The ART of INVESTING

投資藝術

ANNUAL REPORT 2008

Quam Financial Services Group

二零零八年年報

The ART *of* INVESTING

The art of investing has many facets, from the growth and protection of individual wealth to the management of corporate mergers and acquisitions. Quam Group's mission is to provide individuals and companies with the services, information and advice to access every facet of this art in order to nurture the seeds of their wealth wisely. This is why we believe Quam is the premier mid-tier financial services institution in Hong Kong offering a comprehensive range of wealth management solutions and a global perspective in capital markets today.

投資藝術

投資是一項多面體藝術，不管是為增長和保障個人財富而進行的投資，還是管理企業合併和收購等範疇，均涉及投資藝術。華富集團的任務是提供相關的服務、資訊和建議，讓個人及公司客戶明智地在每一個投資藝術的層面，增長財富。華富在今天的資本市場提供過人的全面財富管理方案以及全球視野，得以在香港的中型金融服務機構行列中脫穎而出。

Quam Limited
(Incorporated in Bermuda with limited liability)
Stock Code: 952

ANNUAL REPORT 2008

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Chairman's Statement

On behalf of the board of directors (the "Board") of Quam Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008.

Our results for the financial year ended were better than expected, particularly in view of the fact that we experienced a bear/bull/bear environment within the same year. Although it has been a year of turbulence in financial markets world-wide, we are pleased to report shareholders an increase in net profit from HK$33 million to HK$103 million. This was made possible by significant growth in our operating profits which, together with the sale of our 25% shareholding in Verify Limited, represent over 200% increase over the previous year. We were also able to achieve a doubling in revenues, which is, by any standards, a very good achievement in such unstable markets.

In our annual report last year, we made promises to shareholders for the present financial year, upon which you would be able to judge us. Those promises were as follows:

• INCREASE TURNOVER BY 50%

We actually achieved over 100% growth in revenues.

• DIVIDEND POLICY OF 33% OF NET PROFIT

For the financial year ended 31 March 2007, we paid a cumulative dividend of HK$0.035 per share, representing a total pay-out of around HK$11 million. This year, we will be paying approximately HK$26.8 million for a total increase in dividend of close to 140%. This represents a pay-out ratio of 26%.

• GEOGRAPHICAL DIVERSIFICATION

The Group's client base has broadened rapidly as a result from our alliance partnerships in the region and growing representative offices in China which has contributed greatly to our increase in revenues. This years, we have consolidated our strategic geographic reach by increasing and taking a shareholding of approximately 5% in Capital Partners Securities Co., Ltd. ("CPS") in Tokyo, approximately 10% in Seamico Securities Public Company Limited ("Seamico Securities") in Bangkok, and approximately 22% in McMillen Advantage Capital Limited ("MAC") which holds financial services businesses in Dubai.

The Board decided that it was important to expand our footprint by taking strategic stakes in like-minded financial services operations. Dubai and Tokyo were selected because of the capital surplus available in these regions, while Bangkok, where both Mr. Kenneth Lam and I sit on the Board of Seamico Securities Public Company Limited, offers investment opportunities as a result of soft market conditions over the last three years. The intention is to establish a "star alliance" platform between each of these operations, thereby increasing each other's scalability.

This has not distracted us from our Greater China base where in March we inaugurated our Shenyang representative office for Quam Securities while concurrently expanding our presence in Shanghai and Shenzhen. In addition, a plan to set up a private equity fund based in Tianjing and Shenyang is now being pursued.

• QUAMNET

In January 2008, we completed a comprehensive revamp of technology infrastructure, content and design of Quamnet, our online financial portal (www.quamnet.com). Visitor traffic and advertising has increased substantially although subscription has remained subdued, a reflection of the present bear market. We are, however, confident that the new services offered on the site together with the new team in place will permit the business to achieve higher levels of profitability.

Shareholders may be aware that, since acquiring Quamnet in the financial year ended 31 March 2001, the value of the business is not reflected in our financial statements, except for subsequent development costs having been capitalized. In light of this fact and the changes to the site, we have decided to hire an outside party to value the business of Quamnet. We feel that shareholders ought to be aware of the value of this division after having invested substantial capital in the business.

In June 2008, Jones Lang LaSalle Sallmanns, an established specialist provider of valuations for IPO, M&A and other financial transactions in Asia Pacific, relied on the current and future business prospects and management projections provided by the Company for the unit, to assist the Company to estimate the potential value of the business, which was determined to be in the range of HK$233 million to HK$359 million.

For the assistance work, Jones Lang LaSalle Sallmanns relied on the accuracy, reasonableness and completeness of the information provided by the Company. They have not audited or verified such information and take no responsibility for their accuracy and cannot provide assurance on the achievability of the results forecasted by the Company. The potential value was developed by using a discounted cash flow methodology. As such, the future value of Quamnet was devolved into present value as at 31 March 2008. Under this method, value depends on the present worth of future economic benefits to be derived from projected sales income assumed by the Company and is ascertained by discounting projected future net cash flows available for shareholders to their present worth.

• MARKET RECOGNITION

We started the year with a market capitalization of HK$285 million and ended at HK$680 million with a peak of HK$849 million in early January 2008. Our goal was HK$800 million and although we have not sustained a market capitalization of that amount, we did exceed that level during the course of the year. We are confident that as we continue to execute with our business model, we will achieve higher market recognition.

• CORPORATE SOCIAL RESPONSIBILITY

We continue to strive towards our goal of being a corporate citizen that is a proactive force for positive change in our community and our environment and we encourage our staff to think and act with a similar regard to the development of the community and enhancement of our environment. As a securities and financial services and information company, our greatest energy usage comes from cooling and lighting our offices and running our extensive technology platform. During this year, we were able to achieve a significant reduction in our energy usage by re-engineering and modernizing our information technology platform, reducing the number of computer servers and related energy consumption by more than 60%. The Group has expanded its community involvement by promoting the arts through its sponsorship of the Hong Kong Arts Festival. We also supported WWF, Outward Bound and various Chambers of Commerce.

The last year has been an exciting year for the Group. Our Asset Management division grew from strength to strength while our Securities division expanded its capabilities by successfully attracting new institutional placement and equity capital markets deals and increasing the depth of its team. China now contributes a significant portion of our revenues. I believe that our increased presence and capability in China should assist us in attracting new business.

Our Corporate Finance arm has expanded its reach in cross border M&A completing 8 deals during this year, while our advisory practice completed 27 mandates. We are looking to expand our corporate finance staff as the pipeline of deals is increasing and the geographic coverage widens.

The establishment of our "star alliance" international network of partner financial services institutions has offered us the possibility of expanding our road shows to Tokyo, Dubai and Bangkok. The challenge for this year will be to scale-up these cross-border platforms to cover private equity, pre-IPO and funds management placement opportunities. For example, we will be distributing our Greater China Fund through CPS in Tokyo and we are aiming to set up an Islamic Greater China Fund for the Middle-East with the assistance of MAC in Dubai.

Finally, this year we have allocated more resources to internal audit, control and compliance. We will continue to dedicate resources and effort in this area in order to reduce risks and increase transparency. In light of the strict regulatory environment specific to our business, it is of the foremost importance that we act as responsible fiduciaries to our shareholders. We are conscious of this responsibility and intend to live up to our shareholders' expectations.

The challenges for 2008/2009 are, as always, many. The trading environment is soft and the volume of our trading business has been affected. On the other hand, demand for our fund raising capability has increased and as a result we will dedicate more resources to the corporate finance and equity capital markets business. We believe this will compensate for lower trading volume. We also expect that contribution from our "star alliance" partners will be greater as each expands their corporate finance business and share opportunities with one another.

Our Fund Management business continues to grow and the team continues to evolve with the addition of new fund managers. Quam Asset Management is being increasingly recognized as a disciplined and responsible fund manager by institutional investors and has continued to grow despite the volatility in global markets. We plan to add to our existing funds by launching new assets classes, including private equity, fixed income and a fund of funds.

Internationally, we will look at possible additional "star alliances" partners in New York, London and Taipei.

The Board is aware of the fact that the Company needs to broaden its shareholder base in order to build more liquidity and trading volume in its shares and to this end, the Board recommended and shareholders approved on 14 August 2007 the share split and bonus dividend. These actions have proved to be effective as daily turnover in shares this year has increased substantially compared to turnover levels in 2006. We are continuing this strategy and are recommending a share bonus this year of one bonus share for every ten existing ordinary shares. We intend to further elevate the profile of the Company as a comprehensive financial services company through a more active investor relations program and improved market visibility.

Finally, we are always on the look-out for acquisitions that can accelerate our growth and broaden our business model. But we must never lose sight of the fact that our business is about people and our challenge is always to identify the right person for the right job.

The road ahead is exciting, but full of challenges. Yet, we believe that over the last eight years we have grown from strength to strength and that with the help of our stakeholders, staff, suppliers and bankers, we will continue to enhance our business. Thank you all for your contributions.

Bernard Pouliot
Chairman

Hong Kong,
9 July 2008

Quam Group is a company that grew out of a mission to help people make the right choices at the right time to grow their wealth. Over the past 7 years, the group has lived up to this aspiration, establishing piece by piece the widest range of financial services of any mid-tier financial services institution in Hong Kong.

Today, the group not only offers retail and institutional securities trading, corporate finance, asset management and wealth management services, but uniquely combines them with an online financial information and investment advisory website for retail clients and investor relations services for corporate clients.

One of the qualities that defines Quam Group is its people-centric approach to business. As the group occupies the mid-tier space of the financial services market, its clients tend to be individuals seeking help with their wealth management goals or with the corporate goals of the businesses they own. As such, all the divisions at Quam Group, which serve individuals and businesses, approach their work with a person-to-person viewpoint.

This is one of the key ways in which Quam Group differentiates itself from other financial services providers and is able to maintain a strong niche position in the local mid-tier financial services market.

CHINA FOCUS

Quam Group continues to see Greater China as it core market focus and devotes most of its resources to expanding in the region.

Quam Securities, the group's main revenue generator, is benefiting greatly from China-linked demand on both the buy and sell side of the investment community. The division's futures business, ranked amongst the largest in Hong Kong, has thrived as the range of global futures products expands. The institutional securities team, which was established in early 2006, has seen a dramatic increase in private placements by China-related enterprises.

Moreover, Quam Securities took a significant step forward in extending its presence in China from Shenzhen and Shanghai to the northeast with the successful approval by the China Securities Regulatory Commission and launch of a new representative office in Shenyang in March 2008.

Quam Capital, the group's corporate finance division, is also looking to make inroads into the China market, with an eye to tapping into the strong demand for mergers and acquisitions among Chinese companies.

GLOBAL VISION

On the international stage, Quam Group has looked to expand aggressively to extend its reach and generate new collaborative business opportunities. The group has so far established a network of partner financial services institutions in the past 2 years, which has given it a footprint across the Asia Pacific and the Middle East. The network is currently bearing fruit, bringing different benefits to different parts of the Quam organization.

One of the qualities that defines Quam Group is its people-centric approach to business

A strategic alliance with Dubai based investment management specialist McMillen Advantage Capital Limited ("MAC") has opened a window into the Middle East for Quam Capital. With cash rich firms from the Middle East searching for investment opportunities outside of their region and Chinese firms seeking to secure resource supplies through overseas acquisitions, the partnership with MAC has enabled the group to tap a rich vein of corporate deals in the areas of energy, mining and real estate.

A strategic shareholding in Bangkok based Seamico Securities Public Company Limited also plays an important role for the group in offering Thai securities and deal flow.

Similarly, a partnership with Capital Partners Securities Co., Ltd. ("CPS") of Tokyo has helped Quam Asset Management to leverage overseas markets. The Japanese securities firm has acted as a conduit for capital from Japanese investors, who are rejecting low domestic yields and turning overseas for better investment returns in increasing numbers.

These and other affiliate companies are also equipping Quam Securities' institutional desk with international distribution capabilities for private placements.

In February 2008, the group completed transactions to increase its shareholdings in both CPS and MAC; a move that reflects the group's intention to build upon the network, especially in the Middle East, where there is a wealth of opportunities in corporate finance. Looking ahead, the group plans to extend this partner network to London, New York and Taipei.

WEALTH MANAGEMENT CHALLENGE

One of the chief strategic focuses of the group has been to develop a strong wealth management business and here too the group has made excellent progress. In particular, Quam Asset Management has been a tremendous success, building up an asset base during the year of nearly US$150 million under management since its launch less than 2 years ago. The division's continued growth will provide the group with a solid recurrent income base.

Complimenting the fund management business unit is the group's wealth management business, which has concluded US$10 million worth of fund investments since its launch 2 years ago. Quam Wealth Management serves as a distributor for Quam products and services, including the group's private funds. The wealth management division is, in turn, supported by Quamnet, which keeps the group's wealth management clients informed through its financial information portal. Quamnet successfully completed an ambitious overhaul of its entire technology and content platform in the past 12 months and maintains one of the largest independent licensed equities research teams in Hong Kong to provide high-quality investment recommendations for its online subscribers.

Looking ahead, one of the key challenges facing the group will be to find ways to integrate these three business units even more tightly. The group's ultimate goal is to bring the three divisions together into a fully integrated private wealth management services provider.

FOCUS ON QUALITY

Quam Group's diverse range of financial services and products means business goals can vary from operation to operation within the group. However, one goal that all the business units at Quam Group share can be summed up in the word "quality". From personal wealth management, asset management and investment advisory through to corporate finance and private placements, the group aims to deliver best-in-class services and products, and will continue to improve its workforce to deliver this quality and exemplify the art of investing.

Quam Securities

- Achieved over 100% growth in equities and futures dealing revenue
- Received approval of the China Securities Regulatory Commission to open a representative office in Shenyang, China
- Expanded equity capital markets team and placement capability

Quam Capital

- Completed 8 mergers and acquisitions deals, 3 of which were with M&A International Inc network
- Concluded 27 advisory mandates
- Deputy Chairman, Mr. Richard David Winter, was appointed to the Listing Committee of the Stock Exchange of Hong Kong and to the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the Securities and Futures Commission

Quam Asset Management

- Total assets under management more than doubled over the 12 months ended 31 March 2008
- Established new teams to start Private Equity and Fund of Funds businesses
- Expanded analyst team and strengthened research capability



Quam Wealth Management

- Became profitable in April 2007, six months after starting operations
- Sold more than US$10 million of Quam Funds to clients

Quamnet / QuamIR

- Completed a re-engineering and relaunch of expanded Quamnet.com
- Increased subscribers and total subscriptions for premium services
- Revamped QuamIR.com online investor relations service and integrated our traditional offline IR services

Quam Limited

- Cemented ties with affiliate companies, Capital Partners Securities Co., Ltd. of Tokyo, McMillen Advantage Capital Limited of Dubai and Seamico Securities Public Company Limited in Thailand by way of increasing shareholding in each
- Completed the disposal of Verify Ltd., resulting in a net gain of HK$27 million



Quam Securities is an important component of the core revenue stream and in many senses the engine of Quam Group. As a facilitator of financial transactions, the division is involved in almost every facet of the group's business activities, in addition to serving its own client base.

Quam Securities has positioned itself as one of the few mid-tier securities brokerages in Hong Kong with global execution capabilities for retail and institutional clients. This allows the business unit to carry out a variety of functions within the group - including underwriting fund raising activities for Quam Capital, providing trade support for Quam Asset Management, and offering brokerage services to Quam Wealth Management.

Whether it is serving internal or external clients, the art of investing at Quam Securities lies in achieving one goal: best-in-class service. This means a dedication to timeliness and accuracy of information, reliability and efficiency of execution, and risk-free settlement.

For the retail division of Quam Securities, achieving best-in-class service also means keeping clients well informed. In collaboration with the group's financial information portal, Quamnet, the division generates quality stock research and hosts regular investment education seminars for its clients. In this way, Quam Securities aims to help retail clients grow and protect their wealth through better choices and investment habits.

Quam Securities has seen excellent growth in the past financial year, with turnover doubling from the year before. The retail division has benefited from growing China-linked investment demand, including a booming futures business, which has expanded exponentially in the last 3 years. Indeed. Quam Securities is now among the most active futures brokers in Hong Kong.

The division has also strengthened its presence inside China by establishing a representative office in Shenyang.

Going forward, the challenge for the retail securities division is to continue fulfilling the diverse needs of its customers by offering an expanding range of financial instruments in an expanding number of financial markets, particularly with the help of our international partner network in Bangkok, Dubai and Tokyo. This will allow its clients to refine their art of investing using more sophisticated trading strategies, such as hedging and arbitrage.

Quam Securities is now among the most active futures brokers in Hong Kong

Aura of Autumn by Sun Yongyin. 2005.

Quam Securities – Institutional

The institutional division of Quam Securities is one of the newer members of the Quam group of businesses. Launched two and a half years ago, the division specializes in private placements with a focus on medium-sized companies in energy and mining. The placements have largely had a mainland focus with a principal listing on overseas markets in countries such as Canada or London. The ambition would be to help those companies attain a dual or main listing back in Hong Kong.

In the past financial year, the division has seen tremendous growth in turnover and personnel added to ensure that the distribution of placements is to a wider audience. New distribution capabilities into the corporate treasury space compliment the distribution to hedge fund and institutional buyers, such as pension funds and structured funds. Moreover, the group's international network of partner financial services companies has enabled the division to access investors outside of Asia, in markets like Japan, Europe and the Middle East. The division is also developing channels of distribution in London.

For the institutional desk, the art of investing lies in balancing the interests of the people on both sides of a private placement; both the companies it is distributing for and the investors it is distributing to. The division believes that in order to achieve this balance, Quam Securities should be selective in who it represents in private placements. The companies making the placement need to be able to make good use of new capital to augment the growth in order to deliver solid returns to investors.

Looking ahead, the division expects to continue to achieve exponential growth, with turnover rising despite the turmoil in financial markets. In fact, the division believes the credit squeeze may actually work to its advantage. As the financial services industry is forced into consolidation by the subprime lending crisis, well-capitalized institutions with no exposure to these problems, like Quam Group, are gaining recognition in the business community. Indeed, the division's client base is evolving, with an increasing number of larger, locally listed companies seeking out the services Quam Securities' institutional desk. The addition of personnel dedicated to the corporate treasury desk will expedite that trend.

Looking ahead,
the division expects
to continue to achieve
exponential growth

Summer Landscape on a Folded Screen by Wang Chingho. 1995.

Corporate finance is the art of guiding enterprises through important transitional events and connecting enterprises with common ambitions. At Quam Capital, this art is often combined with the challenge of bridging the vastly different cultures that can exist between two sides of a transaction, as the division's clients often come from different parts of Asia or even from opposite sides of the world.

To meet this challenge, Quam Capital has built up a multinational team of 11 investment banking professionals, which blends strong Greater China expertise with international best practices. The business unit targets mid-cap companies; a lucrative segment of the corporate finance market that 'bulge bracket' investment banks tend to ignore.

In the past 12 months, Quam Capital has experienced strong business expansion. Its deal flow has shot up by 40%, with most of the new business generated in the area of corporate advisory. Whilst this growth is partly driven by the natural growth of the market, especially in the booming Greater China region, the increasing visibility and reputation of Quam Capital as a mid-tier corporate finance services provider has also played a role in this success.

In addition, Quam Group's expanding international network of business partners has augmented the division's opportunities for growth. In the past year, this network has brought in a number of business referrals, including the acquisition of real estate in Thailand by a Middle East company. Quam Group's connection to M&A International Inc, a global network of 41 specialist M&A investment banking firms in 40 countries, has also helped expand the division's horizons, strengthening its ability to connect businesses with mutually beneficial interests from anywhere in the world.

The outlook for Quam Capital remains strong for the coming year driven by the secular expansion of the Chinese economy. The division's deal flow is expected to continue to grow, as Mainland Chinese companies look to acquire overseas businesses to secure raw material supplies and raise capital from foreign financial markets. Quam Capital will also continue to act as a key source of business referrals for the group's securities trading and investor relations business units.

In the past 12 months ...deal flow has shot up

40%

The Road to Bas-Breau, Fontainebleau (Le Pave de Chailly) by Claude Monet. 1865.

There is no magic formula to unlock wealth from financial markets. Because human nature can be unpredictable, each event that affects the economic environment will do so in its own unique way. For this reason, the art of investing at Quam Asset Management is to combine a disciplined investment methodology with a more intangible skill: the ability to think creatively in order to discover investment opportunities where others have missed them.

At the heart of how Quam Asset Management manages its funds is a traditional value investing approach. The division's fund managers employ strict due diligence and a thorough fact-finding process, which involves not only a meticulous review of financial statements but also frequent face-to-face meetings with management teams, to identify companies with good quality assets and healthy corporate governance. As strict value investors, the division relies largely on its own proprietary investment research to identify undervalued companies.

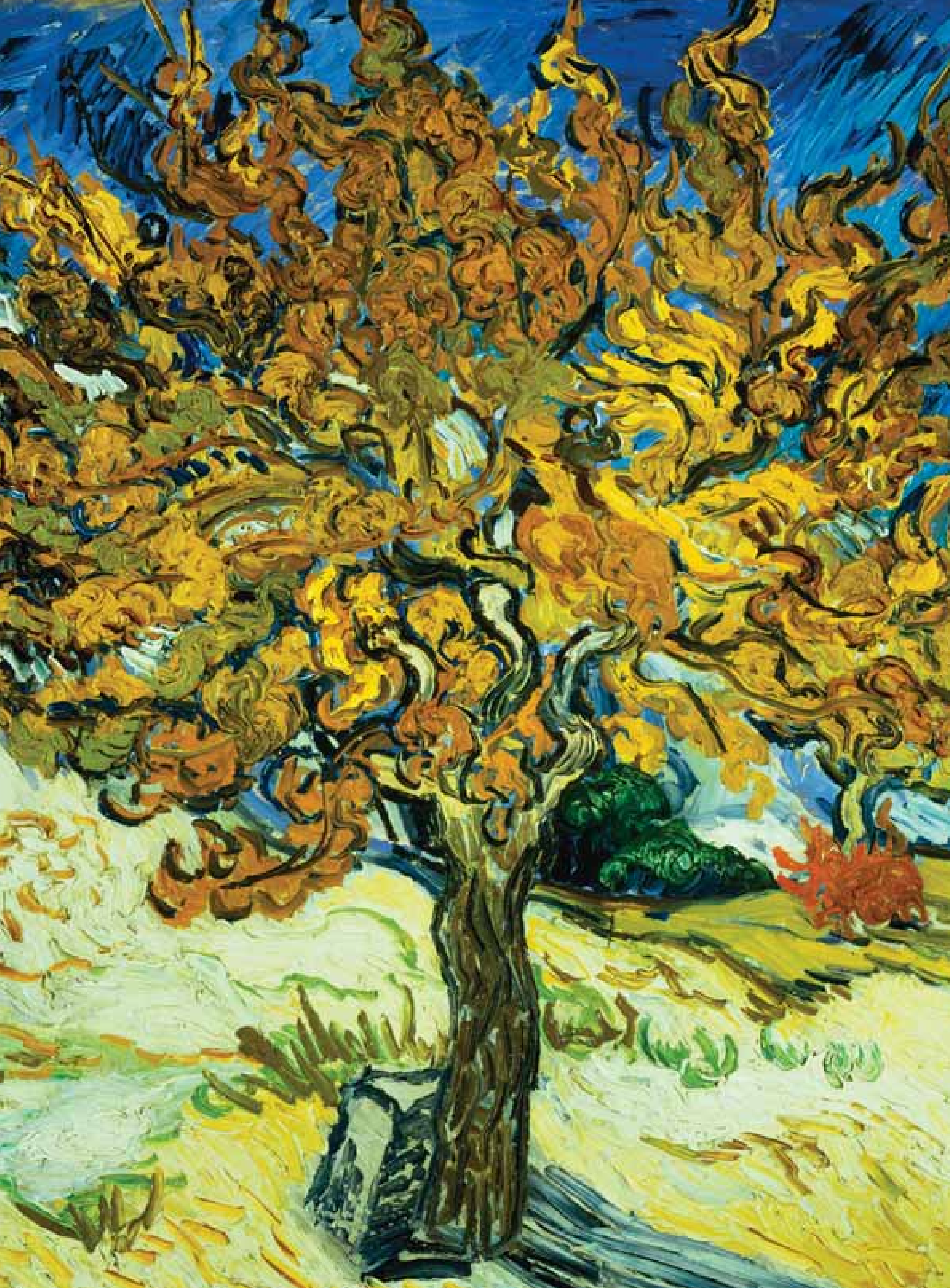
On top of this, Quam Asset Management's fund managers look for companies with event-driven opportunities, including mergers and acquisitions, spin-offs or privatizations of business operations, which will drive up the value of their businesses. This event–driven investment strategy augments the division's ability to generate alpha for investors.

