



MURCHISON HOLDINGS LIMITED

ACN 004 707 260

**The Manager  
Company Announcement Office  
The Australian Stock Exchange Limited**

**1 May 2009**

**Bonus Option Issue Prospectus**

The Company is pleased to announce the issue of one (1) free option, exercisable at \$1.20 on or before 31 May 2010 for every one (1) share held by eligible shareholders as at 5.00 pm AEST on 12 May 2009

The Bonus Options are being offered free to eligible shareholders.

The timetable relating to the Option Issue is as follows:

Lodgement of Prospectus and Appendix 3B	1 May 2009
Ex Date/Deferred settlement trading begins	6 May 2009
Record Date for determining Entitlements	12 May 2009
Prospectus and transaction confirmation statements dispatched/Deferred settlement trading ends	26 May 2009

A copy of the Prospectus is attached to this announcement together with letters:

1. pro forma letter to shareholders resident outside Australia; and
2. pro forma letter to shareholders eligible to receive the prospectus

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Level 2, 11 Queens Road,  
Melbourne, Victoria 3004  
Australia  
Tel: (613) 9867 7033  
Fax: (613) 9867 7088

**Hong Kong**  
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Tel: (852) 2877 6828  
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MURCHISON HOLDINGS LIMITED  
ACS 004 707 210

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**The Manager  
The Australian Stock Exchange Limited**

**1 May 2009**

For further information contact:

Chiang Wee Tiong

Chairman

Murchison Holdings Limited

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By order of the Board of Directors

Chiang Wee Tiong

Chairman

# **MURCHISON HOLDINGS LIMITED**

**ACN 004 707 260**

## **BONUS OPTION ISSUE PROSPECTUS**

For a free bonus issue of 1 Option exercisable at \$1.20 on or before 31 May 2010 for every 1 MCH Share held by Shareholders as at 5pm AEST on 12 May 2009

The Bonus Options are being offered free to Shareholders.

**SHAREHOLDERS ARE NOT REQUIRED TO TAKE ANY ACTION IN RELATION TO THE ISSUE OF BONUS OPTIONS PURSUANT TO THIS PROSPECTUS.**

### **IMPORTANT NOTICE**

This document is important and should be read in its entirety.

If after reading this Prospectus you have any questions about the Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant, solicitor or other professional advisor.

The Options offered by this Prospectus should be considered as speculative and in conjunction with the risk factors outlined in this Prospectus.

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## 1. CORPORATE DIRECTORY

### **Company**

Murchison Holdings Limited  
ACN 004 707 260

### **Registered Office**

Level 2, 11 Queens Road,  
Melbourne, Victoria, Australia 3004  
Tel : (03) 9867 7033  
Fax: (03) 9867 7088

### **Principal Office In Hong Kong**

Room 202, 2<sup>nd</sup> Floor, Chinaweal Centre,  
414-424 Jaffe Road,  
Hong Kong  
Tel: (852) 2877 6828  
Fax: (852) 2596 0451

### **Directors**

Wee Tiong Chiang, (Chairman) B.Sc (Hons), MBA  
Grant Anthony Robertson, B.Ec., LL.B, CPA  
Kim Chan Koh, MBBS (Malaya), MRCP(G), MRACP, DIH

### **Company Secretary**

Grant Anthony Robertson, B.Ec., LL.B, CPA

### **Auditors**

Bentleys Melbourne Partnership (in Australia)\*  
114 William Street,  
Melbourne, Victoria, Australia 3000

### **NK Wong & Co (in Hong Kong)\***

Room 1206,  
Harbour Crystal Centre  
100 Granville Road, Tsim Sha Tsui East,  
Kowloon, Hong Kong

**Lawyers**

Mills Oakley Lawyers  
Level 4, 121 William Street,  
Melbourne, Victoria, Australia 3000

**Share Registry**

Computershare Investor Services Pty Limited\*  
Yarra Falls  
452 Johnson Street,  
Abbotsford, Victoria, Australia 3067  
Tel: (03) 9415 5000  
Fax: (03) 9473 2500

**Bankers**

Commonwealth Bank of Australia\*  
367 Collins Street,  
Melbourne, Victoria, Australia 3000

National Australia Bank Limited\*  
271 Collins Street,  
Melbourne, Victoria, Australia 3000

**Stock Exchange Listing**

Murchison Holdings Limited's shares are listed on the Australian Stock Exchange\*  
under ASX Code MCH.

\* These parties are included for information purposes only. They have not been involved in the preparation of this Prospectus.

