7 and 78 to 79 of the Group's Financial Report for the year ended 30 June 2017 and also to pages 15 and 16 in the Group's half-year Report ended 31 December 2017;
 - (vi) The Group has a significant concentration of credit risk by having large trade receivable balances due from related entities (or parties). The Chairman, and also a major shareholder, has guaranteed HK\$18,261,000 of the total trading and other receivables;
 - (vii) Further details are provided in Notes to the accounts on pages 53 to 55 and also 78 to 79 in the Group's Annual Report for the year ended 30 June 2017; and,
 - (viii) We addressed the Group's working capital deficiency issue at balance date of 30 June 2017 by requiring the Company's directors to sign a *Deed of Cross Guarantee* between Murchison Holdings Limited, Quest Investments Limited and their wholly owned subsidiary companies and also signing a *Deed Poll* to ensure the Group remains as a going concern for the next twelve months, even though through the passage of time since 30 June 2017 the Company and its respective Subsidiary companies have continued to remain as goings concerns, to at least to the date of our auditor's review report to the half-year ended 31 December 2017. We believe the above transactions and/or events are important to provide some substantial means to ensure, *but not totally*, the Group's continued solvency and hence shareholders' confidence in their Company and its Controlled Entities.

Information Other than the Financial Statements and Auditor's Review Report

The directors are responsible for the other information. The other information comprises the information included in the Group's 2017 Half-Year Report TO 31 December 2017 and our auditor's review report therein. We obtained the Directors' Report that is to be included in the Half – Year Report, prior to the date of our auditor's review report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our review of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the review or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of our auditor's review report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities

The Directors of the Company are responsible for the preparation of its financial report so that it gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such *internal control* as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Review of the Financial Report

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

As part of our review which was conducted in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout our *review*. We also:

- Identify and assess the risks of "material misstatement" of the financial report, whether due to fraud or error, design and perform review procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our review opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to our review in order to design review procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the review evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's review report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient or appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group review. We remain solely responsible for

our review opinion. We communicate with the Directors regarding, among other matters, the planned scope and timing of the review and significant review findings, including any significant deficiencies in internal controls that we identify during our review. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated to the Directors, we have determined those matters that were of most significance to us in our review of the Company's financial report for the half- year ended 31 December 2017 and therefore *again* the key past matters previously stated in our Auditor's Report for the year ended 30 June 2017 are significant to our review. We have describe those matters in our auditor's report for the year ended 30 June 2017, unless the law or legal regulations precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A review of a half-year financial report consists of applying various analytical reviews and procedures, such as making enquiries with those persons who have primary responsible to perform financial and accounting matters. A financial 'review' is therefore less substantial in scope than a financial audit which is conducted in accordance with Australian Auditing Standards and therefore cannot be relied upon to provide the same level of assurance as that of an audit. Accordingly, we *do not* express an audit opinion on the financial statements enclosed in this financial report for the half- year ended 31 December 2017

Our Procedural Reviewer's Comments

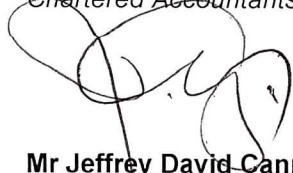
We were provided with the Group's Financial Report and its Financial Statements for the half-year ended 31 December 2017 by its directors on or about the 22 August 2019 for our auditor's review thereon.

The Financial Statements for the half-year ended 31 December 2017, as presented to us for our review, contained these important final key financial amounts in the Statement of Financial Position as at 31 December 2017: Total Consolidated Assets HK\$91,559,000, Total Consolidated Liabilities HK\$41,996,000 and Consolidated Equity/Net Assets HK\$49,563,000 as shown in the Group's 'Statement of Financial Position' as at 31 December 2017 on page 7



National Audits Pty Ltd

Chartered Accountants



Mr Jeffrey David Cannings, FCA, CTA

Registered Company Auditor

Also, Director of National Audits Pty Ltd,

An Authorised Audit Company by ASIC

Dated this 21 Day of September 2019

Chartered Accountants, Auditors & Business Advisors

National Audits Pty Ltd T/A SuperAudits Central ABN: 23 161 483 094

Liability limited by a scheme approved under the Professional Standards Legislation

Director: Jeffrey D Cannings, MBA, Dip Tech (Comma), Dip Ed, FCA, CTA, Registered Company Auditor, SMSF Auditor & Tax Agent

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