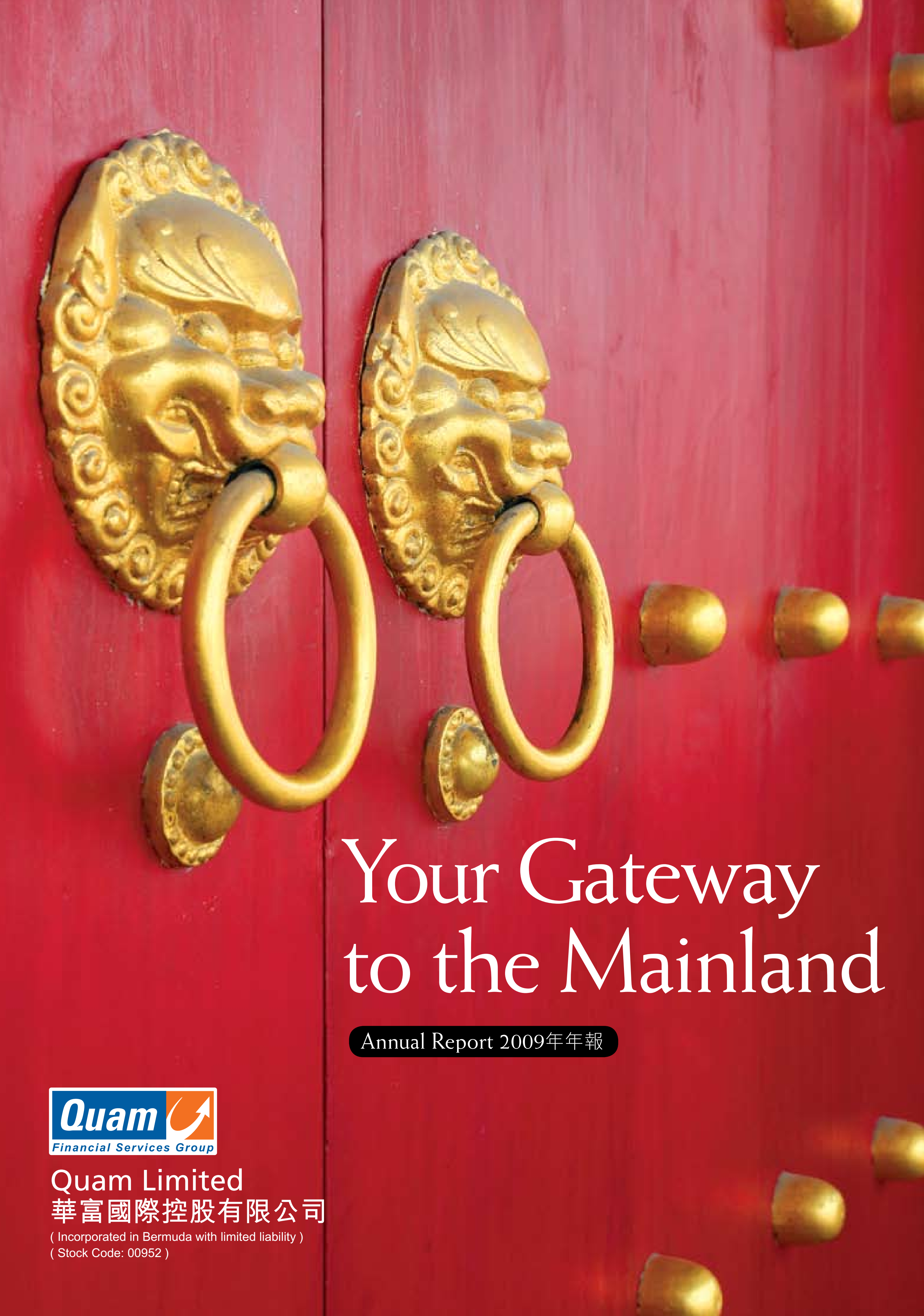

Your Gateway to the Mainland

Annual Report 2009年年報

Quam
Financial Services Group

Quam Limited
華富國際控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00952)

Annual Report 2009

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Chairman's Statement

We are emerging from this financial tsunami with a solid balance sheet and a clean portfolio. Our growing presence and strength in China will be leveraged and enhanced by the Global Alliance Partners.

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, 2009. The loss of HK$7.9 million incurred for the year does not include, unfortunately, the proposed final dividend of HK$8.4 million announced on 26 March 2009 by our alliance partner Seamico Securities Public Company Limited which had been approved and received subsequent to the closing of our financial year.

Our results reflect the extremely difficult trading conditions we encountered, particularly during the second half of the year. There is no need to enumerate all the challenges that confronted us and all financial services companies in the past year. Yet, we have weathered the worst global financial market crisis since the 1930's and we are poised to benefit from the continued, albeit slower, growth in the Chinese economy and the expected rebound in the world economy later this year. We stand to demonstrate our sound business model and prudent risk management.

We entered this financial year confident and very profitable. Although we anticipated a slow down, we never expected trading activities to contract and for market conditions to deteriorate at such magnitude. Liquidity became the single most important factor for all financial services enterprises.

Given a very tough environment, we are proud of our accomplishments this year, despite being well short of the targets we had set for ourselves at the beginning of the year. We are emerging from this financial tsunami with a solid balance sheet and a clean portfolio. We have minimised losses on our margin book despite the violent market fluctuations and remained liquid in a most unfriendly credit market. We are ready to meet the challenges ahead and take advantage of the opportunities available.

Although most of our businesses experienced a reduction in turnover and profit, the bright spot is our presence and activities in China. After five years of business development, our presence in Shenyang, Shanghai and Shenzhen continues to help us better understand the China financial services market, and to put us in an advantageous position as the financial services industry opens up to Hong Kong-based firms.

Futures trading, which now significantly eclipses our equity trading business, has dominated trading volumes at Quam Securities this year. This is understandable given the uncertainty in the equity markets.

The corporate finance and merger and acquisition activities of Quam Capital experienced mixed results during the year. The merger and acquisition business was soft as buyers and sellers were holding out for better prices and struggling to secure credit facilities. Our involvement in M&A International remains active and we anticipate that once the markets return to 'normal' conditions, this association will continue to deliver meaningful transaction volume.

Quam Capital meanwhile, had a very successful year completing advisory mandates for listed companies. In line with the Group's strategic direction, we added a China specialist team that contributed immediately to results and expanded our contacts among listed companies. We are now very well positioned to benefit from an anticipated wave of listings on the Hong Kong Stock Exchange of overseas companies with significant operations in China, and Chinese companies looking to fund their overseas expansion.

The fund management business under Quam Asset Management enjoyed relatively good performance with a 16% return for the Quam Opportunity Fund, and 15% for the Quam Greater China Fund. Nevertheless, a key factor in the markets this year was liquidity, and accordingly we suffered from redemptions, which reduced our total assets under management to US$75 million. Despite the difficult environment late in the financial year, we successfully launched a Fund of Funds.

The private equity initiatives under Quam Asset Management had mixed results in the midst of a difficult environment for securing funding commitments. We had intended to raise funds for a mining and natural resources fund, however, the markets were not receptive to this idea and thus we had to abandon the exercise. In order to seed the fund internally, we did invest in a mining project in Yunnan, China in cooperation with a Canadian listed mining company active in China for the past 10 years. We also set-up a joint investment company in Suzhou, in cooperation with a local fund owned by the municipal government, that will focus on investment opportunities in the Jiangsu area. We believe this will also ultimately lead to opportunities for identifying future listing candidates for our corporate finance division.

Quam Wealth Management suffered from the slowdown in the market and poor investor sentiment. Nevertheless we have expanded our sales team and are confident that when buoyant markets return, we will be ready to seize opportunities.

Quamnet continues to improve its product offerings, adding features to the website while improving the content and reach of our magazine, Quam Money. We have been active in expanding in China with new content distribution partnerships. We are making increased use of our lower cost Shenzhen office and expanding our coverage of the Chinese economy, the Chinese property market and other important investment sectors, and Chinese listed companies. Although revenues were up only marginally this year, the quality of the business is gradually improving in terms of advertising and joint promotions and through the addition of new, high-value subscription-based investment recommendation services.

Over the years, Quam has expanded its international reach in key financial centers and emerging markets including Tokyo, Dubai, Bangkok and most recently in Vietnam, through Thanh Cong Securities and New York, through Westminster Securities. We have decided to formalise this association of financial services firms under the Global Alliance Partners (GAP) banner. Through GAP we are in a position to open new markets for our domestic clients while offering trading opportunities in our respective markets to each of our partners. This alliance also facilitates the exchange of best practices at minimal cost.

There is no doubt 2008/2009 has been very difficult for investors and businesses around the world as the global financial crisis has led to unprecedented market fluctuations and declines in financial assets. We believe that economies worldwide still need some 18 months to fully stabilise. But there is a silver lining. Downsizing and bankruptcies in the financial services industry have led to many good people at all levels looking for job opportunities. Quam Group is actively looking to identify those professionals that can help us enhance our business and ensure our steady growth as we prepare ourselves for the next economic development phase in China.

I would like to take this opportunity to thank our staff, our clients, our bankers and our shareholders for their unfailing support and unwavering trust in the Quam Group. Together, we can weather the storm and we will continue to be strong.

Bernard Pouliot
Chairman
Hong Kong, 5 June 2009

The Quam Story

Quam is in the right place at the right time with the right capabilities to take the lead in bridging the world to China and China to the world.

As the credit crisis continues to plague the global financial industry, it has revealed a wealth of opaque business models and poor risk-management. Yet, for the Quam Group, it has highlighted the resilience of our business model that is based on sound risk-management and on the core traditional financial services of broking, trading, corporate finance and advisory, fund and asset management. Quam is persevering through these challenging times, and more than that, Quam is strengthening its strong niche position in the mid-tier financial services market. It has thrived on its people-centric values, with all of its divisions that serve individuals and businesses approaching their work with a person-to-person viewpoint.

Grounded on these values, Quam has navigated through the uncertain market environment by focusing on fulfilling the diverse needs of its private and institutional clients, and by offering an expanding range of financial services in an expanding number of financial markets. While others have been contracting, Quam has sure-footedly established itself in China and networked with its long-time business partners around the globe. While other companies have faded from the market scene, Quam is actively bridging the world to China and China to the world.

FIRMLY GROUNDED IN GREATER CHINA

Quam is confident that the decoupling trend that has insulated our core market, China, from the worst of the turmoil besetting the rest of the world's financial markets, will continue to benefit China and selected emerging markets when the global economy recovers. As a result, equities, particularly in China and the Southeast Asian emerging economies, will be the growth drivers of **Quam Asset Management** funds.

Quam Securities, through its **Private Client Services** division, is likewise relentlessly mapping strategic inroads to China's intricate financial services markets. It has already established its presence in Shenyang with a representative office. The **Institutional Business** division of Quam Securities also has specialized coverage on Greater China, with execution and placement capability in Hong Kong, Taiwan, and Macau. The operations of Quam Securities are made even more significant by its lead role in The Institute of Securities Dealers, of which Quam Securities' managing director, Kenneth Lam, is the Chairman.

Parallel to these initiatives, **Quam Capital** is raising its competitiveness and generating more deals in China by recruiting additional corporate finance professionals with strong China connections. **Quam Private Equity** meanwhile, entered into a joint venture with a Mainland Municipal Government to

establish a fund to focus on investments in the pharmaceutical, electronic, and automotive industries.

Quam has also been etching itself into China in the online sphere. Since its re-launch in 2008, **Quamnet.com** has evolved as a leading provider of retail investor-related content to China financial websites and portals including, Sina, Hexun, i-Feng, MSN, Yahoo!Finance and others. **QuamIR**, continues to focus on connecting its listed-company clients with investors, analysts and the media in Greater China and overseas, leveraging its expertise to deliver its services in both the online and offline worlds.

WIDELY REACHING TO THE WORLD

Last year, **Quam Group** envisioned extending its reach and generating new collaborative business opportunities by aggressively expanding on the international stage. That vision came to fruition on 31 October 2008, when the Quam Group formalized a network of partner financial services institutions by launching the **Global Alliance Partners** (GAP). GAP is initially comprised of six alliance partners whose scope and reach, including their respective affiliate companies, span strategic markets in Asia, the Middle East, Europe and North America – providing a truly global reach.

Quam Securities' Institutional Business division has been tapping into the alliance to generate more leads and deals. The Wealth Management division of Quam Securities is planning to ride on the network of Global Alliance Partners to extend its footprint internationally. And Quamnet.com sees new revenue sources from alliance partners wanting exposure in Hong Kong and China.

The Quam Group comes into the alliance as a strong lead partner, contributing its own international relationships and capabilities.

Quam Securities' Private Client Services division encompasses a global network that extends beyond Greater China and spans the US, Australia, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Thailand and the UK. Its Institutional Business division has specialized coverage of the UK, Japan, Australia, Middle East, Singapore, Malaysia, Thailand, and Indonesia.

Quam Capital, the first in the Group to recognize and work through global alliances, continues to expand its international corporate advisory horizons through its position as the Hong Kong/China member in M&A International representing Hong Kong and China. Quam Capital's managing director, Richard Winter, is the Vice President in charge of Asia for M&A International.

BRIDGING THROUGH TECHNOLOGY

The bridge between China and the global markets is anchored in Quam's deployment of an efficient information technology infrastructure.

Quam Securities operates round-the-clock to reach major exchanges worldwide and to provide efficient and accurate trading services. The reach of the Quam Asset Management and Quam Wealth Management service platforms extends beyond emerging markets.

Quam's research reaches retail clients online through Quamnet.com, and through its syndicated electronic distribution channels maintained by the Institutional Business division. Quam websites – quamsecurities.com, quamcapital.com, quamwealth.com, and quamlimited.com – are undergoing significant revamp to make investment opportunities and financial information readily and quickly available to both private and institutional clients.

Quam provides a direct channel for interested investors to follow a company through a flexible, interactive investor relationship management platform. Its website – quamir.com – enables listed companies to disseminate public electronic corporate information, including investor presentations, press releases, results announcements, annual reports and video interviews.

The role of information technology in bridging the China and global markets cannot be made more evident by Quam than through the Global Alliance Partners website. Quam launched and hosts the GAP website, globalalliancepartners.com as the gateway to cross-border trading and cross-market research.

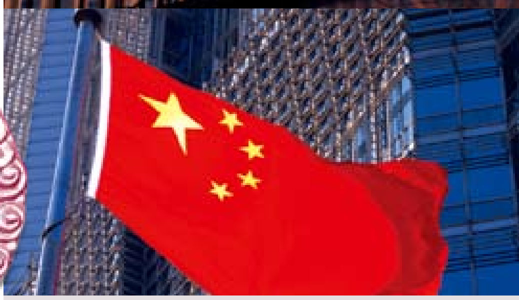
KEEPING THE BRIDGE STRONG

The Quam Group is not insulated from the negative impact of the financial crisis. Yet, it has taken and withstood its hits because of its capital base and operational strength. Last year's annual report explained how each of the Group's business units had been improving their products and services to fulfill the same goal – quality.

Achieving that goal despite a very tough market environment reinforces Quam's credibility as the premier mid-tier financial services institution in Hong Kong offering a comprehensive range of investment services and wealth management solutions.