## 2. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

### TIMETABLE AND IMPORTANT DATES

Lodgement of Prospectus and Appendix 3B	1 May 2009
Ex Date/Deferred settlement trading begins	6 May 2009
Record Date for determining Entitlements	12 May 2009
Prospectus and transaction confirmation statements dispatched/Deferred settlement trading ends	26 May 2009

\* The date the Bonus Options are expected to commence trading on the ASX may vary.

### IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 1 May 2009 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and the ASX take no responsibility for the contents of this Prospectus.

The expiry date of the Prospectus is 13 months after the date it was lodged with ASIC (**Prospectus Expiry Date**). No Options will be allotted or issued on the basis of this Prospectus after the Prospectus Expiry Date.

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### **ELECTRONIC PROSPECTUS**

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

Any Shareholder may obtain a hard copy of this Prospectus free of charge by contacting the Company.

Certain words and terms used in this Prospectus have defined meanings which appear in Section 9.



### **3. DETAILS OF THE ISSUE**

#### **3.1 Issue of Bonus Options**

The Issue is being made as a bonus issue of 1 free Option for every 1 Share held by Shareholders registered at 5pm (AEST) on the Record Date (**Bonus Options**). Fractional Entitlements will be rounded up to the nearest whole number. As the Bonus Options are being issued for nil consideration, no funds will be raised under the Issue. If all the Bonus Options issued under this Prospectus are exercised, and assuming that no new securities are issued or any securities cancelled, the Company will receive approximately \$24,228,725.

Based on the capital structure of the Company as at the date of this Prospectus, the maximum number of Bonus Options to be issued pursuant to this Issue (assuming that no new securities are issued or any securities cancelled) is approximately 20,190,604.

The purpose of the Issue is set out in Section 4 of this Prospectus.

The Offer is non-renounceable, this means that Shareholders cannot sell or trade their Entitlement prior to the issue of the Bonus Options.

#### **3.2 Quotation on ASX of Options**

Application for official quotation by the ASX of the Bonus Options offered pursuant to this Prospectus will be made 7 days after the date of this Prospectus. If approval is not obtained from the ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by ASIC), the Company will not issue any Bonus Options. The fact that the ASX may grant official quotation to the Bonus Options is not to be taken in any way as an indication of the merits of the Company or the Bonus Options offered under this Prospectus.

### **3.3 Allotment of Options**

Because the Bonus Options are issued for no consideration, Shareholders are not required to take any action to accept and be issued with their Entitlement and Bonus Options.

Bonus Options issued pursuant to this Issue will be allotted as soon as practicable after the date of this Prospectus and otherwise in accordance with the ASX Listing Rules. The Company will allot the Bonus Options on the basis of a Shareholder's Entitlement.

Transaction confirmation statements for the Bonus Options will be mailed as soon as possible after the date of this Prospectus.

It is the responsibility of each Shareholder to determine their Bonus Option holding before trading in the Bonus Options. Shareholders who sell Bonus Options before they receive their transaction confirmation statement do so at their own risk.

### **3.4 Overseas Shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Bonus Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Shareholders resident outside Australia should consult their professional advisers as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

## **4. PURPOSE AND EFFECT OF THE ISSUE**

### **4.1 Purpose of the Issue**

The purpose of the Issue is to provide Shareholders with an opportunity to participate in the continued growth of the Company. No funds will be raised through the issue of the Bonus Options pursuant to this Prospectus, however if all the Bonus Options are exercised (and assuming that no new securities are issued or any securities cancelled), the Company will receive approximately \$24,228,725. The likelihood of the Company raising this additional capital through the exercise of the Bonus Options is dependent on the price of the Shares from time to time up to the Expiry Date. Any funds raised upon the exercise of any of the Bonus Options will be allocated to the working capital requirements for existing businesses of the Company and will assist in the funding and working capital requirements of future acquisitions.

Whilst the Company has cash reserves which are currently adequate for operational working capital needs, the Company has formulated a growth strategy (described below) which, when implemented, will require both increased working capital and funds to assist in acquisitions.