The division has performed strongly since launching. Its 16-strong team, which includes two portfolio managers, currently manages two equity hedge funds with a long-short strategy. In less than two years, the division has established an asset base of around US$150 million under management.

Quam Asset Management is seen as a strategically key growth area for the Quam Group because of its ability to generate recurrent income. For this reason, management is seeking to expand the business with a focus on two new areas: private equity and a fund of hedge funds.

Quam Asset Management is seen as a strategically key growth area for the Quam Group

Mulberry Tree by Vincent Van Gogh. 1889.



Wealth management is the art of weaving together a range of investment products and services into a bespoke solution to fit the needs of the individual. Being able to deliver the right financial solution at the right time to each individual investor however requires experienced wealth managers that not only understand the balance between risk and opportunity but also have access to a comprehensive range of financial products.

Quam Group's growing wealth management business is well-positioned to meet this challenge because it can harness not only the third party products that other wealth managers have access to, but also the internal strength of the Quam Group. Few other local wealth management companies boast the ability to offer a one-stop service in-house, encompassing stock trading, fund management and corporate finance, to create the right financial solution for its customers at every stage of their lives.

Quam Wealth Management, like the rest of the group, is targeted at the mid-market, serving a sizeable but largely overlooked group of mass affluent investors who do not have the capital for high-end private banking services but demand more personalized wealth planning services than the average retail investor.

This strategy has served Quam Wealth Management well. The business unit started generating a positive return within six months of its launch in November 2006. Fund investments concluded for clients have exceeded US$10 million and clients have enjoyed an impressive average annualized return of some 30%.

Quam Wealth Management is the perfect example of how synergies can be created within a comprehensive financial services company like Quam Group. Quam Wealth Management is an important window or distribution point for the group's services, helping to drive demand for the group's securities trading services, managed funds, research services and corporate finance services.

Looking ahead, the business unit will continue to focus on building up a customer base in its mid-market niche and promoting the group's services. It will also look for ways to collaborate more closely with other Quam business units to offer an even more effective and seamless one-stop wealth management solution.

...the perfect example of how synergies can be created within a comprehensive financial services company

Infinite Hope in Spring by Sun Lei. 2005.

As the only financial information website in Hong Kong to offer subscription-based stock investment advice to retail investors, Quamnet aims to empower people with the knowledge to achieve consistent investment success in today's volatile stock markets.

For this reason, the art of investing for Quamnet is in delivering peerless proprietary market analysis, including great stock investment ideas, to its subscribers day in and day out. The website has been staking its reputation on the quality of its investment information and research for six years and it is a testament to its success that its analyst recommendations have consistently and significantly outperformed the Hang Seng index benchmark. This has allowed Quamnet to maintain a robust subscriber base.

In the past 12 months, Quamnet has laid the foundations for the next phase of its growth. The management team has completed an ambitious re-engineering of the underlying technology infrastructure of the portal, rebuilding the whole web platform from the ground up, re-designing the site and strengthening its content strategy.

Forums and blogs have been added to encourage dialogue among its users and analysts. And a new mobile service with real-time watch lists has been launched as the portal develops innovative services to keep users informed.

Quamnet has formed alliances with web portals, such as MSN and Sina, to distribute its proprietary content to a wider audience, in particular the growing audience in Mainland China. These initiatives are helping to drive up traffic, which is positive for the portal's advertising revenue stream.

Meanwhile, QuamIR continues to make head way with its strategy of marrying traditional offline investor relations services with a comprehensive online service. For this division, the art of helping clients enhance their corporate identity and reach key audiences, including analysts, fund managers, retail investors and the financial media, lies in well-crafted communications strategies.

QuamIR draws on the strength of the whole group to offer a highly competitive one-stop service. It has a strong network of connections with the financial services community and local media through the group's other business units. Additionally, the division's online platform for distributing client company news, information and statutory filings benefits from the traffic flow of Quamnet.

...its analyst recommendations have consistently and significantly outperformed the Hang Seng index

The Apple Tree II by Gustav Klimt. 1916.

Developing global reach is an important strategic focus for Quam Group, as it seeks to position itself to prosper in a wide variety of promising markets. Now with an international footprint across Asia Pacific, Europe and the Middle East, the group can do just that, and deliver the depth and breadth of services that clients increasingly demand.

The group's international network of financial services partners has been a key element in this strategy. As the group's main focus remains the Greater China market, the partner network has enabled the group to reach out to demand for wealth management, capital markets and corporate finance services in other regions without diverting critical resources away from expansion at home.

The companies which currently make up this partner network include Capital Partners Securities Co., Ltd. ("CPS"), based in Tokyo, Japan, McMillen Advantage Capital Limited ("MAC"), in Dubai, United Arab Emirates, and Seamico Securities Public Company Limited, in Bangkok, Thailand. Each associate company has brought its own distinct areas of opportunity, helping Quam Group become a resilient, well diversified business.

In the past two years, for example, CPS has provided Quam Group with the reach to tap growing demand for overseas investment among individual investors in Japan. Meanwhile, the partnership with MAC has grown this year from an increasing number of capital market and corporate finance deals involving cash rich enterprises from Asia and the Middle East looking to invest in each other's market.

Quam Capital, the group's corporate finance arm, has also benefited from the group's membership in M&A International Inc, a global network of M&A specialists. The syndicate allows Quam Capital to match its knowledge of the Greater China market to the local market knowledge of other mid-tier investment banks in 40 countries to create a powerful, global collaborative platform.

Looking ahead, Quam Group aims to add affiliate companies in London, Taipei and New York to the fold in order to increase its international distribution strength. In addition, the group recognizes the importance of constant dialogue to extracting value from its alliances. This is why, for Quam Group, the art of investing and the art of communication go hand in hand.

the partner network has enabled the group to reach out to demand... in other regions

EXECUTIVE DIRECTORS

Mr. Bernard Pouliot, (centre) aged 56, joined the Company in 2000 and is currently the Chairman of the Company and Managing Director of the Group. Mr. Pouliot is a responsible officer for Types 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Asset Management Limited, a responsible officer for Type 4 regulated activity under the Securities and Futures Ordinance for Quam (IA) Limited and a responsible officer for Type 9 regulated activity under the Securities and Futures Ordinance for Quam Securities Company Limited. Mr. Pouliot has more than 30 years of experience in investment, finance and corporate development. He is responsible for formulating the overall business strategy of the Group. Prior to being chairman of Quam Limited, he was group managing director of a Hong Kong listed company. Mr. Pouliot is currently a director of Seamico Securities Public Company Limited, a company listed in Thailand. He is the beneficial owner of Newer Challenge Holdings Limited and Porto Global Limited, which are substantial shareholders of the Company.

Mr. Lam Kin Hing, Kenneth, (left) aged 54, joined the Company in 2001 and is currently the Deputy Chairman of the Company and the Managing Director of the securities and futures businesses of the Group. Mr. Lam is a responsible officer for Types 1, 2, 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited, a responsible officer for Types 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Asset Management Limited and a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. Mr. Lam has worked for an international bank for 10 years as the head of its PRC and corporate banking operations. Mr. Lam has more than 25 years of experience in corporate finance and banking. He is currently a director of Seamico Securities Public Company Limited, a company listed in Thailand, and has previously held directorship in other public listed company in Thailand. Mr. Lam is also an independent non-executive director of Hon Kwok Land Investment Company, Limited, a company listed in Hong Kong. He is the vice-chairman of the Institute of Securities Dealers Limited. He is the beneficial owner of Olympia Asian Limited, which is substantial shareholder of the Company.

Mr. Richard David Winter, (right) aged 55, joined the Company in 2002 and is currently the Deputy Chairman of the Company and Head of corporate finance business of the Group. He is also a member of the remuneration committee of the Company. Mr. Winter is a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. Mr. Winter has extensive experience in the investment banking and corporate finance advisory field in Hong Kong. Mr. Winter was previously managing director of Deloitte & Touche Corporate Finance Limited and before that Standard Chartered Investment Banking. He received an Honours Degree in Commerce from Edinburgh University. He is a member of the Listing Committee of The Stock Exchange of Hong Kong Limited, a member of the Takeovers and Mergers Panel and Takeovers Appeal Committee of the Securities and Futures Commission, director of the Hong Kong Securities Institute, fellow of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants where he is deputy chairman of the Corporate Finance Committee.



INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwong Che Keung, Gordon, aged 58, has been an Independent Non-executive Director of the Company since September 2003. Mr. Kwong has also been serving as the chairman of the audit committee of the Company and a member of the remuneration committee of the Company. He is also an independent non-executive director of a number of companies listed in Hong Kong. From 1984 to 1998, Mr. Kwong was a partner of Pricewaterhouse and was a council member of The Stock Exchange of Hong Kong Limited from 1992 to 1997. He has a Bachelor of Social Science degree from the University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales.

Mr. Ip Shing Hing, J.P., aged 52, was appointed as Independent Non-executive Director of the Company in September 2006. Mr. Ip is also a member of both the audit committee and the remuneration committee of the Company. Mr. Ip holds a Bachelor of Laws Degree from the University of Hong Kong and a Master of Arts in Arbitration and Dispute Resolution from the City University of Hong Kong, has been a practising solicitor in Hong Kong for more than 20 years. Mr. Ip is an independent non-executive director of Far East Hotels and Entertainment Limited and a member of the independent committees of Wah Sang Gas Holdings Limited.

Mr. Jeremy King, aged 45, was appointed as Independent Non-executive Director of the Company in October 2002. Mr. King is the chairman of the remuneration committee of the Company and a member of the audit committee of the Company. Mr. King graduated from Nottingham University with a Degree in Law, and has over 23 years of experience in the financial services industry. Mr. King is currently the chief executive officer of Seamico Knight Fund Management Securities Company Limited.

Dr. Tian Yuan, aged 53, was appointed as Independent Non-executive Director of the Company in September 2006. Dr. Tian holds a Doctoral Degree from the Wuhan University. Dr. Tian had been the consultant of the China Securities Regulatory Commission and the first chairman of China Futures Association as an initiator of derivatives market in China. Dr. Tian has extensive experience in securities market in China. Dr. Tian is the independent director of Yeland Group Company Limited, a company listed on the Shenzhen Stock Exchange.

SENIOR MANAGEMENT

Mr. Adrian John Bradbury, aged 44, is the Director, Head of Mergers and Acquisitions and Private Equity and a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. Mr. Bradbury graduated from the University of Manchester with a Degree in Civil Engineering. He has been associated with Quam Capital Limited since 1999. He is a fellow member to the Institute of Chartered Accountants in England and Wales.

Mr. Chan Chi Sheung, Henry, aged 41, is the Director, Head of Research and a responsible officer for Type 4 regulated activity under the Securities and Futures Ordinance for Quam (IA) Limited. He joined the Company in 2003. He leads the Quam Research team, which contributes research reports and investment advice to the investment research and advisory services provided by the Quamnet website.

Ms. Chan Miu Wan, Cindy, aged 53, is the Managing Director of Quam Wealth Management Limited. She joined the Group in 2006. Ms. Chan holds a Master Degree in Applied Finance from the University of Western Sydney. Ms. Chan has extensive experience in the corporate banking, insurance and IFA industries. She is a professional financial planner, an associate member of the Institute of Financial Accountants and a qualified certified risk trainer of the Institute of Crisis and Risk Management.

SENIOR MANAGEMENT (Continued)

Mr. Chan Yat Shun, Kenny, aged 44, is the Executive Director of Quamnet. He joined the Group in 2007. Mr. Chan has spent over 19 years in the media industry-from print to TV to internet. He was associated with multinational companies like NBC Asia, Dow Jones, Leo Burnett, Asiacontent and Times Publishing. Mr. Chan graduated with a Master of Business Administration from Heriot-Watt University.

Mr. Chiu Chun Kit, Calvin, aged 37, is the Director of China Operations and is a responsible officer for Types 1 and 2 regulated activity under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in 2002.

Mr. Choi Lai Sang, Philip, aged 46, is the Head of the Information Technology of the Group. He joined the Group in 2007. Mr. Choi graduated from the University of Saskatchewan with a Bachelor of Science in Computer Science. He has more than 20 years of extensive experience in information technology industry.

Mr. Choy Kwong Wa, Christopher, aged 44, is the Managing Director of Quam Asset Management Limited. He joined the Group in 2006. He has more than 18 years of experience in the investment industry and over 8 years of experience in the alternative investment management field. He holds a BA (Hons) Degree from the Loughborough University of Technology and a Master of Business Administration from The University of East Asia.

Mr. Christopher Straughan Justice, aged 47, is the Managing Director of Quam (H.K.) Limited. He joined the Group in 2007. Mr. Justice graduated from the University of North Carolina at Chapel Hill with a Bachelor of Arts in Public Policy Analysis. He has diversified experience in finance and venture capital, strategy and business development and has led the start-up of several Internet media businesses in Asia, including taking one company, Asiacontent.com, to a NASDAQ IPO.

Ms. Chung Mi Yuk, May, aged 50, is the Head of Treasury and Settlement for Quam Securities Company Limited. She has over 15 years experience in the treasury and settlement field, particularly in the custodianship of offshore products. She joined the Group in 1990.

Mr. Garry Richard Stein, aged 62, is the Managing Director of Quam's new Private Equity initiative. He joined the Group in 2008. Mr. Stein has nearly forty years of experience in executive roles in natural resources, banking, investment management, mergers & acquisitions, private equity and strategic planning. He holds a Bachelor of Science in Chemistry from the Case Western Reserve University, Master of Applied Science in Metallurgy and Materials Science from the University of Toronto and Master of Business Administration from the Schulich School of Business, York University. He is a Fellow of the Institute of Canadian Bankers.

Ms. Hung Chun Yee, aged 37, is the Director of corporate finance and a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. She joined the Group in 2002. Ms. Hung has extensive experience in corporate finance. She is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Kevin Graeme Sew Hoy, aged 41, is the Chief Financial Officer to the Group. He joined the Company in 2001. Mr. Sew Hoy has over 15 years of experience in audit, compliance and corporate secretarial services. He graduated from the University of Otago, New Zealand with a Degree in Commerce and further completed a Master of Business Administration from the University of South Australia. Mr. Sew Hoy is a member of the Institute of Chartered Accountants, New Zealand and a member of the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT (Continued)

Ms. Kwong Hoi Yan, aged 32, is the Associate Director of Quam Capital Limited. She joined the Group in 2007. Ms. Kwong has extensive experience in corporate finance. She graduated from the University of Manchester in the United Kingdom with a Bachelor of Arts in Accounting, Finance and Economic Studies and a Master of Arts in Finance.

Mr. Mak Siu Kee, Michael, aged 52, is the Executive Director, Head of Institutional Sales and Trading of Quam Securities Company Limited. Mr. Mak has over 15 years of experience in private wealth management and securities business and has more recently been involved in private equity sales. He previously held positions as Vice President of PWM at Morgan Stanley and Lehman Brothers in Asia and Merrill Lynch in the U.S.A. before joining the Group in 2008.

Mr. Robin Jonathan Gibbs Fox, aged 50, Head of Institutional Advisory, is responsible for transaction origination and advising for Quam Securities Company Limited. He joined the Group in 2006. He has 25 years experience in investment banking and fund management in London and South East Asia. He is a professional accountant and a Chartered Financial Analyst and was educated at universities in London and Buckingham.

Mr. Stephen Christopher Hill, aged 49, is the Director, Head of the Institutional Business and a responsible officer for Types 1 and 4 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited. Mr. Hill has over 25 years of experience in the Pan Asian securities business holding positions as head of Asian sales at ING Barings, Nomura, Bear Stearns and was head of country sales at Jardine Fleming (Japan), Jardine Fleming Thailand, W.I. Carr Japan as well as being the country manager for Indosuez W.I. Carr Thailand prior to joining the Group in 2006.

Mr. Tang Kwok Chuen, aged 39, is the Director of Private Client Service and is a responsible officer for Type 1 regulated activity under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in 2006.

Mr. Tsang Chung Him, Jack, aged 37, joined the Company in 2007 as the Head of Compliance and then appointed as Company Secretary to the Group in April 2008. He has extensive experience of compliance in the financial industry. He has worked for the Securities and Futures Commission and several major financial groups. Mr. Tsang holds a Bachelor of Social Sciences and a Master of Laws from the University of Hong Kong and the professional designations of Chartered Financial Analyst, Certified Public Accountant, CERTIFIED FINANCIAL PLANNER^{CM} and Financial Risk Manager.

Mr. Wong Lit Chor, Alexis, aged 49, is the Director and a responsible officer for Types 1 and 4 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in 2003. Mr. Wong graduated from University of Toronto, Canada with a Bachelor of Arts in Economics and Commerce. He also obtained a Master of Business Administration from the Chinese University of Hong Kong. He has over 25 years of experience in the banking, investment and securities dealing industries and is an independent non-executive director of several listed companies in Hong Kong.

Ms. Yip Sang, Sandy, aged 38, is the Director of corporate finance and a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. Ms. Yip graduated from the University of British Columbia with a Bachelor of Arts in International Relations and Economics. Prior to joining Quam Capital Limited in 2007, Ms. Yip had worked for Bank of China, Standard Chartered Asia Limited and the Listing Division of The Stock Exchange of Hong Kong Limited.

Corporate Social Responsibility

We have continued to develop and enhance our commitment to being a socially responsible corporate citizen this year, in line with our growth as a company. Our commitment includes sharing our wealth, time and expertise to enhance life socially, environmentally and professionally in our home of Hong Kong.

This year we have supported a variety of social organisations and charities, including Outward Bound, Mother's Choice, The Hong Kong Arts Festival, and the WWF, among others. Individually, we encourage staff members to contribute their time and expertise to charitable organisations and community service. In the coming year, we will identify innovative avenues of support for non-profit organisations by leveraging our website and client relationships to raise money and garner additional community volunteers.

In our report to shareholders last year, we stated our commitment to proactively undertake steps to reduce our energy use. We have made significant progress in this area through a review of our technology infrastructure. By upgrading the computers that serve all of our business units, particularly the high-volume Internet service provided by Quamnet, we have reduced the number of servers by more than 60%. This has significantly cut down the heat produced and electricity consumed by our operations. We also continue to use high-efficiency lighting and strive to reduce air conditioning usage in our offices.

In the coming year, we aim to reduce the amount of paper and printer resources we use by implementing additional electronic document storage and retrieval systems. And, although we have already made great strides this year, we will attempt to further increase the amount of recycling in our offices by improving awareness of in-office recycling opportunities.

The contribution of expertise provides another important channel for the company to give back to the community and our profession. We are active members in a number of commercial associations, including the Hong

Kong Chamber of Listed Companies, the Hong Kong General Chamber of Commerce, and the American, British, Canadian, and New Zealand Chambers of Commerce.

Additionally, our executives and equity research teams share their expertise regularly by speaking at professional and educational seminars. They also contribute time and expertise to various professional bodies including the Hong Kong Stock Exchange Listing Committee, Securities and Futures Committee Takeovers Panel, Hong Kong Securities Institute and the Hong Kong Institute of Certified Public Accountants and industry associations including the Asian Digital Marketing Association.

As a services business, we recognize that our people are our greatest asset.

We constantly strive to attract, retain and motivate our financial professionals and staff. Every staff that requires statutory licensing has the opportunity to pursue professional development courses. And we remain dedicated to our staff's personal development and career growth through the provision of financial support for continuing education.

Mother's Choice
母親的抉擇

香港藝術節
Hong Kong Arts Festival

OUTWARD BOUND
TO SERVE TO STRIVE AND NOT TO YIELD

WWF HONG KONG
Double Diamond Member
雙鑽石會員2007

WWF HONG KONG
Silver Member
純銀會員2006

FINANCIAL REVIEW

The Group is very pleased to report an annual profit after tax of HK$103.1 million (2007: HK$33.0 million). The Group's revenue for the year increased significantly to HK$396.0 million (2007: HK$192.8 million) representing the growth of 105 per cent over the same period last year. Securities and futures brokerage and placement services were the primary contributors to profit. The Asset Management division displayed significant revenue growth resulting from higher performance and management fees. Assets under management grew considerably in the first three quarters of the year.

REVIEW OF OPERATIONS

The Group performed very well in line with robust financial markets in Hong Kong and around the region during the first three quarters of the year. The securities and futures and asset management divisions demonstrated particularly strong growth and were major contributors to the Group's profit of HK$52.1 million on revenue of HK$316.1 million. We also saw continued healthy corporate finance and wealth management businesses. The Quamnet website information and media business (www.quamnet.com) likewise continued to grow, and with its full revamp completed in January 2008, supported by an aggressive advertising campaign, traffic expanded significantly.

In February 2008, we accomplished our strategy to extend our regional footprint by taking strategic stakes in McMillen Advantage Capital Limited which holds financial services business in Dubai, Seamico Securities Public Company Limited in Bangkok, and Capital Partners Securities Co., Ltd. in Tokyo. We completed the year with the disposal of our 25% interest in Verify Ltd. for a net gain of HK$27 million.

We are pleased to have achieved successful operating results and concluded important strategic developments during the year which is a tribute to our staff and their hard work in making this possible.

Securities and futures dealing and placement

Securities and futures dealing commissions were HK$206.7 million (2007: HK$86.0 million) an increase of 140% over last year. This performance is a reflection of the strength of the market and continued growth in new accounts for both retail and institutional clients. Placement and underwriting fee income increased to HK$30.9 million (2007: HK$15.4 million) benefiting from favorable market conditions and the productivity of our expanded institutional and equity capital markets team. Our futures dealing business continued to expand on a strong recurring base of business stemming from the division's wide selection of futures products and efficient, easy-to-use electronic trading platform. Equity markets experienced reduced turnover and higher volatility in the latter part of the year as a result of U.S. sub-prime mortgage and credit crunch fears. However, we have not seen deterioration in our futures trading business, which is proof of its resilience to market conditions and sentiment, while our equities trading business was affected.

Our margin lending portfolio at the end of the financial year stood at HK$233.3 million (2007: HK$204.9 million). Net margin interest earned for the year improved as a result of a higher interest rate environment versus our relatively lower cost of funding. The utilization of our capital base to fund our margin-lending business further added to our net yield. We were cautious on the quality of our loan book. With the lowering of U.S. interest rates, together with easing sentiment in equity markets, we expect a slowdown in margin lending activity and a reduction in net interest income.

REVIEW OF OPERATIONS (Continued)

Securities and futures dealing and placement (Continued)

Our recently established Wealth Management business has had early success and was profitable in its first full year of operation. The wealth management team has achieved good results selling third party funds and insurance and Quam Group related products. The relocation of the business to our new premises located in Fung House this year has given the business a new identity and greater room for expansion. There will be an emphasis on further building the sales force in the coming year.

Corporate financial advisory services

Corporate Finance had a busy year, completing 35 transactions with a team of 12 people. M&A activity, assisted by our membership of M&A International Inc. (with whom we completed four projects) continues to complement our financial advising for listed issuers. During the past year, we completed 8 deals involving M&A activity and 27 mandates related to financial advisory.

Asset management

The past year was exceptional in light of the robust financial markets and in particular the focus on China related investments. The current funds under management being primarily focused on China and Asia regions benefited from continued subscriptions throughout the year and together with strong performance in these funds, asset management and performance fee revenues were increased substantially to HK$74.2 million (2007: HK$18.8 million).