On the strength of its people and its business model, Quam is in the right place at the right time with the right capabilities to take the lead in bridging the world to China and China to the world. Now, more than ever, the Quam Group is "**one network, one partner, focused on YOU.**"

Group Milestones



Quam Securities

- Officially launched the Shenyang Representative Office in China
- Adopted a prudent lending policy that complements both corporate finance and securities trading businesses
- Exceptional futures trading business generated significant revenue, offsetting setbacks in securities trading
- Re-engineered a business model that diversifies the Institutional Business division into three areas: Generating research revenues; Institutional stock broking services; and Private placement
- Embarked on aggressive marketing efforts by expanding research distribution, securing regular broadcast interviews, and revamping its corporate website
- Launched a diversified and balanced wealth management service portfolio to risk-averse individuals

Quam Capital

- Was appointed special selling agent in Asia for a US$50 million placement of new shares for Tethys Petroleum Limited, a company listed on the Toronto Stock Exchange
- Closed 24 financial advisory transactions for clients including, among others, First Pacific, Fubon Bank and Brightoil Petroleum

Quam Asset Management

- Managed funds outperformed benchmark indices
- Established a joint venture with a Municipal Government in Mainland China for private equity investments
- Soft-launched a Private Equity Fund and a Fund of Funds

Quamnet.com

- Established additional distribution channels in China, including portals like Sina, Hexun, iFeng and others
- Partnering with a major Hong Kong carrier, Hutchison's 3 network, to launch Quamnet Mobile

QuamIR

- Secured a retainer service contract for the provision of investor relations services for a China-focused natural resource company that is listed on the Hong Kong Stock Exchange
- Secured a service contract to provide pre-IPO and IPO public relations management services for the dual-listing of a Toronto oil and gas company in Hong Kong

Quam Securities

Quam Securities is one of the few mid-tier securities brokerages in Hong Kong with global execution capabilities for private and institutional clients. It remains a key component of Quam Group's core revenue stream.

PRIVATE CLIENT SERVICES

The Private Client Services division of Quam Securities is one of the top-tier Hong Kong-based brokerage houses. As the core of Quam Group, it helps execute transactions for in-house business units that comprise Quam Wealth Management, Quam Capital, Quam Institutional Business, and Quam Asset Management. With a strong balance sheet, it is also able to carry out underwriting and bridge-financing activities in the capital market.

In Mainland China, Quam Securities is one of the forerunners in mapping strategic inroads to an intricate market, and in building brand awareness for the company. Quam Securities stands to benefit from the growing pool of wealthier Chinese investors with presence in major cities such as Shanghai and Shenzhen, and through its representative office in Shenyang. As the Mainland continues to open to foreign investors and financial institutions, Quam Securities is optimistic to be one of the first few to establish a foothold in China's brokerage market.

Despite the ongoing financial crisis, Quam Securities has not slowed the pace of its global transactions. In its commitment to provide its clients a best-in-class service, Quam Securities continues to operate round-the-clock to facilitate dealing on major exchanges worldwide. Its Private Client Services encompass a global network that extends beyond Greater China and spans across the US, Australia, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Thailand and the UK. Quam Securities is able to provide quick and efficient execution for trading futures products, which includes indices, currencies, precious metals, energy and agricultural commodities.

INSTITUTIONAL BUSINESS

It was a year of resilience and re-engineering for the Institutional Business division of Quam Securities. The division braved a very tough financial environment and secured 11 mandates during the year – three of which are nearing completion and were carried forward into the next fiscal year. Earlier in the year, before the credit crunch took its toll, the division completed three transactions worth over US$40 million, generating significant fee income for the division. The three transactions consisted of an Australian IPO in the automotive industry, a secondary placement of a Toronto-listed oil and gas company with their assets in Central Asia, and a private placement of a London AIM-listed coal bed methane company in China. The dealing desk of the division also generated about US$1.37 million in commissions since it was set up in February 2008.

In anticipation of a rebound following the credit-crisis-induced slump, the Institutional Business division has been priming itself into an offensive position and has taken advantage of the market situation by gaining 31 new client relationships during the year. To keep Quam Securities in the clients' top-of-mind awareness, the Institutional Business division is rapidly elevating its market visibility. It has secured a monthly guest commentator spot on CNBC and a weekly telephone interview broadcast with Thomson Reuters. It has expanded the distribution of its research products through Bloomberg, and it has increased face time with clients through company visits and syndicated meetings within the financial industry.

To further grow its institutional broking and private placement businesses, Quam Securities diversified its sources of revenues by generating and distributing

Quam Securities' inroads to China are matched by its network to global markets and the dedication of its manpower is matched by the efficiency of its online trading platforms.

independent research reports to institutional investors. The near disappearance of small/medium research firms has been exacerbated by the financial tsunami and has set the stage for the Institutional Business division of Quam Securities to offer customer-oriented independent research products aimed at evaluating long-term values of Greater China enterprises. In-house-produced research products range from full analysis reports on companies visited ("***Quibbles***"), to a regular market briefings ("***Trading Places***"), and quick company notes ("***Quote***"). Plans for a third-party research product ("***Quorn***") is in final preparation work and is set out to offer strategy, economic, and commodity reports covering the Asian region.

Quam Securities is looking to its private placement business to resume momentum especially in the emerging markets and particularly in the Greater China region. It has deployed its team to specialize coverage of four main territorial groups – 1) Hong Kong, the UK, and Japan; 2) Greater China including Taiwan and Macau; 3) Australia and Middle East; and 4) Singapore, Malaysia, Thailand, and Indonesia.

The Institutional Business division is determined, on one hand to leverage the Global Alliance Partners (GAP) network and increase deal flows; and on the other hand to strengthen its own capabilities by extending its reach within Greater China.

WEALTH MANAGEMENT

Wealth management is a lifetime pursuit – both in good times and bad. Over the past year, the Wealth Management division remained committed to providing a one-stop, total solution for clients to enhance their wealth during good times and to mitigate losses when the market moves down. As a result, the impact of the financial crisis on the division has been relatively less serious. In fact, the credit crunch has even prompted the division to launch a diversified and balanced wealth management service portfolio to risk-averse individuals.

The Wealth Management division is an important distribution point for the Group's services. And it remains committed to helping drive demand for Quam Group's securities trading services, managed funds, research services, and corporate finance services.

Looking ahead, the division would extend its footprint internationally by riding on the network of the Global Alliance Partners (GAP). It is much encouraged by the growing global mindset of Hong Kong investors, and the introduction of the sixth supplement of the Closer Economic Partnership Arrangement ("CEPA-6") by the governments of Hong Kong and the People's Republic of China.

To provide a quick window and convenient access to all the investment and trading opportunities and wealth management services that the company can offer, Quam Securities has been constantly upgrading its information technology infrastructure and will soon launch its revamped corporate website.

With its feet strongly rooted in China and its arms widely reaching the world market through the Global Alliance Partners (GAP), Quam Securities is well poised and well equipped to be the one-stop financial services provider for both China and overseas investors.

Thus, Quam is bridging the world to China and China to the world.

Quam Capital

Quam Capital is the first unit within the Quam Group to recognize and work through global alliances to expand its business horizons.

Quam Capital's relative success lies in its strategic positioning, seasoned professionals, cost-effective networking and in-house capabilities. The division has persevered to nurture its specialization in financial advisories, mergers and acquisitions and equity fund raising. Its expertise is backed by the other business units within the Group by way of deal origination, execution, underwriting, and financing.

Despite the gloom in the market, Quam Capital was able to close 24 financial advisory transactions that includes among others, First Pacific Company Limited, Fubon Bank (Hong Kong) Limited, and Brightoil Petroleum (Holdings) Limited. Representing Hong Kong and China within M&A International Inc., Quam Capital leveraged this 40-country network to secure cross-border business and source new referrals. It is the first unit within the Quam Group to recognize and work through global alliances to expand its business horizons.

Complementing its efforts of establishing footholds overseas is its resolve to strengthen its home ground – Mainland China. Hence, Quam Capital has recruited a team of corporate finance professionals with strong China connections to up its competitiveness and generate more deals in the Mainland. The team has now grown to 14 staff.

The passage of the sixth supplement of the Closer Economic Partnership Agreement ("CEPA-6") by the Hong Kong and PRC governments comes as good news for the division as Mainland Chinese companies look to acquire overseas assets. In the collaborative spirit with which the Quam Group has always served clients and catalyzed businesses, Quam Capital connects its counterparts in M&A International Inc. to China and Chinese companies to the M&A International Inc. network where the latter will hold its First Asia Regional Conference in June 2009.

Thus, Quam is bridging the world to China and China to the world.

Quam Asset Management

Quam Asset Management has been providing professional fund management services to institutional investors since 2002. Its fund managers and analysts specialize in equity securities as well as other investment products traded in the Greater China region (Mainland China, Hong Kong and Taiwan) and Southeast Asian countries.

The asset management industry experienced challenges not seen in decades because of an overwhelming plunge in stock prices. Yet, Quam Asset Management's funds outperformed benchmark indices. While harnessing a traditional value investment approach in identifying equities for a diversified portfolio, Quam asset managers also take an active long/short approach to temper market risk, which tends to be intrinsic to every investment portfolio, and thereby maximizing alpha.

Quam Asset Management also had new successes over the past year, including the establishment of a private equity joint venture with a Mainland Municipal Government for investments focused in the pharmaceutical, electronic, and automotive industries; and the setting up a Private Equity Fund and a Fund of Funds.

On the backdrop of a financial tsunami, investors manifested serious concerns for risk and transparency. However, a decoupling trend stands to benefit China and some other emerging markets when the global economy recovers. As a result, equities in Greater China and in certain emerging markets will be the growth drivers of Quam Asset Management's funds.

In the diversity of Quam Asset Management portfolios while being anchored on Greater China equities, and the reach of its service platforms and client base that extend beyond emerging markets, Quam is bridging the world to China and China to the world.

Quam Asset Management's diverse portfolios are anchored on Greater China equities and the reach of its service platforms and client base extends beyond emerging markets.

Quamnet / QuamIR

Quamnet and QuamIR expand their pool of retail investors and listed companies while extending their market leadership in Hong Kong to China.

Quamnet.com was born in the late 90's as the earliest financial portal in Hong Kong. From its founding by investment guru Tony Measor, Quamnet.com has continuously honed its services to meet the needs of Hong Kong's most sophisticated retail investors. Quamnet.com had its well-known start as the first to provide real-time stock quotes over the Internet, and has evolved over the years to become the foremost source for subscription-based independent investment advice on stocks and warrants traded on the Hong Kong Stock Exchange.

Quamnet.com is known not just for its independent advice, but also for the market-beating track records of its flagship recommendation services from Quam Research. It boasts of its lead stock-pickers Henry Chan, Tony Measor, and Rico Lam of Traders Corner, for his short-term trading strategies. These lead advisors are backed by a strong team of more than 10 research analysts all contributing to Quamnet's professional, independent research.

Quamnet.com is also a leading stock market media platform providing free-to-access market news, stock quotes, information and investing tools to enable individual investors to invest with the same kind of advice and data as market professionals. In addition to the Quamnet.com website, Quamnet produces a monthly print investment magazine and regularly holds investing seminars and conferences to enable advertisers to reach these high-quality consumers with targeted, relevant marketing messages.

Quamnet.com is also a leading provider of content to China financial websites and portals including, Sina, Hexun, i-Feng, MSN, Yahoo!Finance and others. In this way, it is building its brand among Mainland retail investors as a preeminent source of professional, accessible investing advice and commentary.

While Quamnet focuses on the consumer market, QuamIR, on the other hand, focuses on meeting the investor relations needs of listed companies. QuamIR operates a website – quamir.com – that enables listed companies to disseminate public electronic corporate information, including investor presentations, press releases, results announcements, annual reports and video interviews, and provides a direct channel for interested investors to follow a company through its interactive investor relationship management platform. QuamIR also provides a full suite of "offline" services for listed companies including corporate events, roadshows, and site visits for investors, research analysts and the financial media. QuamIR increasingly bridges the gap between Chinese listed companies and international investors interested in the China market, and between foreign-domiciled companies listed in Hong Kong and Chinese investors.

Quamnet and QuamIR look toward a bright future of continuing to enhance their positions as gateways to and from China for both investors and listed companies.

Thus, Quam is bridging the world to China and China to the world.

The Global Alliance Partners (GAP)

Last year, **Quam Group** envisioned extending its reach and generating new collaborative business opportunities by aggressively expanding on the international stage. That vision has now come to fruition.

The Quam Group, through its chairman Bernard Pouliot, exercised initiative and leadership to launch the **Global Alliance Partners (GAP)**, a network of boutique financial services companies linking key global emerging economies and mature financial markets. Hence, the network of financial services institutions was formalized on 31 October 2008 during an inaugural conference hosted by Quam in Macau.

GAP members leverage their collective network to offer clients more research and placement capability across different markets, and a wider platform for trading opportunities. Building on their existing execution platforms, each GAP member firm is now able to expand their cross-border capabilities to cover private equity, pre-IPO, funds management, capital raising and placement opportunities.

During its first year, the Global Alliance Partners network has achieved the following:

1. Launched its website – globalalliancepartners.com to convey its vision of bridging the gap in the world market and to efficiently connect clients to the GAP services and capabilities worldwide
2. Shared within the network almost 500 pieces of research through the GAP website
3. Held regular GAP conference calls to share actionable deals and leads
4. Held the mid-year GAP conference in Bangkok (hosted by KT ZMICO Securities) and met Thai corporate clients

Bridging the gap in the world market

5. Formalized the membership of Thanh Cong Securities Company (TCSC) in the Global Alliance Partners
6. Held Press Conference and Investor Meetings in Vietnam (hosted by TCSC)
7. Developed unified marketing tools – the GAP Pitchbook and the GAP magazine brochure are in production
8. Initiated the registration of trademarks

The founding members of the GAP consist of **Quam Group**, **Hong Kong** (Bernard Pouliot, Chairman); **Capital Partners Securities**, **Tokyo** (Toyoharu Tsutsui, President & CEO); **MAC Capital Advisors, Dubai** (Robert McMillen, CEO); **KT ZMICO Securities**, **Bangkok** (Chaipatr Srivisarvacha, Executive Director & CEO); **Thanh Cong Securities Company**, **Ho Chi Minh City, Vietnam** (Kittivalai Charoensombut-amorn, CEO); and **Westminster Securities**, **New York** (John P. O'Shea, Chairman & CEO).

Each partner is a well-established financial services firm in their respective home markets and the members have been working as an informal alliance for many years. The client relationships and execution capabilities of the GAP network span strategic markets in Asia, the Middle East, Europe and North America providing a truly global reach. **Hence**, **Global Alliance Partners is bridging the gap in the world market.**

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Bernard Pouliot, (centre) aged 57, 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 a 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 and a director of Melco China Resorts (Holding) Limited, a company listed in Toronto. 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 55, joined the Company in 2001 and is currently the Deputy Chairman of the Company and the Managing Director of 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 chairman of the Institute of Securities Dealers Limited. He is the beneficial owner of Olympia Asian Limited, which is a substantial shareholder of the Company.

Mr. Richard David Winter, (right) aged 56, 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 chairman of the Corporate Finance Committee.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwong Che Keung, Gordon, aged 59, 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. Jeremy Lechemere King, aged 46, was appointed as Independent Non-executive Director of the Company in October 2002. Mr. King is a member of both the remuneration committee and audit committee of the Company. Mr. King graduated from Nottingham University with a Degree in Law, and has over 23 years of experience in financial services industry. Mr. King is currently the chief executive officer of Siam Knight Fund Management Securities Company Limited.

Mr. Robert Stephen Tait, aged 60, was appointed as Independent Non-executive Director of the Company in September 2008. Mr. Tait is the chairman of the remuneration committee of the Company (from 22 April 2009) and a member of the audit committee of the Company. Mr. Tait holds a Bachelor of Commerce and Business Administration from the University of British Columbia. He has extensive experience in human resources aspect and was the Head of Human Resources, Asia Pacific of the Hongkong and Shanghai Banking Corporation Limited during October 1999 to April 2008. He is a former Director and immediate past Treasurer of the Employer's Federation of Hong Kong, the immediate past Chairman of the Manpower Committee of the Hong Kong General Chamber of Commerce and a member of the Hong Kong Institute of Directors. He is a Governor and vice-chairman of the Canadian International School in Hong Kong.