The Directors of MCH believe that the Company is well positioned to build on its close technical support from its technology partners in establishing a presence in the manufacturing technology and distribution industries. MCH intends focusing on enlarging the Group's business content including:

- (a) development of manufacturing capabilities for a number of multi-media and 3G telecommunication products for distribution in the PRC and globally;
- (b) development of distribution networks for high-tech consumer electronics, multi-media and 3G telecom products to ensure the gradual creation and sustainability of a reliable revenue and earning base;
- (c) corporate expansion through acquisitions or joint-ventures with suitable parties in matching Australia's vast resources and products with emerging economies in the Asia Pacific region and the PRC; and

(d) the performance of the Hong Kong stock market has a direct impact on QST's stockbroking and telecom activities. The Directors of QST believe that the established loyalty and continuing support of QST's shareholders and the Group's clients will be a key element in its success. The future plans of QST include the setting up of a stock broking business in Australia and also the development of a wider range of financial services including participation in a two-way flow of direct investments between Australia and the PRC, placing of securities to investors and the provision of financial assistance in relation thereto. With its established securities client base and the possibility of attracting additional new clients for its telecom services, the Board of QST believes that it is well positioned to register satisfactory results once global financial markets and the world economy recovers.

QST also intends to deploy more resources to bolster its marine resources activities in Australia and the PRC. The Directors believe that QMR is able to benefit from the rising income levels of the PRC consumer as well as benefit from exports of processed products to European Union and other Asia-Pacific countries.

QST has advised MCH that it will also be making an issue of bonus options at or about the date of this Prospectus:

#### **4.2 Effect of the Issue**

The principal effect of the issue will be to increase the number of Options on issue from 5,700,652 as at the date of this Prospectus by 20,190,604 to approximately 25,891,256.

The above numbers of Options may decrease if existing Options are exercised prior to the Record Date. The number of Bonus Options would increase accordingly.

No reduction in working capital will result from the Issue other than the costs of the Issue.

### 4.3 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Issue is set out below, assuming that all Bonus Options under the Issue are issued and assuming no new securities are issued or any securities are cancelled.

	Shares	Options
<b>On issue as at the date of this Prospectus</b>		
Ordinary fully paid shares	20,190,604	
Existing Options on issue		5,700,652
<b>Bonus Options *</b>		
Proposed issue of Bonus Options pursuant to this Prospectus exercisable at \$1.20 each on or before 31 May 2010		20,190,604
<b>Total securities after completion of Issue</b>	20,190,604	25,891,256

\* Approximate number assuming no existing options on issue are exercised prior to completion of the Issue.

### 4.4 Taxation implications

Shareholders should be aware that there may be taxation liabilities arising from the issue of Bonus Options pursuant to this Prospectus, the exercise of the Bonus Options and/or the sale of Shares issued on exercise of the Bonus Options. For this reason, it is important that Shareholders consult their own taxation or other financial advisers in relation to the taxation laws and regulations and social security implications applicable to their personal circumstances.

## 5. RIGHTS AND LIABILITIES ATTACHING TO THE BONUS OPTIONS

### 5.1 Terms and Conditions of Bonus Options

The Bonus Options will entitle the holders to subscribe for Shares on the following terms:

- (a) each Bonus Option entitles the holder to subscribe for and be allotted one Share;
- (b) the Bonus Options are exercisable at \$1.20 each, payable in cash (**Exercise Price**);
- (c) the Bonus Options will be exercisable on or before 31 May 2010 (**Expiry Date**);
- (d) the Bonus Options may be exercised by notice in writing to the Company received at any time on or before the Expiry Date;
- (e) the Bonus Options are freely transferable;
- (f) the Bonus Options may be exercised in whole or in part;
- (g) following allotment, a transaction confirmation statement will be issued for the Bonus Options. A separate notice of exercise of Options will also be included for completion when exercising the Bonus Options. The Bonus Options held by the Option holder are exercisable in whole or in part on or before the Expiry Date. Reminder notices will be forwarded to the Option holders prior to the Expiry Date. Bonus Options not exercised on or before the Expiry Date will lapse. A Bonus Option is exercisable by a Shareholder filling in and signing the Notice of Exercise of Options and lodging it at the office of the Company's Share Registry together with payment of the Exercise Price for each Bonus Option exercised;
- (h) in the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of

the Option holder will be treated in the manner prescribed by the ASX Listing Rules applying to reconstructions at that time;

- (i) all shares issued upon exercise of the Bonus Options will rank pari passu in all respects with the Company's then existing Shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of the Bonus Options;
- (j) there are no participating rights or entitlements inherent in the Bonus Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Bonus Options.

However, if from time to time on or prior to the Expiry Date the Company makes an issue of new Shares to Shareholders, the Company will announce the issue to the ASX prior to the Record Date in accordance with the requirements of the ASX Listing Rules. This will give holders of Bonus Options the opportunity to exercise their Bonus Options prior to the date for determining entitlements to participate in any such issue; and

- (k) there is no right to a change in the Exercise Price of the Bonus Options or to the number of Shares over which the Bonus Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Bonus Options.