Total funds under management and advisory at period end totalled over HK$1 billion (2007: HK$500 million). In the coming year, further development of new products and funds are being considered.

Wealth management and investment website – www.quamnet.com and QuamIR

The Quamnet website successfully completed a full revamp and hardware upgrade over the first nine months of the financial year. It now brings additional features, personalized content and new ways of accessing the site for viewers and subscribers. A mobile version of the site was launched (mobile.quamnet.com) and a new Quamnet Watch List application is available to users via the Facebook social network. With this revamp completed in January 2008, we are seeing continued growth in viewership, subscription and advertising on the site. The division also completed the integration of its traditional offline investor relations services with its strong online investor relations services led by a revamp of its online investor relations website, www.QuamIR.com.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances and short term deposits as at 31 March 2008 stood at approximately HK$40 million (2007: HK$62.4 million).

The Group generally finances its operations with internally generated cash flow and banking and short-term loan facilities provided by its principal bankers in Hong Kong and short term loans from a third party. As at 31 March 2008, the Group had available aggregate banking facilities of approximately HK$293 million which are secured by legal charges on certain securities owned by the Group or its margin and money lending clients and as of 31 March 2008, the Group had pledged HK$4.6 million of its investment securities to secure banking facilities. As at 31 March 2008, approximately HK$31.5 million was utilized on these banking and short-term loan facilities.

The Group's gearing ratio, largely the result of the margin and money lending business and including IPO financing facilities, is 28.7% as at 31 March 2008 (2007: 117.2%).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2008, the Group has about 145 full time employees based in Hong Kong. There were 23 full time employees and 2 part time employees based in the People's Republic of China.

Competitive remuneration packages to employees by reference to the prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses paid on an annual basis with reference to individual performance appraisals and the prevailing market conditions and trends. Other benefits offered by the Group include mandatory provident fund scheme and medical and health insurance. In addition, the Group operates a share option scheme with options granted to certain employees and directors of the Group on a discretionary basis.

PROSPECTS

The coming financial year is beginning in a difficult trading environment. Although the futures trading business has kept its volume steady, we have witnessed a decline in our equity trading volume.

We expect those lost revenues to be well compensated by revenue generated by our Equity Capital Markets (ECM) and Corporate Finance businesses. We anticipate that the regional execution and origination capabilities established in our "star alliance" will assist us in scaling up our private placement activities and permit us to land larger corporate finance mandates.

We are also actively setting up of a number of new funds including a Private Equity fund and a Fund of Funds.

Further effort will be focused on improving the quality and quantity of our products and services. This will only be possible by strengthening the quality of our staff through new hires and continuous education.

Quality management will lead to sustainable profitability.

The board of directors (the "Board" or "Directors") of Quam Limited (the "Company") presents its report together with the audited financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

During the year ended 31 March 2008, the principal activity of the Company is investment holding and the principal activities of the subsidiaries are as follows:

(a) securities and futures dealing, placement services, margin financing and money lending, the provision of fund management services and wealth management services;
(b) website management and related services, and the provision of credit information services (up to 19 February 2008);
(c) provision of advisory service; and
(d) investment holding and securities trading.

Particulars of the principal subsidiaries of the Company as at 31 March 2008 are set out in note 19 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activities and geographical area of operations for the financial year ended 31 March 2008 is set out in note 7 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2008 and the state of affairs of the Company and the Group at 31 March 2008 are set out in the consolidated financial statements on pages 54 to 135.

An interim dividend of HK1.50 cents per ordinary share amounting to HK$9,367,000 was paid on 9 January 2008 (2007: HK1.50 cents per ordinary share, amounting to HK$4,389,000).

The Board has proposed to recommend, at the forthcoming annual general meeting of the Company (the "AGM") to be held on 11 September 2008, a final dividend of HK2.50 cents per ordinary share (2007: HK2.00 cents per ordinary share) for the year ended 31 March 2008 and a bonus issue to the shareholders of the Company (except certain overseas shareholders) on the basis of one bonus share for every ten existing shares of the Company (2007: one bonus share for every five existing shares).

It is expected that the proposed final dividend, if approved by the shareholders of the Company at the AGM, will be payable to those entitled on or about 26 September 2008.

The bonus shares will be credited as fully paid by way of capitalisation of an amount in the share premium account of the Company. The bonus shares will rank pari passu in all respects with the ordinary shares of the Company and the Company will not allot any fractions of bonus shares. The bonus issues is expected to be dispatched to the eligible shareholders of the Company by ordinary post at their own risk on or about 30 September 2008, subject to the approval by the shareholders of the Company at the AGM and the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the bonus shares.

The register of members will be closed from Friday, 5 September 2008 to Thursday, 11 September 2008, both days inclusive, during which period no transfer of shares will be effected. Those persons whose names are registered as shareholders of the Company on 11 September 2008 will be entitled to receive the final dividend and bonus shares. In order to qualify for the proposed final dividend and bonus share, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 4 September 2008.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years ended 31 March 2008, which was extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 136. This summary does not form part of the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

On 5 July 2007, the Board recommended a bonus issue to the shareholders of the Company (except overseas shareholders) on the basis of one bonus share for every five ordinary shares of the Company. The recommendation was approved by the shareholders at the annual general meeting of the Company held on 14 August 2007. The bonus shares which rank pari passu in all respects with the ordinary shares of the Company were credited as fully paid by way of capitalisation of an amount of approximately HK$338,818 in the share premium account of the Company on 21 August 2007.

On 5 July 2007, the Board proposed that each of the two of the existing issued and unissued shares of par value of HK$0.005 each in the share capital of the Company be subdivided into three shares of par value of Hong Kong one third of one cent each. Effective from 30 August 2007, two of the existing issued and unissued shares of par value of HK$0.005 each in the share capital of the Company was subdivided into three ordinary shares of par value of Hong Kong one third of one cent each.

During the year ended 31 March 2008, the Company issued and allotted 15,405,997 new shares at par value of HK$0.005 each and 14,722,159 new shares at par value of Hong Kong one third of one cent each as a result of the exercise of share options. The net proceed to the subscription amounted to approximately HK$6,659,000 and were received in cash. Moreover, the Company issued and allotted 4,252,901 new shares at par value of Hong Kong one third of one cent each under the authority of general mandate granted to the Directors at the annual general meeting of the Company dated 14 August 2007 as consideration shares for the acquisition of 1,840 shares of Capital Partners Securities Co., Ltd. ("CPS") from Termorland Securities Limited and a further of 37,448,406 new shares at par value of Hong Kong one third of one cent each under a special mandate approved at the special general meeting of the Company on 31 January 2008 as consideration shares for the acquisition of 3,760 shares of CPS from Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing and 2,630,000 shares of McMillen Advantage Capital Limited ("MAC") from the vendors of MAC.

Details of the movements in the Company's share capital during the year are set out in note 33 to the consolidated financial statements.

SHARE OPTIONS

The Company operates two share option schemes. A new share option scheme (the "New Scheme") was approved by the shareholders at the annual general meeting of the Company held on 30 September 2002 for granting of options to subscribe for shares in the Company. The old share option scheme adopted by the Company on 4 September 1997 (details of which are set out in Note 34 to the consolidated financial statements) which originally would expire on 3 September 2007 was terminated on 30 September 2002.

A summary of the principal terms of the New Scheme is given below:

(I)	Purpose of the scheme	: The purpose of the New Scheme is to provide incentives or rewards to eligible participants for their contribution or would-be contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity.
(II)	Participants of the scheme	: Eligible participants of the New Scheme include Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, and a person or entity that provided research, development or technological support or other services to the Group or any invested entity and any shareholder or any member of the Group.

SHARE OPTIONS (Continued)

(III)	Total number of shares available for issue under the scheme and percentage of issued share capital as at 9 July 2008	:	The number of shares available for issue under the New Scheme was 69,144,409 shares representing 9.89% of the issued share capital as at 9 July 2008.
(IV)	Maximum entitlement of each participant under the scheme	:	The maximum number of shares issued and which may fall to be issued upon exercise of the options granted under the New Scheme to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue unless it is approved by shareholders (other than the grantees and/or their respective associates) in a general meeting of the Company. Any share options granted to a substantial shareholder or an independent non-executive Director of the Company or to any of their associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of the grant) in excess of HK$5 million, in any 12-month period, are subject to shareholders' approval in general meeting of the Company.
(V)	The period within which the shares must be taken up under an option	:	The period within which the options must be exercised will be specified by the Company at the time of grant. This period shall end in any event not later than 10 years from the relevant date of grant.
(VI)	The minimum period for which an option must be held before it can be exercised	:	The Company may specify any minimum period(s) for which an option must be held before it can be exercised at the time of grant of the options. The New Scheme does not contain any such minimum period.
(VII)	The amount payable upon acceptance of option	:	HK$10.00 is payable by each eligible participant to the Company on acceptance of options within 28 days from the date of the offer of grant of the options
(VIII)	The basis of determining the exercise price	:	The exercise price must be at least the higher of: (i) the closing price of share as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing prices of the shares as stated in the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.
(IX)	The remaining life of the scheme	:	The Scheme will expire at the close of business on 29 September 2012.

Particulars of the share options of the Company during the year are set out in note 34 to the consolidated financial statements.

Save as disclosed above, at no time during the year ended 31 March 2008 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of the shares in, or debentures of, the Company or any other body corporate.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the financial year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

SHARE PREMIUM AND RESERVES

Details of the movements in the share premium and reserves of the Company and the Group during the year are set out in note 35 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2008, the reserves available for cash distribution and/or distribution in specie, comprising contributed surplus and retained profits of the Company, amounted to HK$93,260,000. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances. In addition, the Company's share premium account, in the amount of HK$79,059,000, may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the total charitable contributions made by the Group amounted to HK$135,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the financial year under review, services provided to the Group's five largest customers accounted for 27% of the total turnover for the year of HK$396 million and services provided to the largest customer included therein amounted to 18%.

Services provided from the Group's five largest suppliers accounted for 28% of the total cost of services provided for the year and services provided from the largest supplier included therein amounted to 8%.

None of the Directors, their associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had, at any time during the year, a beneficial interest in any of the Group's five largest customers.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors
Mr. Bernard Pouliot *(Chairman)*
Mr. Kenneth Lam Kin Hing *(Deputy Chairman)*
Mr. Richard David Winter *(Deputy Chairman)*

Independent Non-executive Directors
Mr. Gordon Kwong Che Keung
Mr. Jeremy King
Dr. Tian Yuan
Mr. Ip Shing Hing, J.P.

In accordance with bye-laws 86(2) and 87 of the Bye-laws of the Company, Dr. Tian Yuan and Mr. IP Shing Hing, J.P. are due to retire from the Board at the forthcoming annual general meeting. They are eligible for re-election.

The Company has received from each of it's independent non-executive Director an annual confirmation of his independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and consider that all the independent non-executive Directors are independent in accordance with the terms of the independence guidelines set out in rule 3.13 of the Listing Rules.

DIRECTORS' REMUNERATION

Details of the emoluments of the Directors for the year ended 31 March 2008 are set out in note 15 to the consolidated financial statements.

EMOLUMENT POLICY

The emolument policy of the Group, in general, is determined with reference to the financial position and operating results of the Company and the prevailing market condition and trends. On this basis, the emoluments of the Directors is determined with reference to their individual performances. For the executive Directors, their emoluments are reviewed by the remuneration committee of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are presented on pages 22 to 25 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Bernard Pouliot, Mr. Kenneth Lam Kin Hing and Mr. Richard David Winter has entered into a service contract with the Company dated 1 October 2005, 1 October 2005 and 17 September 2005, respectively, for a term of three years and shall continue thereafter unless and until terminated by either party giving not less than twelve months notice in writing.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under "Connected Transactions and Continuing Connected Transactions" in this directors' report and note 41 to the consolidated financial statements, no Director had a material interest in any contract of significance to the business of the Group subsisted at the end of the year or at any time during the year to which the Company or any of its subsidiaries was a party.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' INTERESTS

As at 31 March 2008, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long Position

	Number of ordinary shares of Hong Kong one third of one cent each						
Name of directors	**Beneficial interests**	**Family interests**	**Corporate interests**	**Total interests**	**Approximate percentage of total interests in the shares in issue** *(Note 4)*	**Underlying shares (share options)**	**Approximate percentage of total interests (including underlying shares) in the share in issue** *(Note 4)*
Mr. Bernard Pouliot	34,796,808	6,750,000 *(Note 1)*	157,478,402 *(Note 2)*	199,025,210	29.87%	10,500,000	31.44%
Mr. Kenneth Lam Kin Hing	75,802,292	–	91,236,642 *(Note 3)*	167,038,934	25.06%	10,500,000	26.64%
Mr. Richard David Winter	34,806,311	–	–	34,806,311	5.22%	10,500,000	6.79%

DIRECTORS' INTERESTS (Continued)

Notes:

1. The family interests of Mr. Bernard Pouliot are held by his wife, Ms. Chan Wai Yin, Elizabeth.

2. The corporate interests are held by Newer Challenge Holdings Limited and Porto Global Limited, the controlling shareholders of the Company, which are beneficially owned by Mr. Bernard Pouliot, the Executive Director and Chairman of the Company.

3. The corporate interests are held by Olympia Asian Limited, which is beneficially owned by Mr. Kenneth Lam Kin Hing, the Executive Director and Deputy Chairman of the Company.

4. The approximate percentage shown was the number of securities the relevant director of the Company was interested expressed as a percentage of the number of issued shares as at 31 March 2008.

Save as disclosed above, as at 31 March 2008, none of the Directors of the Company or their respective associates had or were deemed under the SFO to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2008, so far as were known to the Directors, the following persons (other than the Directors) who had interests and short positions in the shares, underlying shares and debentures of the Company as recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company were as follows:

Long Position

	Number of ordinary shares of Hong Kong one third of one cent each held	
Name of Shareholders	**Beneficial interests**	**Approximate percentage of total interests in the share in issue** *(Note 3)*
Olympia Asian Limited (Note 1)	91,236,642	13.69%
Newer Challenge Holdings Limited (Note 2)	98,625,622	14.80%
Porto Global Limited (Note 2)	58,852,780	8.83%

Notes:

1. Olympia Asian Limited is a company beneficially owned by Mr. Kenneth Lam Kin Hing, the Executive Director and Deputy Chairman of the Company.

2. Newer Challenge Holdings Limited and Porto Global Limited are companies beneficially owned by Mr. Bernard Pouliot, the Executive Director and Chairman of the Company.

3. The approximate percentage shown was the number of securities the relevant person was interested expressed as a percentage of the number of issued shares as at 31 March 2008.

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Save as disclosed above, as at 31 March 2008, the Company had not been notified by any other person (other than the Directors of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register maintained by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the following transactions were entered into by the Company or subsidiary of the Company and the connected person which are subject to the reporting and announcement requirements set out in rules 14A.45 to 14A.47 of the Listing Rules.

I) Connected Transactions

A) MAC Agreement

Transaction date	:	18 December 2007
Parties to the transaction	:	The Company; and The vendors of MAC.
Transaction	:	(i) The Company acquired 2,630,000 shares in MAC from MAC vendors; and (ii) The Company acquired 225,000 and 50,000 shares subscribed and allotted on 29 November 2007 ("MAC Rights Shares") in the rights issue exercise of MAC from Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing.
Total consideration and terms	:	(i) the total consideration was approximately US$3,465,672 (or about HK$27,032,241), represented 1.5 times the value of the MAC shares calculated based on the audited net asset value per MAC share of approximately US$0.88 (or about HK$6.85) as at 31 December 2006. The consideration was satisfied by the issue of total of 28,757,695 new shares at the issue price of HK$0.94 per new share of the Company. (ii) the total cash consideration was approximately US$275,000 (or about HK$2,145,000), which is equivalent to the subscription price of the MAC Rights Shares.
Nature and extent of the connected persons' interests in the transaction	:	Mr. Robert McMillen, a director of certain subsidiary of the Company, is a substantial shareholder of MAC and controls the composition of a majority of the board of directors of MAC, as such, MAC is a connected person of the Company and the acquisition of MAC shares and MAC Rights Shares constituted a connected transaction pursuant to rule 14A.13(1)(b)(i) of the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

I) Connected Transactions (Continued)

A) MAC Agreement (Continued)

The acquisition of MAC shares and MAC Rights Shares by the Company were approved at the special general meeting of the Company on 31 January 2008. Further details of the MAC Agreement were set out in the circular of the Company dated 11 January 2008.

B) CPS Quam Agreement

Transaction date	:	18 December 2007
Parties to the transaction	:	The Company; and Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing.
Transaction	:	The Company acquired from Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing 2,840 and 920 shares in CPS.
Total consideration and terms	:	The total consideration of ¥116,254,988 (or about HK$8,169,269), represented 1.5 times the value of CPS shares calculated based on the audited net asset value per CPS share of approximately ¥20,613 or about HK$1,449) as at 31 March 2007.
Nature and extent of the connected persons' interests in the transaction	:	Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing are both directors of the Company and the acquisition constituted a connected transaction for the Company under the Listing Rules.

The acquisition of 3,760 CPS shares by the Company was approved at the special general meeting of the Company on 31 January 2008. Further details of the CPS Quam Agreement were set out in the circular of the Company dated 11 January 2008.

II) Continuing Connected Transactions

A) Connected Margin Loans

Transaction date	:	From 1 April 2007 to 31 March 2008
Parties to the transaction	:	Quam Securities Company Limited and • Mr. Bernard Pouliot and his respective associates • Mr. Kenneth Lam Kin Hing and his respective associates • Other directors of the Company's subsidiaries and their respective associates
Transaction	:	Share margin financing

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

II) Continuing Connected Transactions (Continued)

A) Connected Margin Loans (Continued)

Total consideration and terms	:	The Company has sought to revise the annual caps for the connected margin loans to HK$50 million for each of the three years ending 31 March 2010. This was approved by the shareholders of the Company at the special general meeting of the Company on 31 January 2008. Total annual aggregate interest charged to connected persons for the year amount to HK$807,000. The interest rate charged is at prime bank lending rate plus 3%. The margin facilities are secured by collateral securities and are repayable upon demand.
Nature and extent of the connected persons' interests in the transaction	:	Given the recurring nature of share margin financing arrangements, this constituted financial assistance and continuing connected transactions of the Company under the Listing Rules.

Further details of the revised caps of the connected margin loans were set out in the circular of the Company dated 11 January 2008.

B) Connected Dealings Services

Transaction date	:	From 1 April 2007 to 31 March 2008
Parties to the transaction	:	Quam Securities Company Limited and • Mr. Bernard Pouliot and his respective associates • Mr. Kenneth Lam Kin Hing and his respective associates • Mr. Richard David Winter • Other directors of the Company and the Company's subsidiaries and their respective associates
Transaction	:	The securities dealing, futures dealing and share margin financing arrangements
Total consideration and terms	:	The Company has revised the annual caps for the connected dealing services to HK$30 million for each of the three years ending 31 March 2010. This was approved by the shareholders of the Company at the special general meeting of the Company on 31 January 2008. Total annual aggregate of connected dealing service fees charged to connected persons for the year amount to HK$10,789,000. The transaction fees charged for the futures dealing services range between HK$12 to HK$400 depending on the type of futures product being dealt. The Group charges securities services transaction fees of up to 1% of the consideration of the securities traded. The interest rate charged on share margin financing is at prime bank lending rate plus 3%.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

II) Continuing Connected Transactions (Continued)

B) Connected Dealings Services (Continued)

Nature and extent of connected persons' interests in the transaction	:	Given the recurring nature of the connected dealings services, these constitute continuing connected transactions of the Company under the Listing Rules.

Further details of the revised caps of the connected dealings services were set out in the circular of the Company dated 11 January 2008.

C) MAC Cooperative Agreement

Transaction date	:	18 December 2007
Parties to the transaction	:	MAC and its subsidiaries and associates ("MAC Group"); and The Company.
Transaction	:	Pursuant to the Cooperative Agreement, the Company and MAC Group had agreed to facilitate mutual business with respect to each other including introductory fees for securities broking, sales and distribution of financial products offered by the Group and the MAC Group, securities placement and underwriting, research and financial information services and media investor relation and financial event management services.
Total consideration and terms	:	The annual caps for Cooperative Agreement has been fixed for no more than HK$100 million for each of the three financial years ending 31 March 2010. The annual caps had been approved by the shareholders of the Company on 31 January 2008 at the special general meeting of the Company. The total aggregate of cooperative service fee for the year amount to HK$61,000.
Nature and extent of the connected persons' interests in the transaction	:	As explained in the above IA), MAC is regarded as a connected person of the Company. The Cooperative Agreement constitutes a continuing connected transaction for the Company under rule 14A.14 of the Listing Rules.

Further details of the MAC Cooperative Agreement were set out in the circular of the Company dated 11 January 2008.

The independent non-executive Directors of the Company have reviewed the continuing connected transactions of IIA-C) as set out above and have confirmed that these continuing connected transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;
(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and
(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

The auditors of the Company confirmed that these continuing connected transactions:

(i) have been approved by the Board of the Company;
(ii) in accordance with the pricing policies of the Group;
(iii) have been entered into in accordance with the terms of the relevant agreement governing the continuing connected transactions; and
(iv) have not exceeded the cap disclosed in the announcement of the Company dated 21 December 2007.

The Company confirms that it has complied with the disclosure requirements in accordance with chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report, being the latest practicable date.

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are presented in the Corporate Governance Report which is presented on pages 42 to 49 of this annual report.

AUDITORS

The financial statement for the year ended 31 March 2008 have been audited by Messrs. Grant Thornton who will retire at the annual general meeting and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. Grant Thornton as auditors will be proposed at the AGM.

On behalf of the Board

Bernard Pouliot
Chairman

Hong Kong, 9 July 2008

The Company is committed to maintaining high standards of corporate governance in order to ensure better transparency and safeguard the shareholders' interest in general. The board of directors (the "Directors" or "Board") works for building the effective self-regulatory practices by recruiting high caliber members, delegating authorities to the Board committees and senior management and implementing sound internal control systems.

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") under Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 March 2008 (the "Year") and subsequent period up to the date of publication of this annual report, save for the deviations from code provisions A.2.1 and A.4.1 which are explained as follow:

Mr. Bernard Pouliot is the Chairman of the Company since 19 April 2000 and the managing director of the Group. The Company does not have any office with the title "Chief Executive Officer". This constitutes a deviation from code provision A.2.1 of the CG Code which stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. However, the Board considers that in view of the current operation, structure, size and resources of the Group together with substantial experience of financial services business, extensive management experience and leadership within the Group of Mr. Bernard Pouliot, that it is currently most beneficial and efficient to maintain the existing leadership structure.

All the existing independent non-executive directors of the Company do not have a specific term of appointment. This constitutes a deviation from code provision A.4.1 of the CG Code which stipulates that non-executive directors should be appointed for a specific term, subject to re-election. However, pursuant to the Bye-laws of the Company, at each annual general meeting, one-third of the directors for the time being shall retire from office by rotation, provided that every director shall be subject to retirement at least once every three years. Therefore, no director has an effective term of appointment longer than three years.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Listing Rules. The code of conduct has also been extended to specified employees of the Company who are likely to be in possession of unpublished price-sensitive information in respect of their dealings in the securities of the Company.

Having made specific enquiry of all the directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 March 2008.

BOARD OF DIRECTORS

The Board is charged with promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Company are managed, controlled and operated. They devote sufficient time and attention to the Company's affairs.

BOARD OF DIRECTORS (Continued)

The Board currently has seven members which comprise:

– three executive Directors, namely Mr. Bernard Pouliot, Mr. Kenneth Lam Kin Hing and Mr. Richard David Winter; and

– four independent non-executive Directors, namely Mr. Gordon Kwong Che Keung, Mr. Jeremy King, Dr. Tian Yuan and Mr. IP Shing Hing, J.P.

The brief biographical details of the above directors are set out in "Biographical Details of Directors and Senior Management" section of this annual report.