SENIOR MANAGEMENT

Mr. Adrian John Bradbury, aged 45, is the Director, Head of Mergers and Acquisitions and Private Equity of the corporate finance business of the Group. He is 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. Andrew Patrick Phillips, aged 42, is the Portfolio Manager of the asset management business of the Group. Over the past 23 years, he has worked in the financial centres of London, Hong Kong and Singapore with Merrill Lynch, GT Asset Management, Jardine Fleming Securities, Daiwa Securities and the Credit Suisse Group. Before joining Quam in 2007, he worked for Credit Suisse Group as Approved Executive Director of the Singapore securities entity. He relocated back to Hong Kong as part of the global proprietary. He received an MBA with a specialism in Finance from Heriot-Watt University, Edinburgh, U.K.

Mr. Chan Chi Sheung, Henry, aged 42, is the Director and Head of Research of the research analysis business of the Group. Mr. Chan graduated from Queen's University with a bachelor degree in engineering physics & a master degree in electrical engineering. He is 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.

Mr. Chan Kin Leung, aged 37, is the Portfolio Manager of the asset management business of the Group. He is a responsible officer for Types 4 and 9 regulated activities under the Securities and Futures Ordinance for Quam Asset Management Limited. He holds an MBA degree in Dean's List from the Chinese University of Hong Kong, and a Master of Science in Electronic Commerce and Internet Computing with distinction at the University of Hong Kong. He joined the Group in 2007 and has over 15 years of investment experience.

Ms. Chan Miu Wan, Cindy, aged 54, is the Managing Director of the wealth management business of the Group. 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 45, is the Executive Director of Quamnet. He joined the Group in 2007. Mr. Chan has spent over 20 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, U.K.

Mr. Chiu Chun Kit, Calvin, aged 38, is the Director of China Operations of the securities and futures businesses of the Group. He is a responsible officer for Types 1 and 2 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in 2002.

Mr. Choi Lai Sang, Philip, aged 47, 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 45, is the Managing Director of the ventures investment business of the Group. 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 the website business of the Group. 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 51, is the Head of Treasury and Settlement of the securities and futures business of the Group. 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 63, is the Managing Director of the private equity business of the Group. 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 Master of Applied Science in Metallurgy and Materials Science from the University of Toronto and a 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 38, is the Director of the corporate finance business of the Group. She is 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 42, is the Chief Financial Officer to the Group. He joined the Company in 2001 and was the Company Secretary of the Company from November 2001 to March 2008. 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.

Ms. Kwong Hoi Yan, aged 33, is the Associate Director of the corporate finance business of the Group. 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.

SENIOR MANAGEMENT (CONTINUED)

Mr. Lam Chi Kong, aged 56, is the Senior Manager in Quamnet. He is a responsible officer for Type 4 regulated activity under the Securities and Futures Ordinance for Quam (IA) Limited. Mr. Lam joined the Group in 1999. He is a member of the Hong Kong Institute of Marketing, the founder and past committee member in the Hong Kong Securities Professionals Association. Mr. Lam possesses more than 30 years' experience in stock trading and investment management in the local securities industry. He now supervises all contents in "TRADERS CORNER" and "WARRANTS MART" and also writes columns analysing the stock market and small-caps in Quamnet.com.

Mr. Liu Chi Wai, aged 33, is the Associate Director of the corporate finance business of the Group. He is a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. He joined the Group in early 2009. Mr. Liu has extensive experience in corporate finance.

Mr. Mak Siu Kee, Michael, aged 53, is the Executive Director of the Institutional Sales team of the securities and futures businesses of the Group. 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 Private Wealth Management at Morgan Stanley and Lehman Brothers in Asia; and worked in Private Wealth Management of Merrill Lynch in the U.S.A. before joining the Group in 2008.

Mr. Mui Ho Cheung, Gary, aged 34, is the Executive Director, Head of IPO and Capital Markets of the corporate finance business of the Group. He is a responsible officer for Type 6 regulated activity under the Securities and Futures Ordinance for Quam Capital Limited. He joined the Group in early 2009. He has over 12 years of experience in finance and investment banking industry. He holds a Bachelor of Accounting and Finance from the University of New South Wales, Australia. He is a member of CPA Australia.

Mr. Stephen Christopher Hill, aged 49, is the Deputy Managing Director and Head of the Institutional Business Division of the securities and futures businesses of the Group. He is 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 40, is the Director of Private Client Service of the securities and futures businesses of the Group. He is a responsible officer for Types 1 and 2 regulated activities under the Securities and Futures Ordinance for Quam Securities Company Limited. He joined the Group in 2006.

Mr. Tsang Chung Him, 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 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 and Financial Risk Manager.

Ms. Tsui Ka Chi, aged 39, joined the Company in 2006 and is the Group Human Resources Manager. Ms. Tsui is responsible for overseeing the overall human resources management and administration of the Group. She has more than 10 years of experience in human resources and administration and is an ordinary member of the Hong Kong Institute of Human Resource Management.

Mr. Wong Lit Chor, Alexis, aged 50, is the Director of the securities and futures businesses of the Group 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.

Corporate Social Responsibility

Although this has been a year of constrained resources and reassessment of spending and corporate priorities, the Group has continued to develop and enhance its corporate social responsibilities, culture and initiatives.

During the year, we have continued to share our wealth, time and expertise to enhance life socially, environmentally and professionally in our home of Hong Kong through contributions to a number of social organisations and charities, including Outward Bound, Mother's Choice, The Hong Kong Arts Festival, and the WWF, among others. In addition, our executive directors also inculcate this philosophy and themselves make personal contributions to these organizations and charities. Individually, we encourage staff members to contribute their time and expertise to charitable organisations and community service. We have also supported non-profit organisations by leveraging the consumer reach of our website, www.quamnet.com, and client relationships to raise money and encourage and attract community volunteers.

In a significant accomplishment, we have greatly reduced the amount of paper, ink and printer resources we use by implementing additional electronic document storage and retrieval systems and discouraging excessive paper printing. The coming year will require part of the Group to re-locate to new offices and we will be taking steps to ensure the new offices are environmentally friendly and energy efficient.

Staff members at all levels of the company continue to contribute expertise and time in order to give back to the community and our profession. We are active members in a number of important professional bodies, 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 participate and contribute expertise to various professional bodies including the Hong Kong Stock Exchange Listing Committee, Securities and Futures Commission Takeovers and Mergers Panel, Hong Kong Securities Institute and the Hong Kong Institute of Certified Public Accountants and industry associations including the Asian Digital Marketing Association.

The Quam Group recognizes that embracing our corporate social responsibility is bridging our corporate family to our local community. Only when we are strongly grounded in Hong Kong can we truly bridge the world to China and China to the world.

OUTWARD BOUND
TO SERVE TO STRIVE AND NOT TO YIELD

香港藝術節
Hong Kong Arts Festival

Mother's Choice
母親的抉擇

WWF
HONG KONG
Diamond Member
鑽石會員2008

FINANCIAL REVIEW

For the year ended 31 March 2009 (the "Year"), the Group reports a loss of HK$7.9 million (2008: profit of HK$103.1 million). The Group's revenue for the Year declined to HK$296.9 million (2008: HK$396.0 million) reflecting the impact of the global financial crisis.

The Group's performance for the Year were largely affected by the global financial crisis and weak market sentiment resulting in significantly lower revenues. However, our futures dealing business remained strong given the market volatility in certain products which were widely traded by futures clients. Despite the slowdown, we managed to derive positive earnings of HK$5.7 million before interest, taxation, depreciation, amortisation and non cash items including share-based compensation. Furthermore, we significantly reduced our exposures, especially in securities margin loans since mid 2007 and have maintained a conservative margin loan portfolio throughout the Year. Conversely, falling interest rates and the reduction in the size of the loan book have negatively affected our net interest earned. Our balance sheet is robust and will see us through this current market turmoil. To improve our treasury management due to significantly low interest rate yields, we reduced our borrowing at the end of March 2009. We remain in close contact with our bankers and have maintained unutilised banking facilities in preparation for the market recovery. We have kept our spending on a tight rein and controlled overheads which include a significant decrease in staff bonus for the Year as a direct result of the Group's earnings and in line with our remuneration policy. Much of the Group's office space is due for renewal in 2009, and we see favourable conditions for negotiating attractive terms.

During the Year, after careful consideration, as allowed under the amendments to HKAS 39 and HKFRS 7, which was issued on 15 October 2008, we resolved that the Group's investment in Seamico Securities Public Company Limited ("Seamico") that was classified as "Financial Asset at Fair Value through Profit or Loss" be reclassified as "Available-for-sale Financial Assets". As a result of adopting this policy, the entire investment holding in Seamico has been classified as "Available-for-sale Financial Assets". However, prior to the reclassification, a significant mark-to-market unrealised loss of approximately HK$8.1 million in the Group's stake in Seamico was booked in the profit and loss, as stated in our interim report 2008. The Group's entire 10.1% stake in Seamico is now classified as "Available-for-Sale Financial Assets". In March 2009, Seamico obtained shareholder approval for the reorganisation of its securities business to be merged with a new entity which is 50% controlled by Krung Thai Bank Public Company Limited of Thailand. The major purpose of the reorganisation was to strengthen the distribution and capital base of the securities business in light of market liberalisation of Thailand's securities brokerage industry in 2012. We believe this reorganisation is a very positive move for Seamico. Furthermore, upon the approval of the reorganisation, the board of Seamico announced a special dividend of THB0.5 per share. Our entitlement will amount to approximately HK$8.4 million and will be recognised in the financial year ending 31 March 2010.

We currently hold approximately 22.7% stake investment in McMillen Advantage Capital Limited ("MAC"), an associate of the Company, which was also affected by the global financial crisis, leading to account our share of loss for the corresponding financial year of HK$4.4 million. However, now that all dealing licenses in the U.A.E markets have been approved and the dealing services is in full operation, we are confident that MAC will be able to produce positive results going forward.

REVIEW OF OPERATIONS

The Group has been taking a cautious view of the markets since autumn 2007 and has been making appropriate adjustments to its operations and investments to reduce risk, decrease current and capital expenditures and maximise cash reserves and liquidity (which stood at HK$119.4 million as at 31 March 2009 (2008: HK$40.0 million)).

The Group's operations and execution capabilities inside and outside the Greater China region have been significantly enhanced as a result of further cooperation and integration with the Group's "Global Alliance Partners" in Thailand, Japan and Dubai. We intend to expand this strategic alliance to include partners from London and New York to further add to its private equity and capital market activity.

REVIEW OF OPERATIONS (CONTINUED)

Securities and futures dealing and placement

Securities and futures dealing commissions were HK$214.0 million (2008: HK$206.7 million), an increase of 3.5% over the same period last year. The revenue increase in commissions was mainly the result of futures dealing business which continued to show resilience as volatility on certain products gave investors appetite for such trading. Equity trading volume was substantially down as a result of negative market sentiment and the global financial crisis. Placement and underwriting fee income stood at HK$10.5 million (2008: HK$30.9 million), a reflection of the current market sentiment.

Securities margin lending at the end of the Year was substantially reduced to HK$94.6 million (2008: HK$233.3 million), a result of which has been a continuing reduction of outstanding loans in light of actual and expected market conditions.

The wealth management business expanded its sales team with the addition of 13 financial consultants all of whom have experience in the wealth management field. Our objective is to build up a team to focus on medium to high net worth individuals that require diligent wealth management services. The full team now consists of 16 financial consultants.

Corporate financial advisory services

Corporate finance and advisory services revenue for the Year amounted to HK$22.4 million, including intercompany services of HK$2.3 million (2008: HK$32.4 million, including inter-company services of HK$10.2 million). Work undertaken during the Year covered a wide range of activities including takeover and financial restructuring related activities, general financial advisory, independent financial advisory, fundraising and merger and acquisition.

Whilst the current turbulent financial markets are impacting the type of corporate finance advisory services being provided, the reduction in some activities such as fundraising and cross border merger and acquisition is, to a large extent, being substituted by other types of mandates such as public company takeovers, distressed asset purchases and financial restructuring work.

Asset Management

The Year resulted in a significant decrease in asset management revenues to HK$12.6 million (2008: HK$74.2 million) as a result of the market conditions that have impacted the entire asset management industry. The Group considers it is in better shape than its peers in light of only moderate redemption of funds during the Year reflecting the division's focus on generating good performance. Operations have been strengthened including enhancing liquidity of the portfolio, reviewing of counter-party risks, hiring external economists and enhancing the investment team. These changes will position the division for continued success in the future.

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

Revenue from the Quamnet website and investor relations business for the Year was HK$24.0 million (2008: HK$23.5 million), reflecting a modest increase in subscription services despite the challenging market environment and a growth in advertising revenues of approximately 2%, resulting from the successful revamp of the technology platform and content on www.quamnet.com.

The focus on developing additional distribution channels has led to Quamnet content appearing prominently in major internet portals in Hong Kong, including Yahoo! Finance, MSN and Sina Finance. Distribution of Quamnet content in China continues to grow with Quamnet becoming a prominent provider of Hong Kong equities and warrants markets information and commentary to several leading finance portals, including Hexun.com, Sina and Phoenix TV's iFeng.com. During the Year, Quamnet also launched a number of new initiatives including mobile.quamnet.com, a version of the Quamnet website specifically tailored to the needs of mobile phone users and partnered with one of Hong Kong's major mobile carriers, Hutchison's 3 network, to launch Quamnet Mobile as a preferred mobile content site for their third generation GSM subscribers.

The division's offline and online investor relations business continues to grow. Online investor relations services have also benefited from the new technology platform put into place in January 2008 (www.quamir.com).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and short term deposits at 31 March 2009 stood at approximately HK$119.4 million (2008: HK$40 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. At 31 March 2009, the Group had available aggregate banking facilities of approximately HK$282.0 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 2009, the Group had pledged HK$3.5 million of its investment securities to secure banking facilities. On 31 March 2009, approximately HK$17.6 million of these banking and short-term loan facilities was utilised.

The Group's gearing ratio, largely the result of the margin and money lending business, was 18.6% at 31 March 2009 (2008: 28.7%), being calculated as borrowings over net assets.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2009, the Group had approximately 160 full time employees and 1 part time employee based in Hong Kong. There were 30 full time employees and 3 part time employees based in the People's Republic of China.

Competitive remuneration packages are offered to employees by reference to 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 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 financial year ahead will continue to pose new challenges in view of the current global financial situation. We have confidence that markets have reached bottom, however, any significant recovery is expected to take time to emerge. Our financial health and balance sheet provides a firm foundation from which to weather this period of market weakness and we continue to closely monitor the business environment affecting our operations and our costs. Adjustments have been made and we shall make future adjustments if recovery is not forthcoming.

The securities business will further grow its futures dealing business, including improving net margins earned from futures dealing. We will closely monitor execution, platform trading, account executive and marketing costs. We will be looking for further enhancement of our equities dealing capabilities to deliver a wider on-line trading platform to equities other than Hong Kong securities.

Despite the current market pessimism, we continue to forge ahead in strengthening our asset management business with the launch of our third fund which is a feeder fund of funds and the set up of a venture capital fund with a joint venture partner in China.

We will also support our alliance partner, Seamico with its reorganisation and expanded new partnership with Krung Thai Bank Public Company Limited under KT ZMICO Securities Company Limited. The "Global Alliance" members including MAC in Dubai, Seamico in Bangkok, and Capital Partners Securities in Japan, have been working well together since the Group's investment in them and deal flow and deal networking between Global Alliance Partners was initiated during the Year. This has given all parties a broad global information perspective and substantially expanded the distribution channels for offerings.

In the year ahead, we continue to see Asia and Asian markets to be the catalyst for the global economic recovery, which has been further supported by the China government through its economic stimulus. We will continue to closely monitor regulatory changes in the financial environment as a result of major issues in Hong Kong and around the world.