## **5.2 Rights Attaching to Shares**

All issued shares in MCH are currently fully paid ordinary shares. The constitution of MCH sets out the rights, privileges and restrictions attaching to Shares, a copy of which can be inspected at the Company's registered office during normal business hours. The rights, privileges and restrictions attaching to Shares can be summarised as follows:

### **(a) General Meetings**

Each Shareholder has the right to receive notices of and to attend in person, or by proxy, attorney or representative and to vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total number of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

Subject to the rights of persons (if any) entitled to Shares with special rights to dividends the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the Shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividends, all dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.



(d) Winding-Up

All Shares rank equally in a winding up of MCH and are entitled to dividends equally, in proportion to the amount paid up, or deemed to be paid up, on the Shares.

Shareholders have the right, on a winding up of MCH, to participate in surplus assets and profits of MCH equally with each other, in proportion to the amount paid up or deemed to be paid up on the Shares.

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the majority of the holders of the issued shares of that class, or if authorised by an ordinary resolution passed at a separate meeting of the holders of the shares of that class.

(g) Reduction of share capital

MCH may reduce its capital in any manner allowed by the Corporations Act or the Listing Rules

(h) Forfeiture of Shares

MCH is empowered to forfeit shares in relation to which calls have been made or deemed to have been made and which remain unpaid in accordance with its constitution, the Listing Rules or the Corporations Act.

## **6. RISK FACTORS**

### **6.1 General**

The Options offered under this Prospectus should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports.

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. These factors, and others not specifically referred to below, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus. Therefore, the securities offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Bonus Options.

### **6.2 General Economic Climate**

The market price to the Company's securities may be subject to varied and unpredictable influences on the market for equities in general.

Factors such as inflation, currency fluctuations, interest rates and transactional turnover have an impact on operating costs. The Company's future revenues and Share price may be affected by these factors, which are beyond the Company's control.

### **6.3 Increased competitive pressure**

The stockbroking industry as well as the telecoms industry are highly competitive businesses, particularly in the Asia Pacific region where MCH's subsidiaries, QSB and QTLHK, operate. Whilst the Directors believe that QSB's and QTLHK's service levels and connections (particularly in Asia) differentiate them from their competitors, future activities by those competitors could affect QSB's and QTLHK's client retention and new client development.

The same is true also for QMR where the barrier to entry is low for competitors in the seafood business.

Any increased competitive pressure could adversely affect MCH's operating and financial performance.

### **6.4 Securities and Futures Commission Registration and Exchange Participant and Exchange Trading Rights**

QSB has 2 trading rights on the Hong Kong Stock Exchange and has undertaken to comply with various laws, rules and regulations concerning the same. A failure to comply with those laws, rules and regulations may result in fines, restrictions in trading rights and/or loss of the right to trade which if imposed upon QSB would adversely affect MCH's operating and financial performance.

### **6.5 Public Non-Exclusive Telecommunications Service (PNET) Licence**

QSTHK holds a public non-exclusive telecommunications service (PNET) licence issued by the Office of the Telecommunication Authorities of Hong Kong. QSTHK has undertaken to comply with various laws, rules and regulations concerning the same. A failure to comply with those laws, rules and regulations may result in fines, restrictions and/or loss of the rights granted under the licence which if imposed upon QSTHK could adversely affect MCH's operating and financial performance.

### **6.6 Heavy reliance on commission income from stockbroking**

For the past several years, provision of agency services for trading stocks in the Asia Pacific markets has been the major source of income to MCH. The level of MCH's income is subject to various factors which are uncontrollable by MCH and include the price fluctuations and trading

volumes of securities and the general economic conditions and investment sentiment in the Asia Pacific region. Therefore, there is no assurance that MCH's income can be maintained at a particular level. If the business activity of MCH's broking subsidiary encounters any setback, the operating and financial performance of MCH will also be adversely affected.