The Company has four independent non-executive Directors which represents at least one-third of the Board. They are highly experienced professionals and business people with a broad range of expertise and experience in areas covering accounting, finance, legal and business. Mr. Gordon Kwong Che Keung has appropriate professional qualification and accounting expertise as required by the Stock Exchange. They have brought their expertise, experience, professional knowledge and independent judgement to the Board in making strategic decisions and resolving potential conflicts of interests. They provide adequate check and balance to safeguard the interests of shareholders in general and the Company as a whole.

The Company has received, from each independent non-executive Director, an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

The Directors are continually updated on the Group's business and regulatory environments in which it operates and other changes affecting the Group. The Company has arranged insurance cover for all Directors in respect of any legal action against the Directors.

During the Year, the Board met 4 times in person or through telephone conference to approve the 2007 final results, 2007 interim results and to consider financial and operating performances and strategic investment decisions of the Group. Individual attendance of each Board member at these meetings is as follows:

Directors	**Number of Meetings Attended/ Total Number of Meetings Held (Percentage of Attendance)**
Executive Directors	
Bernard Pouliot *(Chairman)*	4/4 (100%)
Kenneth Lam Kin Hing *(Deputy Chairman)*	4/4 (100%)
Richard David Winter *(Deputy Chairman)*	3/4 (75%)
Independent Non-executive Directors	
Gordon Kwong Che Keung	4/4 (100%)
Jeremy King	3/4 (75%)
Dr. Tian Yuan	3/4 (75%)
Ip Shing Hing, J.P.	4/4 (100%)

BOARD OF DIRECTORS (Continued)

Arrangements are in place to allow all Directors the opportunity to include matters for discussion in the agenda of each Board meeting. The agenda and board materials are sent to all directors at least three days in advance of every Board meeting. Senior management will be invited to attend the Board meeting, when necessary, to provide information and explanation to facilitate the decision-making process.

The Company Secretary assists the Chairman in preparing the agenda for the meeting and ensures that all applicable rules and regulations regarding the meetings are followed.

The proceedings of the Board at its meetings are generally conducted by the Chairman who ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and also equal opportunities are being given to the Directors to speak, express their views and share their concerns.

The Company Secretary keeps minutes of each meeting. Draft minutes are sent to all Directors in a reasonable time for their comment and final versions of the minutes are available for inspection by all Directors at any time.

Newly appointed directors are subject to re-election by shareholders at the next following annual general meeting pursuant to the Bye-laws of the Company. All directors are subject to retirement by rotation and may offer themselves for re-election at the annual general meeting. Therefore, no director has an effective term of appointment longer than three years.

At the annual general meeting of the Company held on 14 August 2007, Mr. Kenneth LAM Kin Hing, Mr. Richard David Winter and Mr. Jeremy King retired and were re-elected as directors of the Company.

BOARD COMMITTEES

The Company has established the Audit Committee, the Remuneration Committee and the Executive Committee. The terms of reference of the Audit Committee and the Remuneration Committee are available on the Company's website at www.quamlimited.com.

Audit Committee

The Audit Committee has been established to assist the Board in reviewing the financial information of the Company, maintaining the relationship with the external auditor and overseeing the financial reporting system and internal control procedures of the Company.

It comprises three independent non-executive Directors, namely Mr. Gordon Kwong Che Keung (the chairman), Mr. Jeremy King and Mr. Ip Shing Hing, J.P.. Mr. Kwong is a former partner of a large international accounting firm and having appropriate professional qualification in accounting. Mr. King has extensive experience in financial services and fund management business while Mr. Ip is a practising lawyer in Hong Kong.

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The major role and authorities of the Audit Committee are summarised below:

i) to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and review and monitor their independence and objectivity as well as the effectiveness of the audit process;

ii) to approve the remuneration and terms of engagement of external auditors, maintain appropriate relationship between the Group and the external auditors and develop policy on the engagement of the external auditors to supply non-audit services;

iii) to ensure the integrity of the interim and annual consolidated financial statements and any significant financial reporting judgments contained in them; and review the external auditors' work, including management letter and management's response; and

iv) to review the Company's internal control and risk management systems.

During the Year, the Audit Committee met 2 times with Messrs. Grant Thornton ("GT"), the external auditors of the Company together with the Company Secretary and the Qualified Accountant and other senior management of the Company. The Audit Committee members also met privately with the External Auditors. Individual attendance of each committee member at these meetings is as follows:

Member of Audit Committee	Number of Meetings Attended/ Total Number of Meetings Held (Percentage of Attendance)
Gordon Kwong Che Keung	2/2 (100%)
Jeremy King	1/2 (50%)
Ip Shing Hing, J.P.	2/2 (100%)

During the Year, the Audit Committee has discharged its responsibilities by considering the following:

i) financial statements for the year ended 31 March 2007 and for the six months ended 30 September 2007;

ii) terms of engagement letter and remuneration of the external auditors of the Company and the nature, scope and process of the external audit;

iii) engagement of external consultants to conduct internal control review on securities and futures dealing operation and asset management operation; and

iv) the Company's internal control and risk management systems.

BOARD COMMITTEES (Continued)

Remuneration Committee

The Remuneration Committee has been established to assist the Board in reviewing and determining the policy of remuneration packages for the executive Directors and senior management, including the terms of salary, bonus and share options.

It comprises three independent non-executive Directors, namely Mr. Jeremy King (the chairman), Mr. Gordon Kwong Che Keung and Mr. Ip Shing Hing, J.P. and an executive Director, Mr. Richard David Winter. During the Year, one Remuneration Committee Meeting has been held and all the committee members had attended the meeting.

The major role and authorities of the Remuneration Committee are summarised below:

i) to review and recommend to the Board for approval the Group's overall remuneration policy and strategy;

ii) to review and approve performance-based remuneration and specific remuneration package of the executive Directors and senior management; and

iii) to review and approve the compensation arrangement relating to the dismissal or removal of directors.

During the Year, the Remuneration Committee has discharged its responsibilities by considering the following:

i) the emolument of the executive Directors; and

ii) the level of discretionary bonus and salary increment to employees of the Group.

The basis for determining the emolument payable to directors and senior management are with reference to the prevailing market condition and the Company's financial performance.

Executive Committee

The Company has set up an Executive Committee which determines group strategy, reviews business performances, examine major investments and monitor management performance. It comprises three executive Directors, namely Mr. Bernard Pouliot, Mr. Kenneth Lam Kin Hing and Mr. Richard David Winter, and the Chief Financial Officer of the Group Mr. Kevin Graeme Sew Hoy. Meeting will usually be held once each month.

Nomination Committee

The Company does not have Nomination Committee. The Executive Committee will be responsible to identify and nominate suitable candidates as Board Members. In selecting the suitable candidates, they will consider the professional background, reputation, contribution to the Group and personal reference. The shortlist of suitable candidates will then be proposed to the Board for consideration and appointment. All new director appointed by the Board during the year shall be required to be offered for re-election by shareholders at the next following annual general meeting of the Company.

AUDITORS' REMUNERATION

During the year ended 31 March 2008, the Group has engaged the following audit and non-audit services provided by GT (including any entity that is under common control, ownership or management with GT or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of GT nationally or internationally):

Type of services	Fees paid/payable 2008 HK$'000	2007 HK$'000
Audit fee for the Group including interim review	**1,353**	1,227
Taxation services for the Group	**188**	186
Quote meter audit of HKEx information services	**–**	55
Certification of adjustment to the quantity and price of share options granted	**10**	10
TOTAL	**1,551**	1,478

The Audit Committee will recommend the re-appointment of GT for assurance service for the financial year ending 2009 at a fee to be agreed.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges that they are responsible for overseeing the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the Group's profit and cash flow for the year then ended in accordance with the Hong Kong Financial Reporting Standards and the applicable disclosure provisions of the Listing Rules and for ensuring that appropriate accounting policies are selected and applied consistently.

GT, the external auditors of the Company, stated their reporting responsibilities in the Independent Auditors' Report which is set out on pages 52-53 of this annual report.

INTERNAL CONTROL

The directors acknowledge the responsibility for establishing and maintaining an adequate system of internal control. The internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority, which is designed to manage rather than eliminate all risks of failure, safeguard the shareholders' investment and assets from misappropriation, maintain proper accounts and ensure compliance with regulations towards the achievement of organizational objectives.

During the Year, the Executive Committee has reviewed the internal controls and governance of the Group at each Executive Committee meeting with the assistance of the Head of Compliance.

With respect to procedures and internal control for the handling and dissemination of price-sensitive information, the Company is aware of its disclosure obligations under the Listing Rules, the overriding principle is that information which is expected to be price-sensitive should be announced immediately when it is the subject of a decision and with reference to the "Guide on disclosure of price-sensitive information" issued by the Stock Exchange in 2002.

INTERNAL CONTROL (Continued)

The Company has complied with the code provisions on internal control during the Year in view of the effectiveness and adequacy of the internal control system as below:

i) establishment of a framework of prudent and effective controls to enable risks to be identified, evaluated and managed;

ii) review of the internal control by the Audit Committee to ensure the effectiveness of such control; and

iii) ongoing review on the effectiveness of the internal control system.

During the Year, the Audit Committee approved to mandate Messrs. HLB Hodgeson Impey Cheng, an independent consultant, to review certain aspects of the Group's internal control and systems, including:

i) conduct comprehensive reviews of the practices and procedures, income and expenditure, and internal controls of business units which include the securities and futures dealing and asset management of the Group; and

ii) conduct special reviews and investigations of areas of concern identified by management.

Results have been reported to the Audit Committee and the Board. Based on the result of the review, the directors considered that the internal control system and procedures of the Group were effective and adequate.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Accountability and transparency are indispensable for ensuring good corporate governance and, in this regard, timely communication with the shareholders, including institutional investors, is crucial. The Company manages investor relations systematically as a key part of its operations and continues to promote and enhance investor relations and communications with the investors.

The Company maintains a company website at www.quamlimited.com. It is a channel of the Company to communicate with the investing public with our latest corporate development. All our corporate communications, such as press release, statutory announcement, circular, annual report and interim report etc. are available on the website whereas circular, annual report and interim report are printed and sent to all shareholders of the Company. Shareholders and investors may also email their enquiries to the Company's email address: quamir@quamgroup.com, which will be handled by the Company's Investor Relations team.

A special general meeting was held on 31 January 2008 at 10:00 a.m. at the head office of the Company. At the meeting, the following matters which, inter alias, the MAC Agreement, the CPS Quam Agreement, the MAC Cooperative Agreement, the increase of annual caps for Connected Margin Loans and Connected Dealings Services were considered and approved by the relevant Independent Shareholders by way of poll. The Chairman, members of independent board committee, financial advisers and independent financial advisers were available to answer questions at the special general meeting. For details of the matters discussed, please refer to the circular of the Company dated 11 January 2008.

CONCLUSION

The Company believes that good corporate governance practices would raise the confidence among investors towards the Company. The Company is one of the founding signatories of the Hong Kong Corporate Governance Charter of The Chamber of Hong Kong Listed Companies which demonstrate the decision of the Company to uphold good corporate governance. The Company has also published "The Principles of Corporate Governance" during the year. The Company will keep its ongoing effort to enhance the corporate governance practices in order to meet the changing circumstances.

BOARD OF DIRECTORS
Mr. Bernard Pouliot
Chairman
Mr. Kenneth Lam Kin Hing
Deputy Chairman
Mr. Richard David Winter
Deputy Chairman
Mr. Gordon Kwong Che Keung#
Mr. Jeremy King#
Dr. Tian Yuan#
Mr. Ip Shing Hing, J.P.#

Independent Non-executive Director

AUDIT COMMITTEE
Chairman: Mr. Gordon Kwong Che Keung
Members: Mr. Jeremy King
Mr. Ip Shing Hing, J.P.

REMUNERATION COMMITTEE
Chairman: Mr. Jeremy King
Members: Mr. Gordon Kwong Che Keung
Mr. Ip Shing Hing, J.P.
Mr. Richard David Winter

EXECUTIVE COMMITTEE
Mr. Bernard Pouliot
Mr. Kenneth Lam Kin Hing
Mr. Richard David Winter
Mr. Kevin Graeme Sew Hoy

COMPANY SECRETARY
Mr. Tsang Chung Him
(Appointed on 1 April 2008)

QUALIFIED ACCOUNTANT
Mr. Kevin Graeme Sew Hoy

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 1005-1008
10th Floor
Man Yee Building
68 Des Voeux Road Central
Hong Kong

AUDITOR
Grant Thornton
Certified Public Accountants

HONG KONG LEGAL ADVISERS
Kirkpatrick & Lockhart Preston Gates Ellis, Solicitors
Charltons

BERMUDA LEGAL ADVISER
Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS
Standard Chartered Bank (Hong Kong) Limited
Clariden Leu Ltd
The Hongkong and Shanghai Banking Corporation Limited
CITIC Ka Wah Bank Limited
The Bank of East Asia, Limited

STOCK CODE
0952

WEBSITES OF QUAM GROUP
www.quamlimited.com
www.quamcapital.com.hk
www.quamsecurities.com
www.quamnet.com
www.quamnet.com.cn
www.quamir.com
www.quamwealth.com
www.quamfunds.com

INVESTOR RELATIONS
Quam Investor Relations
Tel : (852) 2217-2888
Fax : (852) 2319-1676
Email : quamir@quamgroup.com

Financial Statements

2007/2008

Grant Thornton
均富

Member of Grant Thornton International Ltd

To the members of Quam Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Quam Limited (the "Company") set out on pages 54 to 135, which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Grant Thornton
均富

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

9 July 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue/Turnover	5	**395,954**	192,767
Fair value gain on financial assets at fair value through profit or loss		**236**	5,780
Other operating income	6	**24,688**	15,762
Cost of services provided		**(158,272)**	(68,536)
Staff costs	9	**(99,614)**	(69,598)
Depreciation and amortisation expenses		**(3,699)**	(3,516)
Other operating expenses, net		**(66,690)**	(28,038)
Finance costs	8	**(12,173)**	(9,454)
Gain on disposal of an associate	43	**27,037**	–
Share of results of associates		**(118)**	631
Profit before income tax	10	**107,349**	35,798
Income tax expense	11	**(4,219)**	(2,752)
Profit for the year, attributable to equity holders of the Company	12	**103,130**	33,046
Dividends			
Interim	13	**9,367**	4,389
Proposed final	13	**17,472**	6,468
		26,839	10,857
Earnings per share for profit attributable to equity holders of the Company during the year (2007: restated)	14		
– Basic		**16.77 cents**	6.29 cents#
– Diluted		**15.28 cents**	5.87 cents#

Restated

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**10,145**	3,882
Goodwill	17	**14,695**	14,695
Other intangible assets	18	**3,212**	4,981
Available-for-sale financial assets	21	**51,572**	6,958
Interest in an associate	22	**38,461**	651
Other assets	23	**2,800**	2,450
		120,885	33,617
Current assets			
Trade receivables	24	**357,766**	488,981
Short term loan receivables	25	**6,251**	1,267
Prepayments, deposits and other receivables		**13,396**	6,625
Financial assets at fair value through profit or loss	26	**25,411**	17,064
Amount due from an associate	22	**–**	1,242
Trust time deposits held on behalf of customers	27	**63,117**	136,557
Trust bank balances held on behalf of customers	27	**209,474**	106,207
Cash and cash equivalents	28	**40,001**	62,445
		715,416	820,388
Current liabilities			
Trade payables	29	**350,107**	404,881
Borrowings	30	**90,671**	215,619
Provision for tax		**2,452**	1,383
Other payables and accruals		**72,828**	47,529
Finance lease payables	31	**1,329**	201
		517,387	669,613
Net current assets		**198,029**	150,775
Total assets less current liabilities		**318,914**	184,392
Non-current liabilities			
Finance lease payables	31	**2,692**	403
Deferred tax liabilities	32	**36**	36
		2,728	439
Net assets		**316,186**	183,953
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	33	**2,221**	1,617
Reserves	35	**296,493**	175,868
Proposed final dividend	13	**17,472**	6,468
Total equity		**316,186**	183,953

Bernard Pouliot
Director

Kenneth Lam Kin Hing
Director

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**65**	65
Investments in subsidiaries	19	**112,223**	108,593
Available-for-sale financial assets	21	**47,553**	1,962
Interest in an associate	22	**38,461**	–
		198,302	110,620
Current assets			
Prepayments, deposits and other receivables		**474**	1,247
Amounts due from subsidiaries	20(a)	**37,473**	29,219
Financial assets at fair value through profit or loss	26	**23,971**	10,023
Cash and cash equivalents	28	**7,189**	1,281
		69,107	41,770
Current liabilities			
Other payables and accruals		**4,286**	1,332
Finance lease payables	31	**1,329**	201
Amounts due to subsidiaries	20(b)	**65,900**	16,473
		71,515	18,006
Net current (liabilities)/assets		**(2,408)**	23,764
Total assets less current liabilities		**195,894**	134,384
Non-current liabilities			
Finance lease payables	31	**2,692**	403
Net assets		**193,202**	133,981
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	33	**2,221**	1,617
Reserves	35	**173,509**	125,896
Proposed final dividend	13	**17,472**	6,468
Total equity		**193,202**	133,981

Bernard Pouliot
Director

Kenneth Lam Kin Hing
Director

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Profit before income tax		**107,349**	35,798
Adjustments for:			
Dividend income from listed investments		**(861)**	(261)
Interest income from banks and others		**(12,639)**	(8,514)
Finance charges on finance lease		**200**	3
Gain on disposal of available-for-sale financial assets		**–**	(90)
Gain on disposal of an associate	43	**(27,037)**	–
Loss on disposal of property, plant and equipment		**5**	106
Loss on deemed disposal of an associate		**67**	–
Gain on disposal of intangible assets		**–**	(78)
Depreciation of property, plant and equipment		**1,930**	1,726
Amortisation of other intangible assets		**1,769**	1,790
(Write back)/Provision for impairment of short term loan receivables		**(1,200)**	1,200
Provision for impairment of trade receivables		**26,222**	129
Provision for impairment of other receivables		**6**	–
Impairment of goodwill		**–**	43
Long outstanding trade and other payables written back		**–**	(478)
Share-based compensation		**4,575**	4,236
Share of results of associates		**118**	(631)
Operating profit before working capital changes		**100,504**	34,979
(Increase)/Decrease in other assets		**(350)**	1,425
Decrease/(Increase) in trade receivables, short term loan receivables, prepayments, deposits and other receivables		**96,023**	(275,911)
Decrease/(Increase) in amount due from an associate		**517**	(241)
(Increase)/Decrease in financial assets at fair value through profit or loss		**(8,347)**	95
(Increase)/Decrease in trust bank balances and trust time deposits held on behalf of customers		**(29,827)**	4,722
(Decrease)/Increase in trade payables, other payables and accruals		**(29,475)**	111,502
(Decrease)/Increase in borrowings		**(124,948)**	136,326
Cash generated from operations		**4,097**	12,897
Income tax paid		**(2,734)**	(1,893)
Dividend paid		**(16,143)**	(4,389)
Net cash (used in)/generated from operating activities		**(14,780)**	6,615

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from investing activities			
Interest received from bank and others		**12,639**	8,514
Dividend income from listed securities		**861**	261
Acquisition of a subsidiary (net of cash and cash equivalent acquired)	40	**–**	(44)
Decrease/(Increase) in interest in an associate		**20**	(20)
Purchase of property, plant and equipment	44(a)	**(3,796)**	(1,373)
Proceeds from disposal of property, plant and equipment		**–**	2
Purchase of available-for-sale financial assets		**(38,698)**	–
Proceeds from disposal of an associate	43	**26,542**	–
Acquisition of an associate		**(10,736)**	–
Proceeds from disposal of available-for-sale financial assets		**–**	290
Net cash (used in)/generated from investing activities		**(13,168)**	7,630
Cash flows from financing activities			
Proceeds from issuance of share capital		**–**	24,000
Exercise of share options		**6,659**	2,755
Capital elements of finance lease liabilities		**(955)**	(36)
Interest elements of finance lease payments		**(200)**	(3)
Net cash generated from financing activities		**5,504**	26,716
Net (decrease)/increase in cash and cash equivalents		**(22,444)**	40,961
Cash and cash equivalents at beginning of the year		**62,445**	21,484
Cash and cash equivalents at end of the year	28	**40,001**	62,445

For the year ended 31 March 2008

	Equity attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 April 2006	1,135	4,677	–	65,708	–	932	31	51,803	–	124,286
Translation differences (net income recognised directly in equity)	–	–	–	–	–	–	19	–	–	19
Profit for the year	–	–	–	–	–	–	–	33,046	–	33,046
Total recognised income and expense for the year	–	–	–	–	–	–	19	33,046	–	33,065
Exercise of share options	39	2,716	–	–	–	–	–	–	–	2,755
Bonus issue	293	(293)	–	–	–	–	–	–	–	–
Issue of shares	150	23,850	–	–	–	–	–	–	–	24,000
Share-based compensation	–	–	–	–	4,236	–	–	–	–	4,236
Transfer of contributed surplus*	–	–	–	(35,000)	–	–	–	35,000	–	–
Interim dividend	–	–	–	–	–	–	–	(4,389)	–	(4,389)
Proposed final 2007 dividend	–	–	–	–	–	–	–	(6,468)	6,468	–
At 31 March 2007 and at 1 April 2007	1,617	30,950	–	30,708	4,236	932	50	108,992	6,468	183,953
Translation differences	–	–	–	–	–	–	87	–	–	87
Changes in fair value of available-for-sale financial assets	–	–	(5,274)	–	–	–	–	–	–	(5,274)
Total income and expenses recognised directly in equity	–	–	(5,274)	–	–	–	87	–	–	(5,187)
Profit for the year	–	–	–	–	–	–	–	103,130	–	103,130
Total recognised income and expense for the year	–	–	(5,274)	–	–	–	87	103,130	–	97,943
Additional 2007 final dividend	–	–	–	–	–	–	–	(308)	308	–
Exercise of share options	126	9,388	–	–	(2,855)	–	–	–	–	6,659
Bonus issue	339	(339)	–	–	–	–	–	–	–	–
Issue of shares	139	39,060	–	–	–	–	–	–	–	39,199
Share-based compensation	–	–	–	–	4,575	–	–	–	–	4,575
Release on forfeiture of share options	–	–	–	–	(424)	–	–	424	–	–
Transfer of contributed surplus**	–	–	–	(10,000)	–	–	–	10,000	–	–
Payment of final 2007 dividend	–	–	–	–	–	–	–	–	(6,776)	(6,776)
Interim dividend	–	–	–	–	–	–	–	(9,367)	–	(9,367)
Proposed final 2008 dividend	–	–	–	–	–	–	–	(17,472)	17,472	–
At 31 March 2008	**2,221**	**79,059**	**(5,274)**	**20,708**	**5,532**	**932**	**137**	**195,399**	**17,472**	**316,186**

* It was resolved by the directors of the Company that an amount of HK$25,000,000 be transferred from the contributed surplus account to the retained profits in accordance with the Bye-laws of the Company with effect from 30 September 2006.

It was resolved by the directors of the Company that an amount of HK$10,000,000 be transferred from the contributed surplus account to the retained profits in accordance with the Bye-laws of the Company with effect from 31 March 2007.

** It was resolved by the directors of the Company that an amount of HK$10,000,000 be transferred from the contributed surplus account to the retained profits in accordance with the Bye-laws of the Company with effect from 30 September 2007.

1. GENERAL INFORMATION

Quam Limited (the "Company") is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and, its principal place of business is Room 1005-1008, 10/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (the "Group") are principally engaged in the following activities:

- securities and futures dealing, placement services, margin financing and money lending and the provision of fund management services, and wealth management services
- website management and related services, and the provision of credit information services
- provision of advisory services
- investment holding and securities trading

The financial statements on pages 54 to 135 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial statements for the year ended 31 March 2008 were approved for issue by the board of directors on 9 July 2008.