Directors' Report

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 2009.

PRINCIPAL ACTIVITIES

During the year ended 31 March 2009, 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;

c) provision of advisory service; and

d) investment holding and securities trading.

Particulars of the principal subsidiaries of the Company as at 31 March 2009 are set out in note 19 to the 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 2009 is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2009 and the state of affairs of the Company and the Group as at 31 March 2009 are set out in the financial statements on pages 47 to 119.

An interim dividend of HK0.50 cents per share amounting to HK$3,851,000 was paid on 15 January 2009 (2008: interim dividend of HK1.50 cents per ordinary share, totalling HK$9,367,000).

The Board does not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: final dividend of HK2.50 cents per ordinary shares, totalling HK$17,532,000).

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 2009, which was extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 120 of this annual report. 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 financial statements.

SHARE CAPITAL

On 9 July 2008, the Board recommended a bonus issue to the shareholders of the Company (except overseas shareholders) on the basis of one bonus share for every ten ordinary shares of the Company (the "Bonus Issue"). The recommendation was approved by the shareholders at the annual general meeting of the Company held on 11 September 2008. 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$234,000 in the share premium account of the Company on 30 September 2008.

During the year ended 31 March 2009, the Company issued and allotted 34,951,194 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$5,841,000 and were received in cash.

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

SHARE OPTION SCHEMES

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 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 OPTION SCHEMES (CONTINUED)

(III)	Total number of shares available for issue under the scheme and percentage of issued share capital as at 5 June 2009	:	The number of shares available for issue under the New Scheme was 70,162,849 shares representing 9.10% of the issued share capital as at 5 June 2009.
(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 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 of Hong Kong Limited (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.

SHARE OPTION SCHEMES (CONTINUED)

Movements of the share options under the Old Scheme and the New Scheme during the year ended 31 March 2009 are as follows:

Participants	Number of share options										Closing Price of the Company's shares	
	Outstanding at 1 April 2008	Granted during the year	Adjusted upon Bonus Issue on 30 September 2008	Lapsed during the year	Exercised during the year	Outstanding at 31 March 2009	Exercisable at 31 March 2009	Date of grant of share options (Note 3)	Exercise period of share options	Exercise price of share options HK$ per share (Note 1)	Immediately before the grant date HK$ per share (Note 1)	Immediately before the exercise date HK$ per share (Note 8)
Share options granted under Old Scheme												
Employees under continuous contract												
In aggregate	105,518	—	10,551	—	—	116,069	116,069	5 March 2001	5 September 2001 to 8 September 2011	0.2398	N/A	N/A
Share options granted under New Scheme												
Employees under continuous contract												
In aggregate	24,286,803	—	2,428,680	(4,126,320)	(9,835,314)	12,753,849	2,771,332	9 June 2006	9 June 2007 to 8 June 2016 (Note 4)	0.1413	N/A	0.6358
In aggregate	4,500,000	—	450,000	—	(1,386,000)	3,564,000	—	13 April 2007	13 April 2008 to 12 April 2017 (Notes 5 & 11)	0.4342	N/A	0.6360
In aggregate	800,000	—	80,000	—	—	880,000	293,333	29 February 2008	1 March 2009 to 28 February 2018 (Note 6)	0.9090	N/A	N/A
In aggregate	—	19,150,000	1,915,000	(2,612,500)	—	18,452,000	—	6 June 2008	6 June 2009 to 5 June 2018 (Note 7)	0.8309	0.8270	N/A
Employees under continuous contract granted in excess of the individual limit												
Mr. Stephen Christopher Hill	18,000,000	—	1,800,000	—	(9,900,000)	9,900,000	—	18 September 2006 (Note 2)	9 June 2007 to 8 June 2016 (Notes 4 & 10)	0.1413	N/A	0.5550
Directors												
Mr. Bernard Pouliot	10,500,000	—	1,050,000	—	(5,775,000)	5,775,000	—	18 September 2006 (Note 2)	9 June 2007 to 8 June 2016 (Note 4)	0.1413	N/A	0.5090
	—	2,500,000	250,000	—	—	2,750,000	—	6 June 2008	6 June 2009 to 5 June 2018 (Note 7)	0.8309	0.8270	N/A
Mr. Kenneth Lam Kin Hing	10,500,000	—	1,050,000	—	(5,775,000)	5,775,000	—	18 September 2006 (Note 2)	9 June 2007 to 8 June 2016 (Note 4)	0.1413	N/A	0.5090
	—	2,500,000	250,000	—	—	2,750,000	—	6 June 2008	6 June 2009 to 5 June 2018 (Note 7)	0.8309	0.8270	N/A
Mr. Richard David Winter	10,500,000	—	1,050,000	—	(5,775,000)	5,775,000	—	18 September 2006 (Note 2)	9 June 2007 to 8 June 2016 (Note 4)	0.1413	N/A	0.5090
	—	2,500,000	250,000	—	—	2,750,000	—	6 June 2008	6 June 2009 to 5 June 2018 (Note 7)	0.8309	0.8270	N/A
Other participant	—	250,000	25,000	—	—	275,000	—	6 June 2008	6 June 2009 to 5 June 2018 (Note 7)	0.8309	0.8270	N/A
	79,086,803	26,900,000	10,598,680	(6,738,820)	(38,446,314)	71,400,349	3,064,665					

Notes:

1. The exercise price of the share options, the closing 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 which became effective on 30 September 2008.

2. On 9 June 2006, the Board 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 share options to the aforesaid Company's executive directors and certain senior management of the Group was approved. Therefore, the date of grant of these aforesaid share options was 18 September 2006.

SHARE OPTION SCHEMES (CONTINUED)

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

8. The closing price of the Company's shares immediately before the exercise date disclosed above has been adjusted for the effect of Bonus Issue which became effective on 30 September 2008 and is the weighted average of the closing price of the Stock Exchange immediately before the dates on which the options were exercised.

9. Total consideration received from the grantees during the year for taking up the share options granted amounted to HK$830 (2008: HK$30).

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.

Save as disclosed above, at no time during the year ended 31 March 2009 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors 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 is no provision 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 year ended 31 March 2009, the Company repurchased 1,200,000 shares on the Stock Exchange at an aggregate consideration, including transaction costs, of approximately HK$286,000. All the repurchased shares were subsequently cancelled. The nominal value of the cancelled shares of HK$4,000 was credited to capital redemption reserve and the aggregate consideration was charged against share premium. Details of the repurchases are as follows:

Month of the repurchases	**Total no. of ordinary shares repurchased**	**Lowest price paid per share**	**Highest price paid per share**	**Aggregate consideration paid (including transaction costs)**
		HK$	HK$	HK$
October 2008	1,170,000	0.21	0.25	280,000
	30,000	0.21	0.21	6,000
Total	1,200,000			286,000

The purchases were made for the benefit of the shareholders with a view to enhancing the earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2009.

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 financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2009, the reserves available for cash distribution and/or distribution in specie, comprising contributed surplus and retained profits of the Company, amounted to HK$71,329,000. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances.

CHARITABLE CONTRIBUTIONS

During the year, the total charitable contributions made by the Group amounted to HK$20,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the financial year under review, services provided to the Group's five largest customers accounted for 14% of the total turnover for the year of HK$297 million and services provided to the largest customer included therein amounted to 4%.

Services provided from the Group's five largest suppliers accounted for 49% of the total cost of services provided for the year and services provided from the largest supplier included therein amounted to 14%.

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. Ip Shing Hing, J.P. (retired by rotation on 11 September 2008)
Mr. Jeremy Lechemere King
Mr. Robert Stephen Tait (appointed on 11 September 2008)
Dr. Tian Yuan (retired by rotation on 11 September 2008)

In accordance with bye-laws 86(2) and 87 of the Bye-laws of the Company, Mr. Bernard Pouliot and Mr. Gordon Kwong Che Keung 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 (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 2009 are set out in note 15 to the 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 emolument 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 14 to 17 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Bernard Pouliot, Mr. Kenneth Lam Kin Hing and Mr. Richard David Winter has re-entered into a new service contract with the Company, respectively dated 1 October 2008, 1 October 2008 and 17 September 2008, 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 terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under "Continuing Connected Transactions" in this directors' report and note 40 to the 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 2009, the interests and short positions of the Directors 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") under Appendix 10 of the Listing Rules were as follows:

Long Position

	Number of ordinary shares of Hong Kong one third of one cent each held						
Name of directors	**Beneficial interests**	**Family interests**	**Corporate interests**	**Total interests**	**Approximate percentage of total interests in the shares in issue** (Note 5)	**Underlying shares (share options)** (Note 4)	**Approximate percentage of total interests (including underlying shares) in the share in issue** (Note 5)
Mr. Bernard Pouliot	54,955,488	7,425,000 (Note 1)	174,799,240 (Note 2)	237,179,728	30.79%	8,525,000	31.90%
Mr. Kenneth Lam Kin Hing	100,997,520	—	100,360,306 (Note 3)	201,357,826	26.14%	8,525,000	27.25%
Mr. Richard David Winter	45,719,941	—	—	45,719,941	5.93%	8,525,000	7.04%

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 Chairman and executive Director of the Company.
3. The corporate interests are held by Olympia Asian Limited, which is beneficially owned by Mr. Kenneth Lam Kin Hing, the Deputy Chairman and executive Director of the Company.
4. Details of interests in underlying shares in respect of share options granted by the Company are set out under the section headed "Share Option Schemes" of this Directors' Report.
5. 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 2009.

Save as disclosed above, as at 31 March 2009, none of the Directors 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 2009, 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 shares in issue of the Company, were as follows:

Long Position

Name of Shareholders	Number of ordinary shares of Hong Kong one third of one cent each held: Beneficial interests	Approximate percentage of total interests in the share in issue (Note 3)
Newer Challenge Holdings Limited (Note 1)	109,335,183	14.19%
Olympia Asian Limited (Note 2)	100,360,306	13.03%
Porto Global Limited (Note 1)	65,464,057	8.49%

Notes:

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

2. Olympia Asian Limited is a company beneficially owned by Mr. Kenneth Lam Kin Hing, the Deputy Chairman and executive Director 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 2009.

Save as disclosed above, as at 31 March 2009, the Company had not been notified by any other person (other than the Directors) 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.

CONTINUING CONNECTED TRANSACTIONS

During the year, the following continuing connection transactions entered into by the Company or its subsidiaries with the connected persons were subsisting:

A) Connected Margin Loans

Transaction period	:	From 1 April 2008 to 31 March 2009
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
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 financial 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$633,000. The interest rate charged is at prime bank lending rate plus 3% to 6%. 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.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

B) Connected Dealings Services

Transaction period	:	From 1 April 2008 to 31 March 2009
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, share margin financing arrangements and portfolio management services
Total consideration and terms	:	The Company has revised the annual caps for the connected dealings services to HK$30 million for each of the three financial 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 dealings service fees charged to connected persons for the year amount to HK$11,503,000. 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 and for late settlement for cash securities accounts is at prime bank lending rate plus 3% to 6%. Performance fees for portfolio management range up to 45% of the performance derived.
Nature and extent of the 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.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

C) MAC Cooperative Agreement

Transaction period	:	From 1 April 2008 to 31 March 2009
Parties to the transaction	:	MAC and its subsidiaries and associates ("MAC Group"); and the Company
Transaction	:	Pursuant to the Cooperative Agreement entered into on 18 December 2007, 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$387,000.
Nature and extent of the connected person's 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 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 A-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.

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 36 to 43 of this annual report.

AUDITORS

The financial statements for the year ended 31 March 2009 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 forthcoming annual general meeting of the Company.

On behalf of the Board

Bernard Pouliot
Chairman

Hong Kong, 5 June 2009

Corporate Governance Report

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 2009 (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. 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 is also updated from time to time in order to keep abreast with the latest changes in the Listing Rules. It 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 2009.

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.

The Board currently has six members which comprise:

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

— three independent non-executive Directors, namely Mr. Gordon Kwong Che Keung, Mr. Jeremy Lechemere King and Mr. Robert Stephen Tait*.

* Mr. Tait was appointed on 11 September 2008.

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

The Company has three independent non-executive Directors which represents half of the Board. They are highly experienced professionals and business people with a broad range of expertise and experience in areas covering accounting, finance, human resources and business management. Mr. Kwong has appropriate professional qualification and accounting expertise as required by the Stock Exchange. He is a fellow member of the Institute of Chartered accountants in England and Wales and a former partner of a large international firm. Mr. King has extensive experience in financial services and fund management business while Mr. Tait is a specialist in human resources and administration. Our independent non-executive Directors have brought their expertise, experience, professional knowledge together with independent judgment to the Board in making strategic decisions and resolving potential conflicts of interests. They provide adequate checks and balances 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.

BOARD OF DIRECTORS (CONTINUED)

During the Year, the Board met 5 times in person or through telephone conference to approve the 2008 final results, 2008 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		
Mr. Pouliot *(Chairman)*	5/5	(100%)
Mr. Lam *(Deputy Chairman)*	5/5	(100%)
Mr. Winter *(Deputy Chairman)*	5/5	(100%)
Independent Non-executive Directors		
Mr. Kwong	5/5	(100%)
Mr. Ip Shing Hing, J.P. (retired by rotation on 11 September 2008)	1/1	(100%)
Mr. King	4/5	(80%)
Mr. Tait (appointed on 11 September 2008)	4/4	(100%)
Dr. Tian Yuan (retired by rotation on 11 September 2008)	0/1	(0%)

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 within a reasonable time for their comment and final versions of the minutes are available for inspection by all Directors at any time.

New director appointed by the Board is subjected to re-election by shareholders at the next following 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 11 September 2008, Dr. Tian Yuan and Mr. Ip Shing Hing, J.P. retired by rotation and Mr. Tait was appointed as a director of the Company.

The Company had also arranged a tailor-made induction to Mr. Tait, the newly appointed director, in order to allow him to understand his responsibilities under the relevant regulatory requirement and the operation and business 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 currently comprises three independent non-executive Directors, namely Mr. Kwong (the Chairman of the committee), Mr. King and Mr. Tait.

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 Chief Financial Officer and other senior management of the Company. The Audit Committee members also met privately with GT. 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)**	
Mr. Kwong	2/2	(100%)
Mr. King	2/2	(100%)
Mr. Ip Shing Hing, J.P. (retired by rotation on 11 September 2008)	1/1	(100%)
Mr. Tait (appointed on 11 September 2008)	1/1	(100%)

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

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

i) financial statements for the year ended 31 March 2008 and for the six months ended 30 September 2008;

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 wealth management operation; and

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

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 currently comprises three independent non-executive Directors, namely Mr. Tait (appointed as Chairman of the committee on 22 April 2009), Mr. Kwong and Mr. King and an executive Director, Mr. Winter.

During the Year, one Remuneration Committee Meeting was held and all the committee members attended the meeting.

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

i) to review and recommend to the Board for approval of 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.

BOARD COMMITTEES (CONTINUED)

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. Pouliot, Mr. Lam and Mr. Winter, and the Chief Financial Officer of the Group Mr. Kevin Graeme Sew Hoy. Meeting are held once each month.

Nomination Committee

The Company does not have a 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. Any new director appointed by the Board during the year shall be required to be offered for re-election by shareholders at the next general meeting of the Company.

AUDITORS' REMUNERATION

During the year ended 31 March 2009, 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 2009 HK$'000	2008 HK$'000
Audit fee for the Group including interim review	**1,354**	1,353
Taxation services for the Group	**189**	188
Others	**40**	10
TOTAL	**1,583**	1,551

The Audit Committee will recommend the re-appointment of GT for assurance service for the financial year ending 2010 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 2009 and of the Group's loss 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 45 to 46 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.

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 Hodgson Impey Cheng, an independent consultant, to review certain aspects of the Group's internal control and systems, including a comprehensive review of the practices and procedures, income and expenditure, and internal controls of business units which include the securities and futures dealing and wealth management of the Group.