#### **6.7 Credit and settlement risks**

A principal business of MCH is stockbroking and it is therefore subject to credit and settlement risks when providing stockbroking or agency business on securities trading. QSB's customers are primarily cash clients. QSB does not provide margin financing facilities for securities trading. For cash clients with a good credit standing, they may or may not be required (depending on the transaction size) to deposit a portion of the transaction amount with QSB before they conduct a transaction and to settle the remaining balance within two (2) trading days of the transaction day (for Hong Kong trades) and three (3) trading days (for Australian trades). QSB has an obligation to settle the full value of the transaction with the Central Clearing And Settlement System (CCASS) on the settlement date (which is transaction date plus two (2) trading days for Hong Kong trades). In the case of Australian shares, QSB has an obligation to settle the full value of the transaction with its clearing brokers in Australia within three (3) trading days. In the event the client fails to deposit the requisite funds in a timely manner, QSB will have to use its own funds to settle with CCASS and its Australian clearing brokers. Under those circumstances, its liquidity position will be adversely affected. QSB would then dispose of the securities held by the client to cover the amount owed by the client. However, market conditions change from time to time and there is a risk that the value of such securities may decrease and accordingly the proceeds obtained from the disposal of such securities may be insufficient to cover the amount due from the client. If the client subsequently fails to compensate QSB for the shortfall, QSB and MCH's operating and financial performance would be adversely affected.

#### **6.8 Proprietary trading**

QST's proprietary trading in stocks, whilst potentially lucrative, does expose it to the risk of losses. There is no assurance that QST's proprietary trading activities will contribute a profit in the future. However, if

this aspect of the business results in a loss, then MCH's operating and financial performance would be adversely affected.

#### **6.9 Risk of Underwriting business**

QST plans to diversify its core financial services business away from stockbroking to a wider range of financial services. QST intends to develop its securities underwriting business. Underwriting and sub-underwriting business may lead to substantial losses if a fund raising activity underwritten by a member of the Group becomes undersubscribed and that member is required to take up the underwritten securities and the market price of the same is lower than its subscription price. Any adverse movement in the market prices of those securities will adversely affect MCH's operating and financial performance.

#### **6.10 Risk of error trades**

It is QSB's policy that it will settle losses arising from error trades made by QSB's staff during the processing of orders placed by clients. Losses from error trades are treated as part of QSB's operating expenses. MCH's operating and financial performance will be adversely affected if QSB is unable to effectively control and prevent error trades.

#### **6.11 Reliance on key personnel and staff**

The success of MCH is, to a substantial extent, attributable to the experience and expertise of members of its senior management who have extensive experience in the financial industry and well-established relationships with the Group's major clients and supporters. The loss of any of its senior management could have an adverse effect on MCH's operating and financial performance.

#### **6.12 Professional Indemnity, Negligence, Public Liability and Insurance**

A significant risk for the Company, as a financial service provider, is that claims of professional negligence may be made against it. The Company also faces risks in respect of claims against it by third parties and for damages suffered by reason of any negligent conduct.

A successful claim of negligence may impact the Company by:

- (a) adversely affecting the reputation of the Company;
- (b) requiring the payment of insurance excesses;
- (c) requiring the payment of various costs (such as legal and other

- experts' costs) in defending claims or negotiation settlements;
- (d) requiring liability payments which either are not covered by insurance or which exceed limits under available insurance coverage; and
- (e) increasing future insurance premiums.

The Company maintains professional indemnity and public liability insurance to cover liabilities in the event of such claims. However, it is not always possible to obtain insurance coverage, on commercially reasonable terms, if at all, in respect of all risks faced by the Company.

#### **6.13 Management of Growth**

The Company has achieved significant growth in its operational and financial performance in recent years. As part of its business strategy, the Company aims to continue this growth. There is no assurance, however, that this will be achieved.

#### **6.14 Competitive Position and Market Trends**

The Company operates in a competitive market. There can be no assurance that the actions of competitors or changes in customers will not adversely affect the Company's performance. Increased competition could result in under-utilisation of personnel, reduced profit margins and loss of market share. Any of these could adversely affect the Company's operating and financial performance.

#### **6.15 Government Risk**

The telecommunication and media industry in the PRC and Hong Kong is subject to the policies and regulations of central and local governments. Such policies and regulations may not always be favourable and, sometimes may have an adverse impact on industry operators. Any of these could adversely affect the Company's operating and financial performance

#### **6.16 People's Republic of China Legal System Risk**

The PRC legal system has inherent uncertainties that could limit the protections available to enterprises and individuals. It is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the Chinese government has promulgated laws and regulations dealing with economic matters. These laws and regulations are relatively new and because of the limited volume

of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. In addition, as the legal system in PRC develops, changes in such laws and regulations, their interpretation and their enforcement may have a negative effect on MCH's businesses, financial condition and results of operations.