2. CHANGE IN ACCOUNTING POLICIES

2.1 IMPACT OF NEW AND REVISED HKFRSs WHICH ARE EFFECTIVE DURING THE YEAR

In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements beginning on 1 April 2007.

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented but HKAS 1 (Amendment) and HKFRS 7 resulted in expanded disclosures on the Group's capital management policies and, significance of financial instruments and the nature and extent of risk arising from financial instruments used. Accordingly, no prior period adjustment is required.

2. CHANGE IN ACCOUNTING POLICIES (Continued)

2.1 IMPACT OF NEW AND REVISED HKFRSs WHICH ARE EFFECTIVE DURING THE YEAR (Continued)

HKAS 1 (Amendment) – Capital Disclosures

In accordance with the HKAS 1 (Amendment) – Capital Disclosures, the Group now reports on its capital management objectives, policies and procedures in each annual financial report. The new disclosures that become necessary due to this change in HKAS 1 are detailed in note 47.

HKFRS 7 – Financial Instruments: Disclosures

HKFRS 7 – Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 Financial Instruments: Presentation and Disclosures and has been adopted by the Group in its consolidated financial statements for the year ended 31 March 2008. All disclosures relating to financial instruments including the comparative information have been updated to reflect the new requirements. In particular, the Group's financial statements now feature:

– a sensitivity analysis explaining the Group's market risk exposure in regard to its financial instruments, and

– a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first–time application of HKFRS 7, however, has not resulted in any prior–period adjustments on cash flows, net income or balance sheet line items.

2.2 IMPACT OF NEW AND REVISED HKFRSs WHICH ARE ISSUED BUT NOT YET EFFECTIVE

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [1]
HKFRS 2 (Amendment)	Share–based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 8	Operating Segments [1]
HK(IFRIC) – Int 12	Service Concession Arrangements [3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes [4]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [3]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 July 2008

2. CHANGE IN ACCOUNTING POLICIES (Continued)

2.2 IMPACT OF NEW AND REVISED HKFRSs WHICH ARE ISSUED BUT NOT YET EFFECTIVE (Continued)

Among these new standards and interpretations, HKAS 1 (Revised) is expected to be relevant to the Group's financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements

This revised standard affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This revised standard does not affect the financial position or results of the Group but will give rise to additional disclosures. Management is currently assessing the detailed impact of this revised standard on the Group's financial statements.

The directors of the Company are currently assessing the impact of the other new or revised HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

3.3 SUBSIDIARIES

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations (other than for combining entities under common control) are accounted for by applying the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 ASSOCIATES

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture. In consolidated financial statements, investment in associates is initially recognised at cost and subsequently accounted for using the equity method. Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in associate recognised for the year.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. At each balance sheet date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (see note 3.11) of the associate and its carrying amount.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the income statement in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the balance sheet date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the exchange reserve in equity.

Other exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is disposed of, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

3.6 REVENUE RECOGNITION

Revenue comprises fees derived from provision of services and after eliminating sales within the Group. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) for commissions and brokerage income, it is recognised on a trade date basis;

(b) for advisory, arrangement and placement fee income, advertising and content fee from the sales of banner advertisements and website content, service fee income from the provision of credit information and management fee income, they are recognised when the services are provided;

(c) for interest income, it is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;

(d) for dividend income, it is recognised when the shareholders' right to receive payment has been established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 BORROWING COSTS

All borrowing costs are expensed as incurred.

3.8 GOODWILL

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investment in an associate is set out in note 3.4.

Goodwill represents the excess of the cost of a business combination or an investment over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the business combination or investment.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 3.11).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3.9 INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Trading rights

Trading rights, representing the eligibility rights acquired to trade on or through The Hong Kong Futures Exchange Limited and the Stock Exchange, are stated at cost less accumulated amortisation and any impairment losses.

Amortisation is calculated on the straight-line basis over their estimated useful lives of 10 years.

Database

Database, representing a database of credit and litigation information acquired, is stated at cost less accumulated amortisation and any impairment losses.

Amortisation is calculated on the straight-line basis over its estimated useful life of 10 years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Depreciation on property, plant and equipment is provided to write off the cost over their estimated useful lives, using the straight-line method, as follows:

Leasehold improvements	10 years or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	5 to 10 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

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

3.11 IMPAIRMENT OF ASSETS

Goodwill arising on an acquisition of subsidiary, other intangible assets, property, plant and equipment, interests in subsidiaries and interest in an associate are subject to impairment testing.

Goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 IMPAIRMENT OF ASSETS (Continued)

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.12 LEASES

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the right to use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight-line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 FINANCIAL ASSETS

The Group's accounting policies for financial assets other than investments in subsidiaries and associates are set out below.

Financial assets are classified into the following categories:

– financial assets at fair value through profit or loss
– loans and receivables
– available-for-sale financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Gains or losses on these financial assets are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends on these financial assets, which are recognised in accordance with the policy set out in note 3.6.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 FINANCIAL ASSETS (Continued)

(i) Financial assets at fair value through profit or loss (Continued)

– the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value is recognised directly in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary financial assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recognised in the income statement. Interest calculated using the effective interest method is recognised in the income statement. Upon disposal, the cumulative gain or loss previously recognised in equity is transferred to the income statement.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 FINANCIAL ASSETS (Continued)

Impairment of financial assets

At each balance sheet date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the income statement in the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement in the period in which the reversal occurs.

(ii) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in the income statement as impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income statement.

Reversals in respect of investment in equity instruments classified as available-for-sale are not recognised in the income statement. The subsequent increase in fair value is recognised directly in equity. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in the income statement.

(iii) Financial assets carried at cost

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 ACCOUNTING FOR INCOME TAXES

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in the income statement, or charged/credited to equity if the tax relates to items that are credited/charged directly to equity.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

3.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.16 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 RETIREMENT BENEFIT COSTS AND SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its Hong Kong employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

3.18 SHARE-BASED COMPENSATION

All share-based payment arrangements granted after 7 November 2002 and had not vested on 1 April 2005 are recognised in the financial statements. The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in the income statement with a corresponding increase in equity (share option reserve). If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 FINANCIAL LIABILITIES

The Group's financial liabilities include bank and other loans, trade and other payables and finance lease liabilities. They are included in balance sheet line items as "Trade payables", "Borrowings", "Other payables and accruals" and "Finance lease payables".

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade payables

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.20 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

3.21 FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

3.22 SEGMENT REPORTING

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

In respect of business segment reporting, unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, other intangible assets, trade receivables, short term loan receivables, prepayments, deposits and other receivables, operating cash, goodwill, available-for-sale financial assets and financial assets at fair value through profit or loss and mainly exclude non-operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation.

Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, revenue is based on the country in which the business activities are conducted and total assets and capital expenditure are where the assets are located.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 RELATED PARTIES

A party is considered to be related to the Group if:

(a) directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Company/Group; (ii) has an interest in the Company that gives it significant influence over the Company/Group; or (iii) has joint control over the Company/Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Company;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Company/Group, or of any entity that is a related party of the Company/Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

CARRYING VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group's available-for-sale financial assets comprise various unlisted securities that do not have a quoted market price in an active market and whose fair value, in the opinion of the directors, cannot be reliably measured. Accordingly the Group has reflected these available-for-sale financial assets at cost less accumulated impairment losses.

The carry amount of the Group's available-for-sale investments at 31 March 2008 was HK$51,572,000, further details of which are set out in note 21 to the financial statements.

PROVISION FOR IMPAIRMENT OF RECEIVABLES

The policy for the provision for impairment of receivables of the Group is based on the evaluation of collectibility and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables based on, among other factors, the current creditworthiness, the collateral security and the past collection history of each client. The management reviews the provision for impairment of receivables on a regular basis.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired (other than goodwill on acquisition of an associate) requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31 March 2008, the carrying amount of goodwill was approximately HK$14,695,000. Details of the assumptions and basis of the recoverable amount calculation are set out in note 17.

5. REVENUE/TURNOVER

Revenue, which is also the Group's turnover, represents:

	2008 HK$'000	2007 HK$'000
Advertising and content fee income	**2,975**	2,968
Website management and related services fee income	**20,541**	17,170
Commission and performance fee income on securities and futures broking	**206,695**	85,958
Advisory fee income	**22,152**	26,067
Placement and underwriting fee income	**30,879**	15,402
Income from margin financing and money lending operations	**34,185**	23,912
Fund management fee income	**74,155**	18,826
Credit information service fee income	**–**	1,786
Wealth management service fee income	**4,372**	678
	395,954	192,767

6. OTHER OPERATING INCOME

	2008 HK$'000	2007 HK$'000
Interest income from banks and others	**12,639**	8,514
Exchange gains, net	**3,946**	1,632
Gain on disposal of available-for-sale financial assets	**–**	90
Long outstanding trade and other payables written back	**–**	478
Write back for provision for impairment of short-term loan receivables	**1,200**	–
Dividend income from listed securities	**861**	261
Sundry income	**6,042**	4,787
	24,688	15,762

7. SEGMENT INFORMATION

(a) PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS

The Group's operating business are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risk and returns that are different to those of the other business segments.

Summary details of the business segments are as follows:

(i) the securities broking and placement segment engages in securities and futures dealing, provision of placement services, discretionary securities and futures dealing services and wealth management services;

(ii) the margin financing and money lending segment engages in margin financing services, money lending arrangement and guarantee business;

(iii) the advisory segment engages in the provision of corporate finance advisory and general advisory services;

(iv) the asset management services segment engages in fund management, discretionary portfolio management and portfolio management advisory services;

(v) the website management segment engages in the management of a website, advertising and referral tools to online customers, research and credit information services; and

(vi) the investments segment engages in investment holding and securities trading.

The Group's inter-segment transactions were related to advisory, asset management and website management and related service income. Inter-segment revenue are determined by directors and are based on pricing policies similar to those contracted with independent third parties, where applicable.

7. SEGMENT INFORMATION (Continued)

(a) PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS (Continued)

2008	Securities broking and placement HK$'000	Margin financing and money lending HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue								
Sales to external customers	241,946	34,185	22,152	74,155	23,516	–	–	395,954
Inter-segment sales	–	–	10,200	1,000	18,940	–	(30,140)	–
Total	241,946	34,185	32,352	75,155	42,456	–	(30,140)	395,954
Segment results	19,794	10,439	10,810	32,284	9,750	(2,968)		80,109
Unallocated income								13,500
Unallocated corporate expenses								(13,179)
Gain on disposal of an associate								27,037
Share of results of an associate								(118)
Profit before income tax								107,349
Income tax expense								(4,219)
Profit for the year								103,130
Segment assets	433,506	242,853	14,876	10,052	11,504	76,983		789,774
An associate								38,461
Unallocated assets								8,066
Total assets								836,301
Segment liabilities	378,149	98,823	3,817	10,160	16,193	–		507,142
Unallocated liabilities								12,973
Total liabilities								520,115
Other segment information								
Depreciation and amortisation:								
Segmented	2,950	–	94	16	624	–		3,684
Unallocated								15
								3,699
Capital expenditure	3,444	–	304	147	4,258	15		8,168
Other non-cash expenses	7,576	19,927	319	117	859	–		28,798

7. SEGMENT INFORMATION (Continued)

(a) PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS (Continued)

2007	Securities broking and placement HK$'000	Margin financing and money lending HK$'000	Advisory HK$'000	Asset management HK$'000	Website management HK$'000	Investments HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue								
Sales to external customers	102,038	23,912	26,067	18,826	21,924	–	–	192,767
Inter-segment sales	300	–	3,600	–	9,901	–	(13,801)	–
Total	102,338	23,912	29,667	18,826	31,825	–	(13,801)	192,767
Segment results	11,336	4,381	6,558	7,235	4,183	3,875		37,568
Unallocated income								8,865
Unallocated corporate expenses								(11,266)
Share of results of an associate								631
Profit before income tax								35,798
Income tax expense								(2,752)
Profit for the year								33,046
Segment assets	444,605	352,400	9,696	12,424	6,863	24,022		850,010
An associate								651
Unallocated assets								3,344
Total assets								854,005
Segment liabilities	425,623	218,697	2,194	4,983	12,559	–		664,056
Unallocated liabilities								5,996
Total liabilities								670,052
Other segment information								
Depreciation and amortisation:								
Segmented	2,971	–	56	4	470	–		3,501
Unallocated								15
								3,516
Capital expenditure	1,037	–	38	30	879	29		2,013
Other non-cash expenses	1,571	1,292	200	150	424	–		3,637

7. SEGMENT INFORMATION (Continued)

(b) SECONDARY REPORTING FORMAT-GEOGRAPHICAL SEGMENTS

The Group's operations and assets are predominantly in Hong Kong and accordingly a geographical analysis has not been presented. The Group has minor activities in Shenzhen, Shanghai and Shenyang, the People's Republic of China, which account for less than 1% of the Group's revenue.

8. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Finance charges on finance lease	**200**	3
Interest on bank loans and other borrowings wholly repayable within five years	**11,973**	9,451
	12,173	9,454

9. STAFF COSTS

	2008 HK$'000	2007 HK$'000
Directors' emoluments (note 15)		
Fees, salaries, allowances and benefits in kind	**22,646**	12,950
Share-based compensation	**1,917**	1,794
Retirement benefits scheme contributions	**36**	36
	24,599	14,780
Other staff		
Wages and salaries	**69,800**	49,967
Share-based compensation	**2,658**	2,319
Retirement benefits scheme contributions	**1,427**	1,198
Other staff benefits	**1,130**	1,334
	75,015	54,818
	99,614	69,598

9. STAFF COSTS (Continued)

RETIREMENT BENEFITS SCHEME – DEFINED CONTRIBUTION RETIREMENT SCHEME

The Group operates a MPF scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in a fund under the control of a trustee.

The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total cost charged to the consolidated income statement of HK$1,463,000 (2007: HK$1,234,000) represents contributions payable to the scheme by the Group at the rate specified in the rules of the scheme.

Contribution payable of HK$115,000 (2007: HK$107,000) to the MPF scheme is included in other payables and accruals.

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2008 HK$'000	2007 HK$'000
Auditors' remuneration:		
Provision for the year	**1,489**	1,368
Under/(Over) provision in prior years	**5**	(40)
	1,494	1,328
Amortisation of other intangible assets	**1,769**	1,790
Depreciation of property, plant and equipment		
Owned assets	**1,398**	1,664
Leased assets	**532**	62
	3,699	3,516
Gain on disposal of intangible assets	**–**	(78)
Loss on disposal of property, plant and equipment	**5**	106
Impairment of goodwill (note 17)	**–**	43
Minimum lease payments under operating leases in respect of land and buildings	**9,671**	8,499
Provision for impairment of trade receivables	**26,222**	129
(Write back)/Provision for impairment of short-term loan receivables	**(1,200)**	1,200
Provision for impairment of other receivables	**6**	–

11. INCOME TAX EXPENSE

During the year, Hong Kong profits tax has been provided at the rates of 17.5% (2007: 17.5%) on the estimated assessable profit for the year. Tax on profits assessable elsewhere have been calculated at the applicable rate of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2008	2007
	HK$'000	HK$'000
Current tax		
– Hong Kong		
Tax for the year	**4,200**	2,752
Under-provision in prior years	**19**	–
	4,219	2,752

Reconciliation between tax expense and accounting profit at applicable tax rates is as follows:

	2008	2007
	HK$'000	HK$'000
Profit before income tax	**107,349**	35,798
Tax at Hong Kong profits tax rate of 17.5%	**18,786**	6,265
Effect of different tax rates for subsidiaries operating in other jurisdictions	**(73)**	(29)
Tax effect of non-deductible expenses	**11,077**	3,921
Tax effect of non-taxable revenues	**(21,257)**	(5,001)
Tax losses not recognised as deferred tax asset	**372**	214
Tax effect of previous years' unrecognised tax losses utilised this year	**(4,351)**	(2,845)
Other temporary differences not recognised	**(354)**	227
Underprovision in prior years	**19**	–
Income tax expense	**4,219**	2,752

12. PROFIT FOR THE YEAR, ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit for the year attributable to equity holders of the Company of HK$103,130,000 (2007: HK$33,046,000) includes a profit of HK$30,629,000 (2007: a loss of HK$1,454,000) which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

(a) Dividends payable to equity holders of the Company attributable to the year:

	2008 **HK$'000**	2007 HK$'000
Interim dividend of HK1.50 cents per ordinary share (2007: HK1.50 cents per ordinary share)	**9,367**	4,389
Proposed final dividend of HK2.50 cents per ordinary share (2007: HK2.00 cents per ordinary share)	**17,472**	6,468
	26,839	10,857

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of retained earnings for the year ended 31 March 2008.

(b) Dividends payable to equity holders of the Company attributable to the previous financial year, approved and paid during the year:

	2008 **HK$'000**	2007 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK2.00 cents per ordinary share (2007: Nil)	**6,776****	–
	6,776	–

** The actual final dividends paid for 2007 was HK$6,776,000 due to additional shares issued during the period from 1 April 2007 to 14 August 2007, the date of closure of the register of members.

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$103,130,000 (2007: HK$33,046,000) and on the weighted average of 614,808,477 (2007: 525,730,386 as restated) ordinary shares in issue during the year.

During the year, the Company approved a bonus issue of ordinary shares on the basis of one new share of par value of HK$0.005 each for every five existing shares of par value of HK$0.005 each on 14 August 2007 ("Bonus Issue"). Effective from 30 August 2007, the Company subdivided every two issued and unissued ordinary share of par value of HK$0.005 each into three ordinary shares of par value of HK one third of one cent each ("Share Subdivision"). The weighted average number of ordinary shares for the year ended 31 March 2007, as if the Bonus Issue and Share Subdivision had occurred on 1 April 2006, was deemed to be 525,730,386 shares (292,072,437 shares before restatement).

14. EARNINGS PER SHARE (Continued)

The calculation of diluted earnings per share is based on the net profit attributable to equity holders of the Company for the year of HK$103,130,000 (2007: HK$33,046,000) and the weighted average of 675,055,858 (2007: 563,327,316 as restated) ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 614,808,477 (2007: 525,730,386 as restated) ordinary shares in issue during the year plus the weighted average of 60,247,381 (2007: 37,596,930 as restated) ordinary shares deemed to be issued at no consideration as if all the Company's share options have been exercised.

15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments paid and payable to the directors of the Company are as follows:

	Fees HK$'000	Salaries, allowance and bonuses HK$'000	Share-based compensation HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
2008					
Executive Directors					
Mr. Bernard Pouliot	–	6,726	639	12	7,377
Mr. Kenneth Lam Kin Hing	–	8,334	639	12	8,985
Mr. Richard David Winter	–	7,018	639	12	7,669
Independent Non-Executive Directors					
Mr. Gordon Kwong Che Keung	154	–	–	–	154
Mr. Jeremy King	139	–	–	–	139
Dr. Tian Yuan (note c)	135	–	–	–	135
Mr. Ip Shing Hing, J.P. (note c)	140	–	–	–	140
	568	22,078	1,917	36	24,599

15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) DIRECTORS' EMOLUMENTS (Continued)

	Fees HK$'000	Salaries, allowance and bonuses HK$'000	Share-based compensation HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
2007					
Executive Directors					
Mr. Bernard Pouliot	–	3,061	598	12	3,671
Mr. Kenneth Lam Kin Hing	–	5,418	598	12	6,028
Mr. Richard David Winter	–	3,964	598	12	4,574
Independent Non-Executive Directors					
Mr. Gordon Kwong Che Keung	138	–	–	–	138
Mr. Steven Kwan Ying Wai (note a)	57	–	–	–	57
Mr. Jeremy King	125	–	–	–	125
Mr. Esmond Quek Keng Liang (note b)	54	–	–	–	54
Dr. Tian Yuan (note c)	65	–	–	–	65
Mr. Ip Shing Hing, J.P. (note c)	68	–	–	–	68
	507	12,443	1,794	36	14,780

There was no arrangement under which a director waived or agreed to waive any remuneration in respect of the years ended 31 March 2008 and 2007.

During the years ended 31 March 2008 and 2007, no emolument was paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

Notes:

(a) Mr. Steven Kwan Ying Wai retired on 18 September 2006.

(b) Mr. Esmond Quek Keng Liang resigned with effect from 13 September 2006.

(c) Dr. Tian Yuan and Mr. Ip Shing Hing, J.P. were appointed on 18 September 2006.

15. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year included three (2007: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2007: two) individuals during the year are as follows:

	2008 **HK$'000**	2007 HK$'000
Salaries, allowances and benefits in kind	**9,986**	6,680
Share-based compensation	**1,140**	312
Retirement benefits scheme contributions	**24**	24
	11,150	7,016

The emoluments of these remaining two highest paid individuals fell within the following bands:

	Number of individuals **2008**	2007
Emolument bands		
HK$2,500,001 – HK$3,000,000	**–**	1
HK$4,000,001 – HK$4,500,000	**–**	1
HK$4,500,001 – HK$5,000,000	**1**	–
HK$6,000,001 – HK$6,500,000	**1**	–
	2	2

During the years ended 31 March 2008 and 2007, no emolument was paid to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 31 March 2006			
Cost	3,098	20,193	23,291
Accumulated depreciation	(2,540)	(16,928)	(19,468)
Net book amount	558	3,265	3,823
Year ended 31 March 2007			
Opening net book amount	558	3,265	3,823
Additions	–	2,013	2,013
Disposals	(31)	(224)	(255)
Depreciation	(426)	(1,300)	(1,726)
Translation differences	2	25	27
Closing net book amount	103	3,779	3,882
At 31 March 2007			
Cost	2,979	21,053	24,032
Accumulated depreciation	(2,876)	(17,274)	(20,150)
Net book amount	103	3,779	3,882
Year ended 31 March 2008			
Opening net book amount	103	3,779	3,882
Additions	1,122	7,046	8,168
Disposals	–	(5)	(5)
Depreciation	(226)	(1,704)	(1,930)
Translation differences	(2)	32	30
Closing net book amount	**997**	**9,148**	**10,145**
At 31 March 2008			
Cost	**4,009**	**27,171**	**31,180**
Accumulated depreciation	**(3,012)**	**(18,023)**	**(21,035)**
Net book amount	**997**	**9,148**	**10,145**

Furniture, fixtures and equipment of net book value of HK$4,418,000 (2007: HK$578,000) are held under finance lease.

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 31 March 2006			
Cost	291	103	394
Accumulated depreciation	(291)	(55)	(346)
Net book amount	–	48	48
Year ended 31 March 2007			
Opening net book amount	–	48	48
Additions	–	29	29
Depreciation	–	(12)	(12)
Closing net book amount	–	65	65
At 31 March 2007			
Cost	291	132	423
Accumulated depreciation	(291)	(67)	(358)
Net book amount	–	65	65
Year ended 31 March 2008			
Opening net book amount	–	65	65
Additions	–	15	15
Depreciation	–	(15)	(15)
Closing net book amount	**–**	**65**	**65**
At 31 March 2008			
Cost	**291**	**147**	**438**
Accumulated depreciation	**(291)**	**(82)**	**(373)**
Net book amount	**–**	**65**	**65**

17. GOODWILL

Group

The net carrying amount of goodwill can be analysed as follows:

	2008 HK$'000	2007 HK$'000
At beginning of the year		
Gross carrying amount	**14,738**	14,695
Accumulated impairment	**(43)**	–
Net carrying amount	**14,695**	14,695
Net carrying amount at beginning of the year	**14,695**	14,695
Acquisition of a subsidiary (note 40)	**–**	43
Impairment losses	**–**	(43)
Net carrying amount at end of the year	**14,695**	14,695
At 31 March		
Gross carrying amount	**14,738**	14,738
Accumulated impairment	**(43)**	(43)
Net carrying amount	**14,695**	14,695

The carrying amount of goodwill of HK$14,695,000 relates to the cash-generating unit which is engaged in securities and futures dealing and placement services. For the purposes of the annual goodwill impairment test, its recoverable amount was determined based on a value in use calculation, covering a detailed five-year budget plan with a discount rate of 15%.