Their results have been reported to the Audit Committee and the Board. Based on the results of the review and monthly monitoring, 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.

The last annual general meeting of the Company was held on 11 September 2008. At the meeting, the ordinary business of adopting the audited financial statements for the year ended 31 March 2008, matters including the declaration of final dividend and bonus issue, the appointment of new Director, the re-appointment of auditor and the authorization of the Directors to fix their remuneration were approved at the meeting. Ordinary resolutions providing Directors with general mandates to repurchase and issue and allot shares of the Company subject to the relevant limits under the Listing Rules were also approved. The Chairman, all executive Directors, one independent non-executive Director and GT were present and available to answer questions at the meeting. For details of the matters discussed, please refer to the circular of the Company dated 7 August 2008.

The forthcoming annual general meeting of the Company will be scheduled to be held on 31 July 2009. Details of the meeting and the necessary information on issues to be considered in the meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

CONCLUSION

The Company believes that good corporate governance practices would raise the confidence among investors towards the Company. We are 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 will keep its ongoing effort to enhance the corporate governance practices in order to meet the changing circumstances.

Corporate Information

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 Lechemere King[#]
Mr. Robert Stephen Tait[#]
(Appointed on 11 September 2008)

[#] *Independent Non-executive Director*

AUDIT COMMITTEE
Chairman: Mr. Gordon Kwong Che Keung
Members: Mr. Jeremy Lechemere King
Mr. Robert Stephen Tait

REMUNERATION COMMITTEE
Chairman: Mr. Robert Stephen Tait
(With effect from 22 April 2009)
Members: Mr. Gordon Kwong Che Keung
Mr. Jeremy Lechemere King
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

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
3rd Floor
Fung House
19-20 Connaught Road Central
Hong Kong
(With effect from 16 March 2009)

AUDITOR
Grant Thornton
Certified Public Accountants

HONG KONG LEGAL ADVISERS
Charltons
K&L Gates, Solicitors

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

STOCK CODE
00952

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

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

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 47 to 119, which comprise the consolidated and company balance sheets as at 31 March 2009, 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.

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 2009 and of the Group's loss 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

5 June 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue/Turnover	5	**296,907**	395,954
Fair value (loss)/gain on financial assets at fair value through profit or loss		**(10,382)**	236
Other operating income	6	**15,917**	24,688
Cost of services provided		**(173,028)**	(158,272)
Staff costs	9	**(77,993)**	(99,614)
Depreciation and amortisation expenses		**(4,807)**	(3,699)
Other operating expenses, net		**(47,209)**	(66,690)
Finance costs	8	**(4,739)**	(12,173)
Gain on disposal of an associate	42	**—**	27,037
Share of results of associates		**(4,398)**	(118)
(Loss)/Profit before income tax	10	**(9,732)**	107,349
Income tax credit/(expense)	11	**1,786**	(4,219)
(Loss)/Profit for the year, attributable to equity holders of the Company	12	**(7,946)**	103,130
Dividends			
Interim	13	**3,851**	9,367
Proposed final	13	**—**	17,472
		3,851	26,839
(Loss)/Earnings per share for profit attributable to equity holders of the Company during the year (2008: restated)	14		
— Basic (cents)		**(1.04)**	15.25*
— Diluted (cents)		**N/A**	13.89*

* Restated

Consolidated Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	9,367	10,145
Goodwill	17	14,695	14,695
Other intangible assets	18	1,209	3,212
Available-for-sale financial assets	21	58,546	51,572
Interest in an associate	22	34,877	38,461
Other assets	23	2,550	2,800
		121,244	120,885
Current assets			
Trade receivables	24	229,712	357,766
Short term loan receivables	25	18,563	6,251
Prepayments, deposits and other receivables		8,854	13,396
Financial assets at fair value through profit or loss	26	6,464	25,411
Tax recoverable		2,042	—
Trust time deposits held on behalf of customers	27	41,613	63,117
Trust bank balances held on behalf of customers	27	269,669	209,474
Cash and cash equivalents	28	119,440	40,001
		696,357	715,416
Current liabilities			
Trade payables	29	446,362	350,107
Borrowings	30	52,596	90,671
Provision for tax		—	2,452
Other payables and accruals		32,989	72,828
Finance lease payables	31	1,643	1,329
		533,590	517,387
Net current assets		162,767	198,029
Total assets less current liabilities		284,011	318,914
Non-current liabilities			
Finance lease payables	31	1,730	2,692
Deferred tax liabilities	32	36	36
		1,766	2,728
Net assets		282,245	316,186
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	33	2,567	2,221
Reserves	35	279,678	296,493
Proposed final dividend	13	—	17,472
Total equity		282,245	316,186

Bernard Pouliot
Director

Kenneth Lam Kin Hing
Director

Balance Sheet

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**65**	65
Investments in subsidiaries	19	**117,021**	112,223
Available-for-sale financial assets	21	**54,527**	47,553
Interest in an associate	22	**38,461**	38,461
		210,074	198,302
Current assets			
Prepayments, deposits and other receivables		**481**	474
Amounts due from subsidiaries	20(a)	**44,009**	37,473
Financial assets at fair value through profit or loss	26	**6,443**	23,971
Cash and cash equivalents	28	**663**	7,189
		51,596	69,107
Current liabilities			
Other payables and accruals		**1,589**	4,286
Finance lease payables	31	**1,643**	1,329
Amounts due to subsidiaries	20(b)	**108,275**	65,900
		111,507	71,515
Net current liabilities		**(59,911)**	(2,408)
Total assets less current liabilities		**150,163**	195,894
Non-current liabilities			
Finance lease payables	31	**1,730**	2,692
Net assets		**148,433**	193,202
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	33	**2,567**	2,221
Reserves	35	**145,866**	173,509
Proposed final dividend	13	**—**	17,472
Total equity		**148,433**	193,202

Bernard Pouliot
Director

Kenneth Lam Kin Hing
Director

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		**(9,732)**	107,349
Adjustments for:			
Dividend income from listed investments		**(1,563)**	(861)
Interest income from banks and others		**(4,461)**	(12,639)
Finance charges on finance lease		**253**	200
Gain on disposal of an associate	42	**—**	(27,037)
Loss on disposal of property, plant and equipment		**—**	5
Loss on deemed disposal of an associate		**—**	67
Gain on disposal of an intangible asset		**(265)**	—
Depreciation of property, plant and equipment		**3,038**	1,930
Amortisation of other intangible assets		**1,769**	1,769
Write back for provision for impairment of short term loan receivables		**—**	(1,200)
Provision for impairment of trade receivables		**1,644**	26,222
Provision for impairment of other receivables		**—**	6
Share-based compensation		**5,925**	4,575
Share of results of associates		**4,398**	118
Operating profit before working capital changes		**1,006**	100,504
Decrease/(Increase) in other assets		**250**	(350)
Decrease in trade receivables, short term loan receivables, prepayments, deposits and other receivables		**118,413**	96,023
Decrease in amount due from an associate		**—**	517
Increase in financial assets at fair value through profit or loss	43(b)	**(4,873)**	(8,347)
Increase in trust bank balances and trust time deposits held on behalf of customers		**(38,691)**	(29,827)
Increase/(Decrease) in trade payables, other payables and accruals		**56,416**	(29,475)
Decrease in borrowings		**(38,075)**	(124,948)
Cash generated from operations		**94,446**	4,097
Income tax paid		**(2,566)**	(2,734)
Dividend paid		**(21,383)**	(16,143)
Net cash generated from/(used in) operating activities		**70,497**	(14,780)

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from investing activities			
Interest received from bank and others		**4,461**	12,639
Dividend income from listed securities		**1,563**	861
Decrease in interest in an associate		**—**	20
Purchase of property, plant and equipment	43(a)	**(1,407)**	(3,796)
Purchase of available-for-sale financial assets		**—**	(38,698)
Proceeds from disposal of an intangible asset		**499**	—
Proceeds from disposal of an associate	42	**—**	26,542
Acquisition of an associate		**—**	(10,736)
Net cash generated from/(used in) investing activities		**5,116**	(13,168)
Cash flows from financing activities			
Exercise of share options		**5,841**	6,659
Repurchase of shares		**(286)**	—
Capital elements of finance lease liabilities		**(1,476)**	(955)
Interest elements of finance lease payments		**(253)**	(200)
Net cash generated from financing activities		**3,826**	5,504
Net increase/(decrease) in cash and cash equivalents		**79,439**	(22,444)
Cash and cash equivalents at the beginning of the year		**40,001**	62,445
Cash and cash equivalents at the end of the year	28	**119,440**	40,001

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Equity attributable to equity holders of the Company									
	Share capital	Share premium	Available-for-sale financial assets revaluation reserve	Contributed surplus	Share option reserve	Capital redemption reserve	Exchange reserve	Retained profits	Proposed final dividend	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
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 and 1 April 2008	2,221	79,059	(5,274)	20,708	5,532	932	137	195,399	17,472	316,186
Translation differences	—	—	—	—	—	—	(60)	—	—	(60)
Changes in fair value of available-for-sale financial assets	—	—	(16,846)	—	—	—	—	—	—	(16,846)
Share of a reserve of an associate	—	—	814	—	—	—	—	—	—	814
Total income and expenses recognised directly in equity	—	—	(16,032)	—	—	—	(60)	—	—	(16,092)
Loss for the year	—	—	—	—	—	—	—	(7,946)	—	(7,946)
Total recognised income and expense for the year	—	—	(16,032)	—	—	—	(60)	(7,946)	—	(24,038)
Additional 2008 final dividend	—	—	—	—	—	—	—	(60)	60	—
Exercise of share options	116	9,023	—	—	(3,298)	—	—	—	—	5,841
Bonus issue	234	(234)	—	—	—	—	—	—	—	—
Repurchase of shares	(4)	(286)	—	—	—	4	—	—	—	(286)
Share-based compensation	—	—	—	—	5,925	—	—	—	—	5,925
Payment of final 2008 dividend	—	—	—	—	—	—	—	—	(17,532)	(17,532)
Interim dividend	—	—	—	—	—	—	—	(3,851)	—	(3,851)
At 31 March 2009	**2,567**	**87,562**	**(21,306)**	**20,708**	**8,159**	**936**	**77**	**183,542**	**—**	**282,245**

* 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 3/F., Fung House, 19–20 Connaught 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, the provision of fund management services and wealth management services

— website management and related services

— provision of advisory services

— investment holding and securities trading

The financial statements on pages 47 to 119 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 ("HKASs") 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 (the "Listing Rules").

The financial statements for the year ended 31 March 2009 were approved for issue by the board of directors on 5 June 2009.

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 Impact of new and amended 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 for the annual period beginning on 1 April 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets

The impact to the Group's financial statements as a result of the adoption of the amendments to HKAS 39 and HKFRS 7 is detailed in note 21 to the financial statements. No prior period adjustment is required.

2. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

2.2 Impact of new and amended HKFRSs which are issued but not yet effective

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

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 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combination[2]
HKFRS 7 (Amendment)	Financial Instruments: Disclosure — Improving Disclosures about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement — Embedded Derivatives[5]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[2]
HK(IFRIC) — Int 18	Transfer of Assets from Customers[2]
Various	Annual Improvements to HKFRSs 2008[6]
Various	Annual Improvements to HKFRSs 2009[7]

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 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Effective for annual periods ending on or after 30 June 2009
6 Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS
7 Generally effective for annual periods beginning on or after 1 January 2010 unless otherwise stated in the specific HKFRS

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncements.

Among these new standards and interpretations, HKAS 1(Revised) Presentation of Financial Statements is expected to be relevant to the Group's financial statements. This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. The Group 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 comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 Operating Segments may result in new or amended disclosures. The directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The directors of the Company are currently assessing the impact of the other new and amended HKFRSs upon initial application but are not yet in a position to state whether they would have material financial impact on the Group's results and financial position.

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 to the financial statements.

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 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 estimation of 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 to the financial statements) 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.

In the Company's balance sheet, investment in an associate is stated at cost less any impairment losses. The result of an associate is accounted for by the Company on the basis of dividends received and receivable.

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 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.

3.7 Borrowing costs

All borrowing costs are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 to the financial statements.

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 to the financial statements).

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 income statement.

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.

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' residual values, depreciation methods and 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of non-financial 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.

An impairment loss on goodwill is not reversed in subsequent periods including impairment losses recognised in an interim period. 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Leases (Continued)

Assets acquired under finance leases

Where the Group acquires the use of the 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.

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.

3.13 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial assets (Continued)

At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include 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, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. 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 or interest earned on these financial assets, which are recognised in accordance with the policy set out in note 3.6 to the financial statements.

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

— the assets are part of a group of financial assets which are managed and their performance is 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. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial assets (Continued)

Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sales 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 excluding any dividend and interest income is recognised directly in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recycled to the income statement. Interest calculated using the effective interest method is recognised in 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.

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.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Financial assets (Continued)

If any such evidence exists, the impairment loss is measured and recognised as follows:

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.

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.

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.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in income statement.

Impairment losses recognised in an interim period in respect of available for sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period.

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, including existing taxable temporary difference, 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.

3.19 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 finance costs in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Financial liabilities (Continued)

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.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 3.12 to the financial statements).

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 and other payables

Trade and other 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 of the amount of the obligation 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.

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 future uncertain 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

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 include corporate expenses and other expenses that cannot be allocated on a reasonable basis to the reportable segments. 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.

3.23 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Related parties (Continued)

(iv) the party is a member of key management personnel of the Group, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

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.

4.1 Critical accounting estimates and assumptions

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 include 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 because the range of reasonable fair value estimates is very significant. Accordingly the Group has reflected these available-for-sale financial assets at cost less accumulated impairment losses.

The carrying amount of the Group's available-for-sale investments at 31 March 2009 was HK$58,546,000, 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 collectability 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 others 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.

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 2009, 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 to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Critical judgements in applying the entity's accounting policies

Impairment of available-for-sale financial assets

The Group follow the guidance of HKAS 39 — *Financial Instruments: Recognition and Measurement* to determine whether an available-for-sale investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than the cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, change in technology and operational and financing cash flow.

5. REVENUE/TURNOVER

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

	2009 HK$'000	2008 HK$'000
Advertising and content fee income	3,535	2,975
Website management and related services fee income	20,420	20,541
Commission and performance fee income on securities and futures broking	213,982	206,695
Advisory fee income	20,185	22,152
Placement and underwriting fee income	10,494	30,879
Income from margin financing and money lending operations	12,856	34,185
Asset management fee income	12,583	74,155
Wealth management service fee income	2,852	4,372
	296,907	395,954

6. OTHER OPERATING INCOME

	2009 HK$'000	2008 HK$'000
Interest income from banks and others	4,461	12,639
Exchange gains, net	1,074	3,946
Write back for provision for impairment of short-term loan receivables	—	1,200
Dividend income from listed investments	1,563	861
Gain on disposal of an intangible asset	265	—
Sundry income	8,554	6,042
	15,917	24,688

7. SEGMENT INFORMATION

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 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, referral tools to online customers and research services; and

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

7. SEGMENT INFORMATION (CONTINUED)

Primary reporting format — business segments (Continued)

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.

2009	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	227,328	12,856	20,185	12,583	23,955	—	—	296,907
Inter-segment sales	—	—	2,262	4,400	9,814	—	(16,476)	—
Total	227,328	12,856	22,447	16,983	33,769	—	(16,476)	296,907
Segment results	11,039	520	2,140	1,066	16	(13,347)		1,434
Unallocated income								6,024
Unallocated corporate expenses								(12,792)
Share of results of an associate								(4,398)
Loss before income tax								(9,732)
Income tax credit								1,786
Loss for the year								(7,946)
Segment assets	576,017	95,410	13,551	4,201	8,896	65,010		763,085
An associate								34,877
Unallocated assets								19,639
Total assets								817,601
Segment liabilities	458,288	53,757	3,257	2,610	10,330	—		528,242
Unallocated liabilities								7,114
Total liabilities								535,356
Other segment information								
Depreciation and amortisation:								
Segmented	3,314	—	95	43	1,340	—		4,792
Unallocated								15
								4,807
Capital expenditure	1,268	—	12	52	888	15		2,235
Other non-cash expenses	1,474	1,450	663	241	1,113	—		4,941

7. SEGMENT INFORMATION (CONTINUED)

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 associates								(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

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 2% of the Group's revenue.

8. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Finance charges on finance lease	**253**	200
Interest on bank loans and other borrowings wholly repayable within five years	**4,486**	11,973
	4,739	12,173

9. STAFF COSTS

	2009 HK$'000	2008 HK$'000
Directors' emoluments (Note 15)		
Fees, salaries, allowances and benefits in kind	**12,496**	22,646
Share-based compensation	**2,211**	1,917
Retirement benefits scheme contributions	**36**	36
	14,743	24,599
Other staff		
Wages and salaries	**56,379**	69,800
Share-based compensation	**3,714**	2,658
Retirement benefits scheme contributions	**1,519**	1,427
Other staff benefits	**1,638**	1,130
	63,250	75,015
	77,993	99,614

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$1,555,000 (2008: HK$1,463,000) represents contributions payable to the scheme by the Group at the rate specified in the rules of the scheme.

10. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2009 HK$'000	2008 HK$'000
Auditors' remuneration:		
Provision for the year	1,600	1,489
Under provision in prior years	6	5
	1,606	1,494
Amortisation of other intangible assets	1,769	1,769
Depreciation of property, plant and equipment		
Owned assets	1,948	1,398
Leased assets	1,090	532
	4,807	3,699
Loss on disposal of property, plant and equipment	—	5
Minimum lease payments under operating leases in respect of land and buildings	14,060	9,671
Provision for impairment of trade receivables	1,644	26,222
Provision for impairment of other receivables	—	6

11. INCOME TAX CREDIT/(EXPENSE)

For the year ended 31 March 2009, no Hong Kong profits tax was provided in the financial statements as companies within the Group either did not derive any assessable profit in Hong Kong or had unused tax losses brought forward to offset against the current year's assessable profits in Hong Kong.

For the year ended 31 March 2008, Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the year. Tax on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The Government of the Hong Kong Special Administrative Region enacted a reduction in the profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009.

	2009 HK$'000	2008 HK$'000
Current tax (credit)/expense		
— Hong Kong		
Tax for the year	—	4,200
(Over)/Under-provision in prior years	(1,786)	19
	(1,786)	4,219

11. INCOME TAX CREDIT/(EXPENSE) (CONTINUED)

Reconciliation between tax (credit)/expense and accounting (loss)/profit at applicable tax rates is as follows:

	2009 **HK$'000**	2008 HK$'000
(Loss)/Profit before income tax	**(9,732)**	107,349
Tax at Hong Kong profits tax rate of 16.5% (2008: 17.5%)	**(1,606)**	18,786
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(65)**	(73)
Tax effect of non-deductible expenses	**8,360**	11,077
Tax effect of non-taxable revenues	**(6,824)**	(21,257)
Tax losses not recognised as deferred tax asset	**1,018**	372
Tax effect of previous years' unrecognised tax losses utilised this year	**(1,004)**	(4,351)
Other temporary differences not recognised	**121**	(354)
(Over)/Under-provision in prior years	**(1,786)**	19
Income tax (credit)/expense	**(1,786)**	4,219

12. (LOSS)/PROFIT FOR THE YEAR, ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss for the year attributable to equity holders of the Company of HK$7,946,000 (2008: a profit of HK$103,130,000) includes a loss of HK$18,020,000 (2008: a profit of HK$30,629,000) 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:

	2009 **HK$'000**	2008 HK$'000
Interim dividend of HK0.50 cents per ordinary share (2008: HK1.50 cents per ordinary share)	**3,851**	9,367
Proposed final dividend (2008: HK2.50 cents per ordinary share)	**—**	17,472
	3,851	26,839

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

13. DIVIDENDS (CONTINUED)

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

	2009	2008
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK2.50 cents per ordinary share (2008: HK2.00 cents per ordinary share)	**17,532***	6,776

* The actual final dividends paid for 2008 was HK$17,532,000 due to additional shares issued before 11 September 2008, the date of closure of the register of members.

14. (LOSS)/EARNINGS PER SHARE

During the year, the Company made a bonus issue of ordinary shares on the basis of one new share of par value of HK one third of one cent each for every ten existing shares of par value of HK one third of one cent each on 30 September 2008 ("Bonus Issue"). The comparative figures of the basic and diluted earnings per share have been restated for the effect of the Bonus Issue.

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of HK$7,946,000 (2008: profit of HK$103,130,000) and on the weighted average of 763,178,376 (2008: 676,289,324, as restated) ordinary shares in issue during the year.

(b) Diluted (loss)/earnings per share

For the year ended 31 March 2009, diluted loss per share was not presented because the impact of the exercise of the share options was anti-dilutive.

For the year ended 31 March 2008, 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 and the weighted average of 742,561,443 (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 676,289,324 (as restated) ordinary shares in issue during the year plus the weighted average of 66,272,119 (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

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
2009					
Executive Directors					
Mr. Bernard Pouliot	—	4,132	737	12	4,881
Mr. Kenneth Lam Kin Hing	—	4,156	737	12	4,905
Mr. Richard David Winter	—	3,706	737	12	4,455
Independent Non-Executive Directors					
Mr. Gordon Kwong Che Keung	161	—	—	—	161
Mr. Jeremy Lechemere King	141	—	—	—	141
Dr. Tian Yuan (Note a)	59	—	—	—	59
Mr. Ip Shing Hing, J.P. (Note a)	62	—	—	—	62
Mr. Robert Stephen Tait (Note b)	79	—	—	—	79
	502	11,994	2,211	36	14,743

	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 Lechemere King	139	—	—	—	139
Dr. Tian Yuan (Note a)	135	—	—	—	135
Mr. Ip Shing Hing, J.P. (Note a)	140	—	—	—	140
	568	22,078	1,917	36	24,599

There was no arrangement under which a director waived or agreed to waive any remuneration in respect of the years ended 31 March 2009 and 2008.

During the years ended 31 March 2009 and 2008, 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.

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

Directors' emoluments (Continued)

Notes:

(a) Dr. Tian Yuan and Mr. Ip Shing Hing, J.P. were appointed on 18 September 2006 and retired by rotation on 11 September 2008.

(b) Mr. Robert Stephen Tait was appointed on 11 September 2008.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2008: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2008: two) individuals during the year are as follows:

	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**6,797**	9,986
Share-based compensation	**205**	1,140
Retirement benefits scheme contributions	**24**	24
	7,026	11,150

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

	Number of individuals	
	2009	2008
Emolument bands		
HK$2,000,001–HK$2,500,000	**1**	—
HK$4,500,001–HK$5,000,000	**1**	1
HK$6,000,001–HK$6,500,000	**—**	1
	2	2

During the years ended 31 March 2009 and 2008, 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 1 April 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
Year ended 31 March 2009			
Opening net book amount	997	9,148	10,145
Additions	744	1,491	2,235
Depreciation	(365)	(2,673)	(3,038)
Translation differences	—	25	25
Closing net book amount	**1,376**	**7,991**	**9,367**
At 31 March 2009			
Cost	**4,093**	**28,686**	**32,779**
Accumulated depreciation	**(2,717)**	**(20,695)**	**(23,412)**
Net book amount	**1,376**	**7,991**	**9,367**

Furniture, fixtures and equipment of net book value of HK$3,819,000 (2008: HK$4,418,000) 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 1 April 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
Year ended 31 March 2009			
Opening net book amount	—	65	65
Additions	—	15	15
Depreciation	—	(15)	(15)
Closing net book amount	**—**	**65**	**65**
At 31 March 2009			
Cost	**291**	**162**	**453**
Accumulated depreciation	**(291)**	**(97)**	**(388)**
Net book amount	**—**	**65**	**65**

17. GOODWILL

Group

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

	2009	2008
	HK$'000	HK$'000
At 1 April and 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 dealings 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 10%.

The key assumptions used in the budget plan are:

(i) that revenue will grow 10% per annum up to financial year 2012 and thereafter stay constant starting from financial year 2013;

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

The Group 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
At 1 April 2007	
Cost	14,550
Accumulated amortisation	(9,569)
Net book amount	4,981
Year ended 31 March 2008	
Opening net book amount	4,981
Amortisation charge	(1,769)
Closing net book amount	3,212
At 31 March 2008	
Cost	14,550
Accumulated amortisation	(11,338)
Net book amount	3,212
Year ended 31 March 2009	
Opening net book amount	3,212
Disposals	(234)
Amortisation charge	(1,769)
Closing net book amount	**1,209**
At 31 March 2009	
Cost	**12,400**
Accumulated amortisation	**(11,191)**
Net book amount	**1,209**

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

19. INVESTMENTS IN SUBSIDIARIES

	Company 2009 HK$'000	Company 2008 HK$'000
Investments		
Unlisted shares, at cost (Note (a))	**162,917**	161,417
Arising from share-based compensation (Note (b))	**7,642**	4,344
	170,559	165,761
Less: Provision for impairment	**(53,538)**	(53,538)
	117,021	112,223

Notes:

(a) Particulars of the principal subsidiaries as at 31 March 2009 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 Asset Management (BVI) Ltd.*	British Virgin Islands	5,000 ordinary shares of US$1 each	—	100	Provision of fund management services in Singapore
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 Capital (Holdings) Limited	Hong Kong	78,260,002 ordinary shares of HK$1 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 Corporate Services Limited*	Hong Kong	2 ordinary shares of HK$1 each	100	—	Secretarial services 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 2009 are as follows: (Continued)

Name	Place of incorporation	Particulars of issued capital	Proportion of nominal value of issued share capital held by the Company		Principal activities and place of operations
			Directly %	Indirectly %	
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.net Limited*	Hong Kong	8,119,974 ordinary shares of HK$1 each	100	—	Investment holding in Hong Kong
Quam Securities Company Limited	Hong Kong	9,700,000 ordinary shares of HK$10 each	—	100	Securities dealing and futures broking in Hong Kong
Quam Ventures (BVI) Limited*	British Virgin Islands	1 ordinary share of US$1 each	—	100	Investment holding in Hong Kong
Quam Wealth Management Limited*	Hong Kong	1,000,000 ordinary shares of HK$1 each	—	100	Provision of insurance broker business and wealth management
Well Foundation Company Limited*	Hong Kong	2 ordinary shares of HK$10 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

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 rendered to these subsidiaries.

20. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company	
	2009	2008
	HK$'000	HK$'000
Amounts due from subsidiaries	**283,412**	276,876
Less: Provision for impairment	**(239,403)**	(239,403)
	44,009	37,473

The amounts due are unsecured, interest-free and repayable on demand.

(b) Amounts due to subsidiaries

For the year ended 31 March 2009, the amounts due are unsecured and repayable on demand. The amounts due are interest-free except for the amounts of HK$32,400,000 and HK$50,000,000 which bore interest at Hong Kong Dollars Best Lending Rate less 3% per annum and at 6% per annum respectively.

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.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities in Thailand, at market value (Note (a))	**40,398**	33,424	**40,398**	33,424
Unlisted equity securities				
At cost (Note (b))	**29,896**	29,896	**14,129**	14,129
Less: Provision for impairment	**(11,748)**	(11,748)	**—**	—
	18,148	18,148	**14,129**	14,129
	58,546	51,572	**54,527**	47,553

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

Notes:

(a) During the period from July 2007 to February 2008, the Company acquired 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 (equivalent to HK$38,698,000), representing approximately 5.1% of the entire issued share capital of Seamico. This investment was classified as an available-for-sale financial asset ("AFS") upon initial recognition as this was held for strategic investment purposes. The total consideration was settled by the Company 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 derivatives trading.

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

During the period from February 2008 to July 2008, the Company acquired a further 41,674,792 shares in Seamico at a total consideration of THB129,758,000 (equivalent to HK$31,990,000) representing approximately 5% of the entire issued share capital of Seamico. This investment was classified as financial assets at fair value through profit or loss ("FVTPL") upon initial recognition as this was held for short-term profit taking.

Pursuant to the amendments to HKAS 39 and HKFRS 7 "Reclassification of Financial Assets" (the "Amendments"), the Company elected to reclassify the 41,674,792 shares of Seamico out of the FVTPL to AFS on 31 October 2008 as these shares were no longer held for the purpose of being sold or repurchased in the near term but for strategic investment purposes as a result of the exceptional turbulence in the world's financial markets in the third quarter of 2008. The Amendments permitted the Company to reclassify financial assets on a partially retrospective basis from 1 July 2008, as this retrospective basis did not extend to a date before 1 July 2008. The Company has applied the transitional provision of the Amendments to reclassify these shares prospectively on 2 July 2008 (the "Reclassification"). The financial assets being reclassified from FVTPL to AFS amounted to HK$23,820,000.

Prior to the Reclassification, a fair value loss on the financial assets being reclassified amounting to HK$8,134,000 has been recognised in profit and loss during the year. The fair value loss recognised in profit or loss prior to the Reclassification cannot be reversed. Subsequent to the Reclassification, a fair value loss on the financial assets being reclassified amounting to HK$3,823,000 has been recognised in the available-for-sale financial assets revaluation reserve in equity. This Reclassification has resulted in an increase in fair value loss directly recognised in the available-for-sale financial assets revaluation reserve in equity for the year by HK$3,823,000 and a decrease in loss per share for the year by HK0.50 cents.

Had there been no such Reclassification, HK$3,823,000 fair value loss would have been recognised in profit or loss for the year and the loss per share for the year would be HK1.54 cents. The total fair value loss that would have been recognised in profit or loss for the year if the financial assets had not been reclassified amounted to HK$11,957,000.

As at 31 March 2008, a fair value loss on the financial assets being reclassified amounted to HK$57,000.

As at 31 March 2009, the carrying amount which was also the fair value of the financial assets being reclassified amounted to HK$19,996,000.

As at 31 March 2009, the Company had a total of 84,193,700 common shares of Seamico representing approximately 10.1% of the entire issued share capital of Seamico, being classified as AFS. The fair value of the interest in Seamico is based on the last quoted market bid price on the SET at the balance sheet date. During the year, the total fair value loss recognised directly in the available-for-sale financial assets revaluation reserve in equity amounted to HK$16,846,000 (31 March 2008: HK$5,274,000).

(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 2009 was HK$14,129,000 (2008: HK$14,129,000).

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	
		2009	2008	**2009**	2008
				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% (2008: 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.

The Group's and the Company's investments in unlisted equity securities are stated at cost less accumulated impairment losses at each balance sheet date, as these investments do not have a quoted price in an active market and because the range of reasonable fair value estimates is considered so significant that their fair values cannot be measured reliably.

The directors of the Group and the Company do not intend to dispose of the Group's and the Company's investments in unlisted equity securities within 12 months after the balance sheet date.

22. INTEREST IN AN ASSOCIATE

	Group	
	2009	2008
	HK$'000	HK$'000
Share of net assets	**22,683**	26,267
Goodwill on acquisition	**12,194**	12,194
At 31 March	**34,877**	38,461

The movement of goodwill is set out below:

	Group	
	2009	2008
	HK$'000	HK$'000
Net book amount at 1 April	**12,194**	—
Arising from acquisition of an associate (Note (a))	**—**	12,323
Arising from deemed disposal of an associate (Note (b))	**—**	(129)
At 31 March	**12,194**	12,194

22. INTEREST IN AN ASSOCIATE (CONTINUED)

	Company 2009 HK$'000	2008 HK$'000
Unlisted shares, at cost	**38,461**	38,461

Particulars of the associate at 31 March 2009 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 13,186,893 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 satisfied 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 Shares, 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.