#### **6.17 Forward-looking statements may not materialise**

Certain statements included in this Prospectus constitute forward-looking statements rather than statements of historical fact. These forward-looking statements are based on assumptions regarding MCH's present and future business strategies and the environment in which the Group will operate in the future and involve known and unknown risks, uncertainties and other factors which may cause the actual performance or achievement of MCH to be materially different from any future performance or achievements expressed or implied by such forward-looking statements.



## **7. ADDITIONAL INFORMATION**

### **7.1 Continuous Disclosure Obligations**

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares that will be issued on conversion of the Bonus Options issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 3 months prior to the issue of this Prospectus.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX as at the date of this Prospectus and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify the ASX of information about specified events or matters as they arise for the purpose of the ASX making that information available to the stock market conducted by the ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporation Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) to the extent they are available, it will provide a copy of each of the following documents, free of charge, to any person on request from the date of issue of this Prospectus:
  - (i) the annual financial report most recently lodged with ASIC by the Company and any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus with ASIC; and
  - (ii) any document used to notify the ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company released its 2008 Annual Report to Shareholders with the ASX on 1 October 2008 and Half Yearly Report and Accounts with the ASX on 2 March 2009. The Company has lodged the following announcements with the ASX since 1 October 2008:

Date	Description of Announcement
2 October 2008	Notice of Annual General Meeting/Proxy Form
20 October 2008	Supply contracts of seafood to HK and PRC by QST
21 October 2008	Amendment to QST's announcement made on 21 Oct. 2008
23 October 2008	Appendix 3B
24 October 2008	Change in substantial holding

28 October 2008	Daily share buy-back notice – Appendix 3E
29 October 2008	Daily share buy-back notice – Appendix 3E
31 October 2008	Daily share buy-back notice – Appendix 3E
4 November 2008	Appendix 3B
4 November 2008	Form 484 cancellation of shares
4 November 2008	Form 484 cancellation of shares
5 November 2008	Form 484 cancellation of shares
6 November 2008	Change in substantial holding
11 November 2008	Daily share buy-back notice – Appendix 3E
13 November 2008	Daily share buy-back notice – Appendix 3E
17 November 2008	Form 484 cancellation of shares
25 November 2008	Form 484 cancellation of shares
25 November 2008	Appendix 3B
1 December 2008	Result of the AGM
2 December 2008	Change in substantial holding
2 December 2008	Daily share buy-back notice – Appendix 3E
5 December 2008	Daily share buy-back notice – Appendix 3E
8 December 2008	Form 484 cancellation of shares
17 December 2008	Form 484 cancellation of shares
30 December 2008	Change in substantial holding
5 February 2009	Appendix 3B
6 February 2009	Profit warning from MCH's subsidiary QST
26 February 2009	Daily share buy-back notice – Appendix 3E
2 March 2009	Half Yearly Report and Accounts
2 March 2009	Media release 31 December 2008
13 March 2009	Announcement of buy-back – Appendix 3C
13 March 2009	Daily share buy-back notice – Appendix 3E
19 March 2009	Form 484 cancellation of shares
31 March 2009	Form 484 cancellation of shares
6 April 2009	Change in substantial holding
8 April 2009	Announcement by Quest Investments Ltd
20 April 2009	Collaboration Agreement for Sea Cucumber

The ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at the ASX during normal office hours.

## 7.2 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director has,

or had within 2 years before lodgement of this Prospectus with ASIC, any interest in:

- (i) the promotion or formation of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its promotion or formation; or
- (iii) the offer of Bonus Options under this Prospectus, and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:
- (iv) to induce him to become, or to qualify him as, a Director; or
- (v) for services rendered by him in connection with the formation or promotion of the Company or the offer of Bonus Options under this Prospectus.

Directors' relevant interests in securities of the Company at the date of this Prospectus are:

<b>Name</b>	<b>Shares</b>	<b>Options</b>	<b>Entitlement of each Director</b>
Wee Tiong Chiang	426,074	500,000	426,074
Grant Anthony Robertson	69,334	381,666	69,334
Kim Chan Koh	908	119,735	908

Note: Each of the Directors has indicated that it is their present intention to subscribe for their full Entitlement under the Offer. The above numbers of securities may change if any of the existing Options are exercised prior to the Record Date, in which case the Entitlement would increase accordingly.

### 7.3 Directors' Fees and Benefits

The table below sets out the current annual remuneration provided to the Directors of the Company and their associated companies at the date of this Prospectus, inclusive of directors fees and consultancy fees.