The key assumptions used in the budget plan are:

(i) that revenue will grow 10% per annum up to financial year 2011 and thereafter stay constant starting from financial year 2012;

(ii) that gross margins will be maintained at their current levels throughout the five-year budget plan.

The Group's management's key assumptions have been determined based on past performance and its expectations for the market's development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Apart from the considerations described in determining the value in use of the cash-generating units above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

18. OTHER INTANGIBLE ASSETS

Group

	Trading rights HK$'000	Database HK$'000	Total HK$'000
At 31 March 2006			
Cost	14,550	1,242	15,792
Accumulated amortisation	(7,800)	(445)	(8,245)
Net book amount	6,750	797	7,547
Year ended 31 March 2007			
Opening net book amount	6,750	797	7,547
Amortisation charge	(1,769)	(21)	(1,790)
Disposals	–	(776)	(776)
Closing net book amount	4,981	–	4,981
At 31 March 2007			
Cost	14,550	–	14,550
Accumulated amortisation	(9,569)	–	(9,569)
Net book amount	4,981	–	4,981
Year ended 31 March 2008			
Opening net book amount	4,981	–	4,981
Amortisation charge	(1,769)	–	(1,769)
Closing net book amount	**3,212**	**–**	**3,212**
At 31 March 2008			
Cost	**14,550**	**–**	**14,550**
Accumulated amortisation	**(11,338)**	**–**	**(11,338)**
Net book amount	**3,212**	**–**	**3,212**

All amortisation charges are included in "depreciation and amortisation expenses" in the income statement.

For the year ended 31 March 2008

19. INVESTMENTS IN SUBSIDIARIES

	Company 2008 HK$'000	Company 2007 HK$'000
Investments		
Unlisted shares, at cost (note (a))	**161,417**	159,929
Arising from share-based compensation (note (b))	**4,344**	2,202
	165,761	162,131
Less: Provision for impairment	**(53,538)**	(53,538)
	112,223	108,593

Notes:

(a) Particulars of the principal subsidiaries as at 31 March 2008 are as follows:

Name	Place of incorporation	Particulars of issued capital	Proportion of nominal value of issued share capital held by the Company Directly %	Proportion of nominal value of issued share capital held by the Company Indirectly %	Principal activities and place of operations
Quam Capital (Holdings) Limited	Hong Kong	78,260,002 ordinary shares of HK$1 each	100	–	Investment holding in Hong Kong
Wolf Holdings Limited*	British Virgin Islands	1,000 ordinary shares of US$1 each	100	–	Investment holding in Hong Kong
Quam.net Limited*	Hong Kong	8,119,974 ordinary shares of HK$1 each	100	–	Investment holding in Hong Kong
Quam Corporate Services Limited*	Hong Kong	2 ordinary shares of HK$1 each	100	–	Secretarial services in Hong Kong
Quam Asset Management Limited	Hong Kong	100,000 ordinary shares of HK$10 each	100	–	Investment adviser and asset management in Hong Kong
Quam Capital Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	–	100	Corporate finance and investment adviser in Hong Kong
Quam Finance Limited	Hong Kong	54,200,000 ordinary shares of HK$1 each	–	100	Finance and money lending in Hong Kong

19. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(a) Particulars of the principal subsidiaries as at 31 March 2008 are as follows: (Continued)

Name	Place of incorporation	Particulars of issued capital	Proportion of nominal value of issued share capital held by the Company Directly %	Indirectly %	Principal activities and place of operations
Quam Securities Company Limited ("Quam Securities")	Hong Kong	7,300,000 ordinary shares of HK$10 each	–	100	Securities dealing and futures broking in Hong Kong
Quam (H.K.) Limited	Hong Kong	5,000,000 ordinary shares of HK$1 each	–	100	Website management and other related services in Hong Kong
Quam (IA) Limited	Hong Kong	2,000 ordinary shares of HK$1 each	–	100	Investment adviser in Hong Kong
Quam Ventures (BVI) Limited*	British Virgin Islands	1 ordinary share of US$1	–	100	Investment holding in Hong Kong
Well Foundation Company Limited*	Hong Kong	2 ordinary shares of HK$10 each	–	100	Investment holding in Hong Kong
Quam (China) Limited*	Hong Kong	100 ordinary shares of HK$1 each	–	100	Investment holding in Hong Kong
Quam Asset Management (BVI) Ltd.* (formerly known as "Oriental Select Investments Limited")	British Virgin Islands	5,000 ordinary shares of US$1 each	–	100	Provision of fund management services in Singapore
Quam Wealth Management Limited*	Hong Kong	900,000 ordinary shares of HK$1 each	–	100	Provision of insurance broker business and wealth management

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of the other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

* Subsidiaries not audited by Grant Thornton.

(b) The amount represents share-based compensation expenses arising from the grant of the Company's share options to the employees of certain subsidiaries in exchange for their services offered to these subsidiaries.

20. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	HK$'000
Amounts due from subsidiaries	**276,876**	268,622
Less: Provision for impairment	**(239,403)**	(239,403)
	37,473	29,219

For the year ended 31 March 2008, the amounts due are unsecured, interest-free and repayable on demand.

For the year ended 31 March 2007, the amounts due are unsecured, interest-free and repayable on demand. The amounts due were interest-free except for an amount of HK$23,000,000 which bore interest at Hong Kong Dollars Best Lending Rate less 3% per annum.

(b) AMOUNTS DUE TO SUBSIDIARIES

For the year ended 31 March 2008, the amounts due are unsecured and repayable on demand. The amounts due are interest-free except for an amount of HK$9,500,000 which bore interest at Hong Kong Dollars Best Lending Rate less 3% per annum.

For the year ended 31 March 2007, the amounts due were unsecured, interest-free and repayable on demand.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities in Thailand, at market value (note (a))	**33,424**	–	**33,424**	–
Unlisted equity securities				
At cost (note (b))	**29,896**	18,706	**14,129**	1,962
Less: Provision for impairment	**(11,748)**	(11,748)	**–**	–
	18,148	6,958	**14,129**	1,962
	51,572	6,958	**47,553**	1,962

Note:

(a) Since 23 July 2007, the Group acquired in aggregate 42,518,908 common shares of Seamico Securities Public Company Limited (''Seamico''), a company listed in the Stock Exchange of Thailand (''SET'') at a total consideration of THB159,002,000, representing 5.1% of the entire issued share capital of Seamico. The total consideration was settled by the Group in cash from its internal resources. Seamico is principally engaged in the securities business including brokering, trading, investment advisory, underwriting, on-line securities trading and derivates trading.

Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing, directors of the Company, are also the directors and shareholders of Seamico.

The fair value of the interest in Seamico is based on the last quoted market bid price on Thailand Stock Exchange at the balance sheet date. During the year, the fair value loss recognised directly in equity amounted to HK$5,274,000 (2007: Nil).

(b) Pursuant to the agreement entered between the Company and an independent third party dated on 18 December 2007 (''CPS Agreement''), the Group agreed to acquire 1,840 shares of Capital Partners Securities Co., Limited (''CPS''), which is incorporated in Japan as a private company and involved in securities dealing, distribution of mutual funds, investment banking and merger and acquisitions, from the third party. The purchase consideration of 1,840 CPS shares was JPY56,867,000, approximately HK$3,998,000, which was satisfied by the issue of 4,252,901 new ordinary shares of HK$0.94 each of the Company.

Pursuant to the agreement entered between the Company, Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing dated on 18 December 2007 (''CPS Quam Agreement''), the Company had agreed to acquire from Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing, 2,840 and 920 CPS shares respectively. The purchase consideration of 3,760 CPS shares was JPY116,255,000, approximately HK$8,169,000, which was satisfied by the issue of 6,564,261 and 2,126,450 new ordinary shares of HK$0.94 each of the Company to Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing respectively.

Upon the completion of the purchase of the aforesaid CPS shares, the Group and the Company held a total of 6,520 CPS shares and the carrying amount of the unlisted equity investments in CPS as at 31 March 2008 was HK$14,129,000 (2007: HK$1,962,000).

The investment in unlisted equity securities are stated at cost less accumulated impairment losses as they do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Particulars of the investee companies, disclosed pursuant to Section 129(2) of the Hong Kong Companies Ordinance as the Group held equity interests exceeding 20% of the issued share capital of the investee companies, are as follows:

Name	Place of incorporation	Percentage of issued share capital held by the Group		Carrying value of the Group's investments as at 31 March	
		2008	2007	**2008**	2007
				HK$'000	HK$'000
Gigabyte International Holdings Limited ("Gigabyte")	British Virgin Islands	**47.7**	47.7	**3,987**	3,987

The Group has not accounted for Gigabyte as an associate because Gigabyte's main asset is a 4.11% (2007: 4.11%) interest in an Internet Telecommunication Services Company ("Teleco"). The primary business activity of Teleco is provision of internet access, internet hosting and related services. Gigabyte has no significant influence over Teleco and has no board representation in that company. The directors consider Gigabyte to be an investment holding vehicle for its interest in Teleco, and hold it for no other reason. The investment in Gigabyte has accordingly been accounted for as an available-for-sale financial asset based on the value of its interest in Teleco.

22. INTEREST IN AN ASSOCIATE

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Share of net assets	**26,267**	651	**26,267**	–
Goodwill on acquisition	**12,194**	–	**12,194**	–
At 31 March	**38,461**	651	**38,461**	–

The movement of goodwill arising from acquisition of an associate in current and prior years is set out below:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Net book amount at 1 April	**–**	–	**–**	–
Arising from acquisition of an associate (Note (a))	**12,323**	–	**12,323**	–
Arising from deemed disposal of an associate (Note (b))	**(129)**	–	**(129)**	–
At 31 March	**12,194**	–	**12,194**	–

22. INTEREST IN AN ASSOCIATE (Continued)

	Group 2008 HK$'000	Group 2007 HK$'000
Amount due from an associate	–	1,242

The amount due is unsecured, interest-free and repayable on demand.

Particulars of the associate at 31 March 2008 are as follows:

Name	Place of incorporation	Particulars of issued capital	Percentage of interest held by the Group
McMillen Advantage Capital Limited ("MAC")*	Hong Kong	5,025,000 ordinary shares of HK$1 each and 13,786,893 ordinary shares of US$1 each	22.69%

* Not audited by Grant Thornton Hong Kong or other Grant Thornton International member firm

Notes:

(a) Pursuant to the agreement entered by the Company and 13 individual companies or parties (''Vendors'') dated on 18 December 2007 (''MAC Agreement''), the Group agreed to acquire from Vendors part or all of their respective shareholding interests in MAC which, in aggregate, represented 2,630,000 MAC Sale Shares (''Sale Shares''), 14.59% of the issued share capital of MAC. Of the Sale Shares, two directors of the Company Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing, held 450,000 and 100,000 shares respectively. The purchase consideration of the Sale Shares was satisfied by the issue of 28,757,695 new ordinary shares of HK$0.94 each of the Company.

Pursuant to the MAC Agreement, the Group also had agreed to acquire from Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing, 225,000 and 50,000 MAC Rights Shares (''MAC Rights Shares'') respectively. The purchase consideration of the MAC Rights Shares was settled by cash at US$1 per each MAC Rights Share, which was equivalent to a total of US$275,000, by funding from the internal resources of the Group. On 31 January 2008, the MAC Agreement was approved by the shareholders at the special general meeting of the Company. Having satisfying all the completion conditions, the acquisition was then completed on 29 February 2008.

The Group held 125,000 MAC ordinary shares and the respective carrying amount of the equity investments of HK$977,000 was classified as ''Available-for-sale financial assets'' as at 31 March 2007. Prior to the acquisition of the aforesaid MAC Sale Shares and MAC Rights Shares, the Group had further acquired 1,102,500 MAC sales at a cash consideration of HK$8,583,000 and the total equity investment of carrying amount of HK$9,560,000 was classified as ''Available-for-sale financial assets''. Upon the completion of the acquisition of MAC Sales Shares and MAC Rights Share, the Group had a total of 22.93% equity interest in MAC and accounted for MAC as an associate. The aforesaid carrying amount of the equity investment in MAC was then deemed as part of the investment cost in MAC as an associate.

The amount of goodwill arising as a result of the acquisition was HK$12,323,000 and was included in the carrying amount of interest in an associate. MAC is principally engaged in providing investment management, administrative and management services and advisory services on equity broking activities outside Hong Kong, principally in Dubai of the United Arab Emirates, through its subsidiaries and an associate.

22. INTEREST IN AN ASSOCIATE (Continued)

Notes: (Continued)

(b) Following the shares allotment undertaken by MAC on 26 March 2008, the equity interest in MAC held by the Group was diluted from 22.93% to 22.69%. It resulted in a decrease in goodwill on acquisition of HK$129,000 and a loss of deemed disposal of MAC of HK$67,000 which have been recognised as other operating expenses in the consolidated income statement for the year ended 31 March 2008.

The following table illustrates the financial information of the Group's associates extracted from unaudited consolidated management accounts:

	2008 **HK$'000**	2007 HK$'000
Assets	**124,073**	18,408
Liabilities	**(8,314)**	(15,767)
Revenue	**45**	19,182
(Loss)/Profit for the year	**(869)**	2,523

23. OTHER ASSETS

The Group's other assets comprise deposits with stock and futures exchanges and clearing companies.

24. TRADE RECEIVABLES

	Group	
	2008 **HK$'000**	2007 HK$'000
Trade receivables	**392,661**	498,809
Less: provision for impairment of receivables	**(34,895)**	(9,828)
Trade receivables-net	**357,766**	488,981

The Group's trade receivables as at 31 March 2008 mainly consisted of receivables of the securities and futures broking business and advisory and placement business. For the advisory and placement business, billings are normally due on presentation. For the securities and futures broking business, the Group allows a credit period up to the settlement dates of their respective transactions (normally two business days after the respective trade dates) except for margin client receivables which are repayable on demand and therefore, no aging analysis is disclosed.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise the credit risk. Overdue balances are reviewed regularly by senior management. As a matter of fact, the Group's trade receivables related to a large number of diversified customers, there is no significant concentration of credit risk.

The carrying amounts of the Group's trade receivables approximate to their fair values.

24. TRADE RECEIVABLES (Continued)

The aging analysis of the trade receivables as at the balance sheet date, based on due date and net of provision, is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Repayable on demand-margin clients receivable	**233,324**	204,938
0 – 30 days	**117,047**	272,773
31 – 60 days	**1,356**	4,001
61 – 90 days	**5,426**	309
91 – 180 days	**303**	5,366
181 – 360 days	**305**	1,467
Over 360 days	**5**	127
	357,766	488,981

Included in the Group's margin clients receivable were amounts due from directors of HK$12,831,000 (2007: HK$3,298,000) in respect of transactions in securities as at 31 March 2008, further details of which are set out in note 36 to the financial statements.

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the provision for impairment of trade receivables is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Balance at the beginning of the year	**9,828**	9,699
Impairment losses recognised	**26,222**	129
Amount written off as uncollectible	**(1,155)**	–
Balance at the end of the year	**34,895**	9,828

24. TRADE RECEIVABLES (Continued)

At each of the balance sheet date, the Group's trade receivables were individually and collectively determined to be impaired. Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$34,895,000 (2007: HK$9,828,000) with a carrying amount of HK$51,866,000 (2007: HK$40,945,000). The individually impaired trade receivables relate to customers that were in default or delinquency in payments. The Group held certain listed equity securities of clients with market value of HK$15,739,000 (2007: HK$40,779,000) as collateral over these individually impaired trade receivables.

The aging analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follow:

	Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**222,349**	173,918
0 – 30 days past due	**115,682**	272,773
31 – 60 days past due	**1,140**	4,001
61 – 90 days past due	**1,206**	309
91 – 180 days past due	**303**	5,366
181 – 360 days past due	**110**	1,467
Over 360 days past due	**5**	30
	340,795	457,864

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a large number of diversified customers that had a good track record with the Group. Based on past experience, the management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral in respect of trade receivables that are past due but not impaired.

25. SHORT TERM LOAN RECEIVABLES

	Group 2008 HK$'000	2007 HK$'000
In respect of commercial loans		
– secured	**6,251**	2,467
– unsecured	**43**	43
Gross loans receivable (note (a))	**6,294**	2,510
Less: provision of impairment of loan receivables	**(43)**	(1,243)
Net carrying amount	**6,251**	1,267

Notes:

(a) The loans receivable bear interest at fixed annual rates ranging from 6.5% to 9.25% (2007: 10.75% to 24%). The repayment terms of the loans are negotiated on an individual basis. The maturity profile of the loans receivable at the balance sheet date, which is analysed by the remaining periods to their contractual maturity dates, is as follows:

	Group 2008 HK$'000	2007 HK$'000
Repayable on demand	**5,091**	2,510
0 – 60 days	**1,203**	–
	6,294	2,510

The following is the aging of loans receivable that are neither individually nor collectively considered to be impaired is as follow:

	Group 2008 HK$'000	2007 HK$'000
Neither past due nor impaired	**6,251**	–
Over 180 days past due	**–**	819
	6,251	819

Loans receivables that were neither past due nor impaired relate to a number of borrower for whom there was no recent history of default.

25. SHORT TERM LOAN RECEIVABLES (Continued)

(b) The movement in the provision for impairment of loans receivables are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Balance at the beginning of the year	**1,243**	43
Impairment losses recognised	**–**	1,200
Impairment losses reversed based on settlement received	**(1,200)**	–
Balance at the end of the year.	**43**	1,243

At each of the balance sheet date, the Group's loan receivables were individually determined to be impaired. The Group encountered difficulties in collection of certain loan receivables and appropriate provision for impairment has been made against these loan receivables. The individually impaired receivables are recognised based on the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision was recognised. Included in the above provision for impairment is a provision for individually impaired short term loan receivables of HK$43,000 (2007: HK$1,243,000) with a gross carrying amount of HK$43,000 (2007: HK$1,691,000). The individually impaired short term loan receivables relate to customers that were in default or delinquency in repayments. The Group did not hold any collateral in respect of these impaired short term loan receivables.

(c) The directors consider that the carrying amounts of loans receivables approximate their fair values.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities, at market value:				
Hong Kong	**8,695**	11,767	**8,649**	10,023
Elsewhere	**15,340**	13	**15,322**	–
Overseas unlisted equity securities, at fair value#	**1,376**	5,284	**–**	–
	25,411	17,064	**23,971**	10,023
Market value of listed investments	**24,035**	11,780	**23,971**	10,023

The overseas unlisted equity securities represents the Group's investments in an investment fund. The fair value of this investment is determined with reference to the investment fund's net asset value as at the balance sheet date.

Note:

Subsequent to the acquisition of 42,518,908 common shares of Seamico, the Group had further acquired a total of 19,491,192 common shares of Seamico, at a total cash consideration of THB61,751,000 (equivalent to approximately HK$15,359,000), which were held for trading purpose. Mr. Bernard Pouliot and Mr. Kenneth Lam Kin Hing are directors and shareholders of Seamico.

The carrying amounts of the above financial assets at fair value through profit or loss are classified as held for trading.

Financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement.

27. TRUST TIME DEPOSITS/TRUST BANK BALANCES HELD ON BEHALF OF CUSTOMERS

From the Group's ordinary business of securities and futures dealing, it receives and holds money from clients and other institutions in the course of conducting its regulated activities. These client's monies are maintained in one or more segregated bank accounts and bank time deposits. The Group manages client's monies and places such client's monies on short term time deposits. As at 31 March 2008, the Group's client's monies placed on 1 to 7 days short term time deposits amounted to HK$63,117,000 (2007: HK$136,557,000) with floating interest rates ranging from 0.91% to 4.88% per annum at 31 March 2008 (2007: 3.7% to 4.6% per annum). Trust bank balances carry interest at floating rates based on daily bank deposits rates. The Group has recognised the corresponding trade payables to respective clients and other institutions.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**36,568**	59,126	**7,189**	1,281
Short term time deposits	**3,433**	3,319	**–**	–
	40,001	62,445	**7,189**	1,281

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short term time deposits are placed with banks and earn interest at the respective short term bank floating deposit rates ranging from 0.9% to 4.7% (2007: 3.50% to 4.06%) per annum.

Included in cash and bank balances of the Group is HK$949,000 (2007: HK$1,320,432) of bank balances denominated in Renminbi ("RMB") placed with banks in Mainland China. RMB is not a freely convertible currency.

29. TRADE PAYABLES

The aging analysis of the trade payables of the Group is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Repayable on demand:		
Securities transactions		
– margin clients payable	**89,646**	65,846
– cash clients payable	**119,922**	222,030
Futures and options contracts		
– clients payable	**126,816**	75,831
	336,384	363,707
Within 180 days	**13,642**	41,119
Over 180 days	**81**	55
	350,107	404,881

Accounts payable to cash clients attributable to dealing in securities transactions represents clients' undrawn monies/excess deposits placed with the Group. Accounts payable to clients attributable to dealing in futures and options contracts transactions includes margin deposits received from clients for their trading of futures and options contracts and clients' undrawn monies/excess deposits placed with the Group. All these accounts payable together with margin clients payable are repayable on demand and therefore, no aging analysis is disclosed.

Included in above, there was an amount due to a director of HK$15,000 (2007: HK$7,000) in respect of transactions in securities as at 31 March 2008.

Included in above, there was an amount due to a director of HK$5,581,000 (2007: HK$1,231,000) in respect of transaction in futures as at 31 March 2008.

30. BORROWINGS

	Group 2008 HK$'000	2007 HK$'000
Bank loans (secured)	**40,671**	175,619
Other loan (unsecured)	**50,000**	40,000
Total	**90,671**	215,619

At 31 March 2008, the Group's borrowings were repayable as follows:

	2008		2007	
	Bank loans HK$'000	Other loan HK$'000	Bank loans HK$'000	Other loan HK$'000
On demand	**31,469**	**10,000**	175,619	–
Within one year	**9,202**	**40,000**	–	40,000
Total	**40,671**	**50,000**	175,619	40,000

Notes:

(a) The bank loans of the Group were secured by marketable securities of HK$214 million (2007: HK$213 million) pledged to the Group by margin clients and certain of the Group's listed equity securities included under financial assets at fair value through profit or loss and cash at bank amounting to HK$4.6 million (2007: HK$5.4 million) and HK$406,000 (2007: HK$137,000) respectively. The bank loans of the Group bear floating interest rates ranging from 3.6% to 7.8% per annum (2007: 4.3% to 7.5% per annum)

(b) Other loan of HK$40,000,000 (2007: HK$40,000,000) is a one year loan at a fixed interest rate of 8% per annum (2007: 7.3% per annum) and is repayable on 31 July 2008.

Other loan of HK$10,000,000 (2007: Nil) bears floating interest rate at one month HIBOR plus 1% per annum and is repayable on demand.

(c) The carrying amounts of short term borrowings approximate their fair value.

(d) The carrying amounts of the borrowings are denominated in the following currencies:

	Group 2008 HK$'000	2007 HK$'000
Hong Kong dollars	**64,202**	200,100
United States dollars	**26,469**	15,519
	90,671	215,619

31. FINANCE LEASE PAYABLES

The analysis of the obligations under finance leases is as follows:

Group and Company

	2008 HK$'000	2007 HK$'000
Total minimum lease payments:		
Due within one year	1,554	233
Due in the second to fifth years	2,908	428
	4,462	661
Future finance charges on finance leases	(441)	(57)
Present value of finance lease liabilities	4,021	604

The present value of finance lease liabilities is as follows:

	2008 HK$'000	2007 HK$'000
Due within one year	1,329	201
Due in the second to fifth years	2,692	403
	4,021	604
Less: Portion due within one year included under current liabilities	(1,329)	(201)
Non-current portion included under non-current liabilities	2,692	403

The Company has entered into finance leases for certain items of furniture, fixtures and equipment. These leases do not have options to renew or any contingent rental provisions.

32. DEFERRED TAX

Group

As at 31 March 2008, a provision was made for deferred tax liabilities of HK$36,000 (2007: HK$36,000) calculated at the rate of 17.5% (2007: 17.5%) in respect of the temporary differences arising from accelerated depreciation allowances.