(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 on 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:

	2009 HK$'000	2008 HK$'000
Assets	**102,086**	124,073
Liabilities	**(2,119)**	(8,314)
Revenue	**5,702**	45
Loss for the year	**(19,381)**	(869)

23. OTHER ASSETS

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

24. TRADE RECEIVABLES

	Group	
	2009	2008
	HK$'000	HK$'000
Trade receivables	**246,068**	392,661
Less: provision for impairment of trade receivables	**(16,356)**	(34,895)
Trade receivables — net	**229,712**	357,766

The Group's trade receivables as at 31 March 2009 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. 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.

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

	Group	
	2009	2008
	HK$'000	HK$'000
Repayable on demand — margin clients receivable	**94,557**	233,324
0–30 days	**134,228**	117,047
31–60 days	**220**	1,356
61–90 days	**274**	5,426
91–180 days	**224**	303
181–360 days	**97**	305
Over 360 days	**112**	5
	229,712	357,766

Included in the Group's margin clients receivable was an amount due from a director of HK$2,865,000 (2008: HK$12,831,000 for two directors) in respect of transactions in securities as at 31 March 2009, further details of which are set out in note 36 to the financial statements.

24. TRADE RECEIVABLES (CONTINUED)

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	
	2009	2008
	HK$'000	HK$'000
Balance at the beginning of the year	**34,895**	9,828
Impairment losses recognised	**1,644**	26,222
Amount written off as uncollectible	**(20,183)**	(1,155)
Balance at the end of the year	**16,356**	34,895

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$16,356,000 (2008: HK$34,895,000) with a carrying amount of HK$26,959,000 (2008: HK$51,866,000). 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$12,519,000 (2008: HK$15,739,000) 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 follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**84,355**	222,349
0–30 days past due	**134,075**	115,682
31–60 days past due	**220**	1,140
61–90 days past due	**274**	1,206
91–180 days past due	**179**	303
181–360 days past due	**1**	110
Over 360 days past due	**5**	5
	219,109	340,795

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	
	2009	2008
	HK$'000	HK$'000
In respect of commercial loans		
— secured	**17,539**	6,251
— unsecured	**1,067**	43
Gross loan receivables (Note (a))	**18,606**	6,294
Less: provision for impairment of loan receivables (Note (b))	**(43)**	(43)
Net carrying amount	**18,563**	6,251

Notes:

(a) The loan receivables bear interest at fixed annual rates ranging from 5.25% to 10.25% (2008: 6.50% to 9.25%). The repayment terms of the loans are negotiated on an individual basis. The maturity profile of the loan receivables at the balance sheet date, which is analysed by the remaining periods to their contractual maturity dates, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Repayable on demand	**1,222**	5,091
Three months or less	**17,384**	1,203
	18,606	6,294

The following is the aging of loan receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**17,384**	6,251
0–60 days past due	**1,179**	—
	18,563	6,251

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

25. SHORT TERM LOAN RECEIVABLES (CONTINUED)

Notes: (Continued)

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

	Group	
	2009	2008
	HK$'000	HK$'000
Balance at the beginning of the year	**43**	1,243
Impairment losses reversed based on settlement received	**—**	(1,200)
Balance at the end of the year	**43**	43

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 (2008: HK$43,000) with a gross carrying amount of HK$43,000 (2008: HK$43,000). 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 loan receivables approximate their fair values.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed equity securities, at market value:				
Hong Kong	**6,460**	8,695	**6,443**	8,649
Elsewhere	**4**	15,340	**—**	15,322
Overseas unlisted equity securities, at fair value#	**—**	1,376	**—**	—
	6,464	25,411	**6,443**	23,971
Fair value of listed securities	**6,464**	24,035	**6,443**	23,971

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.

Notes:

(a) On 31 October 2008, the Company reclassified 41,674,792 shares of Seamico from financial assets at fair value through profit or loss to available-for-sale financial assets according to the amendments to HKAS 39 and HKFRS 7 "Reclassification of Financial Assets", details of which have been disclosed in note 21 to the financial statements.

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

(c) 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 consolidated cash flow statement.

(d) The fair value of the Group's investments in listed securities has been determined by reference to their quoted bid prices at the balance sheet date.

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 2009, the Group's client's monies placed on 1 day to 1 month (2008: 1 to 7 days) short term time deposits amounted to HK$41,613,000 (2008: HK$63,117,000) with floating interest rates ranging from 0.0001% to 3.85% per annum at 31 March 2009 (2008: 0.91% to 4.88% 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	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**85,921**	36,568	**663**	7,189
Short term time deposits	**33,519**	3,433	**—**	—
	119,440	40,001	**663**	7,189

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 0.10% to 3.55% (2008: 0.9% to 4.7%) per annum.

Included in cash and bank balances of the Group is HK$905,000 (2008: HK$949,000) of bank balances denominated in Renminbi ("RMB") placed with banks in Mainland China. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

29. TRADE PAYABLES

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

	Group	
	2009	2008
	HK$'000	HK$'000
Repayable on demand:		
Securities transactions		
— margin clients payable	**34,208**	89,646
— cash clients payable	**166,074**	119,922
Futures and options contracts		
— clients payable	**235,154**	126,816
	435,436	336,384
Within 180 days	**10,864**	13,642
Over 180 days	**62**	81
	446,362	350,107

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 were amounts due to directors of HK$230,000 (2008: HK$15,000 for a director) in respect of transactions in securities as at 31 March 2009.

Included in above, there was an amount due to a director of HK$6,711,000 (2008: HK$5,581,000) in respect of transactions in futures as at 31 March 2009.

30. BORROWINGS

	Group	
	2009	2008
	HK$'000	HK$'000
Bank loans (secured)	**17,596**	40,671
Other loan (unsecured)	**35,000**	50,000
Total	**52,596**	90,671

30. BORROWINGS (CONTINUED)

At 31 March 2009, the Group's borrowings were repayable as follows:

	2009		2008	
	Bank loans	**Other loan**	Bank loans	Other loan
	HK$'000	**HK$'000**	HK$'000	HK$'000
On demand	**17,596**	**—**	31,469	10,000
Within one year	**—**	**35,000**	9,202	40,000
Total	**17,596**	**35,000**	40,671	50,000

Notes:

(a) The bank loans of the Group were secured by marketable securities of HK$99 million (2008: HK$214 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 amounting to HK$3.5 million (2008: HK$4.6 million). As at 31 March 2008, the bank loans of the Group were also secured by cash at bank amounting to HK$406,000. The bank loans of the Group bear floating interest rates ranging from 1.8% to 6.4% per annum (2008: 3.6% to 7.8% per annum).

(b) As at 31 March 2009, other loan of HK$35,000,000 is a one year loan at fixed interest rate of 6% per annum and is repayable on 31 July 2009.

As at 31 March 2008, other loan of HK$40,000,000 is a one year loan at a fixed interest rate of 8% per annum and is repayable on 31 July 2008. Other loan of HK$10,000,000 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	
	2009	2008
	HK$'000	HK$'000
Hong Kong dollars	**35,000**	64,202
United States dollars	**17,596**	26,469
	52,596	90,671

31. FINANCE LEASE PAYABLES

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

Group and Company

	2009 **HK$'000**	2008 HK$'000
Total minimum lease payments:		
Due within one year	**1,824**	1,554
Due in the second to fifth years	**1,835**	2,908
	3,659	4,462
Future finance charges on finance leases	**(286)**	(441)
Present value of finance lease liabilities	**3,373**	4,021
The present value of finance lease liabilities is as follows:		
Due within one year	**1,643**	1,329
Due in the second to fifth years	**1,730**	2,692
	3,373	4,021
Less: Portion due within one year included under current liabilities	**(1,643)**	(1,329)
Non-current portion included under non-current liabilities	**1,730**	2,692

The Company has entered into finance leases for certain items of furniture, fixtures and equipment with remaining lease terms ranging from one to three years. Interest rate under the leases is fixed ranging from 6% to 8% (2008: 6% to 8%) per annum. These leases do not have options to renew or any contingent rental provisions.

32. DEFERRED TAX

Group

As at 31 March 2009, a provision was made for deferred tax liabilities of HK$36,000 (2008: HK$36,000) calculated at the rate of 16.5% (2008: 17.5%) in respect of the temporary difference arising from accelerated depreciation allowances.

As at 31 March 2009, the principal components of the Group's unrecognised deferred tax assets/(liabilities) calculated at 16.5% (2008: 17.5%) on the cumulative temporary differences are analysed as follows:

	2009 **HK$'000**	2008 HK$'000
Accelerated depreciation allowances	**(572)**	(741)
Tax losses	**18,959**	19,463
Other temporary differences	**931**	1,089
	19,318	19,811

32. DEFERRED TAX (CONTINUED)

Group (Continued)

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$114,906,000 (2008: HK$111,214,000) 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 2009 and 31 March 2008, the Company did not have any material temporary differences.

33. SHARE CAPITAL

	Notes	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 2007		20,000,000,000	—	100,000
Share subdivision	(a)	(20,000,000,000)	30,000,000,000	—
At 31 March 2008 and 2009		—	30,000,000,000	100,000
Issued and fully paid:				
1 April 2007		323,411,890	—	1,617
Exercise of share options	(b)	15,405,997	—	77
Bonus issue	(c)	67,763,577	—	339
Share subdivision	(a)	(406,581,464)	609,872,196	—
Exercise of share options	(d)	—	14,722,159	49
Issue of shares	(e)	—	41,701,307	139
At 31 March 2008 and 1 April 2008		—	666,295,662	2,221
Exercise of share options	(f)	—	34,951,194	116
Bonus issue	(g)	—	70,124,685	234
Repurchase of shares	(h)	—	(1,200,000)	(4)
At 31 March 2009		—	770,171,541	2,567

Notes:

(a) 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. 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.

33. SHARE CAPITAL (CONTINUED)

Notes: (Continued)

(b) 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.

(c) 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 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 share of the Company and the Company did not allot any fractions of bonus shares.

(d) 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 David 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.

(e) 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) to the financial statements 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) to the financial statements.

(f) 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 30 June 2008.

Mr. Kenneth Lam Kin Hing, 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 30 June 2008.

Mr. Richard David 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 30 June 2008.

Certain employees of the Group had exercised their rights to convert their 17,941,194 share options at the exercise price of HK$0.1555 each into 17,941,194 ordinary shares of HK one third of one cent each of the Company during 26 May 2008 to 2 September 2008.

One employee of the Group had exercised his rights to convert his 1,260,000 share options at the exercise price of HK$0.4777 each into 1,260,000 ordinary shares of HK one third of one cent each of the Company on 18 July 2008.

33. SHARE CAPITAL (CONTINUED)

Notes: (Continued)

(g) On 9 July 2008, the directors of the Company 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, and this was approved by the shareholders at the annual general meeting of the Company held on 11 September 2008. The bonus shares had been credited as fully paid by way of capitalisation of an amount of about HK$234,000 in the share premium account of the Company on 30 September 2008. 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.

(h) During the year, the Company repurchased and cancelled 1,200,000 of its ordinary shares of HK one third of one cent each from the market at total amount of HK$286,000. The aggregate price of HK$286,000 paid was charged against share premium and the nominal value of the shares repurchased of HK$4,000 was transferred to capital redemption reserve.

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 2009, the number of shares issuable under outstanding share options granted under the Old Scheme were 116,069 (2008: 105,518, before restatement for Bonus Issue) which represented approximately of 0.02% (2008: 0.02%) 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 2009, the number of shares issuable under outstanding share options granted under the New Scheme were 71,400,349 (2008: 79,086,803, before restatement for the Bonus Issue), which represents approximately 9.27% (2008: 11.87%) 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.

Share options and weighted average exercise price are as follows for the reporting periods presented:

	2009		2008	
	Number	**Weighted average exercise price HK$**	Number	Weighted average exercise price HK$
Outstanding at 1 April	**79,192,321**	**0.1825**	69,720,600	0.2810
Granted	**26,900,000**	**0.9140**	3,300,000	0.8939
Adjusted upon Bonus Issue	**6,668,991**	**N/A**	11,112,917	N/A
Adjusted upon shares subdivision	**—**	**N/A**	33,338,760	N/A
Forfeited	**(6,293,700)**	**0.4376**	(8,151,800)	0.1746
Exercised	**(34,951,194)**	**0.1671**	(30,128,156)	0.2210
Outstanding at 31 March	**71,516,418**	**0.4256**	79,192,321	0.1825
Exercisable 31 March	**3,180,734**	**0.2157**	992,305	0.1670

34. SHARE-BASED COMPENSATION (CONTINUED)

During the year ended 31 March 2009, the weighted average share price at the date of exercise for the share options exercised was HK$0.6038 (2008: HK$1.3665).

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 exercisable periods of share options of the Company are as follows:

	2009		2008	
	Number	**Weighted average exercise price HK$**	Number	Weighted average exercise price HK$
Exercisable period:				
7–9–2001 to 6–9–2011	**109,296**	**0.2398**	99,360	0.2638
8–9–2001 to 7–9–2011	**6,773**	**0.2398**	6,158	0.2638
9–6–2007 to 8–6 2016	**660,000**	**0.1413**	886,787	0.1555
9–6–2008 to 8–6–2016	**2,111,332**	**0.1413**	36,450,000	0.1555
9–6–2009 to 8–6–2016	**37,207,517**	**0.1413**	36,450,016	0.1555
13–4–2008 to 12–4–2017	**—**	**—**	1,260,000	0.4777
13–4–2009 to 12–4–2017	**1,584,000**	**0.4342**	1,440,000	0.4777
13–4–2010 to 12–4–2017	**1,980,000**	**0.4342**	1,800,000	0.4777
1–3–2009 to 28–2–2018	**293,333**	**0.9090**	266,666	1.0000
1–3–2010 to 28–2–2018	**293,333**	**0.9090**	266,666	1.0000
1–3–2011 to 28–2–2018	**293,334**	**0.9090**	266,668	1.0000
6–6–2009 to 5–6–2018	**8,992,473**	**0.8309**	—	—
6–6–2010 to 5–6–2018	**8,992,473**	**0.8309**	—	—
6–6–2011 to 5–6–2018	**8,992,554**	**0.8309**	—	—
	71,516,418	**0.4256**	79,192,321	0.1825

The weighted average remaining contractual life of share options outstanding as at 31 March 2009 is 8 years (2008: 8.25 years).

The fair values of share options granted during the year ended 31 March 2009 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 2009 determined at the date of grant on 6 June 2008 using the B-Model was approximately HK$9,275,000.

34. SHARE-BASED COMPENSATION (CONTINUED)

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 2009:

Date of grant	6 June 2008
Share price on date of grant (Note a)	HK$0.8180
Exercise price (Note a)	HK$0.8309
Expected volatility (Note b)	60.8%
Expected life of option (Note c)	5–9 years
Risk-free rate (Note d)	3.324%
Expected dividend yield	3.633%

Notes:

(a) 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 which became effective on 30 September 2008.

(b) Expected volatility: being the approximate historical volatility of closing prices of the shares of the Company in the past five 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 2008 were determined by Vigers Appraisal & Consulting Limited, an independent third party valuer, using 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 e)	HK$0.44	HK$0.90
Exercise price (Note e)	HK$0.44	HK$0.91
Expected volatility (Note f)	64%	67%
Expected life of option (Note g)	1–3 years	1–3 years
Risk-free rate (Note h)	4.263%	2.880%
Expected dividend yield	NIL	3%

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 which became effective on 30 September 2008.

(f) Expected volatility: being the approximate historical volatility of closing prices of the shares of the Company in the past two to three years 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.