2009	Short-term			Post-employment	Total	
	Base Salary	Profit Share/Bonus	Other Benefits-Options	Super-annuation	Performance related	
Wee Tiong Chiang	187,800	Nil	Nil	8,640	196,440	0%
Grant Anthony Robertson	150,000	Nil	Nil	13,500	163,500	0%
Kim Chan Koh	25,000	Nil	Nil	Nil	25,000	0%

\*No profit share or bonus has been paid to date in the 2008/2009 financial year however this is subject to change.

\*\* Other benefits figure is an estimate and is subject to change.

The table below set out the remuneration provided to the Directors of the Company and their associated companies during the last financial year prior to the date of this Prospectus.

2008	Short-term			Post-employment	Total	
	Base Salary	Profit Share/ Bonus	Other Benefits -Options	Super-annuation	Performance related	%
Wee Tiong Chiang	236,000	0	106,000	8,000	350,000	0%
Grant Anthony Robertson	25,000	0	64,000	0	89,000	0%
Kim Chan Koh	25,000	0	21,000	0	46,000	0%

#### 7.4 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoter or stockbroker to the Company had within 2 years before lodgement of this Prospectus at ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or to be acquired by the Company in connection with its formation or promotion; or
- (c) the offer of Bonus Options under this Prospectus, and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by him in connection with the formation or promotion of the Company or the Issue.

Pursuant to Section 716 of the Corporations Act, Mills Oakley Lawyers has given, and has not withdrawn its consent to being named as Lawyers to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Mills Oakley Lawyers has not caused or

authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

#### **7.5 Legal Proceedings**

The Company has no legal proceedings against it or threatened against it at the date of this Prospectus.

#### **7.6 Estimated Expenses of Issue**

The estimated expenses of the Issue are \$50,000 comprising ASIC fees, ASX listing fees, legal expenses and share registry fees.

#### **7.7 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX.

The highest and lowest market sales prices of the Company's Shares on the ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest:	\$0.95	- 11 March 2009
and		
Lowest:	\$0.60	- 11 March 2009

The latest available closing sale price of the Company's Shares on the ASX prior to the lodgement of this Prospectus with ASIC was \$0.80 cents on 30 April 2009.

#### **7.8 ASIC Class Order**


The Company has taken advantage of ASIC Class Order 00/1092 which exempts the Company from Sections 717 and 723 of the Corporations Act to the extent that they require:

- (a) this Prospectus to include or be accompanied by an application form; and
- (b) the Company to only issue Options pursuant to this Prospectus to a person who has submitted an application form distributed with this Prospectus.

**8. AUTHORITY OF DIRECTORS**

Each of the Directors of Murchison Holdings Limited has consented to the lodgement of this Prospectus with ASIC in accordance with Section 720 of the Corporations Act.

Dated 1 May 2009

A handwritten signature in black ink, appearing to read 'Grant A. Robertson', with a long horizontal stroke extending to the right.

Grant A. Robertson  
Director  
Murchison Holdings Limited

## 9. DEFINITIONS

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AEST	means Australian Eastern Standard Time
Annual Report	means the annual report of the Company for the year ended 30 June 2008 and lodged with ASX on or about 1 October 2008
ASIC	means the Australian Securities and Investments Commission
ASX	means ASX Limited ACN 008 624 691, or the Australian Securities Exchange, as the context requires
Board	means the Board of Directors of MCH unless the context indicates otherwise
Bonus Options	means an Option issued pursuant to this Prospectus with the terms and conditions specified in Section 5
Business Day	means a day on which trading takes place on the stock market of ASX
Company or MCH	means Murchison Holdings Limited ACN 004 707 260
Constitution	means the Company's Constitution as at the date of this Prospectus
Corporations Act	means the Corporations Act 2001 (Cth)
Directors	means the directors of the Company at the date of this Prospectus
Dollars or "\$"	means Australian dollars
Entitlement	means the entitlement of a Shareholder who is eligible to participate in the Issue
Exercise Price	means \$1.20 for each Bonus Option
Expiry Date	means 31 May 2010
Group	means MCH and its subsidiaries
Issue	means the bonus issue of 1 Option for every 1 Share to eligible Shareholders on the Record Date, further details of which are included in Section 3 of this