As at 31 March 2008, the principal components of the Group's unrecognised deferred tax assets/(liabilities) calculated at 17.5% (2007: 17.5%) on the cumulative temporary differences are analysed as follows:

	2008 HK$'000	2007 HK$'000
Accelerated depreciation allowances	**(741)**	(219)
Tax losses	**19,463**	20,332
Other temporary differences	**1,089**	498
	19,811	20,611

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$111,214,000 (2007: HK$116,183,000) to carry forward against future taxable income. The tax losses can be carried forward indefinitely. No deferred tax asset has been recognised due to the uncertainty of future profit streams against which the asset can be utilised.

Company

As at 31 March 2008 and 31 March 2007, the Company did not have any material temporary differences.

33. SHARE CAPITAL

	Notes	Number of ordinary shares of HK$0.01 each	Number of ordinary shares of HK$0.005 each	Number of ordinary shares of HK one third of one cent each	HK$'000
Authorised:					
At 1 April 2006		10,000,000,000	–	–	100,000
Share subdivision	(a)	(10,000,000,000)	20,000,000,000	–	–
At 31 March 2007 and 1 April 2007		–	20,000,000,000	–	100,000
Share subdivision	(b)	–	(20,000,000,000)	30,000,000,000	–
At 31 March 2008		–	–	30,000,000,000	100,000
Issued and fully paid:					
At 1 April 2006		113,501,170	–	–	1,135
Exercise of share options	(c)	3,543,586	–	–	35
Bonus issues	(d)	29,261,189	–	–	293
Share subdivision	(a)	(146,305,945)	292,611,890	–	–
Exercise of share options	(e)	–	800,000	–	4
Issue of shares	(f)	–	30,000,000	–	150
At 31 March 2007 and 1 April 2007		–	323,411,890	–	1,617
Exercise of share options	(g)	–	15,405,997	–	77
Bonus issues	(h)	–	67,763,577	–	339
Share subdivision	(b)	–	(406,581,464)	609,872,196	–
Exercise of share options	(i)	–	–	14,722,159	49
Issue of shares	(j)	–	–	41,701,307	139
At 31 March 2008		–	–	666,295,662	2,221

Notes:

(a) On 21 July 2006, the directors of the Company proposed that each of the existing issued and unissued shares of par value of HK$0.01 each in the share capital of the Company be subdivided into two shares of HK$0.005 each. Effective from 3 October 2006, each of the existing issued and unissued ordinary shares of par value of HK$0.01 each in the share capital of the Company was subdivided into two ordinary shares of HK$0.005 each.

(b) On 5 July 2007, the directors of the Company proposed that two existing issued and unissued shares of par value of HK$0.005 each in the share capital of the Company be subdivided into three ordinary shares of HK one third of one cent each (the "Share Subdivision"). Effective from 30 August 2007, each of the existing issued and unissued ordinary shares of par value of HK$0.005 each in the share capital of the Company was subdivided into one and half ordinary shares of HK one third of one cent each.

(c) Mr. Richard David Winter, executive director of the Company had exercised his rights to convert his 3,543,586 share options at the exercise price of HK$0.67 into 3,543,586 ordinary shares of HK$0.01 each of the Company on 26 May 2006.

(d) On 21 July 2006, the directors of the Company recommended a bonus issue to the shareholders of the Company on the basis of one bonus share for every four shares of the Company, and this was approved by the shareholders at the annual general meeting of the Company held on 18 September 2006. The bonus shares had been credited as fully paid by way of capitalisation of an amount of about HK$292,612 in the share premium account of the Company on 25 September 2006. The bonus shares ranked pari passu in all respects with the share of the Company and the Company did not allot any fractions of bonus shares.

33. SHARE CAPITAL (Continued)

Notes: (Continued)

(e) One of the employees of the Group had exercised his rights to convert his 800,000 share options at the exercise price of HK$0.475 each into 800,000 ordinary shares of HK$0.005 each of the Company on 16 January 2007.

(f) On 5 March 2007, the Company entered into a placing agreement (the ''Placing Agreement'') with its wholly-owned subsidiary, which acted as the placing agent, to place 30,000,000 new ordinary shares with par value of HK$0.005 each at a price of HK$0.8 each to a number of independent third parties. Pursuant to the Placing Agreement, the Company issued a total of 30,000,000 ordinary shares of HK$0.005 each at a price of HK$0.8 each. The issued share capital of the Company was thus increased from approximately HK$1,467,000 to approximately HK$1,617,000. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company has applied the proceeds raised for general working capital purpose.

(g) Mr. Kenneth Lam Kin Hing, executive director of the Company, had exercised his rights to convert his 2,916,666 share options at the exercise price of HK$0.28 each into 2,916,666 ordinary shares of HK$0.005 each of the Company on 6 July 2007.

Other participant of the Group had exercised his rights to convert his 1,000,000 share options at the exercise price of HK$0.28 each into 1,000,000 ordinary shares of HK$0.005 each of the Company on 31 May 2007.

Certain employees of the Group had exercised their rights to convert their 11,261,331 share options at the exercise price of HK$0.28 each into 11,261,331 ordinary shares of HK$0.005 each of the Company during 15 June 2007 to 6 August 2007.

Certain employees of the Group had exercised their rights to convert their 228,000 share options at the exercise price of HK$0.475 each into 228,000 ordinary shares of HK$0.005 each of the Company during 6 July 2007 to 23 July 2007.

(h) On 5 July 2007, the directors of the Company recommended a bonus issue to the shareholders of the Company on the basis of one bonus share for every five shares of the Company, and this was approved by the shareholders at the annual general meeting of the Company held on 14 August 2007 (the "Bonus Issue"). The bonus shares had been credited as fully paid by way of capitalisation of an amount of about HK$338,818 in the share premium account of the Company on 21 August 2007. The bonus shares ranked pari passu in all respects with the shares of the Company and the Company did not allot any fractions of bonus shares.

(i) Mr. Bernard Pouliot, executive director of the Company, had exercised his rights to convert his 5,250,000 share options at the exercise price of HK$0.1555 each into 5,250,000 ordinary shares of HK one third of one cent each of the Company on 14 September 2007.

Mr. Richard Winter, executive director of the Company, had exercised his rights to convert his 5,250,000 share options at the exercise price of HK$0.1555 each into 5,250,000 ordinary shares of HK one third of one cent each of the Company on 2 October 2007.

Certain employees of the Group had exercised their rights to convert their 4,115,997 share options at the exercise price of HK$0.1555 each into 4,115,997 ordinary shares of HK one third of one cent each of the Company during 3 September 2007 to 15 February 2008.

Certain employees of the Group had exercised their rights to convert their 106,162 share options at the exercise price of HK$0.2638 each into 106,162 ordinary shares of HK one third of one cent each of the Company during 31 October 2007 to 15 February 2008.

(j) Of the total 41,701,307 new ordinary shares issued, 12,943,612 new ordinary shares of HK$0.94 each of the Company were issued for the purchase of equity interests in CPS as detailed in Note 21(b) and 28,757,695 new ordinary shares of HK$0.94 each of the Company were issued for the purchase of equity interests in MAC as detailed in Note 22(a).

34. SHARE-BASED COMPENSATION

The Company operates two share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

(a) On 4 September 1997, the Company adopted a share option scheme (the "Old Scheme") under which the board of directors may, on or before 3 September 2007, at their discretion, grant options to subscribe for shares in the Company to full-time employees, including directors of the Company or any of its subsidiaries and will remain in force for 10 years.

The maximum number of shares which can be granted under the Old Scheme may not exceed 10% of the issued share capital of the Company from time to time. At 31 March 2008, the number of shares issuable under outstanding share options granted under the Old Scheme were 105,518 (2007: 345,600, before restatement for the Bonus Issue and Share Subdivision) which represented approximately of 0.02% (2007: 0.11%) of the Company's shares in issue as at that date. The maximum number of shares in respect of which options may be granted to any employee or director may not exceed 25% of the aggregate number of shares in respect of which options are issued and issuable under the Old Scheme.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, with HK$10 consideration being payable by the grantee upon acceptance. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as quoted on the Stock Exchange on the date of the offer of the share options; and (ii) 80% of the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of the offer, and (iii) the nominal value of a share.

(b) On 30 September 2002, the Company adopted a 2002 share option scheme (the "New Scheme") which also has an option life of 10 years. Pursuant to the annual general meeting of shareholders on 30 September 2002, the directors were authorised to grant further share options not exceeding 10% of the shares in issue as at the date of this meeting. Upon adoption of the New Scheme, the Old Scheme was terminated with no further options granted through the Old Scheme. The options granted prior to such termination shall continue to be valid and exercisable in accordance with the Old Scheme. Eligible participants of the New Scheme include the Company's directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, and a person or entity that provides research, development or technological support or other services to the Group or any invested entity and any shareholder or any member of the Group.

34. SHARE-BASED COMPENSATION (Continued)

(b) (Continued)

The maximum number of shares which can be granted under the New Scheme may not exceed 10% of the issued share capital of the Company from time to time. The maximum number of shares which can be granted under the Old Scheme and the New Scheme may not in aggregate exceed 30% of the issued share capital of the Company from time to time. At 31 March 2008, the number of shares issuable under outstanding share options granted under the New Scheme were 79,086,803 (2007: 69,375,000, before restatement for the Bonus Issue and Share Subdivision), which represents approximately 11.87% (2007: 21.45%) of the Company's shares in issue as at that date. Under the New Scheme, the maximum number of shares issuable under share options to each eligible participant within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to prior shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, with HK$10 consideration being payable by the grantee upon acceptance. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as quoted on the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of the offer, and (iii) the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

34. SHARE-BASED COMPENSATION (Continued)

The movements in relation to each share option scheme of the Company are disclosed as follows:

	Number of share options											Price of the Company's shares	
Participants	Outstanding at 1 April 2007	Granted during the year	Adjusted upon Bonus Issue	Adjusted upon Share Subdivision	Lapsed during the year[1]	Exercised during the year[1]	Outstanding at 31 March 2008	Exercisable at 31 March 2008	Date of grant of share options[3]	Exercise period of share options	Exercise price of share options[1] *HK$ per share*	Immediately before the grant date[1] *HK$ per share*	Immediately before the exercise date[7] *HK$ per share*
SHARE OPTIONS GRANTED UNDER OLD SCHEME													
Employees under continuous contract													
In aggregate	345,600	–	69,120	207,360	–	(516,562)	105,518	105,518	5 March 2001	5 September 2001 to 8 September 2011	0.2638	N/A	1.0078
SHARE OPTIONS GRANTED UNDER NEW SCHEME													
Employees under continuous contract													
In aggregate	23,375,000	–	4,675,000	14,025,000	(4,651,800)	(13,136,397)	24,286,803	886,787	9 June 2006	9 June 2007 to 8 June 2016[4]	0.1555	N/A	0.8368
In aggregate	–	2,500,000	500,000	1,500,000	–	–	4,500,000	–	13 April 2007	13 April 2008 to 12 April 2017[5, 11]	0.4777	0.4777	N/A
In aggregate	–	800,000	–	–	–	–	800,000	–	29 February 2008	1 March 2009 to 28 February 2018[6]	1.0000	0.9800	N/A
Employees under continuous contract granted in excess of the individual limit													
Mr. Stephen Christopher Hill	15,000,000	–	3,000,000	9,000,000	–	(9,000,000)	18,000,000	–	18 September 2006[2]	9 June 2007 to 8 June 2016[4,10]	0.1555	N/A	1.0050
Ms. Katherine Chan Wai Kay	3,750,000	–	750,000	2,250,000	(4,500,000)	(2,250,000)	–	–	18 September 2006[2]	9 June 2007 to 8 June 2016[4]	0.1555	N/A	0.8600
Directors													
Mr. Bernard Pouliot	8,750,000	–	1,750,000	5,250,000	–	(5,250,000)	10,500,000	–	18 September 2006[2]	9 June 2007 to 8 June 2016[4]	0.1555	N/A	0.9200
Mr. Kenneth Lam Kin Hing	8,750,000	–	1,750,000	5,250,000	–	(5,250,000)	10,500,000	–	18 September 2006[2]	9 June 2007 to 8 June 2016[4]	0.1555	N/A	0.7330
Mr. Richard David Winter	8,750,000	–	1,750,000	5,250,000	–	(5,250,000)	10,500,000	–	18 September 2006[2]	9 June 2007 to 8 June 2016[4]	0.1555	N/A	0.8700
Other participant	1,000,000	–	200,000	600,000	–	(1,800,000)	–	–	9 June 2006	9 June 2006 to 8 June 2009[12]	0.1555	N/A	0.6170
	69,375,000	3,300,000	14,375,000	43,125,000	(9,151,800)	(41,936,397)	79,086,803	886,787					

34. SHARE-BASED COMPENSATION (Continued)

Notes:

1. The exercise price of the share options, the price of the Company's shares immediately before the grant date and the number of share options exercised disclosed above have been adjusted for the effect of Bonus Issue and the Share Subdivision which became effective on 21 August 2007 and 30 August 2007, respectively.

2. On 9 June 2006, the board of directors conditionally approved the grant of share options to the Company's executive directors and certain senior management of the Group. Pursuant to the Listing Rules, the grant of the share options was subject to the approval of the independent shareholders. Pursuant to the ordinary resolutions passed in a special general meeting held on 18 September 2006, the grant of 45,000,000 share options to the aforesaid Company's executive directors and certain senior management of the Group at HK$0.28 per share (before the restatement for the Bonus Issue and Share Subdivision) was approved. Therefore, the date of grant of these aforesaid 45,000,000 share options was 18 September 2006.

3. The vesting period of the share options is from the date of grant until the commencement of the exercise period or the date the vesting conditions are satisfied, whichever is later.

4. One third of granted share options will be vested on 9 June 2007, 9 June 2008 and 9 June 2009 respectively and are exercisable from completion of each vesting period. The share options granted shall be valid for 10 years.

5. One third of granted share options will be vested on 13 April 2008, 13 April 2009 and 13 April 2010 respectively and are exercisable from completion of each vesting period. The share options granted shall be valid for 10 years.

6. One third of granted share options will be vested on 1 March 2009, 1 March 2010 and 1 March 2011 respectively and are exercisable from completion of each vesting period. The share options granted shall be valid for 10 years.

7. The price of the Company's shares disclosed immediately before the exercise date of the share options is the weighted average of the Stock Exchange closing price immediately before the dates on which the options were exercised.

8. The share options exercised during the year resulted in an equal number of ordinary shares (see also note 33). The weighted average share price of the Company at the dates of exercise of these share options was HK$0.96 per share, adjusted for the effect of Bonus Issue and Share Subdivision (2007: HK$0.17, restated).

9. Total consideration received from the grantees during the year for taking up the share options granted amounted to HK$30 (2007: HK$420).

10. The exercise of the share options granted will be subject to the attainment by the participant of a prescribed annual performance target during each of his first 3 years of employment with the Group commencing from 1 April 2006.

11. The exercise of the share options granted will be subject to the attainment by the participant of a prescribed annual performance target during each of his first 3 years of employment with the Group commencing from 13 April 2007.

12. The share options granted vest immediately from date of grant and are exercisable over duration of 36 months from date of grant.

13. The weighted average remaining contractual life of share options outstanding as at 31 March 2008 is 8.25 years (2007: 9.07 years).

34. SHARE-BASED COMPENSATION (Continued)

The share options outstanding under Old Scheme were not accounted for under HKFRS 2 because the options were granted before 7 November 2002 and had already been vested as of 1 April 2005. Therefore, they were not subject to the requirements of HKFRS 2.

The fair values of share options granted during the year ended 31 March 2008 were determined by Vigers Appraisal & Consulting Limited, an independent third party valuer, using the Binomial Model (the ''B-Model''), with modification to reflect the impact of vesting period, exit rate and exercise pattern on the option value.

The fair value of the options granted during the year ended 31 March 2008 determined at the dates of grant on 13 April 2007 and 29 February 2008 using the B-Model were approximately HK$1,212,000 and HK$407,000 respectively.

The following table lists the inputs to the B-Model used for calculating the fair value of the options granted during the year ended 31 March 2008:

Date of grant	13 April 2007	29 February 2008
Share price on date of grant (note a)	HK$0.48	HK$0.99
Exercise price (note a)	HK$0.48	HK$1.00
Expected volatility (note b)	64%	67%
Expected life of option (note c)	1-3 years	1-3 years
Risk-free rate (note d)	4.263%	2.880%
Expected dividend yield	NIL	3%

Notes:

(a) The share price on date of grant and the exercise price of the share options for the options granted on 13 April 2007 disclosed above have been adjusted for the effect of Bonus Issue and Share Subdivision which became effective on 21 August 2007 and 30 August 2007, respectively.

(b) Expected volatility: being the approximate historical volatility of closing prices of the shares of the Company in the past two to three year immediately before the date of grant.

(c) Expected life of option: being the effective life of options estimated from the expected exercising time frame.

(d) Risk-free rate: being the approximate yields to maturity of Hong Kong Exchange Fund Note.

The fair values of share options granted during the year ended 31 March 2007 were determined by RHL Appraisal Limited, an independent third party valuer, using the Black-Scholes option pricing model (the ''BS-Model''). The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The fair value of the options granted during the year ended 31 March 2007 determined at the dates of grant on 9 June 2006 and 18 September 2006 using the BS-Model were approximately HK$2,661,000 and HK$8,004,000 respectively.

34. SHARE-BASED COMPENSATION (Continued)

The following table lists the inputs to the BS-Model used for calculating the fair value of the options granted during the year ended 31 March 2007:

Date of grant	9 June 2006	18 September 2006
Share price on date of grant (note e)	HK$0.1555	HK$0.2778
Exercise price (note e)	HK$0.1555	HK$0.1555
Expected volatility (note f)	61.14%	57.77%
Expected life of option (note g)	1-3 years	1-3 years
Risk-free rate (note h)	4.4%-4.502%	3.636%-3.887%
Expected dividend yield	NIL	NIL

Notes:

(e) The share price on date of grant and the exercise price of the share options disclosed above have been adjusted for the effect of Bonus Issue and Share Subdivision which became effective on 21 August 2007 and 30 August 2007, respectively.

(f) Expected volatility: being the approximate historical volatility of closing prices of the shares of the Company in the past one year immediately before the date of grant.

(g) Expected life of option: being the effective life of options estimated from the expected exercising time frame.

(h) Risk-free rate: being the approximate yields to maturity of Hong Kong Exchange Fund Note.

In the current year, share-based compensation of HK$4,575,000 (2007: HK$4,113,000) have been recognised as staff costs and Nil (2007: HK$123,000) relating to other participant have been recognised as other operating expenses, in the consolidated income statement for the year ended 31 March 2008. The corresponding aggregate amount of HK$4,575,000 (2007: HK$4,236,000) had been credited to the Group's share option reserve. No liabilities were recognised due to equity settled share-based payment transactions.

At the balance sheet date, the Company had 105,518 and 79,086,803 share options outstanding under the Old Scheme and the New Scheme, respectively. The exercise in full of the remaining share options, would, under the present capital structure of the Company, result in the issue of 79,192,321 additional ordinary shares of the Company and additional share capital of approximately HK$264,000 and share premium of HK$14,187,000 (before issue expenses).

35. RESERVES

(a) GROUP

The components of the Group's reserves are as follows:

	2008 HK$'000	2007 HK$'000
Share premium	**79,059**	30,950
Available-for-sale financial assets revaluation reserve	**(5,274)**	–
Contributed surplus	**20,708**	30,708
Share option reserve	**5,532**	4,236
Capital redemption reserve	**932**	932
Exchange reserve	**137**	50
Retained profits	**195,399**	108,992
	296,493	175,868

The movements of the Group's reserves for the current and prior years are presented in the consolidated statement of changes in equity on page 59 of the financial statements.

The Group's contributed surplus of HK$20,708,000 and HK$30,708,000 as at 31 March 2008 and 2007 respectively comprises:

(i) an amount of HK$2,225,000 representing the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation prior to the listing of the Company's shares (the "Reorganisation") over the nominal value of the Company's shares issued in exchange thereof;

(ii) an aggregate amount of HK$81,998,000 transferred from the share capital account on capital reduction of the Company;

(iii) an amount of HK$120,000,000 and HK$374,349,000 transferred from the share premium account pursuant to shareholders' special resolutions on 3 October 2002 and 13 September 2004 respectively for the set-off against accumulated losses of the Company in the future;

(iv) an amount of HK$512,864,000 transferred to accumulated losses on 13 September 2004 to eliminate the entire accumulated losses of the Company as at 31 March 2004;

(v) an amount of HK$25,000,000 transferred from the contributed surplus account to retained profits on 30 September 2006 in accordance with the Bye-laws of the Company;

35. RESERVES (Continued)

(a) GROUP (Continued)

(vi) an amount of HK$10,000,000 transferred from the contributed surplus account to retained profits on 31 March 2007 in accordance with the Bye-laws of the Company; and

(vii) an amount of HK$10,000,000 transferred from the contributed surplus account to retained profits on 30 September 2007 in accordance with the Bye-laws of the Company.

(b) COMPANY

	Share premium HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
At 1 April 2006	4,677	–	114,821	–	932	(12,732)	107,698
Exercise of share options	2,716	–	–	–	–	–	2,716
Bonus issue	(293)	–	–	–	–	–	(293)
Issue of shares	23,850	–	–	–	–	–	23,850
Share-based compensation	–	–	–	4,236	–	–	4,236
Transfer of contributed surplus	–	–	(35,000)	–	–	35,000	–
Loss for the year (Total recognised income and expense for the year)	–	–	–	–	–	(1,454)	(1,454)
Interim dividend	–	–	–	–	–	(4,389)	(4,389)
Proposed final dividend	–	–	–	–	–	(6,468)	(6,468)
At 31 March 2007 and 1 April 2007	30,950	–	79,821	4,236	932	9,957	125,896
Additional 2007 final dividend	–	–	–	–	–	(308)	(308)
Exercise of share options	9,388	–	–	(2,855)	–	–	6,533
Bonus issue	(339)	–	–	–	–	–	(339)
Issue of shares	39,060	–	–	–	–	–	39,060
Share-based compensation	–	–	–	4,575	–	–	4,575
Release on forfeiture of share options	–	–	–	(424)	–	–	(424)
Transfer of contributed surplus	–	–	(10,000)	–	–	10,000	–
Changes in fair value of available-for-sale financial assets (Total expense recognised directly in equity)	–	(5,274)	–	–	–	–	(5,274)
Profit for the year	–	–	–	–	–	30,629	30,629
Total recognised income and expense for the year	–	(5,274)	–	–	–	30,629	25,355
Interim dividend	–	–	–	–	–	(9,367)	(9,367)
Proposed final dividend	–	–	–	–	–	(17,472)	(17,472)
At 31 March 2008	**79,059**	**(5,274)**	**69,821**	**5,532**	**932**	**23,439**	**173,509**

35. RESERVES (Continued)

(b) COMPANY (Continued)

The Company's contributed surplus of HK$69,821,000 and HK$79,821,000 as at 31 March 2008 and 2007 respectively comprises:

(i) an amount of HK$51,338,000 representing the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Reorganisation over the nominal value of the Company's shares issued in exchange thereof. Under the Companies Act 1981 of Bermuda (as amended), a company may make distributions to its members out of the contributed surplus in certain circumstances;

(ii) an aggregate amount of HK$81,998,000 transferred from the share capital account on capital reduction of the Company;

(iii) an amount of HK$120,000,000 and HK$374,349,000 transferred from the share premium account pursuant to shareholders' special resolutions on 3 October 2002 and 13 September 2004 respectively for the set-off against accumulated losses of the Company in the future;

(iv) an amount of HK$512,864,000 transferred to accumulated losses on 13 September 2004 to eliminate the entire accumulated losses of the Company as at 31 March 2004;

(v) an amount of HK$25,000,000 transferred to accumulated losses on 30 September 2006 in accordance with the Bye-Laws of the Company;

(vi) an amount of HK$10,000,000 transferred to accumulated losses on 31 March 2007 in accordance with the Bye-Laws of the Company; and

(vii) an amount of HK$10,000,000 transferred from the contributed surplus account to retained profits on 30 September 2007 in accordance with the Bye-Laws of the Company.