34. SHARE-BASED COMPENSATION (CONTINUED)

In the current year, share-based compensation of HK$5,925,000 (2008: HK$4,575,000) have been recognised as staff costs in the consolidated income statement for the year ended 31 March 2009. The corresponding amount of HK$5,925,000 (2008: HK$4,575,000) 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 116,069 and 71,400,349 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 71,516,418 additional ordinary shares of the Company and additional share capital of approximately HK$238,000 and share premium of HK$30,202,000 (before issue expenses).

35. RESERVES

Group

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

	2009 **HK$'000**	2008 HK$'000
Share premium	**87,562**	79,059
Available-for-sale financial assets revaluation reserve	**(21,306)**	(5,274)
Contributed surplus	**20,708**	20,708
Share option reserve	**8,159**	5,532
Capital redemption reserve	**936**	932
Exchange reserve	**77**	137
Retained profits	**183,542**	195,399
	279,678	296,493

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 52 of the financial statements.

The Group's contributed surplus of HK$20,708,000 as at 31 March 2009 and 2008 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)

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.

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$'000	Retained profits HK$'000	Total HK$'000
At 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 and 1 April 2008	79,059	(5,274)	69,821	5,532	932	23,439	173,509
Additional 2008 final dividend	—	—	—	—	—	(60)	(60)
Exercise of share options	9,023	—	—	(3,298)	—	—	5,725
Bonus issue	(234)	—	—	—	—	—	(234)
Share-based compensation	—	—	—	5,925	—	—	5,925
Repurchase of shares	(286)	—	—	—	4	—	(282)
Changes in fair value of available-for-sale financial assets (Total expense recognised directly in equity)	—	(16,846)	—	—	—	—	(16,846)
Loss for the year	—	—	—	—	—	(18,020)	(18,020)
Total recognised income and expense for the year	—	(16,846)	—	—	—	(18,020)	(34,866)
Interim dividend	—	—	—	—	—	(3,851)	(3,851)
At 31 March 2009	**87,562**	**(22,120)**	**69,821**	**8,159**	**936**	**1,508**	**145,866**

35. RESERVES (CONTINUED)

Company (Continued)

The Company's contributed surplus of HK$69,821,000 as at 31 March 2009 and 2008 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	Notes	At 31 March 2009 Debit/(Credit) HK$'000	Maximum outstanding during the year HK$'000	At 1 April 2008 Debit/(Credit) HK$'000	Margin finance facilities approved HK$'000	Securities held
Mr. Bernard Pouliot (Note 24)	(a)	2,865	7,093	4,612	10,000	Marketable securities
Mr. Kenneth Lam Kin Hing	(a) (b)	(215)	6,669	8,219	10,000	Marketable securities
Spouse of Mr. Bernard Pouliot	(a)	409	1,509	322	1,500	Marketable securities
Baroque Investments Limited, a company in which Mr. Bernard Pouliot had indirect interests	(a)	2,520	2,754	2,864	7,000	Marketable securities
Newer Challenge Holdings Limited, a company in which Mr. Bernard Pouliot has 100% interests	(a)	—	645	645	1,500	Marketable securities
Porto Global Limited, a company in which Mr. Bernard Pouliot had 100% interests	(c)	—	594	—	N/A	N/A

(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 (2008: prime rate plus 3% per annum) and are repayable on demand.

(b) The amount due to a director as at 31 March 2009 is unsecured, interest-free and repayable on demand.

(c) The amount due from a related company which was controlled by a director during the year ended 31 March 2009 was unsecured, interest bearing at prime rate plus 6% per annum 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 2009 was HK$3,080,829,000 (2008: HK$1,979,896,000).

38. OPERATING LEASE COMMITMENTS

At 31 March 2009, the total future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, are payable as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**9,512**	11,979	**1,304**	—
In the second to fifth years, inclusive	**5,038**	7,961	**—**	—
	14,550	19,940	**1,304**	—

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. CAPITAL COMMITMENTS

	Group	
	2009	2008
	HK$'000	HK$'000
Authorised but not contracted for the investment in equity interest	**5,781**	—

As at 31 March 2009, the Company had no significant capital commitments.

40. 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:

	2009 **HK$'000**	2008 HK$'000
Related companies		
Securities and futures trading fee:		
Baroque Investments Limited, a company in which Mr. Bernard Pouliot has indirect interests	**10**	11
Newer Challenge Holdings Limited, a company in which Mr. Bernard Pouliot has 100% interests	**1**	8
Porto Global Limited, a company in which Mr. Bernard Pouliot has 100% interests	**1**	—
Interest income on margin financing:		
Baroque Investments Limited, a company in which Mr. Bernard Pouliot has indirect interests	**78**	163
Newer Challenge Holdings Limited, a company in which Mr. Bernard Pouliot has 100% interests	**7**	30
Porto Global Limited, a company in which Mr. Bernard Pouliot has 100% interests	**14**	—
Directors		
Securities and futures trading fee:		
Mr. Bernard Pouliot	**48**	180
Mr. Kenneth Lam Kin Hing	**5,210**	3,950
Mr. Richard David Winter	**5**	4
Interest income on margin financing:		
Mr. Bernard Pouliot	**326**	411
Mr. Kenneth Lam Kin Hing	**164**	122
Mr. Richard David Winter	**1**	1
Performance fee income on broking:		
Mr. Kenneth Lam Kin Hing	**4,354**	2,968

40. RELATED PARTY TRANSACTIONS (CONTINUED)

	2009 HK$'000	2008 HK$'000
Close family members of the directors		
Securities and futures trading fee:		
Ms. Chan Wai Yin, Elizabeth, spouse of Mr. Bernard Pouliot	**61**	10
Ms. Chan Chan Yeuk Lan, mother-in-law of Mr. Bernard Pouliot	**60**	104
Ms. Chan Wai Kay, Katherine, sister-in-law of Mr. Bernard Pouliot	**3**	24
Ms. Kwok Ka Wai, Mona, spouse of Mr. Kenneth Lam Kin Hing	**947**	1,804
Interest income on margin financing:		
Ms. Chan Wai Yin, Elizabeth, spouse of Mr. Bernard Pouliot	**16**	64
Performance fee income on broking:		
Ms. Kwok Ka Wai, Mona, spouse of Mr. Kenneth Lam Kin Hing	**560**	1,388
An associate of the Company		
Rebate income	**54**	—
Placing income	**148**	—
Introduction fee expenses	**78**	—
Placing fee and performance fee expenses	**14**	—
Brokerage expenses	**93**	—

Note:

The trading fee, interest and performance fee charged to the above parties were in accordance with 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 to the financial statements.

41. FINANCIAL GUARANTEE CONTRACTS

The Company has executed guarantees amounting to HK$146 million (2008: HK$111 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.

42. DISPOSAL OF AN ASSOCIATE

On 19 February 2008 (the "Date of Disposal"), 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 Limited ("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

43. 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$828,000 (2008: HK$4,372,000).

(b) The Company reclassified the financial assets from FVTPL to AFS amounting to HK$23,820,000, as detailed in note 21(a) to the financial statements.

(c) For the year ended 31 March 2008, 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, as detailed in note 21(b) to the financial statements.

(d) For the year ended 31 March 2008, 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, as detailed in note 22 to the financial statements.

(e) For the year ended 31 March 2008, the repayment of the amount due from Verify of HK$725,000 was offset against the consideration from the Disposals as detailed in note 42 to the financial statements.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, statutory and other deposits, bank and third party borrowings, short term loan receivables, trade receivables and 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.

The following table summaries the Group's major financial assets and liabilities denominated in currencies other than HK$ as at 31 March 2009 and 2008.

Group

	Expressed in HK$'000						
	Thai Baht	United States Dollars	Japanese Yen	Singapore Dollars	Renminbi	British Pound	Others
At 31 March 2009							
Available-for-sale financial assets	40,398	—	—	—	—	—	—
Financial assets at fair value through profit or loss	—	—	—	—	—	—	4
Short-term loan receivables	—	16,380	—	—	—	—	—
Trade receivables	186	96,390	314	—	—	—	1
Trust bank balances held on behalf of customers	6,942	16,988	—	838	—	99	162
Cash and cash equivalents	189	21,096	—	24	897	—	414
Trade payables	(7,281)	(93,028)	(226)	(836)	—	(99)	(199)
Borrowings	—	(17,594)	—	—	—	—	—
Overall net exposure	40,434	40,232	88	26	897	—	382

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(i) Foreign currency risk (Continued)

Group (Continued)

	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 payables	(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

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 loss 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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(i) Foreign currency risk (Continued)

Group (Continued)

	2009			2008		
	Increase/ (Decrease) in foreign exchange rates	**(Increase)/ Decrease in loss for the year HK$'000**	**Increase/ (Decrease) in equity HK$'000**	Increase/ (Decrease) in foreign exchange rates	Increase/ (Decrease) in profit for the year HK$'000	Increase/ (Decrease) in equity HK$'000
Thai Baht	**+20%**	**7**	**8,087**	+20%	3,732	10,417
	–20%	**(7)**	**(8,087)**	–20%	(3,732)	(10,417)
Japanese Yen	**+5%**	**4**	**4**	+5%	(14)	(14)
	–5%	**(4)**	**(4)**	–5%	14	14
Singapore Dollars	**+5%**	**1**	**1**	+5%	1	1
	–5%	**(1)**	**(1)**	–5%	(1)	(1)
Renminbi	**+5%**	**45**	**45**	+5%	47	47
	–5%	**(45)**	**(45)**	–5%	(47)	(47)
British Pound	**+5%**	**—**	**—**	+5%	12	12
	–5%	**—**	**—**	–5%	(12)	(12)

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. The following table indicates the approximate change in the Company's loss 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.

	2009			2008		
	Increase/ (Decrease) in foreign exchange rates	**Effect on loss for the year HK$'000**	**Increase/ (Decrease) in equity HK$'000**	Increase/ (Decrease) in foreign exchange rates	Increase/ (Decrease) in profit for the year HK$'000	Increase/ (Decrease) in equity HK$'000
Thai Baht	**+20%**	**—**	**8,080**	+20%	3,053	9,738
	–20%	**—**	**(8,080)**	–20%	(3,053)	(9,738)

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.

The policies to manage foreign currency risk have been followed by the Group and the Company since prior years and are considered to be effective.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(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 policies to manage price risk have been followed by the Group and the Company since prior years and are considered to be effective. The Group and the Company are not exposed to commodity price risk.

At 31 March 2009, if equity prices had increased/(decreased) by 10% and all other variables were held constant:

Group

— the Group's loss for the year would decrease/(increase) by approximately HK$646,000 (2008: profit would increase/(decrease) by approximately HK$2,404,000). 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$4,040,000 (2008: HK$3,342,000) 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 loss for the year would decrease/(increase) by approximately HK$644,000 (2008: profit would increase/(decrease) by approximately HK$2,397,000). 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$4,040,000 (2008: HK$3,342,000) 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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(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 net loss/profit after tax for the year and retained earnings to a change in interest rates of +1% and -1% (2008: +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	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
If interest rates were 1% (2008: 1%) higher				
Decrease/(Increase) in net loss (2008: Increase/(Decrease) in net profit) for the year	**4,432**	4,622	**(317)**	(66)
If interest rates were 1% (2008: 1%) lower				
(Increase)/Decrease in net loss (2008: (Decrease)/Increase in net profit) for the year	**(4,432)**	(4,622)	**317**	66

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 short term loan receivables, 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, available-for-sale financial assets, financial assets at fair value through profit or loss, other receivables and contingent liabilities in relation to the financial guarantee contracts as detailed in note 41 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.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

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 years but less than 5 years HK$'000**
As at 31 March 2009					
Trade payables	**446,362**	**446,362**	**446,362**	**—**	**—**
Other payables and accruals	**32,989**	**32,989**	**32,989**	**—**	**—**
Borrowings	**52,596**	**52,596**	**52,596**	**—**	**—**
Finance lease payables	**3,373**	**3,659**	**1,824**	**1,155**	**680**
	535,320	**535,606**	**533,771**	**1,155**	**680**

	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 years 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

44. 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 years but less than 5 years HK$'000
As at 31 March 2009					
Other payables and accruals	**1,589**	**1,589**	**1,589**	**—**	**—**
Amounts due to subsidiaries	**108,275**	**108,275**	**108,275**	**—**	**—**
Finance lease payables	**3,373**	**3,659**	**1,824**	**1,155**	**680**
	113,237	**113,523**	**111,688**	**1,155**	**680**

	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 years but less than 5 years HK$'000
As at 31 March 2008					
Other payables and accruals	4,286	4,286	4,286	—	—
Amounts 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

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.

45. 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 to the financial statements for explanations about how the category of financial instruments affects their subsequent measurement.

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale financial assets	**58,546**	51,572	**54,527**	47,553
Financial assets at fair value through profit or loss	**6,464**	25,411	**6,443**	23,971
Loan and receivables				
— Trade receivables	**229,712**	357,766	**—**	—
— Short term loan receivables	**18,563**	6,251	**—**	—
— Other receivables	**3,386**	7,945	**—**	1
— Amounts due from subsidiaries	**—**	—	**44,009**	37,473
— Trust time deposits held on behalf of customers	**41,613**	63,117	**—**	—
— Trust bank balances held on behalf of customers	**269,669**	209,474	**—**	—
— Cash and cash equivalents	**119,440**	40,001	**663**	7,189
	747,393	761,537	**105,642**	116,187

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Financial liabilities measured at amortised cost:				
— Trade payables	**(446,362)**	(350,107)	**—**	—
— Borrowings	**(52,596)**	(90,671)	**—**	—
— Other payables and accruals	**(32,989)**	(72,828)	**(1,589)**	(4,286)
— Finance lease payables	**(3,373)**	(4,021)	**(3,373)**	(4,021)
— Amounts due to subsidiaries	**—**	—	**(108,275)**	(65,900)
	(535,320)	(517,627)	**(113,237)**	(74,207)

46. 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 2009 and 31 March 2008.

Certain subsidiaries of the Company are regulated by the Securities and Futures Commission 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	
	2009	2008
	HK$'000	HK$'000
Current liabilities		
Borrowings	**52,596**	90,671
Finance lease payables	**1,643**	1,329
Non-current liabilities		
Finance lease payables	**1,730**	2,692
Total debt	**55,969**	94,692
Less: Cash and cash equivalents	**(119,440)**	(40,001)
Net debt	**N/A**	54,691
Capital	**282,245**	316,186
Capital and net debt	**282,245**	370,877
Gearing ratio	**0%**	14.7%

Five-Year Financial Summary

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				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**296,907**	395,954	192,767	104,418	86,828
	296,907	395,954	192,767	104,418	86,828
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(10,382)**	236	5,780	7,145	(6,195)
Other operating income	**15,917**	24,688	15,762	7,931	3,653
Cost of services provided	**(173,028)**	(158,272)	(68,536)	(31,637)	(21,750)
Staff costs	**(77,993)**	(99,614)	(69,598)	(45,420)	(41,283)
Depreciation and amortisation expenses	**(4,807)**	(3,699)	(3,516)	(4,206)	(5,935)
Other operating expenses, net	**(47,209)**	(66,690)	(28,038)	(23,971)	(26,056)
Finance costs	**(4,739)**	(12,173)	(9,454)	(4,828)	(3,125)
Gain on disposal of an associate	**—**	27,037	—	—	—
Share of results of associates	**(4,398)**	(118)	631	—	—
(Loss)/Profit before income tax	**(9,732)**	107,349	35,798	9,432	(13,863)
Income tax credit/(expense)	**1,786**	(4,219)	(2,752)	(552)	—
(Loss)/Profit attributable to shareholders	**(7,946)**	103,130	33,046	8,880	(13,863)

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**817,601**	836,301	854,005	545,525	396,836
Total liabilities	**(535,356)**	(520,115)	(670,052)	(421,239)	(286,209)
	282,245	316,186	183,953	124,286	110,627