



QUEST INVESTMENTS LIMITED

ACN 004 749 044

The Manager
Company Announcement Office
The Australian Stock Exchange Limited

1st February 2008

Proposed Spin-off of Telecommunications and Value Added Technology Businesses for Separate Listing on a Recognised Stock Exchange

Quest Investments Limited ("QST") is pleased to announce that as part of its strategic business expansion plan that it intends to "spin-off" its growing telecommunications and value-added technology business unit as a separate listing on a recognized stock exchange. Preliminary discussions and negotiations with a number of investment bankers and underwriters, both in Australia and in London, have convinced the Company that such "spin-off" should be supported by the capital markets, and therefore, merits serious consideration by the Board of Directors to put into motion a detailed framework for an eventual listing of the business unit on either the ASX or the AIM market in the United Kingdom.

The Company's growing telecommunications and value-added technology business unit has reached a stage of its development to warrant separate funding sources for its expansion plans. Hitherto, the capital and funding needs of the business unit has been met by internally generated cash flow of the Group and financial support from its parent company, Murchison Holdings Limited ("MCH").

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The recent turbulence and volatility seen in the world's financial markets, coupled with the implementation of various large scale infrastructural development projects of MCH have meant that optimal resource allocation within the MCH and QST Groups will assume greater importance. The separate listing of our telecommunications and value-added technology business unit should permit it to tap into capital from the world's financial markets and enable it to capitalize on various opportunities available to it.

The Directors are of the view that the proposed "spin-off" should unlock some of the inherent value of QST's investments including those made in recent years which the Directors do not believe have been adequately reflected in the Company's present market capitalization. The Company intends to complete formal application procedures for listing in the second quarter of 2008.

Shareholders may recall that the Company has been preparing, through various co-operative agreements (see QST's announcement of 13 February 2007), and its own technology developments, for the impending launch of the 3G telecommunication services in the People's Republic of China ("PRC") in 2008. The PRC has adopted TD-SCDMA as its standards for the 3G launch. The launch is widely expected by the industry to be in March 2008, ahead of the 2008 Summer Olympic Games in Beijing, PRC. It is presently estimated that there is over 450 million mobile phone subscribers in the PRC.

The Company also wishes to advise that it is at an advanced stage of negotiation with a PRC technology company specializing in providing the TD-SCDMA value-added technology devices for the 3G telecom service operators. If these negotiations result in an agreement for QST to take a significant equity stake in this PRC technology company, it is anticipated to strengthen and widen the scope of value-added services which QST's telecom subsidiary can offer to 3G telecom service operators.

According to I Suppli Corporation, a US applied market intelligence company in the electronic and IT industry, the PRC's 3G value-added services market will grow to USD19.5 billion in revenue by 2011, maintaining a compound annual growth rate of 17.4% from USD8.8 billion in 2006.

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Ovum, a UK-based research consultancy, forecasted in January 2007 that Wireless Value-added Services (“WVAS”) would generate over USD11.5 billion revenues in PRC by 2010, a 48% surge from 2006. The launch of TD-SCDMA 3G services would add further fuel to the growth in WVAS.

Shareholders however are advised that although these negotiations with the PRC technology company are at an advanced stage, they may or may not result in an actual agreement. We shall advise shareholders of the outcome so soon as any contractual agreements come into effect. For the meantime, shareholders are advised to exercise caution in trading the company’s shares.

About Quest

Quest Investments Limited (ASX Code: QST) is an Australian company with investment banking and telecommunication businesses in the Asia-Pacific region. QST is a member of the Murchison Holdings Group of companies. QST’s stockbroking subsidiary owns two trading rights in the Hong Kong Stock Exchange (“HKSE”) and has been a member of the HKSE since 1992. QST has a licence from OFTA in Hong Kong to provide external telecom services in Hong Kong SAR.

About 3G

3G is an innovative technological advancement by which two communication platforms, the internet and the mobile phone, are combined together. It is aimed to enhance the modern lifestyle by delivering high quality, media-rich content including audio and visual, to mobile handsets or any terminal receiver via a national network of base stations which covers a specific area and forms part of a patchwork of overlapping cells covering the country.

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By order of the Board of Directors

Chiang Wee Tiong
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