36. LOANS TO DIRECTORS

Loans to directors disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

Group

Name of directors/Relationship with directors	Note	At 31 March 2008 Debit/(Credit) HK$'000	Maximum outstanding during the year HK$'000	At 1 April 2007 Debit/(Credit) HK$'000	Margin finance facilities approved HK$'000	Securities held
Mr. Bernard Pouliot (note 24)	(a)	4,612	5,412	3,030	10,000	Marketable securities
Mr. Kenneth Lam Kin Hing (note 24)	(a)	8,219	10,655	268	10,000	Marketable securities
Spouse of Mr. Bernard Pouliot	(a)	322	992	176	1,500	Marketable securities
Baroque Investments Limited, a company in which Mr. Bernard Pouliot had indirect interests	(b)	2,864	3,468	(680)	7,000	Marketable securities
Newer Challenge Holdings Limited, a company in which Mr. Bernard Pouliot has 100% interest	(a)	645	1,279	884	1,500	Marketable securities

(a) The loans granted under margin finance facilities to the director, spouse of the director and related companies are secured by the marketable securities collateral, bear interest at prime rate plus 3% per annum (2007: prime rate plus 3% per annum) and are repayable on demand.

(b) The amount due to a related company as at 31 March 2007 are unsecured, interest-free and repayable on demand.

37. ASSETS HELD AS COLLATERAL

The market value of securities pledged by clients to the Group as collateral against trade receivables at 31 March 2008 was HK$1,979,896,000 (2007: HK$1,605,633,000).

38. OPERATING LEASE COMMITMENTS

At 31 March 2008, the total future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, are payable as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**11,979**	9,173	**–**	926
In the second to fifth years, inclusive	**7,961**	9,386	**–**	–
	19,940	18,559	**–**	926

The Group leases a number of properties under operating leases. The leases run for an initial period of two to three years. None of the leases includes contingent rentals.

39. UNDERWRITING COMMITMENTS

As at 31 March 2008, the Group had no significant underwriting commitments.

As at 31 March 2007, the Group had an underwriting commitment of HK$3,000,000 in acting as a co-manager in the share offer of a company which was subsequently listed on the Stock Exchange. The deal was completed on 25 April 2007 and the underwriting commitment of the Group was then fully discharged.

40. BUSINESS COMBINATIONS

On 29 September 2006, the Group acquired 100% of the equity interest of Quam Wealth Management Limited ("Quam Wealth"), a company formerly known as Qleap Financial Services Limited, whose principal activity is in the insurance broker business. Quam Wealth contributed revenues of HK$687,000 and net loss of HK$215,000 to the Group for the period from 29 September 2006 to 31 March 2007. If the acquisition had occurred on 1 April 2006, the Group's revenue would have been HK$192,777,000 and profit for the year ended 31 March 2007 would have been HK$33,048,000.

Details of net identifiable assets acquired and goodwill arising on acquisition were as follows:

	HK$'000
Total purchase consideration – cash paid	180
Fair value of net identifiable assets acquired	(137)
Goodwill (note 17)	43

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK$'000	**Acquiree's carrying amount** HK$'000
Cash and cash equivalents	136	136
Other receivables	1	1
Net identifiable assets acquired	137	137
Purchase consideration settled in cash		180
Cash and cash equivalents in subsidiary acquired		(136)
Net cash outflow arising on acquisition of Quam Wealth		44

There was no acquisition in the year ended 31 March 2008.

41. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with the directors, close family members of the directors and related companies, of which certain directors of the Company are also directors or have a direct/indirect equity interest, during the year:

	2008 HK$'000	2007 HK$'000
Related companies		
Securities and futures trading fee:		
Baroque Investments Limited, a company in which Mr. Bernard Pouliot has indirect interests	**11**	25
Newer Challenge Holdings Limited, a company in which Mr. Bernard Pouliot has 100% interests	**8**	11
Interest income on margin financing:		
Baroque Investments Limited, a company in which Mr. Bernard Pouliot has indirect interests	**163**	399
Newer Challenge Holdings Limited, a company in which Mr. Bernard Pouliot has 100% interests	**30**	28
Directors		
Securities and futures trading fee:		
Mr. Bernard Pouliot	**180**	99
Mr. Kenneth Lam Kin Hing	**3,950**	3,094
Mr. Richard David Winter	**4**	8
Mr. Ip Shing Hing, J.P.	**–**	2

41. RELATED PARTY TRANSACTIONS (Continued)

	2008 HK$'000	2007 HK$'000
Directors (Continued)		
Interest income on margin financing:		
Mr. Bernard Pouliot	**411**	245
Mr. Kenneth Lam Kin Hing	**122**	10
Mr. Richard David Winter	**1**	–
Performance fee income on broking:		
Mr. Kenneth Lam Kin Hing	**2,968**	354
Close family members of the directors		
Securities and futures trading fee:		
Ms. Chan Wai Yin, Elizabeth, spouse of Mr. Bernard Pouliot	**10**	9
Ms. Chan Chan Yeuk Lan, mother-in-law of Mr. Bernard Pouliot	**104**	131
Ms. Chan Wai Kay, Katherine, sister-in-law of Mr. Bernard Pouliot	**24**	7
Ms. Kwok Ka Wai, Mona, spouse of Mr. Kenneth Lam Kin Hing	**1,804**	1,497
Interest income on margin financing:		
Ms. Chan Wai Yin, Elizabeth, spouse of Mr. Bernard Pouliot	**64**	6
Performance fee income on broking:		
Ms. Kwok Ka Wai, Mona, spouse of Mr. Kenneth Lam Kin Hing	**1,388**	177

Note:

The trading fee, interest and performance fee charged to the above parties were in accordance with the terms similar to those offered to unrelated customers.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Remuneration for key management personnel represents amounts paid to the Company's directors as disclosed in note 15.

42. FINANCIAL GUARANTEE CONTRACTS

The Company has executed guarantees amounting to HK$111 million (2007: HK$100 million) with respect to bank loans to its subsidiaries. Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the balance sheet date, no provision for the Company's obligation under the guarantee contract has been made as the directors considered that it was not probable that the repayment of the loan would be in default.

43. DISPOSAL OF AN ASSOCIATE

On 19 February 2008, Quam Data Services Limited, an indirectly wholly-owned subsidiary of the Company and Hill & Associates Group Limited ("the Sellers"), entered into a Share Purchase Agreement (the "S&P Agreement") with an independent third party ("the Buyer") to dispose their 100% equity interest in Verify Limited ("Disposal"), the then associate of the Group at a total consideration of US$16 million, subject to any required adjustment in respect of the estimated working capital, cash and related party debt of Verify as at 31 January 2008. Pursuant to the S&P Agreement, an escrow amount of US$1 million is deposited to the escrow agent appointed jointly by the Sellers and Buyer. The escrow amount is maintained to satisfy the relevant claims, including breach of warranties, covenant or obligation in the S&P Agreement. In the event that no relevant claims were served on the Sellers, on a pro rata basis, US$0.45 million and US$0.55 million of the aforesaid escrow amount will be released to the Sellers after a period of 12 months after the Date of Disposal and after a period of 24 months after the Date of Disposal respectively. The total consideration received from Disposal is apportioned between the Company and Hill & Associates Group Limited in the ratio of 25% and 75% respectively. Prior to the Disposal, the Group had a 25% equity interest in Verify and the consideration to be received, subject to the aforesaid adjustments, was approximately US$3.67 million. Details of the Disposal are summarised below:

	HK$'000
Share of net assets disposed of	730
Disposal of the amount due from Verify	725
Cost incurred by the Group during Disposal	2,062
Gain on disposal of an associate	27,037
	30,554
Consideration satisfied by:	
Cash	28,604
Escrow amount arising from Disposal	1,950
	30,554
Net cash inflow from disposal of associate:	
Cash	28,604
Cost incurred by the Group during Disposal	(2,062)
	26,542

44. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) The Company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$4,372,000 (2007: HK$640,000).

(b) As detailed in note 21(b), the purchase consideration of 5,600 CPS shares was satisfied by the issue of 12,943,612 new ordinary shares of HK$0.94 each of the Company

(c) As detailed in note 22, the purchase consideration of 2,630,000 MAC Sale Shares was satisfied by the issue of 28,757,695 new ordinary shares of HK$0.94 each of the Company.

(d) The repayment of the amount due from Verify Limited of HK$725,000 was offset against the consideration from the Disposal as detailed in note 43.

(e) For the year ended 31 March 2007, the Group disposed of certain property, plant and equipment and intangible assets to its associate for HK$1,001,000 which was settled through the current account with the associate.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, statutory and other deposits, bank and third party borrowings, trade receivables, trade payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

MARKET RISK

(i) Foreign currency risk

Foreign currency risk is the risk of losses due to adverse movements in foreign exchange rate mainly relating to receivables from or payables to foreign brokers and foreign currency deposits with banks. To mitigate the foreign currency risk, treasury and settlement division work closely to manage and monitor the foreign exchange exposure arising from broking in foreign shares and commodities.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

MARKET RISK (Continued)

(i) Foreign currency risk (continued)

The following table summaries the Group's major financial assets and liabilities denominated in currencies other than HK$ as at 31 March 2008 and 2007.

Group

	Expressed in HK$'000						
	Thai Baht	United States dollars	Japanese Yen	Singapore Dollars	Renminbi	British pound	Others
At 31 March 2008							
Available-for-sale financial assets	**33,424**	**–**	**–**	**–**	**–**	**–**	**–**
Financial assets at fair value through profit or loss	**15,277**	**–**	**–**	**–**	**–**	**–**	**5**
Short-term loan receivables	**5,048**	**–**	**–**	**–**	**–**	**–**	**–**
Trade receivables	**461**	**81,480**	**813**	**465**	**–**	**68**	**156**
Trust bank balances held on behalf of customers	**7,938**	**17,548**	**–**	**728**	**–**	**795**	**51**
Cash and cash equivalents	**48**	**9,855**	**–**	**15**	**999**	**237**	**308**
Trade payable	**(10,113)**	**(40,729)**	**(1,091)**	**(1,188)**	**–**	**(862)**	**(445)**
Other payables and accruals	**–**	**(34)**	**–**	**–**	**(56)**	**–**	**–**
Borrowings	**–**	**(26,469)**	**–**	**–**	**–**	**–**	**–**
Overall net exposure	**52,083**	**41,651**	**(278)**	**20**	**943**	**238**	**75**
At 31 March 2007							
Available-for-sale financial assets	–	977	–	–	–	–	–
Financial assets at fair value through profit or loss	5	5,284	–	–	–	–	7
Trade receivables	51,215	44,518	–	400	–	550	49
Trust bank balances held on behalf of customers	6,647	22,207	–	586	–	–	100
Cash and cash equivalents	950	35,237	67	47	1,388	147	593
Trade payable	(57,272)	(62,874)	(129)	(983)	–	(548)	(100)
Other payables and accruals	(272)	(69)	–	–	–	–	(41)
Borrowings	–	(15,519)	–	–	–	–	–
Overall net exposure	1,273	29,761	(62)	50	1,388	149	608

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

MARKET RISK (Continued)

(i) Foreign currency risk (continued)

As United Stated Dollars (US$) is pegged to HK$, the Group does not expect any significant movements in the US$/HK$ exchange rates. No sensitivity analysis in respect of the Group's financial assets and liabilities denominated in US$ is disclosed as in the opinion of directors, such sensitivity analysis does not give additional value in view of insignificant movement in the US$/HK$ exchange rates as at balance sheet date. The following table indicates the approximate change in the Group's profit for the year and equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

Group

	2008			2007		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit for the year HK$'000**	**Equity HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit for the year HK$'000	Equity HK$'000
Thai Baht	**+20%**	**3,732**	**10,417**	+20%	255	255
	–20%	**(3,732)**	**(10,417)**	–20%	(255)	(255)
Japanese Yen	**+5%**	**(14)**	**(14)**	+5%	(3)	(3)
	–5%	**14**	**14**	–5%	3	3
Singapore Dollars	**+5%**	**1**	**1**	+5%	3	3
	–5%	**(1)**	**(1)**	–5%	(3)	(3)
Renminbi	**+5%**	**47**	**47**	+5%	69	69
	–5%	**(47)**	**(47)**	–5%	(69)	(69)
British pound	**+5%**	**12**	**12**	+5%	7	7
	–5%	**(12)**	**(12)**	–5%	(7)	(7)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

MARKET RISK (Continued)

(i) Foreign currency risk (continued)

Company

The Company exposed to foreign currency risk primarily through its investment in listed equity securities which are classified as available-for-sale financial assets denominated in Thai Baht and Japanese Yen and financial assets at fair value through profit or loss denominated in Thai Baht. The following table indicates the approximate change in the Company's profit for the year and equity in response to reasonably possible changes in the foreign exchange rates to which the Company has significant exposure at the balance sheet date.

	2008			2007		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit for the year HK$'000**	**Equity HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit for the year HK$'000	Equity HK$'000
Thai Baht	**+20%**	**3,053**	**9,738**	+20%	–	–
	-20%	**(3,053)**	**(9,738)**	-20%	–	–

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and that all other variables remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date.

(ii) Price risk

The Group and the Company are exposed to equity price risk through its investments in listed equity securities which are classified as at fair value through profit or loss, or available-for-sale. The board of directors manages this exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise. The Group and the Company are not exposed to commodity price risk.

At 31 March 2008, if equity prices had increased/(decreased) by 10% and all other variables were held constant:

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

MARKET RISK (Continued)

(ii) Price risk (continued)

Group

- the Group's profit for the year would increase/(decrease) by approximately HK$2,404,000 (2007: increase/(decrease) by approximately HK$1,178,000). This is mainly due to the changes in financial assets at fair value through profit or loss; and
- the Group's equity other than retained profits would increase/(decrease) by approximately HK$3,342,000 (2007: Nil) as a result of the changes in fair value of listed equity investments included in the Group's available-for-sale financial assets.

Company

- the Company's profit for the year would increase/(decrease) by approximately HK$2,397,000 (2007: loss would decrease/(increase) by approximately HK$1,002,000). This is mainly due to the changes in financial assets at fair value through profit or loss; and
- the Company's equity other than retained profits would increase/(decrease) by approximately HK$3,342,000 (2007: Nil) as a result of the changes in fair value of listed equity investments included in the Company's available-for-sale financial assets.

This sensitivity analysis has been determined assuming that the price change had occurred at the balance sheet date and has been applied to the Group's and the Company's investment on that date.

(iii) Interest rate risk

The Group is exposed to interest rate risk primarily through the impact of interest rate changes on bank balances, margin client receivables, interest bearing bank and other borrowings carrying interests at variable rates. Most of the bank borrowings are secured by margin clients' securities, which carry interest at variable rates.

The following tables illustrates the sensitivity of the profit after tax for the year and retained earnings to a change in interest rates of +1% and-1% (2007: +1% and-1%) with effect from the beginning of the year. The calculations are based on the Group's and the Company's bank balances, short-term loan receivables, margin client receivables, interest bearing bank and other borrowings held at each balance sheet date. All other variables are held constant.

	Group		Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
If interest rates were 1% (2007: 1%) higher Net profit/(loss) for the year	**4,622**	2,007	**72**	13
If interest rates were 1% (2007: 1%) lower Net profit/(loss) for the year	**(4,622)**	(2,007)	**(72)**	(13)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK

The Group's maximum exposure to credit risk in the event of the clients' and foreign brokers' failure to perform their obligations as at the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the senior management including responsible officers of the regulated activity compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount for each individual account receivables at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the board of directors considers that the Group's credit risk is effectively controlled and significantly reduced.

The credit risk of the Group's other financial assets, which comprise available-for-sale financial assets, short term loan receivables, financial assets at fair value through profit or loss, bank balances and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Company's maximum exposure to credit risk is primarily attributable to amounts due from subsidiaries, other receivables and contingent liabilities in relation to the financial guarantee contracts as detailed in note 42 to the financial statements.

The Group's credit risk exposure is spread over a number of counterparties and customers. Hence, it has no significant concentration of credit risk by a single debtor.

Further quantitative data in respect of the Group' exposure to credit risk arising from trade and short term loan receivables are disclosed in notes 24 and 25 to the financial statements respectively.

LIQUIDITY RISK

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from timing difference between settlement with Clearing House or brokers and clients. To address the risk, treasury and settlement division work closely to monitor the liquidity gap. The Group utilises a combination of collateralised bank borrowings and clean loan facilities. An internal buffer is maintained on utilisation of such loan facilities in order to accommodate certain liquidity fluctuations.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK (Continued)

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

Group

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 year but less than 5 years HK$'000
As at 31 March 2008					
Trade payables	**350,107**	**350,107**	**350,107**	**–**	**–**
Other payables and accruals	**72,828**	**72,828**	**72,828**	**–**	**–**
Borrowings	**90,671**	**90,671**	**90,671**	**–**	**–**
Finance lease payables	**4,021**	**4,462**	**1,554**	**1,515**	**1,393**
	517,627	**518,068**	**515,160**	**1,515**	**1,393**
As at 31 March 2007					
Trade payables	404,881	404,881	404,881	–	–
Other payables and accruals	47,529	47,529	47,529	–	–
Borrowings	215,619	215,619	215,619	–	–
Finance lease payables	604	661	233	233	195
	668,633	668,690	668,262	233	195

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK (Continued)

Company

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 year but less than 5 years HK$'000
As at 31 March 2008					
Other payables and accruals	**4,286**	**4,286**	**4,286**	**–**	**–**
Amount due to subsidiaries	**65,900**	**65,900**	**65,900**	**–**	**–**
Finance lease payables	**4,021**	**4,462**	**1,554**	**1,515**	**1,393**
	74,207	**74,648**	**71,740**	**1,515**	**1,393**
As at 31 March 2007					
Other payables and accruals	1,332	1,332	1,332	–	–
Amount due to subsidiaries	16,473	16,473	16,473	–	–
Finance lease payables	604	661	233	233	195
	18,409	18,466	18,038	233	195

FAIR VALUES

The carrying amounts of the financial assets and financial liabilities as disclosed under current assets and current liabilities, respectively, approximate their fair values as they are all short term in nature.

46. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's and the Company's financial assets and liabilities as recognised at balance sheet dates may be categorised as follows. See notes 3.13 and 3.19 for explanations about how the category of financial instruments affects their subsequent measurement.

	Group		Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Financial assets				
Available-for-sale financial assets	**51,572**	6,958	**47,553**	1,962
Financial assets at fair value through profit or loss	**25,411**	17,064	**23,971**	10,023
Loan and receivables				
– Trade receivables	**357,766**	488,981	**–**	–
– Short term loan receivables	**6,251**	1,267	**–**	–
– Other receivables	**7,945**	804	**1**	1
– Amount due from an associate	**–**	1,242	**–**	–
– Amount due from subsidiaries	**–**	–	**37,473**	29,219
– Trust time deposits held on behalf of customers	**63,117**	136,557	**–**	–
– Trust bank balances held on behalf of customers	**209,474**	106,207	**–**	–
– Cash and cash equivalents	**40,001**	62,445	**7,189**	1,281
	761,537	821,525	**116,187**	42,486
Financial liabilities				
Financial liabilities measured at amortised cost:				
– Trade payables	**(350,107)**	(404,881)	**–**	–
– Borrowings	**(90,671)**	(215,619)	**–**	–
– Other payables and accruals	**(72,828)**	(47,529)	**(4,286)**	(1,332)
– Finance lease payables	**(4,021)**	(604)	**(4,021)**	(604)
– Amounts due to subsidiaries	**–**	–	**(65,900)**	(16,473)
	(517,627)	(668,633)	**(74,207)**	(18,409)

47. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2008 and 31 March 2007.

Certain subsidiaries of the Company are regulated by the Securities and Futures Commission ("SFC") and are required to comply with certain minimum capital requirements according to the Securities and Futures Ordinance. Management monitors these subsidiaries' liquid capital to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes borrowings and finance lease payables less cash and cash equivalents as shown in the consolidated balance sheet. Capital includes total equity. The Group aims to maintain the gearing ratio at a reasonable level. The gearing ratios as at the balance sheet date were as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Current liabilities		
Borrowings	**90,671**	215,619
Finance lease payables	**1,329**	201
Non-current liabilities		
Finance lease payables	**2,692**	403
Total debt	**94,692**	216,223
Less: Cash and cash equivalents	**(40,001)**	(62,445)
Net debt	**54,691**	153,778
Capital	**316,186**	183,953
Capital and net debt	**370,877**	337,731
Gearing ratio	**14.7%**	45.5%

48. POST BALANCE SHEET EVENT

PROPOSED BONUS ISSUE

On 9 July 2008, the directors recommended a bonus issue to the shareholders of the Company (except certain overseas shareholders) on the basis of one bonus share for every ten shares of the Company for approval by the shareholders at the forthcoming annual general meeting of the Company to be held on 11 September 2008. The bonus shares will rank pari passu in all respect with the ordinary shares of the Company and the Company will not allot any fractions of bonus shares.

49. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in presentation in the current year if necessary.

The reclassification that has been made to the comparative figures in the consolidated balance sheet for the year ended 31 March 2007, to be consistent with the presentation in the current year's consolidated balance sheet, is the "Other payables and accruals" of HK$2,253,000 being reclassified to "Trade payables".

Certain reclassification changes that have been made to the comparative figures in the consolidated income statement for the year ended 31 March 2007, to be consistent with the presentation in the current year's consolidated income statement, are the wealth management fee income being reclassified from "Other operating income" to "Revenue/Turnover", freelancer costs of HK$1,677,000, information communication expenses of HK$2,020,000 and royalty fee of HK$8,000 being reclassified from "Other operating expenses, net" to "Cost of services provided".

The reclassification that has been made to the comparative figures in the consolidated cash flow statement for the year ended 31 March 2007, to be consistent with the presentation in the current year's consolidated cash flow statement, are the new borrowings of HK$171,326,000 and repayment of short term bank loans of HK$35,000,000 being reclassified from "Cash flows from financing activities" to "Cash flows from operating activities" as working capital changes-increase in borrowings of HK$136,326,000.

The reclassification that has been made to the comparative figures in the segment information for the year ended 31 March 2007, to be consistent with the presentation in the current year's segment information, is the "Goodwill" of HK$14,695,000 being reclassified from "Unallocated assets" to "Securities broking and placement".

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, and reclassified as appropriate, is set out below.

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**395,954**	192,767	104,418	86,828	80,874
	395,954	192,767	104,418	86,828	80,874
Fair value gain on financial assets at fair value through profit or loss	**236**	5,780	7,145	(6,195)	17,694
Other operating income	**24,688**	15,762	7,931	3,653	5,382
Cost of services provided	**(158,272)**	(68,536)	(31,637)	(21,750)	(19,352)
Staff costs	**(99,614)**	(69,598)	(45,420)	(41,283)	(38,783)
Depreciation and amortisation expenses	**(3,699)**	(3,516)	(4,206)	(5,935)	(8,294)
Provision for impairment of available-for-sale financial assets	**–**	–	–	–	(5,700)
Other operating expenses, net	**(66,690)**	(28,038)	(23,971)	(26,056)	(21,935)
Finance costs	**(12,173)**	(9,454)	(4,828)	(3,125)	(2,156)
Gain on disposal of an associate	**27,037**	–	–	–	-
Share of results of associates	**(118)**	631	–	–	-
Profit/(Loss) before income tax	**107,349**	35,798	9,432	(13,863)	7,730
Income tax expense	**(4,219)**	(2,752)	(552)	–	-
Profit/(Loss) attributable to shareholders	**103,130**	33,046	8,880	(13,863)	7,730

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**836,301**	854,005	545,525	396,836	374,830
Total liabilities	**(520,115)**	(670,052)	(421,239)	(286,209)	(250,340)
	316,186	183,953	124,286	110,627	124,490

Printing and Production: Equity Financial Press Limited