	Prospectus
Issue Date	means the date of issue of Options set out in Section 3 of this Prospectus
Listing Rules or ASX Listing Rules	means the Listing Rules of the ASX
Offer	means the offer of Bonus Options under this Prospectus
Option	means an option to acquire a Share
Option holder	means the holder of an Option
PRC	means the People's Republic of China
Prospectus	means this prospectus
QMR	means Quest Marine Resources Limited, a wholly owned subsidiary of QST
QSB	means Quest Stockbrokers (HK) Ltd, a wholly owned subsidiary of QST
QST	means Quest Investments Limited ACN 004 749 044.
QSTHK	means Quest Investments Limited Hong Kong, a wholly owned subsidiary of QST
QTLHK	means Quest Telecom Limited, a wholly owned subsidiary of QST
Quotation and Official Quotation	means official quotation on the ASX
Record Date	means 5pm (AEST) on the record date specified under the heading "Timetable and Important Dates" in Section 2 of this Prospectus
Share	means a fully paid ordinary share in the capital of the Company
Shareholder	means a shareholder of the Company



MURCHISON HOLDINGS LIMITED

ACN 004 707 260

000001 000 MCH  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Dear Shareholder,

### **BONUS OPTION ISSUE PROSPECTUS**

We refer to the Bonus Option Issue announced by the Company on 1 May 2009, the Prospectus for which was also lodged with the Australian Securities and Investments Commission on this date, and note that the Bonus Option Issue does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of the Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Bonus Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Shareholders resident outside Australia should consult their professional advisers as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

If you are a shareholder resident outside Australia and having consulted your professional advisers are satisfied that no government or other consents are required, or other formalities need to be observed to enable you to take up your Entitlement under the Offer you may do so upon completing the Acknowledgement set out below and returning the same to us on or before 12 May 2009.

Yours faithfully,

**MURCHISON HOLDINGS LIMITED**

Chiang Wee Tiong  
Chairman

**Australia**  
Level 2, 11 Queens Road,  
Melbourne, Victoria 3004  
Australia  
Tel: (613) 9867 7033  
Fax (613) 9867 7088

**Hong Kong**  
Room 202, 2/F  
Chinaweal Centre,  
414-424 Jaffe Road,  
Wanchai, Hong Kong  
Tel: (852) 2877 6828  
Fax: (852) 2596 0451



MURCHISON HOLDINGS LIMITED

ACN 004 707 260

## ACKNOWLEDGMENT

To the Directors

Murchison Holdings Limited

I/We refer to the matter herein and acknowledge and agree with the Company that I/We have sought and obtained professional advice that:

1. the Offer in the Bonus Option Issue Prospectus referred to herein does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer;
2. I/We have consulted my/our professional advisers as to whether any government or other consents are required, or other formalities need to be observed, to enable me/us to take up my/our any Entitlement;
3. My/Our advice is that I/We are entitled to take up our Entitlement and that I/We hereby indemnify the Company against all loss and damage that it may suffer or incur in reliance on this Acknowledgement for the purposes of issuing Bonus Options to me/us pursuant to the Bonus Option Issue Prospectus including all such other matters arising out of or incidental thereto.

Date:

Yours faithfully

.....

Signature of Member or Joint Member

.....

Signature of Member or Joint Member

[INSERT SEALING CLAUSE OF COMPANY]

(if applicable)



MURCHISON HOLDINGS LIMITED

INCORPORATED IN AUSTRALIA

12 May 2009

Fellow Shareholder,

For the past three years, our Company had been implementing a "Five Pillars of Growth" strategy as a way forward in transforming the Group from a passive investment holding company to a more balanced and diversified business group. Our Five Pillars of Growth are focused on Technology, Transport, Resources, Land Management and Finance.

Grouping our businesses under each of these five pillars confers not only flexibility of an 'end to end' integration for each of the pillars, but also provides the ability to quarantine risk without infecting the entire corporate group. We invite you to participate in the renewed dynamism of our Company.

The declaration of a bonus issue to our shareholders is contained in the enclosed Bonus Option Issue Prospectus. As this Prospectus is a "transaction specific prospectus", it is only required to contain information in relation to the effect of the issue of options on the Company and the rights attaching to the Options. It has been designed to ensure that Shareholders of the Company are afforded an opportunity to help fund the future diversification programmes of the Group.

The Board of Murchison Holdings Limited invites you as a shareholder to participate in the growth and renewed development of MCH's businesses.

By Order of the Board

Chiang Wee Tiong  
Chairman  
Murchison Holdings Limited

**Australia**  
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Melbourne, Victoria 3004  
Australia  
Tel: (613) 9867 7033  
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414-424 Jaffe Road,  
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